2015
Report and Financial Statements

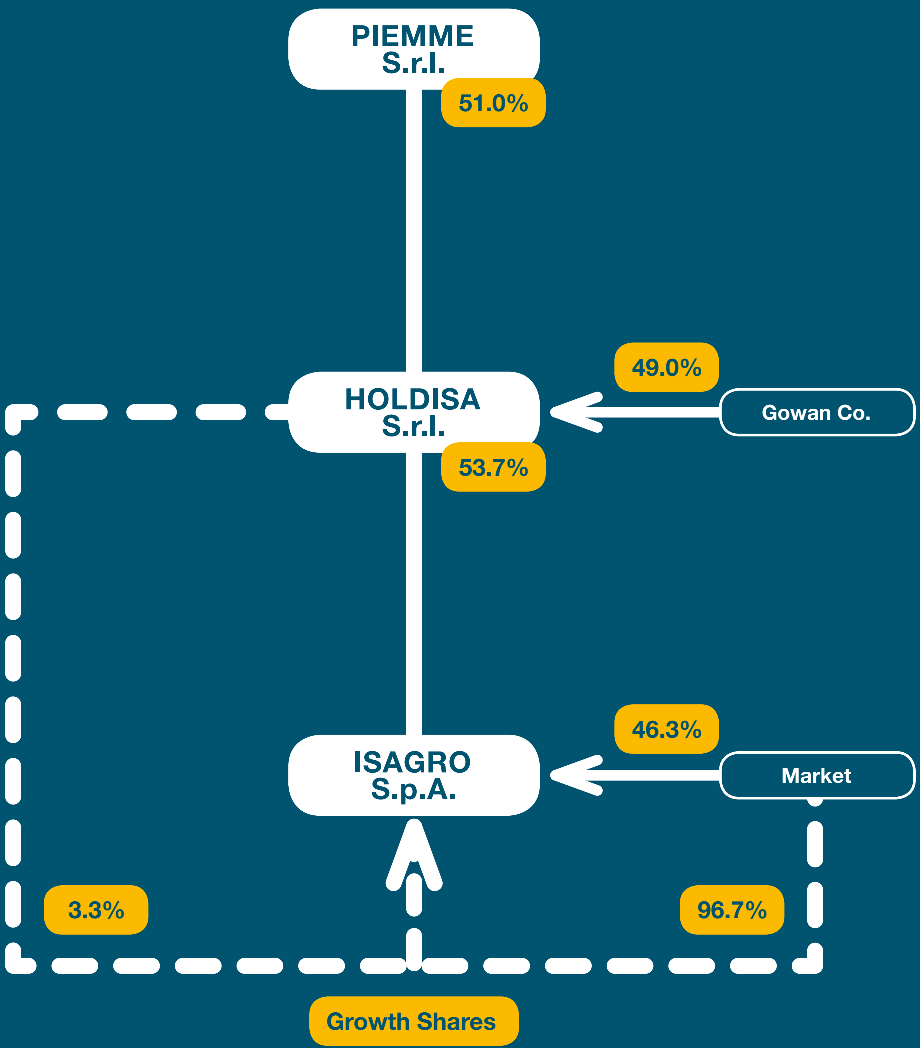
ISAGRO
Italian creativity for plant health

Index

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

Controlling scheme Isagro S.p.A.

(updated March 14th, 2016)



Structure of the Group

(updated March 14th, 2016)

- **ISAGRO**
  - ISAGRO ASIA – 100%
  - ISAGRO BRASIL – 100%
  - ISAGRO COLOMBIA – 100%
  - ISAGRO ESPAÑA – 100%
  - ISAGRO SHANGHAI – 100%
  - ISAGRO SINGAPORE – 100%
  - ISAGRO USA – 100%
  - ISAGRO CUBA – branch
  - ISAGRO VIETNAM – branch
  - ARTERRA BIOSCIENCE – 22%

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

Board of Directors

Chairman and Chief Executive Officer
Giorgio Basile

Deputy Chairman
Maurizio Basile

Directors
Riccardo Basile
Christina Economou
Gianni Franco
Daniela Mainini
Adriana Silvia Sartor
Stavros Sionis

Board of Statutory Auditors

Chairman
Piero Gennari

Statutory Auditors
Giuseppe Bagnasco
Claudia Costanza

Independent Auditors

Deloitte & Touche S.p.A.

2015
Consolidated Financial Statements

Directors' Management Report

Dear Shareholders,

Your Group's consolidated financial statements as at December 31st, 2015 disclosed at the Income Statement level, **Revenues** of € 156.0 million (+6.9% compared to 2014), **EBITDA** of € 19.5 million (compared to € 12.5 million in 2014) and **Net profit** of € 3.1 million (compared to the € 0.9 million loss in 2014).

As regards the Balance Sheet, as at December 31st, 2015 your Group disclosed **Net financial debt** of € 47.2 million (up by € 17.5 million compared to a value of € 29.7 million as at December 31st, 2014), with a **debt/equity ratio** of 0.47. Net financial debt, moreover, is entirely against Net working capital, with Equity (increasing from € 95.3 million as at December 31st, 2014 to € 99.9 million as at December 31st, 2015) contributing to finance the Net working Capital itself for € 17.2 million.

Relating to financial aspects and compared to € 17.5 million of free cash flow absorbed over the 12 months of 2015, equivalent to the increase in Net financial debt compared to 2014, it is noted that your Group:

- **generated a positive free cash flow, excluding the changes in Working capital**, of € 0.4 million (compared to absorption of € -9.2 million in 2014);
- **significantly increased Working capital** to support business development, by € 17.9 million compared to 2014, of which € 8.6 million in higher inventories (due to the decision to build a large stock of high added value strategic products, also in relation to 2016 expected sales and thanks to the low cost of money), € 6.9 million in lower trade payables (due to the payment in 2015 for the stock of tetraconazole bought back at the end of 2014 from the previous US distributor of Isagro products) and approximately € 2 million in higher trade receivables (as a result of higher sales).

Though the above results were achieved in a negative market context due to adverse weather conditions and the fall in prices of the main agricultural commodities, and with the benefits deriving from the weakening of the Euro on the US Dollar, which only partially offset the unfavourable impact of the drop in sales prices, these results highlight the effects of the process of strategic and operational “rethinking” initiated by the Group since 2011.

With regard to the outlook for the Group, the following levels of sales are expected:
- *in the short term* (current year), it shall also depend by the normalisation of climatic conditions in particular in the North American, South American, Indian and Italian markets, towards which your Group is particularly exposed, also in light of the levels of stock in the distribution channels at the beginning of the year;
- *in the medium term* (by 2020), sales will be affected by the continuation of the implementation of Isagro’s strategic lines and the new initiatives currently underway (development of the Biosolutions business, with significant growth in sales of the new Biofumigant, development of sales of copper-based formulations and growth in East Asia), confirming the target of consolidated sales at € 200 million, as envisaged in the 2016-2020 Company Plans, to which satisfactory profitability profiles are associated.

Lastly, in 2015, in addition to the continuation of development of Biofumigant, which is expected to provide an increasing contribution also in the short term, development was also continued for the new broad spectrum fungicide SDHi. Though it is planned to be launched at the end of 2020 and generate significant revenues from 2021-2022, this latter product, invented by Isagro Research and currently under co-development with the North American company FMC Corporation, already generated proceeds of € 5 million in 2015, fully cashed-in in December, for the Licensing to FMC of Isagro’s co-exploitation rights in North America. In addition to providing greater royalties for Isagro at the time of sales by FMC, given the time until market launch, this deal confirms the significant commercial potential of that new product, with a valid technical profile in terms of effectiveness and exo-toxicology.

Evolution of the crop protection products market

According to the estimates from Phillips McDougall, the global crop protection products market fell from the value of US$ 56.6 billion in 2014 to US$ 51.8 billion in 2015, thus reporting a drop of 8.5% in nominal terms and at manufacturer level, after five years of steady growth.
Separating out the estimated effects of the appreciation of the US Dollar on the main currencies in 2015 compared to 2014 it is possible to register, a slight growth rate, but still lower than the trend in the previous years.
This decrease in the market in nominal terms was caused by a number of factors, including anomalous weather trends which were unfavourable to the use of crop protection products (including the exceptionally harsh effects of the "El Niño" event), a generalised fall in the prices of the main agricultural commodities (including maize, soya bean, rape, cotton and wheat), the instability of emerging markets and the difficulty in accessing credit for operators in the business chain (both farmers and resellers).

With regard to farming areas, those dedicated to wheat and soybean showed growth of a few percentage points at global level, while those dedicated to maize and rice remained substantially stable and the areas for oil seed and cotton crops decreased.

As regards individual geographic areas, in **Europe** all markets recorded declines amounting to two decimal points, if expressed in terms of US Dollars. Phillips McDougall reported the greatest rate of decrease in the world for Europe, estimated at -15.8% compared to 2014, with a market value dropping from US$ 13.9 billion in 2014 to US$ 11.7 billion in 2015. Among all the countries in the European Union, Italy reported the best growth expressed in Euro - also due to weather conditions that bucked the trend - with an estimated year-on-year growth rate of 4%, while la Germany grew at lower levels and France declined slightly (-1%). Conversely, levels of sales in local currencies recovered in Russia and Ukraine.
On the whole, farming areas in Europe decreased by 1% and production by 6%, mainly due to the dynamics regarding maize crops.

Asia-Pacific markets decreased from a value of US$ 14.6 billion in 2014 to US$ 14.1 billion in 2015, a change of -3.7%, also due to adverse weather conditions.
China and India grew in local currency but at a lower rate than in the previous periods, while the significant Japanese market, expressed in Yen, declined by 2%.
In China, which is rapidly changing into a mature market, the modernisation of the agricultural market – emphasised by the rapid transformation of land and a "tightening" of toxicological and environmental

controls – partially contributed to a temporary slowdown of the market. On the other hand, agricultural modernisation in China is structured to boost demand for higher quality agricultural input over the medium/ long-term.

Countries in South Asia, specifically Australia and India, suffered dry periods due to the particularly intense effects of the "El Niño" climate event, which decreased the intensity of pests and led to a reduction in sales of crop protection products, with the exception of generic products, which increased.

However, in terms of "signals" for the future outlook, the price of rice increased after reaching a low point in 2014.

In **North America**, while the US market - the leading global market along with Brazil in 2014 - saw its first decrease in several years, the Canadian market remained stable and the Mexican market recorded growth, thus limiting the rate of decrease for the entire Area to -4.4% in 2015 compared to 2014, with North America dropping from a value of US$ 9.8 billion in 2014 to US$ 9.4 billion in 2015.

The causes of the negative performance of the US market include, in addition to the drop in prices of soybeans and maize, a particularly dry summer with high levels of stock in local distribution channels.

The Area of **South America** suffered a particularly negative year, with a total market in 2015 amounting to US$ 14.5 billion, down by 10.3% on 2014.

In that regard, it is noted that in just the Brazilian market, sales dropped by 23%, reaching a level of less than US$ 10 billion in 2015 compared to the record figure exceeding US$ 12 billion in 2014.

Also in this case, the reasons for that decrease can be found in the drop in commodities prices, associated with a macro-economic framework of local economies still significantly deteriorating on 2014, with limited access to credit and a sharp increase in the cost of credit.

In Brazil, levels of inventory were high at the end of 2015, with an increase in soybeans farming areas compared to those dedicated to maize.

The **Africa and Middle East Area** continued to show significant potential. It is the only area that showed a slight increase (+0.2%) in the level of sales, to about US$ 2.2 billion in 2015 compared to 2014.

The South African market remains sound, especially for high value products, though it recorded a slight decrease in 2015 on the previous year.

Conversely, the Turkish market showed a sharp rise in the level of sales both in local currency and in US Dollars, and confirmed its potential for significant growth in the medium term.

Income Statement - Summary data

Consolidated **Revenues** of the Group in 2015 amounted to € 156.0 million, up by € 10.1 million (+6.9%) compared to € 145.9 million in 2014.
That increase in sales in the 12 months of 2015 compared to the same period of the previous year was the result of:

- the increase in sales of **copper-based products** by approximately € 8 million, mainly concentrated in Italy, also due to the commercial partnership with Gowan Italia launched in 2014, which joined the long-term distributor Sumitomo Italia;
- higher proceeds from agreements with third parties for the indirect exploitation of Isagro's Intellectual Property for € 5.0 million;
- the increase in **pyrethroid** sales by around € 3 million, almost all of which due to the subsidiary Isagro Asia, also occurring as a result of the strengthening of the Indian Rupee (Isagro Asia's operating currency) against the Euro;
- the launch of **new off-patented products** in South Asia for approximately € 3 million;
- the increase in sales of the new **Biofumigant** in the USA for approximately € 2 million,

these factors more than offset:

- lower sales of **tetraconazole**-based products of approximately € 6 million, mainly on the important markets of Brazil (due to adverse weather conditions, economic and financial conditions and trends in the prices of agricultural commodities) and the United States (where, in addition to the local weather problems and the problem of commodities prices, the consumption of the stock of products bought back by Isagro from the previous local distributor and being re-billed, at cost, to the new distributor Gowan USA is still under way);
- lower sales of third-party products by the subsidiary Isagro Colombia by approximately € 2 million, due to a negative situation on the local market;
- lower **toll manufacturing** proceeds for approximately € 2 million due to the effect of overstock held by a major customer at the end of 2014, which resulted in lower re-purchases during the first half of 2015.

Specifically with regard to the aforementioned indirect exploitation of Isagro's Intellectual Property, during the 4th quarter of 2015, your Group finalised two new agreements which generated initial proceeds of € 7.0 million. Of these two agreements, one which provided proceeds of € 5.0 million refers to the new broad spectrum fungicide SDHi, which is being co-developed with FMC Corporation and will be launched at the end of 2020, with significant revenues starting from 2021/2022, an important confirmation of its commercial potential. Isagro has not provided details on the contribution in terms of incremental sales that the Group expects once the fungicide is ready, but it seems reasonable to predict that this will be a new blockbuster, founded on innovation, which strengthens the Industrial Project of an independent crop protection operator and will boost the current and future development of Isagro.

With regard to the breakdown of sales from only crop protection products by geographic area, in 2015:
- sales in Italy represented approximately 22% of sales (compared to 18% in 2014), for a total of € 31.5 million (up by € 7.0 million compared to 2014);
- sales in other European countries represented approximately 24% of sales (substantially in line with their percentage weight in 2014), for a total of € 34.1 million (up by € 2.3 million compared to 2014);
- sales in the Americas represented approximately 23% of sales (compared to 32% in 2014), for a total of € 32.5 million (down by € 10.5 million compared to 2014);
- sales in Asia represented approximately 26% of sales (compared to 23% in 2014), for a total of € 37.7 million (up by € 6.9 million compared to 2014);
- sales in the rest of the World represented approximately 5% of sales (compared to 4% in 2014), for a total of € 7.7 million (up by € 2.1 million compared to 2014).

In relative terms, therefore, Isagro is confirmed as a strongly foreign-oriented group, with a percentage of period sales from crop protection products achieved outside Italy of approximately 78%.

Consolidated Revenues by Geographic Area

(€ 000)	2015		*Change*	2014	
Italy	31,487	21.9%	*+28.8%*	24,438	18.0%
Rest of Europe	34,134	23.8%	*+7.1%*	31,863	23.5%
Americas	32,547	22.7%	*-24.4%*	43,033	31.7%
Asia	37,729	26.3%	*+22.5%*	30,806	22.7%
Rest of the World	7,711	5.3%	*+36.6%*	5,643	4.1%
Crop protection products subtotal	**143,608**	**100.0%**	***+5.8%***	**135,783**	**100.0%**
Other products and services	**12,440**		***+22.5%***	**10,156**	
Consolidated Revenues	**156,048**		***+6.9%***	**145,939**	

During 2015, Isagro carried on its **Research, Innovation & Development** activity incurring total costs of € 15.5 million (compared to € 13.9 million in 2014) of which € 11.2 million capitalised (compared to capitalisation of € 10.1 million in 2014), specifically for co-development of the new IR9792 molecule with FMC Corporation, the new Biofumigant for the United States, the extraordinary protection costs for proprietary products and the development of new registrations for said products.

With regard to fixed costs, the total **Cost of labour** for 2015 was slightly higher than the 2014 figure, with an increase limited to € 0.3 million, including all the ordinary and non-recurring provisions, while other fixed costs grew on the previous year by € 0.5 million, in addition to an effect of € 0.4 million in higher costs as the incremental accounting effect of the transposition of fixed costs of the subsidiary Isagro Asia denominated in Rupees, following the appreciation of the Indian Rupee on the Euro.

EBITDA thus came to € 19.5 million in 2015, up by € 7.0 million (+56.1%) compared to € 12.5 million in the 12 months of 2014, with margins on Revenues increased from 8.5% of 2014 to 12.5% of 2015.

The above increase in EBITDA in 2015 on 2014 was the result of:
- € 5.0 million made possible by the aforementioned higher proceeds from agreements with third parties, as the indirect exploitation of Isagro's Intellectual Property;
- € 2.0 million made possible by margins on sales of products and services, as the direct exploitation of Isagro's Intellectual Property; In that regard, removing from the 2014 and 2015 sales and EBITDA the proceeds deriving from agreements with third parties, which are also effectively attributable to the core business of Isagro but, due to their nature, have characteristics that cannot be identically repeated year after year, the profitability of only sales of products and services out of sales rose from 7.3% in 2014 to 8.4% in 2015. It is also noted that those increases were recorded even against drops in prices, which were partially offset by the benefits deriving from the appreciation of the US Dollar on the Euro.

Amortisation/Depreciation for the period amounted to €8.9 million, in line with the figure of € 8.8 million in 2014, while **impairment losses** came to € 0.8 million, up by € 0.6 million compared to the figure of € 0.2 million in 2014, mainly due to the abandonment of development of Novaluron-based mixtures. This Isagro product was previously sold to third parties, and currently no further development is planned.

Your Group therefore closed 2015 with an **Operating result** of € 9.8 million, showing a € 6.3 million increase compared to the € 3.5 million for 2014.

With reference to financial management, in 2015, compared to 2014, your Group incurred:
- lower **Interest fees, commissions and financial charges** of € 1.7 million, though there was an increase in financial debt, due to the improved funding conditions obtained from the parent Isagro S.p.A. due to an improvement in its rating from banks and benefiting from increased available liquidity in the framework of financial intermediation;

- **Net losses on foreign exchange and derivatives** amounting to € 1.3 million, compared to € 0.1 million in 2014, attributable to derivative contracts signed for hedging the interest rate risk associated with sales in US Dollars and generated by the strong appreciation of the US Dollar against the Euro.
  It should be remembered that the Isagro Group operates on several markets internationally and many trade relations are managed in currencies other than the Euro, mainly in US dollars. As a result and in compliance with its “Financial Risk Management Policy” designed to “grant security” to the interest rate of the budget, the Group arranges USD exchange rate risk hedges, using its forecast exposure for the year as indicated by the currency budget in 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.

Consolidated Income Statement - Summary data

(€ 000)	Year 2015	Year 2014	Differences	
Revenues	**156.048**	**145.939**	**+10.109**	**+6,9%**
Memo: Labour costs and provision for bonus	*(28.832)*	*(27.397)*	*-1.435*	
EBITDA	**19.457**	**12.467**	**+6.990**	**+56,1%**
% on Revenues	*12,5%*	*8,5%*		
Amortisation/Depreciation:				
- tangible assets	(3.748)	(3.678)	-70	
- intangible assets	(5.146)	(5.082)	-64	
- write-off of tangible and intangible assets and asset revaluation (IFRS 10)	(776)	(187)	-589	
EBIT	**9.787**	**3.520**	**+6.267**	**N/S**
% on Revenues	6,3%	2,4%		
Interest, fees and financial discounts	(1.127)	(2.807)	+1.680	
Gains/losses on foreign exchange and derivatives	(1.296)	108	-1.404	
Impairment/reversals of impairment of equity investments	54	59	-5	
Pre-tax profit/(loss)	**7.418**	**880**	**6.538**	**N/S**
Current tax and deferred tax liabilities	(4.036)	(1.758)	-2.278	
Profit/(loss) of the Group from continuing operations	**3.382**	**(878)**	**4.260**	**N/S**
Net profit/(loss) from discontinued operations	(250)	-	-250	
Net profit/(loss)	**3.132**	**(878)**	**4.010**	**N/S**

The consolidated **Pre-tax profit/(loss)** was therefore a profit of € 7.4 million, up by € 6.5 million compared to the € 0.9 million recorded in 2014.

In terms of tax management, as at December 31st, 2015 were recorded, current tax and deferred tax liabilities at debt of € 4.0 million, up by € 2.2 million compared to the € 1.8 million in 2014, mainly due to higher current and deferred income taxes for Isagro S.p.A. and Isagro Asia. The result of tax management was added to allocations of € 250 thousand for the write-down of items related to assets disposed in the previous years.

As a result of the above, your Group ended the year 2015 with a € 3.1 million **Net profit,** compared with a loss of € 0.9 million in the 12 months of 2014.

As regards equity, consolidated **Net invested capital** as at December 31st, 2015 amounted to € 147.0 million, up by € 22.0 million compared to € 125.0 million as at December 31st, 2014.

Consolidated Balance Sheet - Summary data

(€ 000)	Dec. 31st, 2015	Dec. 31st, 2014	Differences	
Net fixed assets	85,558	81,577	+3,981	+4.9%
Net working capital	64,349	46,433	+17,916	+38.6%
of which: Net Trade Working Capital	*63,321*	*45,384*	*+17,937*	
Severance indemnity fund (SIF)	(2,872)	(3,038)	+166	-5.5%
Net invested capital	147,035	124,972	+22,063	+17.7%
Held for sale non-financial assets and liabilities	-	-	-	-
Total	147,035	124,972	+22,063	+17.7%
Financed by:				
Equity	99,858	95,286	4,572	4.8%
Net financial position	47,177	29,686	17,491	58.9%
Debt/Equity Ratio	*0.47*	*0.31*		
Total	147,035	124,972	+22,063	+17.7%

More specifically, **Net fixed assets** as at December 31st, 2015, amounted to € 85.6 million, up by € 4.0 million compared to the value of € 81.6 million as at December 31st, 2014. This change is almost exclusively attributable to the dynamics of Goodwill and Other intangible assets, totalling € 48.7 million as at December 31st, 2015, up by € 4.6 million compared to December 31st, 2014. This increase was the result of investments in Research, Innovation and Development incurred by the Group, mainly attributable to the new broad-spectrum fungicide SDHi and the new Biofumigant, which more than offset the amortisation for the period.

Net working capital as at December 31st, 2015 then amounted to € 64.3 million, up by € 17.9 million compared to € 46.4 million as at December 31st, 2014, as a result of:

- an increase of € 8.6 million in **Inventories**, as a result of Isagro's decision to increase the levels of stock of strategic products – mainly for raw materials, semi-finished goods and copper-based and tetraconazole-based finished products – also in light of the low cost of money in relation to the profitability of those products;

- a decrease of € 6.9 million in **Trade payables,** due to the payment in 2015 for the stock of tetraconazole bought back by Isagro at the end of 2014 from the North American distributor Valent following the distribution agreement entered into with Gowan USA;
- an increase of € 2.4 million in **Trade receivables,** as the direct result of the increase in sales of products and services compared to the previous year. In this regard, there was also greater use of non-recourse factoring at the end of 2015 compared to 2014, in the amount of € 2.6 million, with a stock of assigned receivables as at December 31st, 2015 of € 7.6 million.

The **Severance Indemnity Fund (SIF)** amounted to € 2.9 million as at December 31st, 2015, substantially in line with the value of € 3.0 million as at December 31st, 2014.

As for funding, consolidated **Equity** as at December 31st, 2015 amounted to € 99.9 million, up by € 4.6 million compared to € 95.3 million as at December 31st, 2014, primarily due to profit for the period and the decrease in the Translation reserve, which was mainly related to the transposition of assets of the Indian associate Isagro (Asia) Agrochemicals Pvt. Ltd. into Euro, due to the appreciation of the Indian Rupee on the Euro.

The consolidated **Net financial position (NFP)** as at December 31st, 2015 thus amounted to € 47.2 million, up by € 17.5 million compared to € 29.7 million as at December 31st, 2014. As stated, that increase in the Net financial position is attributable almost entirely to the increase in Working capital, while financial management, specifically excluding the changes in Working capital, generated cash flow of € 0.4 million.

With regard to the breakdown of the Net Financial Position as at December 31st, 2015, note that medium/long-term debt amounted to € 25.6 million, increasing compared to € 17.0 million as at December 31st, 2014 mainly due to (i) new medium/long-term funding being obtained, partly offset by (ii) the early settlement in February 2015 to the EIB of € 7.4 million, the residual debt referring to the original tranche of € 10.0 million disbursed in May 2012.
These transactions were performed by the parent Isagro S.p.A. with a view to optimising the cost of medium/long-term borrowing and seeking greater alignment between the timing of the investments undertaken - particularly those relating to development of the new broad spectrum fungicide SDHi - and that of the sources of finance supporting these investments.

It is also noted that, as at December 31st, 2015, net fixed assets were entirely financed by Equity, which also funded the working capital for € 17.2 million. As a consequence, the total amount of net financial debt is related to net working capital.

In light of the above, the **debt/equity** ratio (i.e. the ratio between net financial position and equity) at consolidated level came to 0.47 compared to 0.31 as at December 31st, 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 Net financial position at debt of € 48.7 million, against available, un-utilized bank credit lines of various types amounting to around € 67 million.

Main financial indicators

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

	2015	2014
Average No. of shares in circulation * (000)	**38.675**	**31.014**
Basic earnings per share* (€)	**0,08**	**(0,03)**
Equity per share* (€)	**2,58**	**3,07**
R.O.E.	**3,1%**	**-0,9%**
R.O.I.	**6,7%**	**2,8%**
Net financial position / EBITDA	**2,42**	**2,38**

*50,000 treasury shares not included

With reference to the key financial indicators, it is noted that the improvement in the net profit/(loss) for the year compared with 2014 led to a profit per share of € 0.08 compared to a negative value of € -0.03 last year. Consequently, an improvement was seen in the R.O.E. (Return on Equity or the Net profit/(loss) to equity ratio) of 3.1%, compared to -0.9% in 2014, but at the same time an improvement in the R.O.I. (Return on Investment or the Operating result to net invested capital ratio), increasing from 2.8% in 2014 to 6.7% as at December 31st, 2015, as the combined effect of rise in the Operating result and the increase in invested capital.
Also the ratio between the Net financial position and EBITDA, in line with December 31st, 2014, rose from 2.38 to 2.42 as at December 31st, 2015.

Results of the parent Isagro S.p.A.

In order to better represent your Group's financial performance and position as well as strategic results, it was deemed appropriate to present the main items relating to the parent Isagro S.p.A. as well, which does not only provide coordination and strategic guidance, as the Group's holding company, but also acts as a production, marketing and sales centre.

Therefore, with reference to the 2015 results of Isagro S.p.A., they were represented by:

- **Revenues** equal to € 108.7 million, up by € 12.7 million (+13%) compared to € 96.0 million in 2014;
- An **EBITDA** equal to € 12.9 million, up by € 9.5 million (+281%) compared to € 3.4 million in 2014;
- a **Profit** of € 3.4 million vs. the Loss of € 5.4 million in 2014.

Research and Development Activities

During 2015, the Isagro Group incurred Research, Innovation & Development costs for a total of € 15.5 million, of which € 11.2 million were capitalised against investments for development, registration and the extraordinary protection of proprietary products worldwide. During 2014, these expenses amounted to € 13.9 million, of which € 10.1 million were capitalised.

A) Research and Innovation

The research activities carried out by the Group focused on several lines of research aimed at obtaining new candidates for development, with a view to promoting the development of at least one new active ingredient for the period 2016-2018. In particular, activities were 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 also continued for the identification of new copper-based formulations capable of acting at a lower dosage and with a broader spectrum than those already on the market.

Furthermore, the study of new candidates to combat soil parasites, with the long-term goal of strengthening Isagro's range of "soil management" products produced several promising molecules in 2015, which will be subject to the necessary development in 2016, selecting a short-list of potential company development projects.

Lastly, the evaluation of new biostimulant products, alone or in combination with other molecules, is still underway: in that regard, a new formula is involved in "top profile" studies, and in 2016 will move to the stage of pre-sales assessment.

B) Product development

The main development activities, carried out during 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.
Important results emerged for the product profile on various strategic crops in Brazil (soybeans, coffee, etc.), in Europe and in China, better clarifying the technical agronomic value compared with the standards of market competitors such as Syngenta, Bayer and BASF. For the purpose of a more accurate assessment of business prospects in Brazil, new field evaluation plans were drawn up, which began at the end of 2015. The results of these plans, expected in the first half of 2016, will be of crucial importance for updating the commercial development project.

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

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 re-registration process for all formulations containing Kiralaxyl registered in Europe (so-called "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 combination dossier.

Tetraconazole - a broad spectrum fungicide

Activities were focused on the following projects:
- follow-up of the re-registration processes of formulations in Europe ("STEP 2" of the European review process) and evaluation of the studies necessary for renewal of the active ingredient approval in the European Union;
- evaluation of studies for re-registration in the USA;
- 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, in the first half of the year, a major review of the use of tetraconazole and its mixtures (for cereals and grapevines) in Europe and (for soya beans) in Brazil was completed. For the latter, important elements emerged for long-term technical defence for their use for soya beans.
The new action plan starting at the end of 2015 was confirmed and planned, for the execution of the new technical and labelling positioning in Brazil in the 2015-2016 season.
The continuation of the plan for registration confirmation of tetraconazole and its mixtures in Europe is also planned.

Copper-based products

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

- follow-up of the re-registration processes of formulations in Europe (STEP 2 of the European review process);
- participation in the European Copper Task Force's preparation of the dossier for the renewal of copper salts approval in the European Union. The dossier was sent in July 2015;
- completion 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, 2015 saw the start of a valuation procedure to include Airone in the protection of soybeans in Brazil, with encouraging results. Based on these results, a plan to extend registration was developed, to be executed in the 2015-2016 season.

Biofumigant

With regard to the Biofumigant, the following is noted:

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

Note that the Biofumigant has already obtained federal registration in the USA and that California is its main reference market.

Biostimulants

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

Microbiological products

Main activities:

- conclusion of the process of obtaining the certificate for the use of Tricoderma spp formulations in organic farming;
- evaluation of studies necessary for renewal of the active ingredient approval in the European Union and initial contacts to set up a task force to share costs and defence strategies.

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 2015, 33 new registrations were obtained, including 5 clones of copper-based products for the Italian market, final registration in China for Eminent, registration in Canada of Tamarak (the trade name for Siapton used in that country), for Tellus (Tricoderma spp-based) in France and in Greece and Airone WG in Switzerland. This was in addition to obtaining the Import Tolerance for Kiralaxyl IR6141 in the USA for grapevines and tomatoes, which will contribute to the commercial development of that product.

Significant events in 2015

A) 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 September 24th, 2015.

B) Early repayment of the E.I.B. loan counter-guaranteed by BNL and UBI

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.

C) Inauguration of the new Novara Research Center

On April 13th, 2015 Isagro inaugurated its New Research Center (NCR) in Novara.
The NCR covers 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 production site), located in a traditional area for the chemical industry in Italy, i.e. the former Donegani Institute, which saw the emergence of so many new products with a fervour for innovation unique to the Italian industry's history.

D) 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.:

- acknowledged 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, with term of office until 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 Silvia Sartor (Independent Director); Daniela Mainini (Independent Director); and 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 Silvia Sartor, Daniela Mainini and Stavros Sionis as members of the Independent Directors Committee;
  - Director Stavros Sionis as Lead Independent Director;
- to form the Appointments and Remuneration Committee, appointing Independent Directors Adriana Silvia Sartor (Chairman) and Stavros Sionis as its members;
- to form the Risk and Control 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 Issuers' Regulation, the Board assessed the possession of independence requirements by the Directors Adriana Silvia Sartor, Daniela Mainini and Stavros Sionis, appointed as independent (from the list filed by the majority shareholder Holdisa S.r.l.).

E) Establishment of Isagro Singapore

On October 8th, 2015, in line with the plan for development of the Group's commercial coverage of South East Asia, the company Isagro Singapore Pte. Ltd. was established, fully owned by Isagro S.p.A..

F) Finalisation of two agreements to exploit Intellectual Property

In accordance with the strategy for larger exploitation of the Group's Intellectual Property (IP) through agreements with third parties, in December 2015, Isagro S.p.A. entered into two new agreements: one with FMC and the other with SumiAgro Europe Limited, with total proceeds of € 7 million, confirming that the value of Isagro's IP is only partially represented by its book values.
Therefore, in the period 2013-2015 proceeds from agreements to indirectly exploit Isagro's IP reached € 19 million, of which € 10 million in 2013 and € 9 million in 2014-2015, thus proving the validity of this new business line and confirming the potential of Isagro's IP.

Subsequent events to December 31st, 2015

No significant events occurred between December 31st, 2015 and the date of this Report.

Human Resources

The actual workforce as at December 31st, 2015 of the Isagro Group came to 606 employees, split into the following categories:

Number of employees	Dec. 31st, 2015	Dec. 31st, 2014	*Difference*
Executives	49	53	-4
Middle managers	135	131	+4
Office workers*	325	332	-7
Blue-collar	97	84	+13
Total	**606**	**600**	**+6**

*includes the workers with special skill level

The workforce as at December 31st, 2015 thus increased by 6 employees compared to 2014, with an increase of 17 employees at the parent Isagro S.p.A. and a decrease of 11 employees at the foreign branches.

More specifically, as at December 31st, 2015:
- at Isagro S.p.A., for employees with unlimited-term contracts, 14 new resources were hired and 8 were terminated, while for employees with fixed-term contracts, there was an increase of 11 resources;
- in the foreign branches, 8 resources terminated employment at 8 Isagro Colombia and as a result, several staff functions were reorganised, by outsourcing services and hiring workers with fixed-term contracts.

Moreover, for employees of Isagro S.p.A. with unlimited-term contracts, the following is noted:

- the strengthening of the Marketing & Sales and Business Development and Product Management units, with the introduction of new Sales Manager and Product Manager professional profiles as well as several new staff positions and factory personnel at the industrial facilities;
- the process of reorganisation and optimisation of the Isagro S.p.A. structure, which involved 8 resources in 2015, including 4 executives from the Milan offices, with the consequent termination of the employment relationship, and 4 non-management positions that were laid off.

With regard to the reorganisation project the two lay-off procedures of Isagro S.p.A. which begun on November 29th, 2013 for the Adria, Aprilia and Bussi sul Tirino sites and the Milan offices, and on December 1st, 2014 for the Novara offices, respectively, were concluded on December 31st, 2015.

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

Selection and Training

In compliance with the matters envisaged by the annual plan implemented in all the operating units, training activities continued regarding Quality, Safety and Environment, learning foreign languages (specifically English and Spanish) and specific technical training for specialist professional skills.
It is noted that in 2015 a significant training programme begun, which involved 40 resources in the Novara and Milan offices, to “Promote a Project Management Culture”, in collaboration with the Milan Politecnico University, using the grant allocated with Fondimpresa to partially cover the cost. The programme will conclude in 2016.

As regards selection, an agreement was entered into with the professional social network “LinkedIn” to recruit specific professionals with highly specialised skills.

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

Since 2006, the Board of Director of Isagro S.p.A. has adopted an Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 (hereinafter also the "Model") and appointed the Supervisory Body.
At the date of this Report, the Model is the version approved by the Board of Directors on November 12th, 2013. Nonetheless, in this regard, starting in the second half of 2015, Isagro S.p.A. launched the activities for updating/supplementing the Model in relation to the new crimes recently introduced in the body of the Decree (environmental crimes and self-money laundering). They will be completed this month.
The updated version of the Model will be subject to the examination and approval of the Board of Directors of Isagro S.p.A. at its meeting on May 16th, 2016.

The Supervisory Body was appointed to monitor the operations and compliance with the Model, and to update it. The membership of this Body was partly renewed by resolution of the Board of Directors on May 5th and September 29th, 2015, with term of office expiring on approval of the financial statements as at December 31st, 2017.

Corporate Governance Code and Report

Isagro S.p.A. adopted the Corporate Governance Code of listed companies (approved in March 2006 and most recently amended in July 2015) as its point of reference for an effective corporate governance structure. The new version of the Code was formally adopted with a resolution of the Board of Directors on August 4th, 2015.
For a detailed description of the corporate governance structure, please refer to the Corporate Governance Report available at the registered office, on its website (www.isagro.com – Corporate Governance section), and on the website of Borsa Italiana (www.borsaitaliana.it).

Legal proceedings

Caffaro S.r.l. (in receivership)
During the hearing held on May 19th, 2014, the parties reached a settlement agreement, which requires

technical time for its completion. The Court therefore adjourned proceedings to the next hearing on September 22nd, 2014, 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 therefore again adjourned the proceedings until February 2nd, 2015. The parties therefore signed the settlement agreement by virtue of which they waived the legal redress to the statement of affairs and, therefore, they did not appear at the hearing held on February 2nd, 2015. Having ascertained the absence of the parties, the Judge once again adjourned the hearing until March 23rd, 2015, at which the parties did not appear. Therefore, Judge declared the striking off of the proceedings from the judicial roll and the dismissal of the case.
For the same receivable, a similar claim was filed against Snia S.p.A., also in receivership, as the sole shareholder of Caffaro and therefore jointly liable. As the Court of Milan rejected this claim, Isagro prepared and filed an appeal against the bankruptcy order, seeking admission of the proof of claim against Snia S.p.A. The first hearing was fixed for September 27th, 2011. Based on the outcome of the proceedings, with decree of December 13th, 2011, the Court of Milan rejected Isagro S.p.A.'s claim, considering the receivable as possible and future. Isagro therefore challenged the decision by filing an appeal before the Court of Cassation, for which a date to discuss the case is still pending.
Furthermore, it is considered that there are no obligations to bear the costs associated with reclamation of the Aprilia site as Isagro S.p.A. was not responsible for its pollution.

Gamma International S.r.l. insolvency
On December 23rd, 2014, the parent Isagro S.p.A. applied to prove claims in the Gamma International S.r.l. bankruptcy proceedings and filed an application for the return of machinery loaned free-of-charge to the bankrupt company when the latter was still a going concern. The credit which the parent 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.

Other
With reference to the other legal proceedings in progress, for which there are no significant updates to report, 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 on the consolidated figures of the Isagro Group as at December 31st, 2015 reference is made to information given in the special section in the Explanatory Notes.

Observation on the financial profile and the going concern

As at December 31st, 2015 the Isagro Group disclosed a sound and balanced financial structure, with the ***debt/equity ratio*** of 0.47 and Equity exceeding Fixed assets, with a portion of over € 17 million of Working capital financed by Equity. Moreover, in 2015, through direct and indirect exploitation of its Intellectual Property, your Group achieved levels of sales and EBITDA sufficient for self-financing the entire requirement generated by its investment projects, excluding the financial needs relating to Working capital, which, follow more short-term opportunity logics and for which significant unused credit lines are available.
In 2015, the parent Isagro S.p.A. redefined its banking system exposure by reducing the related financial charges, also partly replacing the short-term bank debt with medium/long-term loans.
Moreover, as illustrated, note that the parent Isagro S.p.A., which pools most of the consolidated debt, had around € 67 million in bank credit facilities un-utilized as at December 31st, 2015 that is for the most part represented by bill-discounting lines and advances on invoices, as well as financial lines.

While your Group announced in December 2015 that the 2014-2018 Business Plan should be considered exceeded, operational signals and internal work estimates confirm the expectations that the trend of gradual growth in sales will continue, both for direct sales and for proceeds deriving from agreements with third parties. At management level, the 2016-2020 Company Plans confirm the validity of a target of medium-term consolidated sales at € 200 million.

In light of the above, the consolidated financial statements as at December 31st, 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.

Outlook for the current year

The exact evolution of operations in the current year will significantly depend on the weather conditions returning to normal and the scenario on the three markets of particular importance for Isagro, i.e. Brazil, Italy and the United States.
In the medium term, however, Isagro confirms the target of consolidated sales of around € 200 million, based on the application of our Strategic Guidelines:

1. discovery of new molecules as the “basis” of our Business Model;
2. value extraction from our discovery and from other Intellectual Property, mostly through agreements with Third parties;
3. growth in the Biosolutions business;
4. opportunistic development of off-patented products;
5. expansion of the global commercial organisation.

Comments on the stock market value of Isagro shares

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

1. the total market capitalisation of Isagro at March 14th, 2016, i.e., considering both the capitalisation of Ordinary Shares and that of Growth Shares, amounted to 36% of the book value of Equity as at December 31st, 2015, which, in turn, provides a lower value of the real net market value of your Group’s assets;
2. the average discount applied by the Market to the Growth Shares with respect to the Ordinary Shares, equal to 25% as at March 14th, 2016, in the opinion of your Group’s management is not justified from an economic/financial standpoint.

In relation to the above, the achievement of Isagro’s medium-term target of a level of consolidated sales of around € 200 million will allow the transfer of a large part of the “embedded” value in the financial Statement assets to Income Statement results and cash flows.

With reference to the second point referred to at the start of this section, it should be recalled that Growth Shares, issued by Isagro in May 2014, are a new class of Special Shares, specially tailored for companies having a Controlling 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 Subject loses control, and in the event of any compulsory public offer (OPA), the Growth Shares are automatically converted into Ordinary Shares. Furthermore, Isagro Growth Shares are characterised by a free float amounting to around 13.7 million shares, compared with 11.3 million Ordinary Shares, which makes them more “liquid” than the latter.
For the above reasons, Isagro deems there are no trational justification, thus based on considerations of economic/financial order; for the existence of a spread to the detriment of for Growth Shares.

Attachment 1: Reclassified Consolidated Income Statement

(€ 000)	Year 2015	Year 2014	*Differences*	
Revenues from sales of products and services	**156,048**	**145,939**	**+10,109**	**+6.9%**
Other revenues and income	2,895	3,092	-197	
Consumption of materials and external services	(117,822)	(115,240)	-2,582	
Changes in inventories of products	5,028	4,638	+390	
Costs (capitalised) for other work	3,507	3,306	+201	
Allocations to provisions for expenses and bad/ doubtful debt provisions	(1,367)	(701)	-666	
Labour costs	(27,240)	(26,153)	-1,087	
Provisions for bonuses	(1,592)	(1,244)	-348	
Non-recurring items	-	(1,170)	+1,170	
EBITDA	**19,457**	**12,467**	**+6,990**	**+56.1%**
% on Revenues	12.5%	8.5%		
Amortisation/Depreciation:				
- tangible assets	(3,748)	(3,678)	-70	
- intangible assets	(5,146)	(5,082)	-64	
- write-down of tangible and intangible assets	(776)	(187)	-589	
and asset revaluation (IFRS 10)	**9,787**	**3,520**	**+6,267**	**N/S**
% on Revenues	6.3%	2.4%		
Interest. fees and financial discounts	(1,127)	(2,807)	+1,680	
Gains/losses on foreign exchange and derivatives	(1,296)	108	-1,404	
Impairment/reversals of impairment of equity investments	54	59	-5	
Pre-tax profit/(loss)	**7,418**	**880**	**+6,538**	**N/S**
Current tax and deferred tax liabilities	(4,036)	(1,758)	-2,278	
Profit/(loss) from continuing operations attributable to non-controlling interests	-	-	-	
Net profit/(loss) from continuing operations	**3,382**	**(878)**	**4,260**	**N/S**
Net profit/(loss) from discontinued operations	(250)	-	-250	
Net profit/(loss)	**3,132**	**(878)**	**4,010**	**N/S**

Attachment 2: Reclassified Consolidated Balance Sheet

(€ 000)	Dec. 31st, 2015	Dec. 31st, 2014	*Differences*	
Net fixed assets				
Goodwill	3,447	3,762	-315	
Other intangible assets	45,282	40,339	+4,943	
Tangible assets	23,850	24,130	-280	
Equity-accounted investees	296	253	+43	
Other medium/long term assets and liabilities	12,683	13,093	+90	
Total net fixed assets	**85,558**	**81,577**	**+3,981**	**+4.9%**
Net working capital				
Inventories	49,010	40,364	+8,646	
Trade receivables	52,000	49,598	+2,402	
Trade payables	(37,689)	(44,578)	+6,889	
Subtotal of Net Trade Working Capital	***63,321***	***45,384***	***+17,937***	
Current provisions	(1,746)	(1,651)	-95	
Other current assets and liabilities	2,774	2,700	+74	
Subtotal of Other assets and liabilities	***1,028***	***1,049***	***-21***	
Total net working capital	**64,349**	**46,433**	**+17,916**	**+38.6%**
Invested capital	**149,907**	**128,010**	**+21,897**	**+17.1%**
Severance indemnity fund (SIF)	**(2,872)**	**(3,038)**	**+166**	
Net invested capital	**147,035**	**124,972**	**+22,063**	**+17.7%**
Held for sale non-financial assets and liabilities	**-**	**-**	**-**	
Total	**147,035**	**124,972**	**+22,063**	**+17.7%**
financed by:				
Equity				
Paid-in share capital	24,961	24,961	-	
Reserves and retained earnings	78,227	79,195	-968	
Translation reserve	(6,462)	(7,992)	+1,530	
Total profit/(loss) of the Group	3,132	(878)	+4,010	
Total equity	**99,858**	**95,286**	**+4,572**	**+4.8%**
Net financial position				
Medium/long term debts:				
- due to banks	25,457	19,632	+5,825	
- due to other lenders	191	266	-75	
- other assets (liabilities) and derivatives	-	(2,875)	+2,875	
Total medium/long term debts	**25,648**	**17,023**	**+8,625**	**+50.7%**
Short-term debts:				
- due to banks	35,947	27,344	+8,603	
- due to other lenders	2,395	1,839	+556	
- other assets (liabilities) and derivatives	(99)	629	-728	
Total short-term debts	**38,243**	**29,812**	**+8,431**	**+28.3%**
Cash and cash equivalents	**(16,714)**	**(17,149)**	**+435**	**-2.5%**
Total net financial position	**47,177**	**29,686**	**+17,491**	**+58.9%**
Total	**147,035**	**124,972**	**+22,063**	**+17.7%**

Attachment 3: Consolidated Cash-Flow Statement

(€ 000)	2015	2014
Cash and cash equivalents (at January 1st)	**17,149**	**14,099**
Operating activities		
Profit/(loss) from continuing operations	**3,382**	**(878)**
Net profit/(loss) from discontinued operations	**(250)**	**-**
- Depreciation of tangible assets	3,748	3,678
- Amortisation of intangible assets	5,146	5,082
- Impairment of tangible and intangible assets	776	187
- Provisions (including severance indemnity fund)	1,775	1,768
- Net capital losses on disposal of tangible and intangible assets	174	57
- Interest receivable from assets held for trading	(134)	(400)
- Net interest expenses towards financial institutes and leasing companies	1,077	3,068
- Losses/(Gains) on derivative instruments	3,065	1,150
- Share of profit/(loss) of equity-accounted investees	(54)	(59)
- Income taxes	4,036	1,758
Cash flow from current operations	*22,741*	*15,411*
- Increase in trade receivables	(1,335)	(1,435)
- Increase in inventories	(7,684)	(4,798)
- Increase/(decrease) in trade payables	(8,338)	12,706
- Net change in other assets/liabilities	(772)	(1,600)
- Uses of provisions (including severance indemnity fund)	(1,970)	(3,488)
- Net interest expenses towards financial institutes and leasing companies paid	(1,205)	(3,294)
- Financial flow from derivative instruments	(3,793)	(392)
- Income taxes paid	(1,915)	(3,167)
Cash flow from/(for) operating activities	**(4,271)**	**9,943**
Investment activities		
- Investments in intangible assets	(11,398)	(10,034)
- Investments in tangible assets	(3,415)	(4,345)
- Net sale price on disposal of tangible and intangible assets	1	10
- Dividends collected by associates	11	11
- Cash flow from assets held for trading	134	437
Cash flow from/(for) investment activities	**(14,667)**	**(13,921)**
Financing activities		
- Contracting non-current financial payables:	27,500	7,343
- Repayment of non-current financial payables:	(17,256)	(3,883)
- Contracting/(repayment) of current financial payables	7,671	(25,565)
- (Increase)/decrease in financial receivables	-	-
- Payment from shareholders for share capital increase	-	28,074
Cash flow from financing activities	**17,915**	**5,969**
Change in translation difference	**588**	**1,059**
Cash flow for the period	**(435)**	**3,050**
Cash and cash equivalents (at December 31st)	**16,714**	**17,149**

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

(€ 000)	2015		2014	
	Profit (loss)	Shareholders' equity	Profit (loss)	Shareholders' equity
Parent Isagro S.p.A.	3,395	88,810	(5,407)	85,487
Intragroup profits	(734)	(6,440)	853	(5,514)
Tax effect on intragroup profits	136	1,884	(367)	1,748
Profit/reserves of consolidated companies	1,582	22,066	5,167	21,557
Intragroup dividends	(1,247)	-	(1,124)	-
Exchange diff. arising on translation of foreign currency financial statements	-	(6,462)	-	(7,992)
Total Isagro Group	**3,132**	**99,858**	**(878)**	**95,286**
(Profit)/Loss attributable to non-controlling interests	-	-	-	-
Total Consolidated financial statements	**3,132**	**99,858**	**(878)**	**95,286**

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 (SIF)".

Lastly, in reference to the "Main indicators" section of this Report, note that:

- **Basic earnings per share** were calculated by dividing consolidated "Net profit/(loss) for the year" by the number of Isagro S.p.A. shares outstanding during the year, excluding treasury shares held by the issuer itself. The number of outstanding shares during 2015, excluding treasury shares was 38,674,879;
- **Equity per share** was calculated by dividing "Consolidated Equity" by the number of Isagro S.p.A. shares outstanding, excluding treasury shares held by the issuer itself;
- **ROE (Return on Equity)** is the ratio of the "Net profit/(loss)" to "Equity" as at the end of the year;
- **ROI (Return on Investments)** is calculated by dividing "EBIT" by "Net invested capital";
- **Net financial position/EBITDA** is calculated by dividing the "Net financial position" at the end of the year by "EBITDA" for the period.

Information pursuant to article 36 of CONSOB Regulation 16191/2007

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

Information pursuant to article 37 of CONSOB Regulation 16191/2007

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

Information pursuant to articles 70 and 71 of CONSOB Regulation 11971/99 (Issuers' Regulation)

It is noted that, on September 25th, 2012, pursuant to article 3 of CONSOB Resolution no. 18079 of January 20th, 2012, the Board of Directors of Isagro S.p.A. resolved to apply the opt-out regime under articles 70, paragraph 8, and 71, paragraph 1-bis of the Issuers' Regulation. Isagro therefore availed of the option to derogate from the obligation to publish information documents required for significant mergers, spin-offs, share capital increases through contribution of assets in kind, acquisitions or disposals.

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

The Manager charged with preparing the company's financial reports, Mr. Ruggero Gambini, hereby certifies, pursuant to Article 154-*bis*, paragraph 2 of the Consolidated Law on Finance, that the financial information in this Consolidated annual report as at December 31st, 2015 is consistent with the entries in the accounting books and records.

Consolidated Financial Statements

Notes to the Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET

(in thousands of euro)	Notes	Dec. 31, 2015	*of which Related Parties*	Dec. 31, 2014	*of which Related Parties*
NON-CURRENT ASSETS					
Tangible assets	1	23,850	-	24,130	-
Intangible assets	2	45,282	-	40,339	-
Goodwill	3	3,447	-	3,762	-
Equity-accounted investees	4	296	-	253	-
Non-current receivables and other assets	5	6,230	-	6,771	-
Non-current financial receivables and other financial assets	11	-	-	2,875	-
Deferred tax assets	6	8,810	-	9,612	-
TOTAL NON-CURRENT ASSETS		**87,915**		**87,742**	
CURRENT ASSETS					
Inventories	7	49,010	-	40,364	-
Trade receivables	8	52,000	*6,383*	49,598	*8,690*
Other current assets and other receivables	9	5,614	*15*	5,346	*27*
Tax receivables	10	4,715	-	4,286	-
Financial assets - derivatives	12	441	-	340	-
Cash and cash equivalents	13	16,714	-	17,149	-
TOTAL CURRENT ASSETS		**128,494**		**117,083**	
Non-current assets held for sale and discontinued operations		-		-	
TOTAL ASSETS		**216,409**		**204,825**	
SHAREHOLDERS' EQUITY					
Share capital		24,961		24,961	
Reserves		48,819		47,301	
Retained earnings and profit for the year		26,078		23,024	
Equity attributable to owners of the parent		**99,858**		**95,286**	
Equity attributable to non-controlling interests		**-**		**-**	
TOTAL SHAREHOLDERS' EQUITY	14	**99,858**		**95,286**	
NON-CURRENT LIABILITIES					
Non-current financial payables and other financial liabilities	15	25,648	-	19,898	-
Employee Benefits - Severance indemnity fund	16	2,872	-	3,038	-
Deferred tax liabilities	6	1,646	-	2,659	-
Other non-current liabilities	17	711	-	631	-
TOTAL NON-CURRENT LIABILITIES		**30,877**		**26,226**	
CURRENT LIABILITIES					
Current financial payables and other financial liabilities	15	38,342	-	29,183	-
Financial liabilities - derivatives	12	342	-	969	-
Trade payables	18	37,689	*137*	44,578	*75*
Current provisions	19	1,746	-	1,651	-
Tax payables	20	2,523	-	1,613	-
Other current liabilities and other payables	21	5,032	-	5,319	-
TOTAL CURRENT LIABILITIES		**85,674**		**83,313**	
TOTAL LIABILITIES		**116,551**		**109,539**	
Liabilities associated with discontinued operations		**-**		**-**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**216,409**		**204,825**	

CONSOLIDATED INCOME STATEMENT

(in thousands of euro)	Notes	2015	*of which Related Parties*	2014	*of which Related Parties*
Revenues	23	156,048	*15,803*	145,939	*24,813*
Other operating revenues	24	2,895	*23*	3,092	*451*
Total revenues		**158,943**		**149,031**	
Raw materials and consumables	25	(83,980)	*(344)*	(86,775)	-
Costs for services	26	(29,293)	*(246)*	(25,558)	*(320)*
Personnel costs	27	(28,832)	-	(27,397)	-
Other operating costs	28	(5,851)	*(5)*	(3,457)	*(18)*
Other non-recurring costs	29	-	-	(1,170)	-
Change in inventories of finished products and work in progress	30	4,963		4,487	-
Costs (capitalised) for internal works	31	3,507	-	3,306	-
EBITDA		**19,457**		**12,467**	
Amortisation/Depreciation:					
- Depreciation of tangible assets	32	(3,748)	-	(3,678)	-
- Amortisation of intangible assets	32	(5,146)	-	(5,082)	-
- Impairment of tangible and intangible assets	33	(776)	-	(187)	-
Operating result		**9,787**		**3,520**	
Net financial charges	34	(2,423)	-	(2,699)	*(187)*
Profit/(loss) from associates		54	-	59	-
Pre-tax profit/(loss)		**7,418**		**880**	
Income taxes	35	(4,036)	-	(1,758)	-
Profit/(loss) from continuing operations		**3,382**		**(878)**	
Net profit/(loss) from discontinued operations	36	(250)	-	-	-
Total profit/(loss)		**3,132**		**(878)**	

	Notes		
Attributable to:			
Owners of the Parent		**3,132**	**(878)**
Non-controlling interests		-	**-**
Earnings per share (in Euro):	38	**2015**	**2014**
Earnings per share (basic = diluted)			
Ordinary Share		0.081	(0.028)
Growth Share		0.097	(0.028)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(in thousands of euro)	Notes	2015	2014
Total profit/(loss)		**3,132**	**(878)**
Components that will later be reclassified in the profit/(loss) for the year:			
Change in translation reserve (difference)	14	1,530	2,665
Total		**1,530**	**2,665**
Components that will not be later reclassified in the profit/(loss) for the year:			
Actuarial loss regarding defined-benefit plans		(112)	(119)
Income taxes		34	33
Total	14	**(78)**	**(86)**
Other comprehensive income		**1,452**	**2,579**
Total other comprehensive income		**4,584**	**1,701**
Attributable to:			
Owners of the Parent		**4,584**	**1,701**
Non-controlling interests		**-**	**-**

CONSOLIDATED STATEMENT OF CASH FLOW

(in thousands of euro)	Notes	2015	2014
Cash and cash equivalents - opening balance		**17,149**	**14,099**
Operating activities			
Profit/(loss) from continuing operations		3,382	(878)
Net profit/(loss) from discontinued operations	36	(250)	-
- Depreciation of tangible assets	32	3,748	3,678
- Amortisation of intangible assets	32	5,146	5,082
- Impairment of tangible and intangible assets	33	776	187
- Provisions (including severance indemnity fund)	16,19	1,775	1,768
- Net capital losses on disposal of tangible and intangible assets	28	174	57
- Interest receivable from assets held for trading		(134)	(400)
- Net interest expenses towards financial institutes and leasing companies	34	1,077	3,068
- Losses on derivative instruments	34	3,065	1,150
- Share of profit/(loss) of equity-accounted investees	4	(54)	(59)
- Income taxes	35	4,036	1,758
		22,741	**15,411**
Cash flow from current operations			
- Increase in trade receivables	8(*)	(1,335)	(1,435)
- Increase in inventories	7(*)	(7,684)	(4,798)
- Increase/(decrease) in trade payables	18(*)	(8,338)	12,706
- Net change in other assets/liabilities		(772)	(1,600)
- Use of provisions (including severance indemnity fund)	16,19	(1,970)	(3,488)
- Net interest expenses towards financial institutes and leasing companies paid		(1,205)	(3,294)
- Financial flow from derivative instruments		(3,793)	(392)
- Income taxes paid		(1,915)	(3,167)
Cash flow from/(for) operating activities		**(4,271)**	**9,943**
Investment activities			
- Investments in intangible assets	2	(11,398)	(10,034)
- Investments in tangible assets	1	(3,415)	(4,345)
- Sale price on disposal of tangible and intangible assets	1,2	1	10
- Dividends collected by associates	4	11	11
- Cash flow from assets held for trading		134	437
Cash flow from/(for) investment activities		**(14,667)**	**(13,921)**
Financing activities			
- Contracting non-current financial payables		27,500	7,343
- Repayment of non-current financial payables		(17,256)	(3,883)
- Contracting/(repayment) of current financial payables	15(*)	7,671	(25,565)
- Payment from shareholders for share capital increase		-	28,074
Cash flow from financing activities		**17,915**	**5,969**
Change in translation difference		**588**	**1,059**
Cash flow for the period		**(435)**	**3,050**
Cash and cash equivalents – closing balance	13	**16,714**	**17,149**

(*) 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 2014

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY IN 2015

(in thousands of euro)	Equity attributable to owners of the Parent							Total shareholders' non-controlling interests	Total shareholders' equity
		Reserves							
	Share capital issued	Translation premium reserve	Translation reserve (difference)	Other reserves	Total	Retained earnings and profit for the period	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 year:									
Profit for the year	-	-	-	-	-	3,132	3,132	-	3,132
Other comprehensive Income Statement components	-	-	1,530	-	1,530	(78)	1,452	-	1,452
Total Comprehensive Income	-	-	1,530	-	1,530	3,054	4,584	-	4,584
Other changes	-	(12)	-	-	(12)	-	(12)	-	(12)
Total changes during the year	-	(12)	1,530	-	1,518	3,054	4,572	-	4,572
Balance as at Dec 31st, 2015	24,961	44,910	(6,462)	10,371	48,819	26,078	99,858	-	99,858

EXPLANATORY NOTES

GENERAL INFORMATION

Reporting entity

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

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

Publication of the consolidated financial statements

The Isagro Group's consolidated financial statements as at December 31st, 2015 were authorised for issue by the Board of Directors of Isagro S.p.A. on March 14th, 2016.

Compliance with IFRS

The Isagro Group consolidated financial statements as at December 31st, 2015 were prepared in compliance with the International Financial Reporting Standards (IFRS) adopted by the European Union, and with the measures issued in implementation of article 9 of Italian Legislative Decree No. 38/2005. The international accounting standards approved by the European Commission as of the date of preparation of the consolidated financial statements are listed in note no. 46, to which reference should be made.

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. Current assets are those expected to be realised, sold or consumed during ordinary operations or in 12 months after the end of the year; current liabilities are those for which settlement is expected as part of ordinary operations or in the twelve months following year end;
- in the Income Statement, the analysis of the costs is carried out on the basis of their nature; please note the "EBITDA" aggregates that include all the revenue and cost components except for the amortisation and depreciation and impairments of tangible and intangible assets, the financial activity components and income taxes and "EBIT", which includes all cost and revenue components except financing activities and income taxes;
- the indirect method is used for the 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 consolidated financial statements as at December 31st, 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 good performances achieved by the Group in 2015, the availability of bank credit facilities not yet used for a total of € 72.2 million (of which € 64.0 million relating to discount facilities and invoice advances), there are no significant uncertainties (as defined by IAS 1 §25) regarding the company's ability to continue as a going concern.

It is also noted that in 2015 the Group reported a net financial position which, though increasing on the previous year, was substantially balanced in relation to the equity and financial structure. This was due to the share capital increase carried out in 2014 by the parent Isagro S.p.A. as well as the contracting of new medium/long-term loans to supporting investment activities, with the resulting increase in the duration of financial debt.

The performance of the Basic Business in 2015 showed growth on the 2014 results, though still below the forecast figures. Conversely, with regard to Licensing activities, during 2015 proceeds were recognised for about € 7 million, € 3 million higher than the amount forecast in the plan. Also in consideration of this, the Directors believe that cash flows envisaged in the 2016–2020 Business Plans, although they represent forward-looking statements subject to uncertainty, are reasonable and feasible in the foreseeable future and are sufficient to allow management of the activity in a financial balance characteristic of a going concern.

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

Segment reporting

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

ACCOUNTING POLICIES, BASIS OF CONSOLIDATION AND VALUATION CRITERIA

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

Accounting standards, amendments and interpretations applied as from January 1st, 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 venture. 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 amendments apply as from January 1st, 2015. The adoption of these improvements 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 Isagro Group.

- On December 17th, 2014, by means of Regulation No. 28/2015, the European Commission endorsed certain improvements to the international accounting standards. The main amendments are indicated below:
  - IFRS 2 Share Based Payments – Definition of vesting condition. Changes to the definitions of "vesting condition" and "market condition" are introduced, and further definitions of "performance condition" and "service condition" are added (previously included in the definition of "vesting condition").
  - IFRS 3 Business Combinations – Accounting for contingent consideration. The amendment explains that a contingent consideration classified as a financial asset or liability must be measured at fair value at every year end date; the changes in fair value are entered into the Income Statement or amongst the statement of comprehensive income components based on the requirements of IAS 39 (or IFRS 9).
  - IFRS 8 Operating segments – Aggregation of operating segments. The changes require an entity to provide information on the measurements made by management when applying the aggregation criteria for the operating segments, including a description of the aggregated operating segments and the economic indicators considered when determining whether these operating segments have "similar economic characteristics".
  - IFRS 8 Operating segments – Reconciliation of the total of the reportable segments' assets to the entity's assets. The amendments clarify that the reconciliation between the total of the assets of

the operating segments and the total of the entity's assets must be presented only if the total of the assets of the operating segments is regularly reviewed by the highest decision-making level.

- IFRS 13 Fair Value Measurement – Short-term receivables and payables. Amendments were made to the Basis for Conclusions to clarify that with the issue of IFRS 13 and the consequent amendments to IAS 39 and IFRS 9, the possibility to enter the current trade receivables and payables without entering the effects of a discounting should said effects proved immaterial remains valid.
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method: proportionate restatement of accumulated depreciation/amortization. The amendments eliminated the inconsistencies in the entry of depreciation/amortisation when a tangible or intangible asset is revalued. The new requirements clarify that the gross book value is adequate to the extent consistent with the revaluation of the book value of the asset and that the accumulated depreciation is equal to the difference between gross book value and the book value net of recorded impairments.
- IAS 24 Related Parties Disclosures – Key management personnel. It is clarified that in the event the services of the executives with strategic responsibilities are supplied by an entity (and not by an individual), said entity is considered a related party.

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

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

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

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

The amendments will apply from January 1st, 2016, and early application is allowed. The adoption of this amendment will not have any effect on the Group's consolidated financial statements.

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

The amendments will apply from January 1st, 2016, and early application is allowed. The adoption of this amendment will not have any effect on the Group's consolidated financial statements.

- On December 2nd, 2015, by means of Regulation No. 2231/2015, the European Commission endorsed certain amendments to IAS 16 - Property, plant and equipment and to IAS 38 - Intangible assets – Clarification of acceptable methods of depreciation and amortisation. The amendments to IAS 16 set out that revenue-based methods of depreciation are not appropriate due to the fact that, according to the amendments, revenues generated by a business which involves the use of an asset subject to depreciation generally reflect factors that differ from only consumption of the economic benefits embodied in the asset, a condition that, instead, is required for depreciation. The amendments to IAS 38 introduce the assumption that a revenue-based method of amortisation is not generally considered appropriate for the same reasons highlighted by the amendments to IAS 16. In the case of intangible assets, this presumption can also be overcome, but only under limited and specific circumstances.

The amendments will apply from January 1st, 2016, and early application is allowed. The adoption of those amendments will not have any effect on the Group's consolidated financial statements.

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

intended audience of the financial statements in the same manner and as per the same timescales as the interim financial statements.

The amendments will apply from January 1st, 2016, and early application is allowed. The adoption of these improvements will not have any effect on the Group's consolidated financial statements.

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

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

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 permitted.

- 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, 2018, but early application is permitted.

- 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 the financial liabilities on the other hand, the main amendment made refers to the accounting treatment of the changes in fair value of a financial liability designated as a financial liability designated at fair value through the Income Statement, in the cases in which these changes are due to the change in the credit rating of the issuer of the liability itself. Under the new standard, these changes must be recognised in the statement of "Other comprehensive income" and no longer in the income statement. With reference to the "Impairment" model, the new standard requires that the estimate of the losses on receivables is made on the basis of the expected losses model (and not on the incurred losses model) using information which can be supported, available free of charge and without unreasonable efforts, which include historical, current and forecast data. The standard envisages that this impairment model applies to all financial instruments, or rather to financial instruments measured at amortised cost, those measured at fair value through other comprehensive income, receivables deriving from rental agreements and trade receivables. In conclusion, the standard introduces a new hedge accounting model for the purpose of adapting the requirements envisaged by the current IAS 39, which at times are considered too stringent and not suitable for reflecting the company's risk management policies. The main innovations of the document regard:

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

- On September 11th, 2014 the IASB published the amendment to **IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture.** The document was published for the purpose of settling the current conflict between IAS 28 and IFRS 10. In accordance with the matters envisaged by IAS 28, the gain or loss deriving from the disposal or transfer of a non-monetary asset to a joint venture or to an associate in exchange for a holding in the share capital of the latter is limited to the holding held in the joint venture or associate by the other investors extraneous to the transaction. By contrast, IFRS 10 envisages recognition of the entire gain or loss in the event of loss of control over a subsidiary, even if the entity retains a non-controlling interest, also including the sale or contribution of a subsidiary to a joint venture or associate in this category. The amendments introduced envisage that in a disposal/conferral of an asset or of a subsidiary to a joint venture or to an associate, the extent of the gain or the loss to be recognised in the financial statements of the transferor/deliverer depends on the fact that the assets or the subsidiary company transferred/delivered represent or otherwise a business, in the sense envisaged by IFRS 3. In the event that the assets or the subsidiary transferred/delivered represents a business, the entity must recognise the gain or the loss on the entire holding previously owned; whilst, otherwise, the portion of gain or loss relating to the holding still held by the entity must be eliminated. The amendments will apply from January 1st, 2016, and early application is allowed.
- 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.
- On January 13th, 2016 the IASB published **IFRS 16 – Leases,** which is set to replace IAS 17 – Leases, as well as the interpretations IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating leases – Incentives and SIC-27 Evaluating the substance of transactions involving the legal form of a lease. The standard provides a new definition of lease and introduces a criterion based on control (right of use) over an asset to distinguish lease contracts from services contracts, identifying the following discriminating factors: identification of the asset, the substantive right of substitution of the asset, the substantive right to economically benefit from use of the asset and the right to oversee the use of the underlying asset of the contract. The standard introduces a single lessee accounting model for recognition and valuation of lease contracts, which requires the recognition of the asset

leased, also under operating lease, with a balancing entry of financial debt. It is also possible not to recognise contracts pertaining to “low-value assets” and leases with a contract duration equal to or less than 12 months as leases. On the contrary, the standard does not include significant changes for lessors.

This standard will apply from January 1st, 2019, but early application is permitted only for companies which implemented early application of IFRS 15 - Revenue from Contracts with Customers.

Uncertainty in the use of estimates

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

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

Bad debt provision

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

Inventory write-down provision

The allowance for inventory obsolescence reflects management’s estimate of impairment losses expected from the various Group companies, based on both historical experience and the expected trend in prices for crop protection products during 2016, particularly for those products whose realisable value is linked to the commodity prices.

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

Intangible assets under development and goodwill

Intangible assets not yet available for use essentially refer to registration expenses incurred for authorisations to sell formulations relating to the Group’s major proprietary products and development expenditure for new products and new processes (see note No 2). 60% of this item, which amounts to approximately € 25 million, regards the product IR 6141 still sold on a limited number of markets and in not yet significant volumes, as well as the co-development of a new fungicide named SDHi.

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

The reliability of the impairment test and, consequently, whether or not the amounts recognised as assets for these items are confirmed is tied to the realisation of said plans, which, although they represent forward-looking statements subject to uncertainty, are deemed reasonable and feasible by the Directors. The Directors, in light of the tests carried out, based on estimated cash flows reflected in the Group companies'

2016-2020 Business Plans, did not deem it necessary to recognise any further impairment losses pursuant to IAS 36, regarding the Group's major assets. The impairment losses posted to the financial statements amounted to € 776 thousand. These comprise € 77 thousand for the reversal of costs relating to authorisations to sell being obtained in countries deemed no longer strategic or whose continuation was judged not cost-effective for the Group, and € 655 thousand for the reversal of the residual value of the rights to develop Novaluron-based mixtures, for which, in light of the technical results of the laboratory and field tests, it was deemed that neither the technical nor economic conditions were in place to continue developing said mixtures.
Regarding goodwill, it should be noted that about 74% of this item refers to "Isagro Colombia" and the "Copper" CGUs, for which management has conducted additional analyses to verify the recoverability of goodwill (sensitivity analysis). Related considerations are described in note no. 3.
Also for goodwill, the Directors, in light of the test carried out, based on estimated cash flows reflected in the Group companies' 2016-2020 Business Plans, did not deem it necessary to recognise any impairment losses.
Note that the calculation of the recoverable value of intangible assets not yet available for use and of goodwill calls for management's discretion and the use of estimates, particularly as regards calculation of the interest rate (WACC) used to discount future cash flows, also as the benchmark rates of the financial markets are strongly erratic and fluctuating. Furthermore, the recoverability of these amounts is subject to the fulfilment of the Group companies' 2016 - 2020 Business Plans, also influenced by external variables beyond the Group's control (in particular, climatic conditions and the time necessary to obtain the authorisations to sell the new products). Consequently it cannot be excluded that the future trend in various factors, including developments in the difficult global economic and financial context, might call for a write-down of these items of the financial statements. The Group's management will continuously monitor the circumstances and events that could bring about such a result.
Deferred tax assets
As at December 31st, 2015, the Isagro Group's financial statements recognised deferred tax assets for unused tax losses carried forward amounting to approximately € 5 million. In assessing the recoverability of these deferred tax assets, the individual Group companies' budgets and plans, for which the Directors believe that the taxable income that will be generated in the forthcoming years are reasonably feasible and will be such as to allow recovering said amounts, were taken into consideration. It cannot be ruled out a priori that a further worsening of the current financial and economic crisis, as well as postponement in the timescales envisaged for obtaining new registrations and new Licensing agreements may raise doubts about the timing and methods predicted in the Group companies' 2016–2020 Business Plans concerning the recoverability of these items. The management will continuously monitor the circumstances and events that could bring about such a result.

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

With the Isagro Group, the parent exercises this power by means of holding the majority of the voting rights in the subsidiaries included in the scope of consolidation, which permits the same to appoint the majority of the members of the governance body. Furthermore, it should be noted that no significant restrictions exist with regard to the ability of the parent to access the assets or use them and to discharge the liabilities of the Group.
The consolidated financial statements are prepared based on the financial statements prepared by the individual companies in conformity with IFRS.
The financial statements of the subsidiaries included in the scope of consolidation are consolidated using the line-by-line method, which requires to add together all reported items, regardless of the Group's ownership interest, as well as to eliminate intragroup transactions and unrealised profits.
The book value of investments and the parent's portion of equity of the subsidiaries are eliminated, while individual assets and liabilities are recognised at their book values at the date when control was acquired, recognising any contingent liabilities. Any positive excess is recognised in non-current assets as "Goodwill", while any negative excess is recognised in profit or loss.
Wherever the investment is less than 100%, the portion of profit and equity attributable to non-controlling interests is recognised (minority holdings).
Subsidiaries are consolidated from the date on which control is effectively transferred to the Group and they cease to be consolidated on the date on which control is transferred outside the Group. The purchase of additional interests in subsidiaries and the sale of interests that do not result in a loss of control are accounted for as equity transactions. As such, the accounting effects of the previously mentioned transactions are recognised directly in the Group's equity. If control of a company included in the scope of consolidation is lost, the consolidated financial statements include the profit or loss for the year in proportion to the period during which the Group held control. Furthermore, the disposal of controlling interests requires to recognise in profit or loss any gains (or losses) on the disposal, and the accounting effects resulting from the fair value measurement at the date of disposal of any residual interest.

Scope of consolidation

The scope of consolidation includes the financial statements of Isagro S.p.A., its subsidiaries and associates as at December 31st, 2015.
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. 47.
With respect to the situation as at December 31st, 2014, in October 2015 the company Isagro Singapore Pte Ltd., 100%-owned by Isagro S.p.A., was incorporated, and in February the liquidation procedure started for the subsidiary Isagro Hellas, terminating on September 24th, 2015 with the company struck off from the companies' register and the residual assets assigned to the parent Isagro S.p.A..

Translation of foreign currency financial statements

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

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

- assets and liabilities are translated using the exchange rate in force as at the reporting date;
- revenues and costs are translated at the exchange rate as at average exchange rate of the year;
- equity components are translated at historical exchange rates, maintaining the existing stratification (if any) of reserves.

Exchange differences arising on the translation are recognised in 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 Dec. 31, 2015	Average exchange rate 2015	Exchange rate as at Dec. 31, 2014	Average exchange rate 2014
Australian Dollar	1.4897	1.47766	1.4829	1.47188
Singapore Dollar	1.5417	1.52549	N/A	N/A
US Dollar	1.0887	1.10951	1.2141	1.3285
Argentine Peso	14.0972	10.2599	10.2755	10.7718
Chilean Peso	772.713	726.406	737.297	756.933
Colombian Peso	3,456.01	3,048.53	2,892.26	2,652.45
South African Rand	16.953	14.1723	14.0353	14.4037
Brazilian Real	4.3117	3.70044	3.2207	3.12113
Chinese Renminbi (Yuan)	7.0608	6.97333	7.5358	8.18575
Indian Rupee	72.0215	71.1956	76.719	81.0406

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.

Assets held for sale and discontinued operations

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

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

- represents a separate major line of business or geographic area of operations;

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

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

Valuation criteria

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

Business combinations

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

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

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

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

Tangible assets

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

In detail, the cost of a tangible asset, acquired from third parties or constructed on a time and material basis, includes directly attributable charges and all the costs necessary for bring the assets onto stream for

the use for which they were acquired. If the payment for the purchase of the asset is deferred beyond the normal credit terms, its cost is represented by the equivalent cash price.
The opening value of the asset is increased by the current value of any costs for the demolition and removal of the assets or restoration of the site where the asset is located, if a legal or implicit obligation in this sense exists. Therefore a liability will be recorded for a risk provision against this capitalised charge.
Maintenance and repair costs are not capitalised, but are recorded in the income statement in the period they pertain to.
Costs incurred after initial recognition – improvements, modernisation and expansion costs, etc.–are recognised as assets if, and only if, it is probable that future economic benefits associated with them will flow to the company and they result in identifiable assets or if they concern expenditures aimed at extending the asset's useful life or increase its productive capacity, or even improve the quality of the products obtained by the asset. If these expenses qualify as maintenance costs, they will be recognised in profit or loss as incurred.
Depreciation begins when the asset is available for use and is calculated on a straight-line basis with reference to the asset's estimated useful life. The useful life generally assigned to the various categories of assets is as follows:

- industrial buildings: 19 to 30 years
- plant and equipment: 10 to 11 years
- equipment: 3 to 7 years
- other assets: 5 to 6 years

Land, which as a rule has an unlimited useful life, is not depreciated.
Spare parts and small items of equipment for maintenance are recognised as inventories and recorded at cost at the time they are used. Nevertheless, spare parts worth significant amounts and equipment provided which is available in stock (stand-by equipment) are recognised as fixed assets when they are expected to be used for more than one accounting period.
The book value of tangible assets is subject to an impairment test so as to detect any losses in value when events or changed circumstances indicate that the book value cannot be recovered. If there is any indication that the asset may be impaired, and if the book value is greater than the estimated recoverable amount, the asset or the cash-generating unit is written down to recoverable amount, which is the higher of fair value less costs to sell and value in use. When defining the value in use, the future cash flows are discounted back using a pre-tax discount rate which reflects the current market estimate of the cost of money placed in relation to the timescale and specific risks of the asset. In relation to assets which do not generate fully independent cash flows, the realizable value is determined in relation to the cash flow generating unit to which the asset belongs. Losses in value are recorded in the Income Statement under the item "Impairment of tangible and intangible assets."

Intangible assets

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

Assets created internally, with the exception of development costs and expenses incurred in obtaining the authorisations to market crop protection products, are not recorded as intangible assets. Development activities involve the conversion of research inventions and other knowledge in a well-defined plan for the production of new materials, products or processes.
The cost of an intangible asset created internally includes all the directly attributable costs necessary for creating, producing and preparing the asset so that it is able to operate in the manner agreed upon by company management. With regard to the capitalisation of any financial charges associated with intangible assets, reference should be made to the description later in this report under the related measurement criterion.
After initial statement, intangible assets are recorded in the financial statements at cost net of the total amortisation charges, calculated on a straight-line basis with reference to the estimated useful life of the asset and the accumulated losses due to impairment. However, if an intangible asset has an unspecified useful life it is not amortised, but periodically subject to adequacy analysis for the purpose of stating any impairment.
The useful life generally assigned to the various categories of assets with a specified useful life is as follows:

- concessions and licences:	5 to 10 years
- development costs of new products:	5 to 15 years
- authorisations to sell (registrations of) crop protection products:	term of the concession
- product know-how:	15 years
- process know-how:	5 years
- trademarks:	5 to 10 years
- patents:	term of the legal protection
- other assets (software):	5 years

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

Product research, development and registration costs

Research costs for the ordinary protection of products and production processes, and the costs for innovative research, are recognised in the income statement in the period when they are incurred.
Development costs, recorded in the financial statements under intangible assets, refer to projects for the development of new proprietary products (active ingredients), new formulations and new production processes.

When the development project is concluded, and results in a process available for economic use, or in a product know-how, the related expenditure is reclassified to “product know-how” or “process know-how” and amortised on a straight line basis over its estimated useful life, which shall not exceed 15 years. The conclusion of the development process of new proprietary products (active ingredients) coincides with the obtaining of a statement of completeness (the “completeness check”) from the competent authority.
Product registration costs reflect internal and external costs incurred to obtain or renew the authorisation from the different local authorities to market the products deriving from the development activities and/or to extend such authorisations to other crops or to other uses of the product. These costs are registered as intangible assets under “assets under development” until an authorisation to market is obtained, and they are then reclassified under “Registrations” and amortised based on the term of the concession, which may be for a maximum of ten years.
Until the development activities, and/or the registration activities for any resulting products, are completed, the main projects underway will be tested for impairment at least annually, in accordance with the methods described in the notes, recognising in profit or loss any excess in the book value.
These costs also include the expenses for “extraordinary protection”, incurred in order to increase the useful life, i.e. the marketing period, of products already existing in the market and thus capable of generating future economic benefits higher than the level of return originally attributed to the product underlying the development activity. These costs are normally amortised over a period of a minimum 5 years to a maximum 15 years, based on the estimated product lifecycle.

Goodwill

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

Impairment of tangible and intangible assets

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

with the business combinations that generated them are expected. The CGUs were identified with the same criteria as last year.
A summary table showing the values of the tangible and intangible assets and the goodwill allocated per CGU subjected to impairment testing follows.

Cash Generating Units	Assets with a definite useful life			Assets with an indefinite useful life	TOTAL
	Tangible assets	Intangible assets not yet available for use	Intangible assets available for use	Goodwill	
Kiralaxyl (IR 6141)	-	2,270	9,407	-	11,677
Tetraconazole	5,313	3,580	3,546	209	12,648
Biological products	806	632	1,406	461	3,305
Copper	4,501	2,694	1,332	886	9,413
SDHi	-	12,373	291	-	12,664
Pyrethroids	-	375	820	-	1,195
Fumigants/geo disinfectants	-	2,629	1,950	-	4,579
	10,620	**24,553**	**18,752**	**1,556**	**55,481**

The Group also posted impairment of the CGU Isagro Colombia S.A.S. for a total of € 2,351 thousand, of which € 1,679 thousand relating to goodwill.
Therefore, the Group subjected intangible assets and goodwill totalling € 46,876 thousand out of a total of € 48,729 thousand with about 96% hedging to impairment testing.

Investments in associates
The Group's investments in associates are accounted for using the equity method. An associate is a company over which the Group exercises considerable influence, understood as the power to take part in the determination of the financial and operating policies of the investee, without having control or joint control over the same. The presence of significance influence is presumed when the Group holds, directly or indirectly, 20% or more of the votes which can be exercised during the shareholders' meeting of the investee company, unless the contrary cannot be clearly demonstrated.
Under the equity method, the investment in an associate is initially recognised in the Statement of financial position at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the investee. Goodwill relating to an associate is included in the book value of the investment and is not amortised. After application of the equity method, the Group determines whether it is necessary to register any additional impairment loss with respect to the Group's investment in the associate. The Group's share of profit or loss of the investee is recognised in the Income Statement. Profits and losses resulting from transactions between the Group and the associate are eliminated to the extent of the investment in the associate. Dividends received from an investee reduce the book value of the investment.
The end of the reporting period of associates is aligned with that of the Group; the accounting policies used are consistent with those used by the Group for like transactions and events.

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

Financial assets held for trading

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

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

Investments held to maturity

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

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

Loans receivable

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

Available-for-sale financial assets

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

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

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

Inventories

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

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

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

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

Trade and other receivables

Trade and other receivables are initially recognised at cost, i.e. the fair value of the amount received during the transaction. Subsequently, the receivables which have a pre-established maturity are valued at amortised cost, using the effective interest rate method, while receivables without a fixed maturity are valued at cost.

Short-term receivables without a stated interest rate and with maturity within normal trade terms are not discounted. The fair value of the long-term receivables is established by discounting back future cash flows: the discount is recorded as financial income over the duration of the receivable until maturity.

Receivables are stated in the financial statements net of allowances for losses in value. These provisions are made when there is an objective evidence (such as the probability of default or the borrower's financial difficulty) that the Group will be unable to recover all the amounts due based on the original terms of sale. The book value of the receivable is decreased through use of a specific fund. The receivables which are subject to impairment are reversed when they become uncollectible.

Cash and cash equivalents

Cash includes cash on hand as well as on-demand and short-term bank deposits, i.e. those with an original envisaged maturity of no more than three months.

Cash equivalents include temporary cash surpluses invested in financial instruments characterised by higher returns with respect to on-demand bank deposits (e.g. government securities) and which can be readily cashed in. They do not include temporary investments in capital instruments due to the volatility and variability of their values.

Trade and other payables

Trade and other payables are initially measured at cost, i.e. the fair value of the consideration transferred in the transaction. Subsequently, the payables which have a pre-established maturity are valued at amortised cost, using the effective interest rate method, while payables without a fixed maturity are valued at cost.

Short-term payables without a stated interest rate and with maturity within normal trade terms are not discounted. The fair value of the long-term payables is established by discounting back future cash flows: the discount is recorded as a financial charge over the duration of the payable until maturity.

Loans

Loans are initially measured at cost, i.e. the fair value of the consideration received less any directly attributable transaction costs.

After initial statement, loans are valued using the amortised cost approach, applying the effective interest rate method.

Conversion of foreign currency balances

Foreign currency transactions are initially recognised using the exchange rate which is applicable on the transaction date. Exchange differences arising during the period, when foreign currency receivables are collected and payables paid, are recognised in profit or loss.

At the end of the accounting period, the monetary assets and liabilities denominated in foreign currency - comprising cash on hand and assets and liabilities to be received or paid in fixed and determinable cash amounts – are converted into the reporting currency using the exchange rate in force as at the period end date, with recognition of any exchange difference generated in the Income Statement.

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

Provisions for risks and charges

Provisions for risks and charges, which include liabilities whose timing and extent are unknown, are provided when:

- there is a current obligation (legal or implicit) which is the result of a past event;
- it is probable that an outlay of resources will be necessary to meet the obligation;
- a reliable estimate can be made of the amount of the obligation.

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

Employee benefits

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

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

Leases

Finance leases, which transfer substantially to the Group all risks and rewards incidental to ownership of the leased asset, imply the recognition of assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Rentals are split between capital amount and interest amount, so to obtain the application of a consistent interest rate on the residual balance of the debt (capital amount). Any financial charges are recognised in the income statement.
The leased asset is then amortised according to criteria similar to those used for proprietary assets.
Those leasing agreements where, on the contrary, the lessor essentially maintains all the specific risks and benefits of the asset, are classified under operating leases. Any payments related to these agreements are recognised in the Income Statement.

Revenues

Revenues are valued at the current value of the amount received or due. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the related amount can be measured reliably.
Sale of goods
Revenue is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods and retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
Provision of services
The revenue is recorded with reference to the stage of completion of the transaction as of the period end date. When the result of the provision of services cannot be reliably determined, the revenues must be recorded only to the extent that the recorded costs will be recoverable.
The stage of completion is determined via the valuation of the work carried out or the proportion between the costs incurred and the total costs estimated.
With reference to the Licensing activities, understood as activities for the granting of patents, know-how and similar rights to third parties for use under the form of license agreements, the Group recognised the related proceeds, made up of royalties and up-front payments, at the time of the transfer of the risks and benefits, in observance of the provisions of IAS 18. In detail, this income is recorded when the sums received can be considered as certain and non-reimbursable, and any Group obligations are null or negligible.
Interest
Interest is recorded on an accruals basis, using the effective interest rate method.

Royalties

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

Dividends

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

Government grants

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

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

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

Financial charges

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

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

Costs for the purchase of goods and the provision of service

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

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

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

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

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

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

The value to be stated in the financial statements for deferred tax assets is reviewed at the end of each accounting period and is reduced to the extent that it is no longer probable that sufficient income for tax purposes will be available in the future for this tax credit to be used.
Deferred tax assets and liabilities must be calculated using the tax rates which are expected to be applicable in the period when the asset will be generated or the liability discharged, on the basis of current tax rates or those effectively in force as at the period end date.
Current tax and deferred tax liabilities are recorded in the Income Statement as a charge or as income for the period. However, current taxes and deferred tax liabilities must be debited or credited directly in the shareholders' equity or in the statement of comprehensive income if they related to items recorded directly in these items.

Cancellation of a financial asset

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

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

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

Derivatives

Derivatives are measured at fair value, which IFRS 13 defines as the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction between market operators on the date of measurement. This value is calculated with reference to the public listed price of the instrument. When a listed market price is not available, the Group refers to the current market value of other instruments that are substantially identical or uses appropriate measurement techniques that consider a premium for the counterparty risk. These techniques are described in the Explanatory Notes, in the paragraph on derivatives.
A derivative financial instrument can be acquired for trading purposes or hedging purposes.
The valuation gains and losses associated with derivatives acquired for trading purposes are booked to the Income Statement.

The statement in the accounts of derivatives acquired for hedging purposes is carried out according to the so-called "hedge accounting" approach, which offsets the registration of the derivatives in the Income Statement with that of the hedged items, only when the derivatives meet specific criteria.
In particular:

- at the start of the hedge, formal documentation must exist of the hedging relationship and the company's risk management objectives and strategy for carrying out the hedge;
- at the start of the hedge, the efficacy of obtaining the offsetting of the changes in the fair value or in the cash flows attributable to the hedged risk, must be ascertained;
- the efficacy of the hedge must be assessed on the basis of recurrent criteria and the derivative instrument must be highly effective for its entire duration.

For the purposes of accounting, hedging transactions are classified as "fair value hedges" if they hedge exposure to changes in fair value of the underlying asset or liability; or as "cash flow hedges" if they hedge exposure to variability in cash flows deriving from both an existing asset or liability or from a future transaction.
With regard to fair value hedges, the gains and losses deriving from the re-determination of the market value of the derivative instrument are booked to the Income Statement.
With regard to cash flows hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in "Other comprehensive income statement components", while any ineffective portion is recognised immediately in profit or loss. In the event that the hedged item is a firm commitment giving rise to an asset or liability, the initial book value of the asset or liability that results from the entity meeting the firm commitment is adjusted to include the cumulative change in fair value recognised in equity. With regard to all the other cash flow hedges, the gain or loss related to the financial instrument is reclassified from equity to profit or loss in the same period during which the hedged transaction affects profit or loss.
If a derivative financial instrument is acquired for hedging purposes and not speculative ones, but does not qualify for hedge accounting, the gains or losses on changes in its fair value are recognised in the income statement.

INFORMATION ON BALANCE SHEET

1. Tangible assets – 23,850

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

Breakdown	Dec. 31, 2014			Change	Dec. 31, 2015		
	Historical cost	Accum. depreciation	Book value		Historical cost	Accum. depreciation	Book value
Land	1,053	-	1,053	-	1,053	-	1,053
Industrial Buildings:							
- owned assets	16,006	(7,764)	8,242	1,755	18,602	(8,605)	9,997
- leasehold improvements	703	(659)	44	(44)	-	-	-
	16,709	(8,423)	8,286	1,711	18,602	(8,605)	9,997
Plant and machinery:							
- owned assets	38,057	(27,442)	10,615	(1,039)	39,655	(30,079)	9,576
- capital grants	(357)	357	-	-	(357)	357	-
- assets leased	392	(130)	262	(56)	392	(186)	206
	38,092	(27,215)	10,877	(1,095)	39,690	(29,908)	9,782
Industrial and commercial equipment:							
- owned assets	4,660	(4,185)	475	161	5,030	(4,394)	636
- leased assets	353	(8)	345	(51)	353	(59)	294
	5,013	(4,193)	820	110	5,383	(4,453)	930
Other assets:							
- furniture and fittings	1,167	(994)	173	88	1,198	(937)	261
- motor vehicles	260	(152)	108	(45)	254	(191)	63
- data processors	2,728	(2,354)	374	109	2,858	(2,375)	483
	4,155	(3,500)	655	152	4,310	(3,503)	807
Assets under development and payments on account							
- owned assets	2,439	-	2,439	(1,158)	1,281	-	1,281
	2,439	-	2,439	(1,158)	1,281	-	1,281
Total	67,461	(43,331)	24,130	(280)	70,319	(46,469)	23,850

Changes for the period	Translation difference (hist. cost)	Purchases	Reclassifica tions (hist. cost)	Disposals	Translation difference (acc. depr.)	Depreciation/ Write-downs (*)	Use acc. depr.	Total change
Land	-	-	-	-	-	-	-	-
Industrial Buildings:								
- owned assets	173	1,098	1,640	(315)	(65)	(917)	141	1,755
- leasehold improvements	-	-	-	-	-	(44)	-	(44)
	173	1,098	1,640	(315)	(65)	(961)	141	1,711
Plant and machinery:								
- owned assets	563	745	329	(39)	(416)	(2,260)	39	(1,039)
- leased assets	-	-	-	-	-	(56)	-	(56)
	563	745	329	(39)	(416)	(2,316)	39	(1,095)
Industrial and commercial equipment:								
- owned assets	18	245	124	(17)	(14)	(212)	17	161
- leased assets	-	-	-	-	-	(51)	-	(51)
	18	245	124	(17)	(14)	(263)	17	110
Other assets:								
- furniture and fittings	(10)	124	16	(99)	9	(51)	99	88
- motor vehicles	(6)	-	-	-	2	(41)	-	(45)
- data processors	11	206	59	(146)	(6)	(160)	145	109
	(5)	330	75	(245)	5	(252)	244	152
Assets under development and payments on account:								
- owned assets	13	997	(2,168)	-	-	-	-	(1,158)
	13	997	(2,168)	-	-	-	-	(1,158)
Total	762	3,415	-	(616)	(490)	(3,792)	441	(280)

(*) made up of € 3,748 thousand regarding depreciation and € 44 thousand regarding impairment write-downs

The main changes during the year are attributable to the completion of the restructuring works on the Novara Research Centre buildings of the parent Isagro S.p.A.. The conclusion of the project led to an increase in the historic cost of the item "industrial buildings" for € 2,236 thousand, of the item "Industrial and commercial equipment" for € 201 thousand and the item "Furniture and fittings" for € 105 thousand. As at December 31st, 2014 that investment was posted under "Assets under development" for € 1,625 thousand.

As a result of the aforementioned works, a number of research departments, previously housed in third-party premises, were transferred to the Isagro-owned properties in the first few months of 2015.

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 other changes during the year essentially regarded:

- the completion of investments to increase plant efficiency and the level of safety of the Adria and Aprilia production sites of the parent Isagro S.p.A.; the conclusion of these projects led to an increase in the historic cost of the item "industrial buildings" for € 298 thousand and of the item "Plant and machinery" for € 756 thousand. As at December 31st, 2014 these investments were posted under "Assets under development" for € 377 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 € 140 thousand;

- the demolition of a building, no longer available for use, at the Panoli production site of the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd.. This operation resulted in a decrease in the historic cost of the item “industrial buildings” for € 315 thousand and a capital loss of € 174 thousand.

The item “Assets under development”, amounting to € 1,281 thousand, essentially comprises:

- the construction of a new plant for cryogenic reduction of gaseous emissions of toluene at the parent’s production site in Bussi (€ 462 thousand);
- the realisation of investments (€ 341 thousand) to increase plant efficiency and the level of safety of the Adria production site of the parent;
- the construction of a new packaging line for formulations at the Panoli production site of the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. (€ 138 thousand).

Note that, in relation to the investment at the Bussi site, contractual commitments were in place as at December 31st, 2015 for € 41 thousand with the supplier that sold the plant.

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

2. Intangible assets – 45,282

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

Breakdown	Dec. 31, 2014			Change	Dec. 31, 2015		
	Historical cost	Accum. amortisation	Book value		Historical cost	Accum. amortisation	Book value
Product development costs:							
- fumigants and SDHi	8,825	-	8,825	4,853	13,678	-	13,678
- new formulations	850	-	850	179	1,029	-	1,029
	9,675	-	9,675	5,032	14,707	-	14,707
Process development costs	234	-	234	(205)	29	-	29
Product know-how:							
- fungicide IR 6141	10,196	(5,610)	4,586	(681)	10,196	(6,291)	3,905
- other fungicides	81	(32)	49	(6)	81	(38)	43
- Remedier	773	(449)	324	(51)	773	(500)	273
- biostimulants and fumigants	1,120	(120)	1,000	25	1,249	(224)	1,025
	12,170	(6,211)	5,959	(713)	12,299	(7,053)	5,246
Process know-how	1,898	(1,277)	621	166	1,409	(622)	787
Extraordinary protection	11,032	(6,985)	4,047	(346)	10,037	(6,336)	3,701
Patents, licences, trademarks and registrations	14,017	(6,110)	7,907	2,428	17,889	(7,554)	10,335
Other:							
- commercial relations	694	(347)	347	(124)	638	(415)	223
- software	1,189	(714)	475	(38)	1,240	(803)	437
	1,883	(1,061)	822	(162)	1,878	(1,218)	660
Assets under development and payments on account:							
- registrations	11,074	-	11,074	(1,257)	9,817	-	9,817
	11,074	-	11,074	(1,257)	9,817	-	9,817
	61,983	(21,644)	40,339	4,943	68,065	(22,783)	45,282

Changes for the period	Translation difference	Acquisitions/ capitalisations	Reclassifications	Grants and tax credits	Amortisation/ Write-downs(*)	Total change
Product development costs:						
- fumigants and SDHi	-	5,592	-	(739)	-	4,853
- new formulations	-	179	-	-	-	179
	-	5,771	-	(739)	-	5,032
Process development costs	-	186	(391)	-	-	(205)
Product know-how:						
- fungicide IR 6141	-	-	-	-	(681)	(681)
- other fungicides	-	-	-	-	(6)	(6)
- Remedier	-	-	-	-	(51)	(51)
- biostimulants and fumigants	111	15	-	-	(101)	25
	111	15	-	-	(839)	(713)
Process know-how	-	-	391	-	(225)	166
Extraordinary protection	-	1,726	-	-	(2,072)	(346)
Patents, licences, trademarks and registrations	52	165	4,595	-	(2,384)	2,428
Other:						
- commercial relations	(47)	-	-	-	(77)	(124)
- software	-	166	-	-	(204)	(38)
	(47)	166	-	-	(281)	(162)
Assets under development and payments on account:						
- registrations	46	3,369	(4,595)	-	(77)	(1,257)
	46	3,369	(4,595)	-	(77)	(1,257)
	162	11,398	-	(739)	(5,878)	4,943

(*) made up of € 5,146 thousand regarding amortisation and € 732 thousand regarding impairment write-downs

The Group's intangible assets include "assets not yet available for use" for a total value of € 24,553 thousand, which include:

- € 13,678 thousand in costs incurred for the launch of the development phase of new proprietary products, of which € 12,325 thousand for the fungicide named SDHi, for which a co-development agreement has been entered into with the US company FMC Corporation, and € 1,353 thousand for a biofumigant for the Mediterranean area in particular;
- € 1,029 thousand in development costs incurred for the start-up of new formulations of crop protection products;
- € 29 thousand in development costs for new production processes;
- € 9,817 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 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 € 4,595 thousand, of which € 4,258 thousand relating to the registrations of Kiralaxyl (IR 6141) in the United States.

The item "grants and tax credits", amounting to € 739 thousand, refers to a tax credit due to the parent Isagro S.p.A. pursuant to article 1, paragraph 35 of Law no. 190 of December 23rd, 2014 (so-called Stability Law for 2015). This tax credit is recognised on an incremental basis, i.e. on the amount of expenses for research and development activities incurred in the period 2015–2019 that exceeds the average of the same investments made in the previous three years, amounting to about 50% of the increase in several types of expenses relating to several of the company's research and development projects.

"Extraordinary protection", amounting to € 3,701 thousand, refers to costs incurred by the Group to extend the useful life (i.e. the shelf-life) of certain products already on the market and also includes expenses incurred in order to comply with the requirements of EU regulations.

During the year, the assessments of the state of technical progress of current projects and of the results obtained to date were reviewed. Several critical issues emerged with reference to certain assets that proved to be either no longer useable or uneconomical for the Group to continue to use. Specifically, pursuant to IAS 38, the Directors of the parent Isagro S.p.A. fully wrote down both the costs incurred in relation to investments regarding authorisations to sell that are being obtained (€ 77 thousand), whose continuation was judged not cost-effective for the Group, and the rights to develop Novaluron-based mixtures (€ 655 thousand), given that said assets had no residual useful life. With regard to said development rights, acquired in 2012 by Makhteshim Chemical Works, in light of the technical results of the laboratory and field tests conducted, the technical and economic conditions to continue the project were found lacking.

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. 15), the portion of financial charges incurred in the year relating to intangible assets under development was capitalised. The capitalised financial charges amounted to € 436 thousand. The average rate used to determine their amount was 3.63%, i.e. the effective interest rate of the loans described.

The residual value of the item "Patents, licences, trademarks, registrations and similar rights", amounting to € 10,335 thousand, comprises:

-	registrations of crop protection products	9,697
-	trademarks, patents and licences	638

<u>*Assets not yet available for use – impairment test*</u>

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 "definite useful life", as the rest of the Group's intangible assets, they are not yet available for use.

It should be noted that also the total book values of product and process know-how, as well as of patents and registrations obtained, classifiable as assets with "definite useful life", are tested for impairment at least annually, as those are strictly related to the assets not yet available for use, and cannot therefore be measured independently. If the product assessed is part of a CGU (cash-generating unit), to which a portion of the Group's goodwill has been allocated, the recoverable amount of the entire CGU is estimated. Therefore, reference should be made to note no. 3 for "biological products", "copper-based products", and "Tetraconazole" .

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

	ASSETS WITH A DEFINITE USEFUL LIFE		
	Assets not yet available for use	Assets available for use	Total Book value
Assets relating to research and development activities:			
- Kiralaxyl (IR6141)	2,270	9,407	11,677
- Tetraconazole	3,580	3,546	7,126
- Biological and biostimulant products	632	1,406	2,038
- Copper	2,694	1,332	4,026
- SDHi	12,373	291	12,664
- Pyrethroids	375	820	1,195
- Fumigants	2,629	1,950	4,579
- Other	-	1,204	1,204
	24,553	19,956	44,509
Other intangible assets:			
- commercial relations	-	223	223
- software	-	437	437
- trademarks and licences	-	113	113
	-	773	773
	24,553	20,729	45,282

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

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

<u>Business assumptions</u>

The analysis was carried out making reference to the 2016–2020 Business Plans of the Isagro Group companies. These plans are based on assumptions that management deems reasonably feasible, as confirmed by the fact that – except for the impacts associated with external variables beyond the Group's control represented by the actual time required to obtain the registrations and climatic variables – the earlier forward-looking data was substantially confirmed by actual results.

<u>Time scale considered</u>

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

As for the SDHi fungicide, for which the developing phase has recently started, an ad–hoc business plan has been implemented. The related cash flows are forecasted to start in 2020 (year of the launch of that crop protection product), timely estimated up to 2027 and then maintained constant up to 2029.

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

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

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

Economic-financial parameters

The main reference parameters are indicated below:

	SDHi	IR 6141	Pyrethroids	Biofumigant
- Financial structure				
(Liabilities/Assets)	0.42	0.42	0.42	0.42
- WACC	7.9%	7%	6.7%	7.3%

Estimated WACC

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

Cost of debt

The final average cost of the financial payables of Isagro was used for the cost of debt before tax effect, equal to 3.4%. In fact there are no elements pointing to a prospective growth in the cost of debt, and it was therefore considered that the final figures recorded are a good approximation of the values to be used in forecasts.

Cost of equity

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

The main assumptions underlying the application of this model are:

	SDHi	IR 6141	Pyrethroids	Biofumigant
- a Beta equal to	1	1	1	1
- risk-free rate	3.3%	3.3%	3.3%	3.3%
- market risk premium	5.50%	5.50%	5.50%	5.50%
- premium for additional risk equal to	3%	1.5%	1%	2.5%

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

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

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

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

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

The cost of equity was therefore 11.8% for the fungicide SDHi, 10.3% for the molecule IR 6141, 9.8% for the pyrethroids, and 10.8% for the biofumigant.

Weight of equity and debt

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

WACC

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

	SDHi	IR 6141	Pyrethroids	Biofumigant
- WACC	7.9%	7%	6.7%	7.3%

Compared to the WACCs used in the previous year, a decrease was revealed in the rate of around 40 basis points following the drop in the cost of debt of the Isagro Group, directly related to the reduction in interest rates on the financial market.

Main results

According to the impairment test performed, approved by the Board of Directors on March 14th, 2016, to-date the Directors have found no impairment loss for the main products of the Group.

Sensitivity analysis

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

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

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

3. Goodwill – 3,447

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

CGU description	Value as at Dec. 31, 2014	Changes over the period				Value as at Dec. 31, 2015
		Translation difference	Acquisitions/ disposals	Write-downs	Total change	
- "Copper"	886	-	-	-	-	886
- "Biological products"	461	-	-	-	-	461
- Isagro Asia Agrochemicals	180	12	-	-	12	192
-"Tetraconazole"	209	-	-	-	-	209
- "Formulations"	20	-	-	-	-	20
- Isagro Colombia S.A.S.	2,006	(327)	-	-	(327)	1,679
Total	3,762	(315)	-	-	(315)	3,447

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

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

In compliance with international accounting standards, goodwill is not amortised but rather subjected to annual impairment tests. This test is performed by comparing the book value of goodwill with its recoverable amount. This value is calculated using the “Discounted cash flow” model, which estimates the value in use of an asset on the basis of the discounting of future cash flows at an appropriate rate, coinciding with the weighted average cost of capital (WACC).

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

Time scale considered

With regard to the projection of cash flows, a time period of 5 years was considered, corresponding to the 2016-2020 Business Plans for the CGUs “Copper”, “Biological products”, “Tetraconazole” and “Isagro Colombia S.A.S.”

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

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

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

Economic-financial parameters

The main reference parameters are indicated below:

	Isagro Colombia S.A.S.	“Copper” – “Biological products” – “Tetraconazole”
Financial structure (Liabilities/Assets)	0.42	0.42
WACC	10.1%	6.7%

Estimated WACC

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

	Isagro Colombia S.A.S.	“Copper” – “Biological products” – “Tetraconazole”
Cost of debt	4.0%	3.4%
Cost of equity	15.3%	9.8%

Cost of debt

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

Cost of equity

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

The main assumptions underlying the application of this model are:

	Isagro Colombia S.A.S.	“Copper” – “Biological products” – “Tetraconazole”
Beta	1.37	1
Risk-free rate	5.1%	3.3%
Market risk premium	7.4%	5.50%
Additional risk premium	-	1%

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

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

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

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

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

Weight of equity and debt

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

WACC

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

	Isagro Colombia S.A.S.	"Copper" – "Biological products" – "Tetraconazole"
WACC	10.1%	6.7%

The comparison with the WACCs used in the previous year did not reveal any change in the rate relating to the Isagro Colombia CGU, while there was an average decrease of around 40 basis points for the Italian CGUs due to the reduction in the cost of debt, the reasons for which are described in note no. 2.

Main results

According to the impairment tests performed, approved by Board of Directors on March 14th, 2014, to date the Directors have found no impairment loss for the assets of the various CGU (goodwill, tangible and intangible assets) and therefore deemed that no write-down was necessary.

Sensitivity analysis

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

In particular, the sensitivity analysis performed maintaining the assumptions underlying the business plans and changing the WACC did not reveal any criticalities for the Italian CGUs, whereas a 190 basis point increase in the discount rate would create an excess in the book value of the goodwill of the Isagro Colombia CGU.

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

4. Equity-accounted investees – 296

List of equity investments	Description of activities	Company holding the investment	% of ownership (%)	Book value
Associates: Arterra Bioscience S.r.l. - Naples Share capital € 250,429	Research activities in the biology and molecular genetics industry	Isagro S.p.A.	22.00	296
Total				296

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

Breakdown	Value as at Dec. 31, 2014	Changes over the period					Value as at Dec. 31, 2015
		Acquisitions/ (Disposals) Increase (Decreases)	Translation difference	Write-downs	Revaluations	Total change	
Investments in associates:							
- Arterra Bioscience S.r.l.	253	(11)	-	-	54	43	296
Total	253	(11)	-	-	54	43	296

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

Balance sheet data

	Dec. 31, 2015	Dec. 31, 2014
Arterra Bioscience S.r.l.		
Assets	2,791	2,801
Liabilities	(1,880)	(2,087)
Shareholders' equity	911	714

Economic situation

	2015	2014
Arterra Bioscience S.r.l.		
Revenues	1,575	1,671
Profit for the period	207	211
Group's share of profit for the period	54	59
Dividends received	11	11

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

	2015	2014
Arterra Bioscience S.r.l.		
Net assets of the associate	911	714
Interest holding in the associate	22%	22%
Portion of assets of the associate	200	157
Goodwill	96	96
Book value of the investment	296	253

The value of the investment includes the goodwill of € 96 thousand for which no impairment had been recognised as at December 31st, 2015.

5. Non-current receivables and other assets – 6,230

Breakdown	Book values Dec. 31, 2014	Increases/ decreases	Book values Dec. 31, 2015
Receivables and other non-current assets:			
- guarantee deposits	499	35	534
- know-how usage licences	4,403	(368)	4,035
- prepaid expenses	607	31	638
- tax	112	11	123
- security deposits	1,150	(250)	900
	6,771	(541)	6,230

The item "know-how usage licences" includes:

- € 1,990 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, € 7,540 thousand of which was collected in total as of the date of these financial statements (€ 5,000 thousand paid in December 2013 and € 1,300 thousand paid in October 2014 and 1,240 thousand paid in October 2015). The residual amount receivable, equal to € 3,360 thousand, which will be paid in three annual instalments on October 31st of each year, in the period 2016-2018, was discounted back at a 6% rate. The current portion of the present value of the receivable, equal to € 1,124 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 following events occurs, the probability of which, in the opinion of Isagro's Directors, is still extremely remote:
    1. Isagro is unable to meet the supply obligations set out in the contract and/or in one of the side agreements regarding the exclusivity in Arysta LifeScience's distribution of Tetraconazole based products and mixtures of Tetraconazole-based mixtures in certain countries within 120 days from the date the products are ordered;
    2. Isagro renegotiates its debt for an aggregate amount higher than € 40 million;
    3. Isagro becomes insolvent, is no later able to pay its debts at maturity or is subject to insolvency proceedings (voluntarily or involuntarily);
    4. assets owned by Isagro or one of its subsidiaries are attached or undergo similar proceedings for insolvency for an amount higher than € 40 million, unless this procedure is revoked within 30 days or the creditor waives its claim within 30 days;
    5. an event or circumstance that affects Isagro's ability to carry on its activity and therefore to fulfil its obligation set out in the contract;
    6. After a "cause of force majeure" occurs, Isagro is unable to fulfil its supply obligations within 180 days from the date the products are ordered;
    7. the contract is terminated following any event that does not fall within the case of default of the company Arysta LifeScience;
    8. Isagro violates the exclusivity agreement granted to Arysta LifeScience in connection with Tetraconazole and the Tetraconazole mixtures.
- € 1,045 thousand referring to the non-current portion of the residual receivable, including the interest accrued, relating to the up-front payment acknowledged in 2014 to the parent Isagro S.p.A. by the

Hong Kong-based company Rotam Agrochemical Company Ltd., described in the note no. 23, 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 € 522 thousand, was recorded under "trade receivables".

- € 1,000 thousand referring to the non-current portion of the residual receivable relating to the up-front payment acknowledged to the parent Isagro S.p.A. by the UK-based company SumiAgro Europe Limited, payable in three annual sums of € 500 thousand each on December 1st each year in the period 2016-2018, plus interest calculated using the 12-month EURIBOR floating rate + a spread of 3%. The current portion of the receivable, equal to € 500 thousand, was recorded under "trade receivables".

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

The item "security deposits", stated net of a write-down provision of € 850 thousand, refers to the estimated realisable value of the payment of € 1,750 thousand made by the parent Isagro S.p.A. on April 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. The transfer contract, in fact, provided for an indemnity up to € 2,250 thousand in connection with the solvability of some trade receivables in the portfolio of the investee company. By reason of the fact that these receivables have not yet been collected, for an amount of € 1,750 thousand, the parties agreed on the payment by the parent Isagro S.p.A. of such amount, to guarantee the payment obligation of the amounts due, although it was also set out that, if Sumitomo Chemical Italia S.r.l. collects the aforesaid receivables by December 31st, 2018, the purchaser will have to refund Isagro with the corresponding deposited amount. On the basis of the communications received from the lawyers of Sumitomo Chemical Italia S.r.l. who are handling collection of the guaranteed receivables, during the year the parent Isagro S.p.A. decided to write-down that item for an additional € 250 thousand, thus bringing the related bad debt provision to a total amount of € 850 thousand. The offsetting entry in profit and loss for the write-off was posted under item "Net profit/(loss) from discontinued operations" described in note no. 36, to which reference should be made for additional details.

6. Deferred tax assets and liabilities – 7,164

Deferred tax assets – 8,810

Deferred tax liabilities – 1,646

Breakdown	Book values Dec. 31, 2014	Changes over the period				Book values Dec. 31, 2015
		Provisions	Uses	Other changes	Total change	
Deferred tax assets	9,612	1,828	(2,042)	(588)	(802)	8,810
Deferred tax liabilities	(2,659)	(351)	1,286	78	1,013	(1,646)
Total	6,953	1,477	(756)	(510)	211	7,164

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

Temporary differences	Deferred tax assets/liabilities Dec. 31, 2014		Transfers to Income Statement			Changes in equity	Deferred tax assets/liabilities Dec. 31, 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	-	(764)	(585)	(14)	18,720	4,562
- allocations to taxed provisions	3,069	960	1,058	(601)	4	(19)	4,314	1,402
- grants related to R&D	349	109	-	(17)	(9)	-	298	83
- intragroup profits	5,615	1,773	307	(107)	(67)	(6)	6,505	1,900
- other	2,804	845	463	(553)	(2)	110	2,982	863
Total deferred tax assets	32,750	9,612	1,828	(2,042)	(659)	71	32,819	8,810
Deferred tax liabilities								
- amortisation/ depreciation for tax purposes	6,566	2,212	15	(947)	(142)	84	4,336	1,222
- fair value assets from business combinations	415	141	-	(34)	-	(19)	260	88
- dividends from subsidiaries	-	-	120	-	-	-	600	120
- other	1,022	306	216	(305)	-	(1)	777	216
Total deferred tax liabilities	8,003	2,659	351	(1,286)	(142)	64	5,973	1,646
TOTAL	24,747	6,953	1,477	(756)	(517)	7	26,846	7,164

The item “Deferred tax assets” includes € 4,562 thousand related to the tax losses of the parent Isagro S.p.A., € 83 thousand to the tax effect on grants relating to development projects, which, pursuant to tax laws, are taxed on a cash basis rather than on an accrual basis, € 1,900 thousand referring to the tax effect of the elimination of intragroup profits and € 1,402 thousand relating to taxed risk and expense provisions.

The 2016–2020 Business Plans 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.

In particular, the convincing evidences which make availability of sufficient future taxable income for the afore-mentioned recovery probable, over the timescale of the plan, are as follows:

- the important recovery in the turnover relating to the sale of crop protection products, hit hard in the last few years by the drought which had affected certain markets of great importance for the parent Isagro S.p.A. This growth became possible mainly thanks to the new commercial strategies based on the development of new proprietary products;
- the significant reduction in the cost of money to a lower level than that estimated in the 2016–2020 Business Plans, obtained thanks to the new economic conditions granted by the banking system further to the share capital increase transaction of the parent Isagro S.p.A. in 2014;
- The financial support from the share capital increase described above to the investments forecast in the 2016–2020 Business Plans;
- the launch of a new fumigant product and the confirmation on the validity of the new SDHi molecule under development;
- the strengthening of the synergies with the industrial partner Gowan (a US company operating in the crop protection products sector) following its entry into the Isagro control system in 2014, for the purpose of obtaining an important strategic and business enhancement, thanks in part to the pursuit of synergies which will be achieved.

Therefore the Directors, even if the parent Isagro S.p.A. has reported a tax loss in previous years, deem that all the elements indicated above provide convincing evidence that it is likely that future tax bases will be available along with the main indicator of discontinuity with the past, represented by the positive tax base achieved in 2015 by the parent Isagro S.p.A. These elements make it possible to deem the attainment of the taxable income indicated in said Plan probable, therefore emerging as sufficient for permitting the achievement of the benefit relating to the deferred tax assets.

It is also disclosed that as at December 31st, 2015 there are deferred tax assets not provided for in the financial statements relating to tax losses for previous years for a total value of € 2,391 thousand, of which € 1,989 thousand relating to the parent Isagro S.p.A.. Taking this into account, note that the parent's overall tax losses as at December 31st, 2015, amount to € 27,008 thousand, in relation to which deferred tax assets were recognised for only € 4,562 thousand, corresponding to € 18,720 thousand in tax losses retained.

"Deferred tax liabilities" include € 1,222 thousand misalignment between the statutory and tax amortisation/depreciation of tangible and intangible assets. In particular, this item includes € 1,207 thousand of the parent Isagro S.p.A., essentially related to capitalisations and amortisation of development costs for new products.

The decrease in that item compared to December 31st, 2014 is essentially attributable to the transfer of the know-how, registrations obtained and to be obtained, and the trademark relating to the product Dominus® (biofumigant) by the US subsidiary Isagro USA, Inc. to the parent Isagro S.p.A. on December 23rd., 2015, as a result of the strategic decision to concentrate the Group's R&D investments in the parent. The need to re-align the financial statements of the US subsidiary to the international accounting standards, resulting in the posting of intangible assets under consolidated balance sheet assets, led to the recognition of the related deferred tax liabilities under "Deferred tax liabilities". Following the above transfer operation, as there was no longer a misalignment between accounting standards, because the parent recorded the acquisition under balance sheet assets, the item "Deferred tax liabilities" was used in the amount of € 944 thousand. It must be noted that the positive effect of that release to the income statement was partially offset by the taxation by the US subsidiary of the proceeds from the transfer, which, however, did not result in a financial outlay due to the presence of prior year tax losses.

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

Lastly, note that following the reduction, from 2017, of the income tax rate on Italian companies (IRES) from 27.5% to 24%, the value of deferred tax assets and liabilities posted in the financial statements was realigned. By virtue of the provisions of IAS 12 – *Income taxes*, deferred tax assets and liabilities must be calculated at the tax rates that will be applicable in the financial year in which the temporary differences between the book value and the tax value of an asset or liability are recovered.

This realignment, included in the column "other changes" of the above table, resulted in the recognition of a negative income component of € 532 thousand, posted under item "Income taxes" in the consolidated Income Statement.

Deferred tax assets and liabilities include € 6,458 thousand and € 1,196 thousand, respectively, which are likely to be carried forward beyond the next year.

7. Inventories – 49,010

Breakdown	Book values Dec. 31, 2014	Changes over the period					Book values Dec. 31, 2015
		Increases/ decreases	Write-downs/ allocations to inventory write-down provision	Translation difference and other changes	Use of inventory write-down provision	Total change	
Raw and ancillary materials, consumables and goods	10,472	2,501	(235)	124	325	2,715	13,187
Work in progress and semi-finished goods	70	364	-	-	-	364	434
Finished products and goods	29,799	4,540	(65)	854	124	5,453	35,252
Payments on account	23	130	-	(16)	-	114	137
Total	40,364	7,535	(300)	962	449	8,646	49,010

The increase in inventories of raw materials and finished products compared to December 31st, 2014 is related to the need to establish a strategic stock of finished products (specifically, in copper-based active ingredients) to cover the production in the first quarter of 2016, both of finished products (specifically technical Tetraconazole and Kiralaxyl-based products) to cover sales in the first half of 2016.

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

Inventories, net of the allowance for inventory obsolescence, relating to goods either obsolete or to be re-processed, amounted to € 541 thousand. The provision registered increases totalling € 300 thousand and decreases amounting to € 449 thousand during the year.

8. Trade receivables – 52,000

Breakdown	Book values Dec. 31, 2014	Changes over the period						Book values Dec. 31, 2015
		Increases/ decreases	Translation difference write-down provisions	Write-downs/ allocations to write-down provisions	Use of write-down provisions	Other changes	Total change	
Trade receivables	50,840	3,365	-	(12)	-	-	3,353	54,193
- bad debt provision	(740)	-	60	(928)	12	-	(856)	(1,596)
- bad debt provision def. int.	(502)	-	-	(142)	47	-	(95)	(597)
	49,598	3,365	60	(1,082)	59	-	2,402	52,000

The increase in trade receivables when compared with December 31st, 2014 is essentially linked to the rise in Group turnover, in particular on the Asian market and in Europe.

It should be also noted that the factoring of non-recourse trade receivables, to be due after balance-sheet date, carried out by the parent Isagro S.p.A., also contributed to the increase in trade receivables, with respect to December 31st, 2014. These transactions regarded receivables for about € 7,637 thousand,

which is higher than the approximately € 5,000 thousand in receivables with due term after December 31st factored during 2014.
Trade receivables include receivables of the parent Isagro S.p.A. for € 4,030 thousand, with due term of more than 12 months, which were thus discounted to December 31st, 2015. In February 2016 a portion of those receivables (€ 1,751 thousand) was factored without recourse.
During the year, the provision for doubtful debts was used for € 12 thousand and was increased by € 928 thousand as a result of the amount allocated to it for the period. Specifically, allocations comprised € 575 thousand for the Colombian subsidiary Isagro Colombia S.A.S. (due to credit positions judged to be difficult to collect relating to an important local distributor) and € 295 thousand for the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. (due to a deterioration in the credit position of several customers on the Indian market).
Interest on arrears was recognised for delays in payment from customers. A € 597 thousand provision was made for these receivables.
Regarding the total trade receivables due from related parties, please refer to note no. 41.
Here below is the breakdown of trade receivables by geographic area based on the customer's location:

• Italy	1,712
• Other European countries	6,334
• Central Asia and Oceania	15,665
• Americas	23,655
• Far East	3,417
• Middle East	800
• Africa	2,610
Total	54,193

The average contractual maturity of trade receivables is the following:

- Italy 145 days
- Foreign countries 127 days

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

	Not yet due	Past due but not impaired					Total receivables
		< 30 days	31-60 days	61-90 days	91-120 days	>120 days	
As at December 31st, 2015	39,763	4,183	2,896	2,343	1,301	1,514	**52,000**
As at December 31st, 2014	38,914	5,722	1,969	976	759	1,258	**49,598**

9. Other current assets and other receivables – 5,614

Breakdown	Book values Dec. 31, 2014	Increases/ decreases	Book values Dec. 31, 2015
Other current assets and other receivables:			
- grants	160	(160)	-
- advance payments to suppliers and creditors	402	154	556
- employees	66	(1)	65
- export incentives	337	32	369
- due from tax authorities for VAT and other taxes	2,297	(135)	2,162
- transfer of Isam quotas	335	(335)	-
- other and prepaid expenses	1,978	775	2,753
	5,575	330	5,905
- bad debt provision	(229)	(62)	(291)
Total	5,346	268	5,614

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 collection in November 2015 of € 92 thousand for the grant relating to the "Agrobiocat" research project of the parent Isagro S.p.A., disbursed by the Piedmont Regional Authority.

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

The item "Due from tax authorities for VAT and other taxes" relates, in the amount of € 1,505 thousand, to VAT credits and other indirect taxes pertaining to the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. and, in the amount of € 602 thousand, to the VAT credit pertaining to the parent Isagro S.p.A.. During the year, the parent used the entire VAT credit reported in the financial statements as at December 31st, 2014 (€ 750 thousand) to offset the VAT payable for the initial months of 2015.

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 to € 1,642 thousand in 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 and to € 213 thousand of the compensation paid by third party companies to access scientific data relating to the toxicological dossier owned by the Group. Prepaid expenses, amounting to € 299 thousand, are also included in this item.

For the total amount of other receivables due from related parties, please refer to note no. 41.

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

	Not yet due	Past due but not impaired					Total receivables
		< 30 days	31-60 days	61-90 days	91-120 days	>120 days	
As at December 31st, 2015	5,037	1	1	3	-	273	**5,315**
As at December 31st, 2014	4,786	93	1	22	23	199	**5,124**

These receivables are due within the next year.

10. Tax receivables - 4,715

Breakdown	Book values Dec. 31, 2014	Total change	Book values Dec. 31, 2015
Tax receivables:			
- direct taxes	4,286	(483)	3,803
- R&D tax credit	-	912	912
	4,286	429	4,715

This item mainly refers to amounts due to the parent Isagro S.p.A. (€ 2,459 thousand), the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. (€ 1,851 thousand) and the subsidiary Isagro USA, Inc. (€ 328 thousand). The decrease in "direct taxes" compared to December 31st, 2014 is attributable (€ 329 thousand) to the write-down by the parent Isagro S.p.A. of several withholdings at the source on foreign income in previous years, as the company management judged them difficult to recover over the time frame of the business plans.
The item "R&D tax credit" refers to the tax benefit due to the parent Isagro S.p.A. for research & development activities conducted in 2015. Law no. 190 of December 23rd, 2014 (so-called Stability Law for 2015) approved a mechanism to grant financial aid to companies that conduct research and development, which takes the form of the recognition of a tax credit for the period 2015-2019 amounting to around 50% of the increase in several types of expenses incurred in the year in relation to the average of such types of investments made in the three previous tax periods. The offsetting entry of the grant for 2015, in the portion relating to research projects charged to the income statement, was posted under the financial statement item "Other operating revenues" (€ 173 thousand), while the portion relating to development projects posted under balance sheet assets was applied as a direct decrease of the item "Intangible assets" (€ 739 thousand).

11. Current and non-current financial receivables and other financial assets – 0

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

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..

12. Financial assets and liabilities - derivatives – 99

Current financial assets – 441

Current financial liabilities – 342

The values of the financial assets and liabilities for derivatives coincide with their fair value, which accounting standard IFRS 13 defines as the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in a regular transaction between market operators on the date of measurement. Since a listed price for the type of financial instruments the Group uses is not available, proper measurement techniques based on the discounting of the expected cash flows in connection with

ownership of the derivatives were used. Such measurement particularly required that an adjustment factor for the risk of non-fulfilment referring to the counterparty for the financial assets and the credit risk of the Group for the financial liabilities (own credit risk) be included.
The following tables disclose the types of derivative contracts outstanding as at December 31st, 2015:

Description of derivatives	Book values Dec. 31, 2014	Increases/ decreases	Book values Dec. 31, 2015
Current financial assets:			
- foreign exchange	329	72	401
- commodities	11	29	40
	340	101	441
Current financial liabilities:			
- foreign exchange	(963)	624	(339)
- commodities	(6)	3	(3)
	(969)	627	(342)
Total	(629)	728	99

Description of derivatives	Fair value as at December 31st, 2015
Trading derivatives:	
- foreign exchange	62
- commodities (copper)	37
	99
Total	99

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

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

Contract type	Currency	Average exchange rate	Notional value (Currency/000)	Fair value (Euro/000)
Forward - Sale	USD	1.09	(43,773)	(31)
Forward - Purchase	USD/COP	2,970.19	888	57
Forward - Sale	USD/INR	67.08	(421)	2
			(43,306)	28
Forward - Purchase	INR	73.79	211,243	34
Total				62

- 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)	538	4,260	2,292	37
	538		2,292	37

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

- <u>Foreign exchange rates:</u> Discounted cash flow method, where the expected cash flows to discount have been estimated on the basis of the difference between the forward exchange rates seen in the curve of market rates as at the date of the financial statements and the contractual forward exchange rates; discounting was calculated on the basis of the zero coupon curve as at December 31st, 2015, properly adjusted to consider the premium connected with the non-fulfilment risk;
- <u>Copper</u>: discounted cash flow method, where the expected cash flows to discount have been estimated on the basis of the difference between the expected future value of the average price of copper on the London Metal Exchange and the contractually agreed fixed price; discounting was calculated on the basis of the zero coupon curve as at December 31st, 2015, properly adjusted to consider the premium connected with the non-fulfilment risk.

Information required by IFRS 7 and IFRS 13 is included under notes no. 39 and no. 42.

13. Cash and cash equivalents — 16,714

Breakdown	Book values Dec. 31, 2014	Increases/ decreases	Book values Dec. 31, 2015
Bank deposits:			
- demand deposits	17,115	(1,950)	15,165
	17,115	(1,950)	15,165
Securities maturing in less than three months	-	1,528	1,528
Cash on hand	34	(13)	21
Total	17,149	(435)	16,714

Cash and cash equivalents (bank deposits and cash on hand) as at December 31st, 2015 respectively refer to the parent Isagro S.p.A. for € 6,106 thousand and the subsidiaries for € 9,080 thousand.
Demand deposits are floating-rate deposits. The average interest rate on bank and foreign currency deposits of the Group as at December 31st, 2015 was 4.50% per year.
The item "Securities maturing in less than three months" refers to investments in readily redeemable money market fund units by the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd., with a 6% 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.

14. Equity attributable to owners of the parent – 99,858

The breakdown of and changes in Group shareholders’ equity are explained in the “Statement of changes in consolidated equity for 2015".

The share capital of the parent Isagro S.p.A. amounted to € 24,961 thousand as at December 31st, 2015, fully subscribed and paid up, and comprised 24,549,960 ordinary shares and 14,174,919 “growth shares”, which are included in a new class of special shares whose characteristics are described below.

The item “Reserves”, amounting to € 48,819 thousand, comprises:

- Share premium reserve		44,910
- Translation difference		(6,462)
- Other reserves:		
* merger surplus	7,023	
* legal reserve	3,510	
* treasury shares	(162)	
		10,371
- Total		48,819
		=====

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 € 1,228 thousand (adjusted by € 12 thousand compared to the values of the previous year due to the IRES tax rate that will be in force from 2017), amount to € 2,356 thousand. “Treasury shares” refer to the expense incurred by the parent in previous years to purchase 50,000 treasury shares.

The positive change in “Translation difference”, equal to € 1,530 thousand, is to be attributed mainly to the revaluation of the Indian rupee against the Euro.

The decrease in “Retained earnings”, € 78 thousand, indicated in the “Consolidated statement of changes in shareholders’ equity in 2015”, refers to the actuarial losses of the defined benefit plans (see note no. 16) 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 summarised 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 article 7 of the Company's Articles of Association, the "growth shares" are without voting rights in the Shareholders' Meetings, while, pursuant to article 14 of the Company's Articles of Association, they have a voting right in the special Shareholders' Meetings for owners of "growth shares", pursuant to regulations and legal majority rules. In particular, resolutions affecting the rights of the "growth shares" shall be approved by the aforesaid special Shareholders' Meeting.

Privilege in the profit distribution

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

Conversion into ordinary shares

All "growth shares" are automatically converted into ordinary shares, with a one-to-one ratio, in the event 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%.

15. Current and non-current financial payables – 63,990

Current financial payables – 38,342

Non-current financial payables - 25,648

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

Breakdown	Book values Dec. 31, 2014	Increases/ decreases	Book values Dec. 31, 2015
Current financial payables:			
- banks	27,344	8,603	35,947
- other lenders	1,659	666	2,325
- obligations under finance leases	180	(110)	70
	29,183	9,159	38,342
Non-current financial payables:			
- banks	19,632	5,825	25,457
- obligations under finance leases	266	(75)	191
	19,898	5,750	25,648
Total	49,081	14,909	63,990

Current payables due to banks and other lenders as at December 31st, 2015 include the current portion of the medium/long term loans, amounting to € 10,584 thousand.

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

Breakdown	Amount	effective average interest rate %	maturity
- import financing	8,936	2.01%	on request
- export financing	13,093	0.39%	on request
- accounts receivable financing	3,878	1.13%	on request
- current account overdraft	473	12.14%	on request
- stand-by and revocable lines of credit	1,378	5.50%	on request
- EIB loan	8,332	4.41%	(*)
- other medium/long-term loans	27,639	2.27%	(*)
- financial leasing	261	4.74%	(*)
Total	63,990		

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

The average interest rate on short-term bank loans (in Euro, US Dollars, Indian Rupees and Colombian Pesos), except for finance leases, is approximately 2.20%.

Financial payables increased by € 14,909 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. The loan is recognised net of ancillary costs and fees totalling € 1,349 thousand. This loan, granted to support an Isagro Group research, innovation and development investments programme, has a maximum lifetime of six years, an interest-only payment period of 18 months and quarterly repayments of the principal at a constant rate. As at December 31st, 2015, the parent Isagro S.p.A. has already repaid € 12,368 thousand, as principal for the first tranche of the loan, and € 1,579 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 year was 4.41%. 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 € 6,661 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 th 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, excluding 2016, 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 2016, dividends must not be higher than the lower of 50% of the sum of net consolidated profits achieved in 2015 and the amount of € 1,100 thousand.

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%. In August 2015, the parent Isagro S.p.A. renegotiated that loan with Banca Mediocredito Italiano, also part of the Intesa Sanpaolo Group, as follows: the total amount disbursed was raised to € 5,996 thousand (already expressed net of € 4 thousand in fees) and the maturity was extended to 5 years. Interest accrues on the new loan at the 3-month EURIBOR rate + a spread of 1.95% (effective rate for 2015: 1.98%). This loan envisages an interest-only payment period of one month, repayment of the principal in twenty deferred quarterly instalments from September 30th, 2015 to June 30th, 2020 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. suffers liens, attachments or judicial distraints on assets owned by the parent whose value is greater than € 1 million;
  b) the parent Isagro S.p.A. defaults on credit, financial or guarantee obligations of amounts greater than € 1 million;
  c) the parent Isagro S.p.A. does not observe both of the equity and economic parameters (covenants) described below and no remedy is made within thirty days from the date of notification by the lending bank;
- 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 fees) with a duration of four years, on which interest accrues at the 3-month EURIBOR rate + a spread of 2.10% (effective rate for 2015: 2.61%). This loan, which envisages repayment of the principal in sixteen deferred quarterly instalments with increasing principal (so-called “French repayment”) 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 Articles of Association 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 € 5 million 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 fees) 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 2015: 2.68%). 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 Articles of Association 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 fees) 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 2015: 2.14%). This loan envisages repayment of the principal in ten deferred quarterly instalments with increasing principal (so-called "French repayment") 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 fees) 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 2015: 2.70%). This loan, which envisages repayment of the principal in six deferred half-yearly instalments with increasing principal (so-called "French repayment") 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 fees) with a duration of four years, on which interest accrues at the 3-month EURIBOR rate + a spread of

1.80% (effective rate for 2015: 2.52%). 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 fees) with a duration of three years, on which interest accrues at the 3-month EURIBOR rate + a spread of 1.70% (effective rate for 2015: 1.82%). 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;
- in July 2015, Banca Monte dei Paschi di Siena granted the parent Isagro S.p.A. a medium/long-term loan for a total of € 2,491 thousand (already expressed net of € 9 thousand in fees) with a duration of four years, on which interest accrues at the 6-month EURIBOR rate + a spread of 1.85% (effective rate

for 2015: 2.06%). This loan, which envisages a three-month interest-only payment period, repayment of the principal in sixteen deferred quarterly instalments from December 31st, 2015 and until September 30th, 2019 and a commission of 1% in the event of early repayment of the loan, was granted to support the investments of the parent Isagro S.p.A. 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. does not fully pay even one loan repayment instalment;
b) the parent Isagro S.p.A. is subject to protests, seizure of bank assets or enforcement orders or judicial distraints or carries out any act that decreases its amount of equity, cash flow or income;

- in September 2015, Banca Popolare granted the parent Isagro S.p.A. a medium/long-term loan for a total of € 994 thousand (already expressed net of € 6 thousand in fees) with a duration of thirty six months, on which interest accrues at the 3-month EURIBOR rate + a spread of 1.5% (effective rate for 2015: 1.91%). This loan envisages repayment of the principal in ten deferred quarterly instalments from December 31st, 2015 and until March 31st, 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) the parent Isagro S.p.A. is subject to legal proceedings, protests, seizure of bank assets or enforcement orders, confiscation of assets, registration of legal or judicial distraints for amounts exceeding € 200 thousand;
  b) the parent Isagro S.p.A. does not arrange the exact full or partial payment of a loan repayment instalment or interest.

The characteristics of the main medium/long-term loans granted to the parent Isagro S.p.A. are summarised in the following table. The balances of the residual debt as at December 31st, 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	2,527
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	5,805
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	2,259
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	2,323
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	2,505
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	4,019
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	4,040
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	3,863
Loan granted by Banca Monte dei Paschi di Siena with a duration of 4 years, an interest rate at the 6-month EURIBOR + a 1.85% spread, and quarterly payments starting from 2015	2,337
Loan granted by Banca Mediocredito Italiano with a duration of 5 years, an interest rate at the 3-month EURIBOR+ a 1.95% spread, and quarterly payments starting from 2015	5,397
Loan granted by Banca Popolare with a duration of thirty six months, an interest rate at the 3-month EURIBOR+ a 1.5% spread, and quarterly payments starting from 2015	896

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.
During the year, the parent Isagro S.p.A. fully repaid the debts of the previous year to the factoring companies following the collection of the receivables assigned with recourse and entered into new loan

transactions with factoring companies which, as at December 31st, 2015, were outstanding for € 2,325 thousand.
The item "obligations under finance leases" refers to the residual payable of € 248 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, that transaction is classified as finance lease.
In August 2015, the parent Isagro S.p.A. fully paid off the payable 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.

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	58,037	58,037	1.94%
US Dollars	5,467	5,952	4.23%
Indian Rupees	469	33,789	12.00%
Brazilian Reals	13	57	28.00%
Colombian Pesos	4	15,463	28.95%
Total	63,990		

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	35,947	11,450	9,346	4,061	600	-	61,404
Total Payables due to banks	35,947	11,450	9,346	4,061	600	-	61,404
Payables due to other lenders - floating rate	2,325	-	-	-	-	-	2,325
Total Other lenders	2,325	-	-	-	-	-	2,325
Obligations under finance leases - fixed rate	70	69	67	55	-	-	261
Total Obligations under finance leases	70	69	67	55	-	-	261
Total	38,342	11,519	9,413	4,116	600	-	63,990

Lastly, it should be noted that, as at December 31st, 2015, the Group has a number of lines of credit outstanding, granted by banks and other financial institutions, totalling € 107,583 thousand (including "trade" facilities for € 93,500 thousand, of which € 29,459 thousand used, and "financial" facilities of € 14,083 thousand, of which € 5,936 thousand used), as shown in the table below:

	Lines of credit	
	granted	used
Parent	96,350	29,459
Subsidiaries	11,233	5,936
Total	**107,583**	**35,395**

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.	€ 22,500	€ 8,332	a) ratio between the consolidated net financial position and the consolidated EBITDA less than 4.5 as from 2014 and until the full repayment of the loan. b) consolidated debt/equity ratio not greater than 1.50 for each year and until full repayment of the loan.	Failure to comply with the two covenants shall result in termination of the loan and the repayment of all amounts still due including interest.
Cassa di Risparmio di Parma e Piacenza	€ 3,000	€ 2,259	a) ratio between the consolidated net financial debt and the consolidated EBITDA: less than 4.5 for each year as from that ended on December 31st, 2014 and until the full repayment of the loan. b) 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 dell'Emilia Romagna	€ 2,500	€ 2,323	a) ratio between the consolidated net financial debt and the consolidated EBITDA: less than 4.5 for each year as from that ended on December 31st, 2014 and until the full repayment of the loan. b) 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	€ 5,000	€ 4,040	a) consolidated debt/EBITDA ratio: between 3 and 4.5 as at December 31st, 2014 and until full repayment of the residual debt. b) consolidated debt/equity ratio between 0.5 and 1.5 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.

				Failure to comply with both covenants with ratios exceeding 4.5 (for the consolidated debt/EBITDA ratio) and 1.5 (for the consolidated debt/equity ratio) shall result in termination of the loan and the repayment of all amounts still due including interest.
Mediocredito Italiano	€ 6,000	€ 5,397	a) consolidated debt/EBITDA ratio of less than 4.5 as at December 31st, 2015 and until full repayment of the residual debt. b) consolidated debt/equity ratio of less than 1.5 as at December 31st, 2015 and until full repayment of the residual debt.	Failure to comply with the two covenants shall result in termination of the loan and the repayment of all amounts still due including interest.

The assessment of compliance with the above covenants, which is performed annually, did not reveal any criticalities as at December 31st, 2015. On the basis of the 2016–2020 Business Plans, 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 the Recommendation of the ESMA (European Security & Market Authority), formerly the CESR (Committee of European Securities Regulators), of February 10th, 2005, the net financial position of the Group as at December 31st, 2015 was as follows:

	Dec. 31, 2015	Dec. 31, 2014
Bank deposits and cash	(15,186)	(17,149)
Securities	(1,528)	-
Cash (A)	**(16,714)**	**(17,149)**
Current financial receivables and other assets (B)	**-**	**-**
Current payables due to banks	25,433	21,674
Current payables due to other current lenders	2,325	1,659
Current portion of non-current financial payables	10,584	5,850
Current financial payables (C)	**38,342**	**29,183**
Net current financial indebtedness (A+B+C)	**21,628**	**12,034**
Non-current payables due to banks	25,457	19,632
Obligations under finance leases	191	266
Non-current financial payables (D)	**25,648**	**19,898**
Net financial indebtedness as per CONSOB Communication DEM/6064293/2006 (A+B+C+D)	**47,276**	**31,932**
Other non-current financial assets	-	(2,875)
Financial assets - derivatives	(441)	(340)
Financial liabilities - derivatives	342	969
Net financial indebtedness of the Group	**47,177**	**29,686**

Compared to 2014, the net financial position shows an increase of € 17,491 thousand. This increase was due to the Group's continued investments in intangible assets and to the increase in net working capital, specifically attributable to the increase in inventories and the decline in trade payables.

16. Employee Benefits – 2,872

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

	Severance Indemnity Fund	Gratuity Fund (pension fund)	Total
Value as at Dec. 31st, 2014	2,995	43	3,038
Cost of employee benefits	116	102	218
Settlements/transfers/payments	(326)	(60)	(386)
Translation difference	-	2	2
Value as at Dec. 31st, 2015	2,785	87	2,872

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

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

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

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

	2015	2014
- discounting rate:	1.38%	1.60%
- staff turnover rate:	9.00%	9.50%
- inflation rate:	1.50%	1.50%
- annual rate of increase in severance indemnity fund (SIF)	2.62%	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 plan:

	Breakdown
Financial charges for the obligation	48
Past service costs	(14)
Actuarial (gains)/losses	82
Total	116

The actuarial gains and losses coming from remeasurement of the liabilities were recorded in "Other Comprehensive Income" and recognised under Group equity in the item "Retained earnings". Actuarial losses for the period, € 82 thousand, include costs attributable to changes in the financial assumptions for € 33 thousand and costs attributable to changes in the demographic assumptions for € 49 thousand.

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 € 80 thousand decrease in liabilities, while a decrease of half a percentage point in the rate would bring about an increase in liabilities of € 83 thousand.

Information on the "Gratuity Fund" pension fund

The "Gratuity Fund" is a funded defined benefit plan that the Group guarantees to the employees of the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd.. The plan requires that the subsidiary pay in the equivalent of 15 days of wages for each year of service for every worker who has completed at least five years of service. The payment is made to a special trust fund that invests the funds received in financial assets with a low risk profile (insurance funds). The obligation recorded to the financial statements is therefore the net residual obligation for the Group, meant as the difference between current obligation value and the fair value as at the date of the financial statements of the assets serving the plan. If the pension fund is overfunded, an asset for defined benefits is recorded in the consolidated financial statements since the Group has the right to not fund the plan as long as this condition is maintained.

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

	2015	2014
- discounting rate:	7.98%	8.06%
- staff turnover rate:	6.00%	6.00%
- expected wage increase:	10.00%	8.50%
- expected rate of return of the assets serving the plan:	7.98%	8.06%

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

	Breakdown
Current cost of the plan	69
Net financial charges	3
Actuarial (gains)/losses	30
Total	102

The actuarial components for the "Gratuity Fund" are also recognised among "Other Comprehensive Income" and under Group equity in the item "Retained earnings". Actuarial losses for the period, € 30 thousand, include costs attributable to changes in the financial assumptions for € 53 thousand and profits attributable to changes in the demographic assumptions for € 23 thousand.

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

Current value of the obligation	(808)
Fair value of the assets	721
Surplus (deficit) of the plan	(87)

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	55
Current cost of the plan	69
Benefits paid	(24)
Actuarial (gains)/losses	33
Translation difference	40
Current final value of the obligation	808

Initial fair value of the assets	592
Financial income expected from the assets	52
Payments made during the year	60
Benefits paid	(24)
Actuarial gains/(losses)	3
Translation difference	38
Final fair value of the assets	721

Based on legal requirements, the amount of the payments that the Group must make for this fund over the next 12 months is approximately € 79 thousand, while the amount of the benefits to pay outgoing employees, based on the projections and actuarial assumption of the plan, is € 290 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 2015, the total costs of such plans, included under "personnel costs", were € 1,096 thousand.

17. Other non-current liabilities – 711

Breakdown	Book values Dec. 31, 2014	Increases/ decreases	Book values Dec. 31, 2015
Payables: - guarantee deposits from customers	631	80	711
Total	631	80	711

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

18. Trade payables – 37,689

This item decreased by € 6,889 thousand compared to December 31st, 2014 (€ 44,578 thousand), despite the increase in costs for industrial and commercial services, strictly linked to the rise in turnover of the Group and the increase in inventories of raw materials and finished products described in note no. 7. It is important to 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 as a result of 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. 41.

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

▪ Italy	17,752
▪ Other European countries	4,702
▪ Central Asia and Oceania	8,997
▪ Americas	4,460
▪ Far East	1,605
▪ Middle East and Africa	173
Total	37,689

It should be noted that trade payables have an average contractual maturity of approximately 102 days.

The trade payables are due within the following year.

19. Current provisions – 1,746

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

Breakdown	Book values Dec. 31, 2014	Changes over the period				Book values Dec. 31, 2015
		Provisions	Uses	Other changes	Total change	
Current provisions:						
- provision for goods destruction and disposal of obsolete materials	88	-	(13)	-	(13)	75
- provision for mobility and voluntary severance package costs	200	-	(200)	-	(200)	-
- provision for employee partecipation bonus and manager/director bonus	1,363	1,669	(1,371)	10	308	1,671
Total	1,651	1,669	(1,584)	10	95	1,746

As for the composition of and changes in 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" was used for costs linked to a lay-off procedure, started on November 29th, 2013 and concluded on December 31st, 2015, that the parent Isagro S.p.A. incurred following the corporate restructuring and re-organization of industrial sites, the Novara research centre and the Milan offices. The lay-off procedure regarded a total of 30 employees (out of 47 originally identified), with the resulting use of the fund for redundancy in an amount of € 59 thousand.

20. Tax payables – 2,523

	Book values Dec. 31, 2014	Increases/ decreases	Book values Dec. 31, 2015
Tax payables:			
- due to tax authorities for direct taxes	1,613	910	2,523
	1,613	910	2,523

The item includes the payable due to the tax authorities for income taxes of the Isagro Group's foreign subsidiaries and comprises € 2,454 thousand in the tax payables of the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd.

21. Other current liabilities and other payables – 5,032

Breakdown	Book values Dec. 31, 2014	Increases / decreases	Book values Dec. 31, 2015
Payables:			
- due to social security and welfare institutions	1,276	(63)	1,213
- due to agents	74	81	155
- due to employees	1,972	(939)	1,033
- due to tax authorities for VAT and similar taxes	89	22	111
- due to tax authorities for withholdings and other taxes	792	(3)	789
- advances from customers	306	489	795
- due to others	539	130	669
	5,048	(283)	4,765
Deferred income	271	(4)	267
Total	5,319	(287)	5,032

This item, on the whole, was essentially in line with the figure in the previous year.
The decrease in amounts due to employees compared to the previous year is due to the payment made in the initial months of 2015 of the incentives to be paid to several employees and executives of the parent Isagro S.p.A. following the termination of their employment. Payables to employees also includes amount for holiday entitlement accrued but not used, additional month payments and expense accounts.
The item “advances from customers”, which refers to the amounts paid by customers of the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. in relation to sales of crop protection products, increased during the year in relation to advances received for sales on foreign markets.
“Payables due to others” include € 146 thousand relating to the balance of the food safety grant, which was paid in January 2016, and € 122 thousand as compensation to be paid following a settlement for the termination of an agency agreement, also paid in January 2016.

22. Segment reporting

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

- Europe
- Asia
- North America
- South America.

The Group assesses the performance of its operating segments on the basis of “Operating result”; the revenues of the above segments include revenue deriving from transactions with both third parties and other segments, measured at arm’s length. In the Group's ordinary course of business, financial income and charges and taxes are recognised by the corporate entity, because they are not related to operating activities. The table below shows the operating results of the operating segments for the year 2015:

2015	Continuing operations					
	Europe	Asia	North America	South America	Adjustments	Total
- Crop protection products	99,146	35,550	5,103	3,809	-	**143,608**
- Other	12,440	-	-	-	-	**12,440**
Revenue from third parties	**111,586**	**35,550**	**5,103**	**3,809**	**-**	**156,048**
Intra-segment revenue	2,901	10,168	347	470	(13,886)	-
Revenues	**114,487**	**45,718**	**5,450**	**4,279**	**(13,886)**	**156,048**
Operating result	**4,728**	**6,989**	**(1,351)**	**(281)**	**(298)**	**9,787**
Financial charges						**(2,423)**
Profits/losses from associates						**54**
Pre-tax profit/(loss)						**7,418**
Income taxes						**(4,036)**
Profit/(loss) for the year from Continuing operations						**3,382**
Net profit/(loss) from discontinued operations						**(250)**
Net profit						**3,132**
Depreciation and amortisation	7,848	715	196	135	-	**8,894**
Impairment of fixed assets	776	-	-	-	-	**776**
Allocations to provisions	1,379	42	228	20	-	**1,669**
Impairment losses on receivables	120	294	-	576	-	**990**
Severance indemnity fund and similar provisions	116	102	-	-	-	**218**

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

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

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:

	2015	2014
Italy	33,401	27,040
Europe	38,629	33,719
Americas	38,490	46,309
Africa	4,468	3,741
Middle East	3,292	2,276
Central Asia and Oceania	31,215	23,492
Far East	6,553	9,362
Total	**156,048**	**145,939**

Intragroup transactions were carried out at arm's length.
Compared to 2014 sales increased in the "Asia" and "Europe" segments. In the "Asia" segment, higher sales were recorded in the Indian sub-continent, while the increase in the "Europe" segment was influenced by higher sales of cupric fungicides, specifically in Italy. Conversely, there was a decrease in sales in the "North America" segment where, in addition to the unfavourable weather conditions, the stock of products bought back from the previous local distributor is still being consumed.
The operating result of the "Europe" segment also increased on the previous year, as a result of revenues from Licensing activities (€ 7 million) described in note no. 23 to which reference is made.
The tables below show the segments' assets and liabilities, as well as investments in tangible and intangible assets, as at December 31st, 2015 and December 31st, 2014:

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

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	-	-	-	-	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	-	796	-	-	10,196
Investments in Tangible assets	4,017	303	3	22	-	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 increase in assets and liabilities in the “Europe” segment, with respect to the previous year, is essentially attributable to the increase in sales, while the decrease in liabilities in the “North America” segment compared to the previous year is attributable to the payment in the initial months of 2015 of the debt deriving from the repurchase of finished products still present in the distribution channel by the subsidiary Isagro USA, Inc. in 2014.

INFORMATION ON THE INCOME STATEMENT

23. Revenues – 156,048

The breakdown of revenues is described in the table below:

Breakdown	2015			2014		
	ITALY	FOREIGN COUNTRIES	TOTAL	ITALY	FOREIGN COUNTRIES	TOTAL
Revenue from sales of:						
- crop protection products	31,487	112,121	143,608	24,438	111,345	135,783
- raw materials	54	-	54	31	-	31
	31,541	112,121	143,662	24,469	111,345	135,814
Revenue from services:						
- toll manufactoring	1,815	3,241	5,056	2,475	4,941	7,416
- product defence and development	9	26	35	16	60	76
- royalties, licences and similar rights	-	7,050	7,050	-	2,371	2,371
- other	37	208	245	80	182	262
	1,861	10,525	12,386	2,571	7,554	10,125
Total	33,402	122,646	156,048	27,040	118,899	145,939

With respect to the previous year, the item presents an increase of € 10,109 thousand, which was caused by the increase in sales of crop protection products and in Licensing activities, recorded in the item "royalties, licences and similar rights", on one hand, and from the decrease in revenues deriving from the toll manufacturing activities, on the other hand.

With regard to sales of crop protection products, during 2015, there was an increase in sales in both the Italian market (€ +7 million compared to 2014) and in the Asian market (€ +7 million compared to 2014), specifically on the Indian sub-continent, while there was a decline in sales in the Americas (€ -10 million compared to 2014) and, specifically, in the United States and in Brazil, due to unfavourable weather and economic conditions.

The toll manufacturing activities, performed at the Aprilia (LT) plant of the parent Isagro S.p.A., recorded a decrease (-32%) compared to the previous year due to the drop in volumes processed for a major customer, dictated by surplus stocks still being available through the distribution channel.

The item "royalties, licences and similar rights", amounting to € 7,050 thousand, essentially comprises:

- € 2,000 thousand for an up-front payment that the UK-based company SumiAgro Europe Limited made to the parent Isagro S.p.A. for the granting of the exclusive right to use the formulation technology developed by Isagro in relation to the mixture of Tetraconazole and Thiophanate Methil, for a period of ten years, at its plant in Romania, as well as to be able to develop, register, formulate, distribute and sell the mixture of Tetraconazole and Thiophanate Methil exclusively in several European countries. SumiAgro Europe Limited also committed to exclusively purchase the Tetraconazole necessary for the formulation of the above mixture from Isagro for the entire term of the contract. The contract envisages that the fee is paid in four instalments of € 500 thousand each. The first was collected on December 23rd, 2015 and the others to be paid on December 1st of each year in the period 2016-2018, increased by interest calculated at the 12-month EURIBOR floating rate + a 3% spread. It should be mentioned that the sums paid by SumiAgro to Isagro by way of up-front payment, even if deferred, are not repeatable;
- € 5,000 thousand for an up-front payment that the US company FMC Corporation made to the parent Isagro S.p.A. for the granting of the exclusive right to develop, register and distribute mixtures based on the fungicide SDHi (both for seed treatment and for other uses) in the NAFTA area (United States,

Canada and Mexico). In 2012, the parent Isagro S.p.A. and the US company FMC Corporation entered into an agreement for the co-development of a new fungicide, in the carboxamide chemical class, named SDHi (IR 9792), which, among other aspects, also governed the rights to distributed the mixtures of that fungicide. The agreement envisaged that Isagro and FMC could develop, register, and market SDHi-based mixtures exclusively in several areas and register one mixture for fertilising seeds and another for other uses, in the area of the exclusive right of the other co-developer, as well as the right to appoint an exclusive distributor in that area. With the amendment of that agreement, Isagro thus waived in favour of FMC the right to register a mixture and to appoint its own exclusive distributor in the United States, Canada and Mexico. As envisaged in the agreement, FMC paid Isagro the consideration in a lump-sum in December 2015.

In 2014, the item "royalties, licences and similar rights" essentially included income relating to an up-front payment of € 2 million which Hong Kong-based Rotam Agrochemical Co. Ltd. made to the parent Isagro S.p.A. for the granting of the right to be able to use the know-how and the studies already existing, relating to three active ingredients owned by Isagro (Tetraconazole, Copper and Kiralaxyl) so as to process three mixtures with products owned by Rotam to be marketed in certain countries in East Asia, and the possibility of assessing and testing until November 30th, 2015 the SDHi (IR 9792) fungicide, currently being developed by Isagro S.p.A., for its possible exploitation in China with two mixtures based on products owned by Rotam and/or other products owned by Isagro. The agreement also envisages that Rotam obtain prior approval of the mixture from Isagro, which may be refused only if the mixture i) does not contain a quantity of active ingredient owned by Rotam greater than or equal to that indicated in the registration certificate for that mixture, ii) prejudices the license rights which Isagro has already granted to third parties in relation to other mixtures, if the active ingredient owned by Rotam is equivalent to the active ingredient already used by the third party and iii) prejudices Isagro registrations already in existence. By virtue of this agreement, Rotam has undertaken to purchase the active ingredients necessary for the development of the mixtures exclusively from Isagro, mixtures which will be sold at prices in line with those applied to other distributors.

The contract envisaged that the fee be paid in four instalments of € 500 thousand each, the first due on December 29th, 2014 and the others in the period 2016 - 2018, increased by interest calculated at a rate of 4.50%. It should be mentioned that the sums paid by Rotam to Isagro by way of up-front payment, even if deferred, are not repeatable.

With regard to the total revenues from related parties, please refer to note no. 41.

24. Other operating revenues – 2,895

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

Breakdown	2015	2014
Grants related to R&D expenditure	12	325
R&D tax credit	173	-
Recovery of research costs	1,716	1,437
Export incentives	309	290
Insurance compensation	-	91
Recovery of sundry costs and other income	685	949
Total	2,895	3,092

The item “Grants related to R&D expenditure” refers to the income deriving from the conclusion of the Piedmont regional authority research project “Innovation and Production Transition - Regional Competitivity and Employment” entitled “Agrobiocat”, of the parent Isagro S.p.A. In the previous year, the amount referred to the research project entitled “PNR Tema 6”, which the parent Isagro S.p.A. headed up.
The item “R&D tax credit” refers to the benefit pursuant to article 1, paragraph 35 of Law no. 190 of December 23rd, 2014 (so-called Stability Law for 2015) relating to the incremental expenses of research and development incurred by the parent Isagro S.p.A. and previously described in note no. 10, to which reference is made.
Of the item “Recovery of research costs”, € 1,430 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 € 233 thousand refer to fees paid by third-party companies to access scientific data relating to the Group-owned toxicology dossiers.

25. Raw materials and consumables – 83,980

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

Breakdown	2015	2014
Raw and ancillary materials, consumables and goods:		
- purchases of raw materials, packaging and crop protection products	85,417	86,296
- purchases of technical materials and those for research activities	836	558
- change in inventories of raw and ancillary materials and consumables	(2,591)	(395)
- other purchases	318	316
Total	83,980	86,775

In the previous year, the item “purchases of raw materials, packaging and crop protection products” included around € 10 million relating to the repurchase of finished products from the North American channel by the subsidiary Isagro USA, Inc. Excluding that amount, there was an increase in purchases, strictly correlated to the increase in sales of crop protection products described in note no. 23, to which reference is made.
The decrease of € 2,196 thousand in “change in inventories of raw and ancillary materials and consumables” with respect to the previous year is essentially related to the increase in value of inventories of raw materials, specifically of cupric products of the parent Isagro S.p.A.. During the year, the parent consumed the inventories of raw materials created in 2014 and only at the end of the year did it restore a strategic stock to cover the 2016 campaign.
For the total amount of purchases from related parties, please refer to note no. 41.

26. Costs for services – 29,293

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

Breakdown	2015	2014
For services:		
- utilities	5,123	4,813
- technical maintenance	1,475	1,193
- transport and related purchase and sale transaction costs	5,275	4,838
- toll manufactoring	2,838	2,214
- consulting and professional services	2,991	2,648
- services connected to research	1,747	1,149
- ICT costs	380	303
- marketing costs	2,754	1,974
- leases and rents	1,236	1,551
- lease expense	1,127	1,044
- provision for director bonuses	77	110
- allocation to provision for the destruction of goods	-	61
- other services	4,270	3,660
Total	29,293	25,558

The item presents an increase, when compared to last year, of € 3,735 thousand, comprising € 2,151 attributable to the rise in utilities, the transport costs and the external processing and marketing costs. This increase is essentially correlated to the growth in the Group's sales of crop protection products compared to the previous year.

It is also important to note the increase of € 598 thousand in "services connected to research", essentially due to higher costs for innovative research services (€ + 307 thousand) and for external services relating to the fungicide SDHi (€ + 282 thousand).

For the total amount of costs for services from related parties, please refer to note no. 41.

27. Personnel costs – 28,832

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

Breakdown	2015	2014
Personnel costs:		
- wages and salaries	17,992	17,259
- social security charges	4,975	4,989
- employee benefits	55	50
- pension funds	1,096	1,068
- provision for bonuses to managers and personnel	1,592	1,244
- costs for employee services	2,378	2,201
- costs for early retirement incentives	329	229
- other costs	415	357
Total	28,832	27,397

Compared to the previous year, this item recorded an increase of € 1,435 thousand, though in the presence of a decrease in the average number of Group employees, as indicated in the table below. This situation is attributable to the higher provisions for employee bonuses compared to the previous year, on one hand, and to the changes in the composition of the Group's workforce, on the other. Though the average number of white-collar workers and blue-collar workers, the average number of middle management staff increased, leading to an increase in personnel costs overall.

"Costs for early retirement incentives" essentially refers to the costs incurred during the year by the parent Isagro S.p.A. for early, agreed termination of some employment contracts with its executives.
Here below is the number of employees, broken down by category:

	2015 average	2014 average	As at Dec. 31st, 2015	As at Dec. 31st, 2014
- executives	51	51	49	53
- middle management	136	131	135	131
- white-collar workers	328	331	319	325
- special qualified workers	7	7	6	7
- blue-collar workers	107	111	97	84
TOTAL	**629**	**631**	**606**	**600**

28. Other operating costs – 5,851

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

Breakdown	2015	2014
- losses on disposal of assets	174	66
- impairment losses on receivables	1,090	184
- indirect, production and manufacturing taxes	3,839	2,564
- other operating costs	748	643
Total	5,851	3,457

The increase in this item compared to the previous year, by € 2,394 thousand, is attributable to: i) greater allocation to the bad debt provision (€ 806 thousand), ii) the loss deriving from early collection of the receivable from Isam S.r.l. (€ 100 thousand) as described in note no. 9 and iii) higher consumption and manufacturing taxes incurred by the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. (€ 912 thousand), due to both an increase in the rate applied by the Indian tax authorities and the appreciation of the Indian Rupee against the Euro.
The item "impairment losses on receivables" essentially regards:

- € 575 thousand for the allocation to the bad debt provision for trade receivables, made by the Colombian subsidiary Isagro Colombia S.A.S. in relation to the doubtful collectability of receivables due from an important local distributor;
- € 295 thousand for the allocation to the bad debt provision for trade receivables, made by the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. following the impairment of the credit position of several customers on the Indian market.

29. Other non-recurring costs – 0

In the previous year, this item referred to costs incurred for the corporate restructuring and reorganisation activities of the parent Isagro S.p.A., concluded on December 31st, 2015.

30. Change in inventories of finished products and work in progress – 4,963

The positive € 4,963 thousand change in product inventories, calculated net of the provision for inventory obsolescence, was calculated as follows:

- Net inventories as at January 1st, 2015	(29,869)
- Translation difference and other changes	(854)
- Net inventories as at December 31st, 2015	35,686
- Total change	4,963

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

31. Costs (capitalised) for internal works - 3,507

The item refers to the capitalisation of personnel costs, overheads and consumption of technical material amounting to € 3,071 thousand and financial charges of € 436 thousand, related to extraordinary protection costs, development expenditure and expenses for registration of the Group's new products. This item increased by € 201 thousand compared to the previous year, essentially due to the increase in research and development activities relating to projects subject to capitalisation.

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

32. Depreciation and amortisation– 8,894

Depreciation of tangible assets – 3,748

Amortisation of intangible assets – 5,146

Breakdown	2015	2014
Depreciation of tangible assets:		
- buildings	917	833
- plant and machinery	2,316	2,366
- industrial and commercial equipment	263	242
- furniture and fittings	51	42
- motor vehicles	41	41
- office equipment	160	154
	3,748	3,678
Amortisation of intangible assets:		
- extraordinary protection	2,072	2,272
- know-how	1,064	988
- patents, licenses, trademarks and registration	1,729	1,542
- other	281	280
	5,146	5,082
Total	8,894	8,760

This item was substantially unchanged on the previous year.

It is worth noting that the increase in the item “patents, licenses, trademarks and registration” was due to higher amortisation (€ 192 thousand) posted in relation to the registration of Kiralaxyl in the United States, obtained in 2015.

33. Impairment of tangible and intangible assets – 776

During the year, the parent Isagro S.p.A. wrote down the residual book value of the costs incurred for authorisations to sell crop protection products being obtained (€ 77 thousand), whose continuation was judged not cost-effective for the Group, and the rights to develop Novaluron-based mixtures (€ 655 thousand). In relation to the latter figure, as illustrated in note no. 2, during 2015, also in light of the results

obtained to date from the trials conducted, the Directors deemed that it was not cost-effective to continue developing the project.
Furthermore, following termination of the lease on the property located in the municipality of Novara, which housed several offices of the Research Centre of the parent Isagro S.p.A., the residual value of investments in leasehold improvements made on said property were written down for € 44 thousand, as illustrated in note no. 1, to which reference is made.

34. Net financial charges – 2,423

Breakdown	2015	2014
Gains/losses on financial assets/liabilities at fair value through profit or loss:		
- gains/losses on derivatives:		
commodities	(126)	(56)
exchange rates	(3,045)	(463)
	(3,171)	(519)
- fair value adjustments to derivatives:		
commodities	38	5
exchange rates	68	(636)
	106	(631)
- net gains on assets held for trading:		
securities and mutual funds	134	400
	134	400
	(2,931)	(750)
Interest income/expense on financial assets/liabilities not designated at fair value:		
- interest income on bank deposits	512	39
- interest income on other receivables	80	-
- interest and fees paid to banks and other lenders	(1,653)	(3,091)
- interest/financial discounts on trade receivables and payables	(120)	(205)
- financial charges for leases	(16)	(16)
- actuarial gains/losses	65	244
	(1,132)	(3,029)
Other financial income/charges:		
- foreign currency gains/losses	1,635	1,038
- other	5	42
	1,640	1,080
Total	(2,423)	(2,699)

The positive change compared to the previous year, amounting to € 276 thousand, was the result of a combined effect essentially caused by:

- additional exchange gains for € 597 thousand, offset - indirectly - by additional losses incurred and an adjustment to fair value of derivative instruments, for € 1,915 thousand;
- a decrease in interest and fees paid to banks and other lenders for € 1,438 thousand, though in the presence of growing average financial debt compared to the previous year, due to the drop in market interest rates;
- an increase in interest income on bank deposits of € 473 thousand, mainly attributable to the deposits of the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd..

Interest income on other receivables relates to the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. and accrued on the VAT receivable for which an application for refund was submitted during the year.

35. Income taxes - 4,036

Breakdown	2015	2014
Consolidated Income Statement		
Current tax:		
- income taxes	3,199	2,353
- IRAP	276	257
- use of deferred tax liabilities/deferred tax assets	756	1,340
- tax on share repurchase transactions	472	-
- contingent assets and liabilities, taxes on foreign income and tax credits	293	(391)
	4,996	3,559
Deferred tax assets and liabilities:		
- deferred tax liabilities	351	562
- deferred tax assets	(1,828)	(2,398)
- contingencies and impairment losses on deferred tax assets	517	35
	(960)	(1,801)
Total income taxes recognised in profit or loss (continuing operations)	4,036	1,758
Other comprehensive income statement components		
Deferred tax assets and liabilities:		
- tax effect on actuarial profit/loss regarding defined-benefit plans	(34)	(33)
	(34)	(33)
Total income taxes recognised in equity (continuing operations)	(34)	(33)

The item "Use of deferred tax assets/deferred tax liabilities", equal to € 756 thousand, reflects the difference between the use of deferred tax assets, equal to € 2,042 thousand (€ 764 thousand of which for the use of tax losses, € 601 thousand for the use of taxed provisions and € 107 thousand relating to the tax effect of intercompany profits) and the use of deferred tax liabilities, equal to € 1,286 thousand. The latter amount comprises € 944 thousand attributable to the transfer described in note no. 6, to which reference is made, of the intangible assets relating to the biofumigant Dominus® by the US subsidiary Isagro USA, Inc. to the parent Isagro S.p.A.

The recognition of deferred tax assets of € 1,828 thousand refers mainly to the tax benefits expected from the future use of taxed provisions (€ 1,058 thousand) and the tax effect of netting intragroup profits for the period (€ 307 thousand).

"Tax on share repurchase transactions", amounting to € 472 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.

The item "contingent assets and liabilities, taxes on foreign income and tax credits", equal to € 293 thousand, specifically includes:

- a contingent liability of € 329 thousand recorded by the parent Isagro S.p.A. following the decision to write down several withholdings at the source on foreign income in previous years, as the company management judged them difficult to recover over the time frame of the business plans;
- the recording in profit and loss, due to the reasons set forth above, of the withholding at the source of € 124 thousand pertaining to the collection of an instalment relating to the receivable due to the parent Isagro S.p.A. by Arysta LifeScience Co., Ltd., described in note no. 5;
- the tax credit of € 301 thousand provided for by the parent Isagro S.p.A. on the basis of the tax concession (so-called A.C.E. – Aiuto alla Crescita Economica – Help to Economic Growth) which aims

to provide incentive for business which keep profits generated in-house and which receive new risk capital. In particular, the credit was accrued thanks to the increase in shareholders' equity resulting from the share capital increase carried out during the previous year.

The item "contingencies and impairment losses on deferred tax assets" essentially refers to deferred tax assets and liabilities described in note no. 6, to which reference is made, relating to the reduction, from 2017, of the income tax rate on Italian companies (IRES) from 27.5% to 24%.

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

The taxable profit relating to the theoretical tax rates coincides with the Group's profit before tax (€ 7,418 thousand).

	INCOME TAXES	IRAP	TOTAL
	Taxes	Taxes	Taxes
Theoretical taxes	2,040	289	2,329
- increases	707	58	765
- decreases	(797)	(13)	(810)
- costs not relevant for IRAP purposes	-	142	142
- tax on share repurchase transactions and dividend distribution	771	-	771
- effect of changes/differences in tax rates	936	-	936
- contingent assets and other changes	172	(269)	(97)
Actual taxes	3,829	207	4,036

The "increases" essentially regard the parent Isagro S.p.A. and refer to indirect taxes, contingent liabilities and other non-deductible costs; the "decreases" also mainly refer to the parent Isagro S.p.A. and comprise € 644 thousand for the deduction of previous years' financial charges, which were non-deductible, but carried forward, due to insufficient EBITDA, in relation to which deferred tax assets had not been provided for prudent reasons.

"Costs not relevant for IRAP purposes" essentially include the tax effect of the labour costs for employees with fixed-term contracts and financial charges, since these items are not deductible for the purpose of calculating the regional tax on production activities paid by the Group's Italian companies.

The item "effect of changes/differences in tax rates" refers to the higher tax rates, with respect to those of the Italian companies, which the foreign subsidiaries that have reported positive results during the year are subject to (in particular Isagro (Asia) Agrochemicals Pvt. Ltd) and to the realignment of deferred tax assets and liabilities following the change in the tax rate for income tax on Italian companies.

36. Net profit/(loss) from discontinued operations – 250

The amount recognised in the financial statements refers to the additional allocations to the bad debt provision, established in 2013, for € 600 thousand, by the parent Isagro S.p.A. based on the communications received from the legal counsel of Sumitomo Chemical Italia S.r.l., who are handling collection of the receivables guaranteed at the time of transfer of the investment in Isagro Italia S.r.l. (now Sumitomo Chemical Italia S.r.l.) in 2011.

The transfer contract provided for an indemnity up to € 2,250 thousand in connection with the solvability of some trade receivables in the portfolio of the sold company if, within three years from the date of closing the transaction, these receivables were not yet collected.

The purchaser had notified the parent Isagro S.p.A. that as at December 31st, 2013 € 1,750 thousand of the above-mentioned receivables had still not been collected. Therefore, on February 20th, 2014, the parties had agreed that Isagro would have paid this sum to Sumitomo Chemical Co. Ltd. by way of guarantee on the obligation to pay the receivables in question, however establishing that if Sumitomo Chemical Italia S.r.l. should collect these receivables by December 31st, 2018 the purchaser shall be required to return the sum deposited for the corresponding amount to Isagro. The payment of the afore-mentioned amount then took place on April 8th, 2014.

That allocation was classified in the item "Net profit/(loss) from discontinued operations", pursuant to paragraph 35 of IFRS 5, emerging as a price adjustment of the disposal of the equity investment in Isagro Italia (today Sumitomo Chemical Italia S.r.l.) against which a net capital gain of € 8,859 thousand was recognised in the same item of the Income Statement of the consolidated financial statements as at December 31st, 2011. The balancing entry of the allocation was reclassified to decrease the guarantee deposit recorded under non-current receivables. Lastly, as the parent Isagro S.p.A. considered the allocation made as an adjustment to the capital gain relating to the transfer of an investment, it is not tax deductible, as in 2011 the parent subjected the income obtained to a regime of tax benefits (so-called Participation Exemption), which requires the taxation of only 5% of the capital gain earned.

37. Distributed dividends

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

38. Earnings per Share

		2015	2014
Earnings per share (basic and diluted)			
Net profit/(loss) for the year attributable to shareholders of the parent	(thousands of euro)	3,132	(878)
Average number of Ordinary Shares and Growth Shares (thousands)		38,675	31,013
Earnings per share (basic and diluted) - Ordinary Shares		0.081	(0.028)
Increase of dividend for Growth Shares		0.016	0.000
Earnings per share (basic and diluted) - Growth Shares	(euro)	0.097	(0.028)
Earnings per share (basic and diluted) from continuing operations			
Profit/loss from continuing operations	(in thousands of euro)	3,382	(878)
Average number of ordinary shares and Growth Shares (thousands)		38,675	31,013
Earnings per share (basic and diluted) from continuing operations - Ordinary Shares		0.087	(0.028)
Increase of dividend for Growth Shares		0.016	0.000
Earnings per share (basic and diluted) from continuing operations - Growth Shares	(euro)	0.103	(0.028)
Earnings per share (basic and diluted) from discontinued operations			
Profit/loss from discontinued operations		(250)	-
Average number of ordinary shares and growth shares (thousands)		38,675	31,013
Earnings per share (basic and diluted) from discontinued operations - Ordinary Shares		(0.006)	0.000
Increase of dividend for Growth Shares		0.000	0.000
Earnings per share (basic and diluted) from discontinued operations - Growth Shares	(euro)	(0.006)	0.000

	2015	2014
Average number of Ordinary Shares	24,499,960	21,967,295
Average number of Growth Shares	14,174,919	9,046,272
Total	**38,674,879**	**31,013,567**

Basic earnings per share is calculated based on the average number of shares outstanding, deducting the average number of treasury shares held, equal to 50,000 both in 2015 and in 2014.
Diluted earnings per share is calculated taking account of any shares already resolved, but not yet subscribed. These situations did not occur either in 2015 or in 2014.
The basic and diluted earnings per share for 2015 were calculated based on the average number of Isagro S.p.A. shares outstanding in the year, considering the shorter period of circulation for shares issued as a result of the share capital increase in April of the previous year.

39. 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 December 31st, 2015 broken down by fair value hierarchy level.

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
- financial assets held for trading (securities)	-	-	-	-
- exchange rate derivatives (forward purchase/sale)	-	401	-	401
- derivatives on commodities - copper (future buy)	-	40	-	40
Total Financial assets	**-**	**441**	**-**	**441**
Financial liabilities measured at fair value:				
- exchange rate derivatives (forward purchase/sale)	-	(339)	-	(339)
- derivatives on commodities - copper (future buy)	-	(3)	-	(3)
- derivatives on interest rates (interest rate swaps)	-	-	-	-
Total Financial liabilities	**-**	**(342)**	**-**	**(342)**

As for the techniques for determining the fair value of the derivatives included in Level 2, please refer to note no. 12.
In 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 (trade and other) receivables due beyond 12 months and loans obtained from banks is summarised in the table below. Except for what is described in detail in the table below, in the management's opinion the book value of the other assets and liabilities (financial, commercial and other) of the Group is a reasonable approximation of their fair value.

	Book value	Fair value
Receivables and other assets:		
Receivables measured at amortised cost:		
- Receivables from Arysta LifeScience	3,114	2,783
- Receivables from Gowan Company LLC	1,001	1,002
- Receivables from Quimimport	1,305	1,299
- Receivables from Rotam Agrochemical Company Ltd.	1,567	1,417
- Receivables from Sipcam Nichino Brasil	1,724	1,725
- Receivables from SumiAgro Europe Limited	1,500	1,482
Financial liabilities:		
Financial liabilities measured at amortised cost:		
- Loans from banks (current and non-current)	61,404	60,783

The determination of the fair value was carried out on a consistent basis with the generally accepted methods, which use valuation models based on the Discounted cash flow. Specifically, the parent Isagro S.p.A. used the models in the Bloomberg database. Discounting of the future cash flows of receivables and loans expressed in euro was calculated based on the market zero coupon rates curve as at December 31st, 2015, obtained from the six-month EURIBOR curve, while discounting of future cash flows of loans expressed in US dollars was calculated based on the market zero coupon rates curve as at December 31st, 2015, obtained from the six-month LIBOR. The above-mentioned curves were adjusted to bear in mind the creditworthiness of the parent Isagro S.p.A. (own credit risk) in the case of loans payable and the creditworthiness of the counterparty (counterparty credit risk) in the case of receivables claimed by the parent Isagro S.p.A. Please also note that, in order to render the fair value of medium/long-term loans comparable with their book value, the related accessory charges were taken into account.
In management's opinion, the aforementioned receivables and payables can be classified in Level 2 of the fair value hierarchy.

OTHER INFORMATION

40. 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 of the court expert's technical report, the Judge believed it necessary to call the court expert and consultants aside and postpone the case of the hearing until December 6th, 2013.

During this hearing, Isagro and its consultant pointed out all aspects deemed critical in the supplementary report from the court expert, above all emphasising the large number of works that might prove necessary to reclaim the site, and which the court expert continues to ignore. 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 is completing a settlement offer to submit to Caffaro to try to come to a decision, requested that the hearing set for February 24th, 2014 be postponed until May 19th, 2014. During the hearing held on May 19th, 2014, the parties reached a settlement agreement, which requires technical time for its completion. The Court therefore adjourned proceedings to the next hearing on September 22nd, 2014, 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 therefore again adjourned the proceedings until February 2nd, 2015. The parties therefore signed the settlement agreement by virtue of which they waived the legal redress to the statement of affairs and, therefore, they did not appear at the hearing held on February 2nd, 2015. Having ascertained the absence of the parties, the Judge once again adjourned the hearing until March 23rd, 2015, at which the parties did not appear. Therefore, Judge declared the striking off of the proceedings from the judicial roll and the dismissal of the case.

For the same receivable, a similar claim was filed against Snia S.p.A., also in receivership, as the sole shareholder of Caffaro and therefore jointly liable. As the Court of Milan rejected this claim, Isagro prepared and filed an appeal against the bankruptcy order, seeking admission of the proof of claim against Snia S.p.A. The first hearing was fixed for September 27th, 2011. Based on the outcome of the proceedings, with decree of December 13th, 2011, the Court of Milan rejected Isagro S.p.A.'s claim, considering the receivable as possible and future. Isagro therefore challenged the decision by filing an appeal before the Court of Cassation, for which a date to discuss the case is still pending.

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

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 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.

<u>Labour-related disputes</u>

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

- a former employee of the Aprilia (LT) plant claimed from Isagro and Caffaro, jointly, 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 company 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. Currently the case is in its investigation phase and to this purpose, the Court fixed the first hearing on February 27th, 2014. During the aforesaid hearing, the Judge heard the first witnesses and then postponed the case to the hearing on May 29th, 2014 to complete the investigation phase. By reason of the attempted agreement between the parties, the Court first postponed the case to the hearing on July 3rd, 2014, and then to October 2014 in order to complete the investigation phase. The case suffered a series of further adjournments, so as to allow the parties to come to a cordial agreement, until February 10th, 2015. During this hearing the Judge most recently assigned returned the documentation to the Presiding Judge of the Court for a new reassignment of the case since, having already handled the case previously, the same declared his desire to refrain handling the merits. 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 16th,, 2015. In the meantime, as the previously appointed Judge terminated his office due to retirement, the Presiding Judge appointed a new Judge who, at the hearing on October 16th, 2015, confirmed the witness testimony previously admitted by the prior judge and adjourned the case to December 11th, 2015. During this hearing, several witnesses were heard and the Judge once again adjourned the case to February 19th, 2016 to continue hearing witness testimony. During this hearing, a further two witnesses were heard and the Judge adjourned the case to June 17th, 2016 for the final discussion and ruling.

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

After a series of meetings before the Regional Labour Commission, the parties 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. At that hearing, verifying that the criminal proceedings were still pending and that the parties were unable to reach a settlement agreement, the Conciliation Chambers declared the negative outcome of the procedure, without formulating a specific proposal.

Currently, the first instance proceedings are pending before the Court of Pescara, which have reached the introductory phase, in which the Judge admitted the investigation briefs of the parties, adjourning the case to March 8th, 2016 in order to hear witness testimony. During this hearing, one witness was heard for each side, and the Judge adjourned the case to May 5th, 2016 when other witnesses will be heard.

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

Tax disputes

Isagro S.p.A.

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

Isagro Asia Agrochemicals Pvt. Ltd

With reference to the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd., it is hereby noted that there is an ongoing dispute with local taxation authorities regarding income taxes for the years 2007/2008, 2008/2009, 2009/2010 and 2010/2011, for a total of INR 51,372 thousand (equal to around € 713 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 Arysta LifeScience Netherlands B.V. (formerly Chemtura Netherlands B.V.) - granted the Japanese company Nihon Nokyaku Co., Ltd. a guarantee with a duration of 24 months starting from the date of transfer of the inventory (March 26th, 2014) to cover contractual risks, and for an amount of € 665 thousand (share of 50% of the value of the inventory transferred). 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 December 31st, 2015 the Group also has the following long-term obligations outstanding:

- € 2,461 thousand for the contractual obligation related to the rental of motor vehicles and other third-party assets (€ 1,532 thousand) and lease expense (€ 929 thousand). In particular, the future fees due are as follows:
  - € 1,146 thousand within one year;
  - € 1,315 thousand between one and five years;
- € 730 thousand for payments due from the parent Isagro S.p.A. to Solvay Solexis S.p.A. in connection with the use, for a period of 99 years starting from 2005, of an area in the municipality of Bussi sul Tirino (Province of Pescara), where an industrial plant for the production of Tetraconazole was built.

The Group received a guarantee from Unifert Holding S.a.l. for a total of € 500 thousand relating to trade receivables deriving from the sales by the parent Isagro S.p.A. to several companies in the Unifert Group in 2015 and 2016.

The third-party guarantees for the Group companies' commitments amounted to € 363 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. 15

41. Related party disclosures

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

- parent companies;
- associates;
- entities which hold a direct or indirect interest in the parent, its subsidiaries and its holding companies, and are presumed to have significant influence over the Group. In particular, significant influence is objectively presumed to exist when an entity owns, directly or indirectly, over 10% of the parent, or when it owns over 5% and, at the same time, it has entered into agreements which generate transactions during the year amounting to at least 5% of consolidated sales; These companies are known as "other related parties";
- directors, statutory auditors and key management personnel, and any family members.

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

Income Statement

		of which related parties				
In thousands of Euro	2015	Associates	Parent companies	Other related parties	Tot. related parties	% Incidence on the financial statement item
Revenues	156,048	-	-	15,803	15,803	10.13%
Other operating revenues	2,895	-	23	-	23	0.79%
Raw materials and consumables	83,980	-	-	344	344	0.41%
Costs for services	29,293	200	-	46	246	0.84%
Other operating costs	5,851	-	-	5	5	0.09%

Income Statement

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

Balance Sheet

In thousands of Euro	As at Dec. 31st, 2015	of which related parties Associates	Parent companies	Other related parties	Tot. related parties	% Incidence on the financial statement item
Trade receivables	52,000	-	-	6,383	6,383	12.28%
Other current assets and other receivables	5,614	-	10	5	15	0.26%
Trade payables	37,689	67	-	70	137	0.36%

Balance Sheet

In thousands of Euro	As at Dec. 31st, 2014	of which related parties Joint operations	Associates	Parent companies	Other related parties	Tot. related parties	% Incidence on the financial statement item
Trade receivables	49,598	-	-	-	8,690	8,690	17.52%
Other current assets and other receivables	5,346	-	-	20	7	27	0.51%
Trade payables	44,578	-	50	-	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, research and marketing 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 joint operations

Revenues	2015	2014
ISEM S.r.l. in liquidation	-	7
Total	**-**	**7**

Other operating revenues	2015	2014
ISEM S.r.l. in liquidation	-	65
Total	**-**	**65**

Costs for services	2015	2014
ISEM S.r.l. in liquidation	-	4
Total	**-**	**4**

Other operating costs	2015	2014
ISEM S.r.l. in liquidation	-	(2)
Total	**-**	**(2)**

Relations with associates

Costs for services

	2015	2014
Arterra Bioscience S.r.l.	200	210
Total	**200**	**210**

Trade payables

	Dec. 31, 2015	Dec. 31, 2014
Arterra Bioscience S.r.l.	67	50
Total	**67**	**50**

Relations with parents

Relations with the holding companies Piemme and Holdisa are limited to the provision of administrative services by the parent Isagro S.p.A. and occasional financial transactions.

Other operating revenues

	2015	2014
Holdisa S.r.l.	9	54
Piemme S.r.l.	14	9
Total	**23**	**63**

Financial charges

	2015	2014
Holdisa S.r.l.	-	187
Total	**-**	**187**

Other current assets and other receivables

	Dec. 31, 2015	Dec. 31, 2014
Holdisa S.r.l.	4	14
Piemme S.r.l.	6	6
Total	**10**	**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 crop protection products to Gowan Group companies by both the parent Isagro S.p.A. and the US subsidiary Isagro USA, Inc.

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

Revenues

	2015	2014
Gowan Group	15,803	24,806
Total	**15,803**	**24,806**

Other operating revenues

	2015	2014
Gowan Group	-	323
Total	**-**	**323**

Raw materials and consumables

	2015	2014
Gowan Group	344	-
Total	**344**	**-**

Costs for services

	2015	2014
Gowan Group	46	106
Total	**46**	**106**

Other operating costs

	2015	2014
Gowan Group	5	20
Total	**5**	**20**

Trade receivables

	Dec. 31, 2015	Dec. 31, 2014
Gowan Group	6,383	8,690
Total	**6,383**	**8,690**

Other assets and other receivables

	Dec. 31, 2015	Dec. 31, 2014
Gowan Group	5	7
Total	**5**	**7**

Trade payables

	Dec. 31, 2015	Dec. 31, 2014
Gowan Group	70	25
Total	**70**	**25**

Remuneration for Directors and Statutory Auditors

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

Party	Description of office		Remuneration		
	Office held	Duration of office	Emoluments for the office	Bonuses, other incentives and fringe benefits	Other remuneration
Directors:					
Giorgio Basile	Chairman and C.E.O.	3 years	500,000	2,625	99,000
Maurizio Basile	Deputy Chairman	3 years	76,667	1,929	21,780
Riccardo Basile	Director	3 years	20,000	-	-
Christina Economou	Director	3 years	20,000	-	-
Gianni Franco	Director	3 years	20,000	-	-
Daniela Mainini	Chairman of the Risk and Control Committee since May 5th, 2015	3 years	18,333	-	-
Adriana Silvia Sartor	Chairman of the Appointments and Remuneration Committee since May 5th, 2015	3 years	24,667	-	-
Stavros Sionis	Member of the Risk and Control Committee and the Appointments and Remuneration Committee	3 years	18,000	-	-
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 and former member of the Supervisory Body	in office until April 24th, 2015	9,833		3,800
Statutory Auditors:					
Piero Gennari	Chairman	3 years	30,000	-	-
Giuseppe Bagnasco	Statutory Auditor	3 years	20,000	-	-
Claudia Costanza	Statutory Auditor	3 years	20,000	-	-

It should be noted that the term of office of the parent'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 will end on approval of the financial statements as at December 31st, 2015.

42. Financial risk management: objectives and approach

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

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

Context

The so-called conventional crop protection products market - in which the Isagro Group operates - according to the estimates provided by the research company Phillips McDougall, came to a value of about US$ 52 billion at distribution level in 2015, with a decrease in nominal terms of 8.5% compared to the record level of US$ 57 billion in 2014. This decrease is mainly attributable to the unfavourable climate and weather conditions, on the one hand, also due to the effect of the "El Niño" event, and an adverse monsoon season, with high levels of stock in the main distribution channels and, on the other hand, a drop in prices of the main agricultural commodities and the strengthening of the US Dollar on the main currencies.

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

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

It should be recalled that Isagro does not enter into derivative contracts for speculative purposes.

The amounts stated in the comments below refer to the parent Isagro S.p.A., which carries out most of its copper purchases and sales in US Dollars. With reference to exchange rates, it should be noted that fluctuations in the Euro/Dollar exchange rate may result in changes in the consolidated amounts of the subsidiary Isagro USA; however, these changes cannot be currently quantified, as they are directly related to the actual year-on-year sales of the subsidiary.

a) Exchange rate risk management

The Isagro Group operates on several markets internationally and many trade relations are managed in currencies other than the Euro, mainly in US dollars, the currency of reference for sales the parent Isagro S.p.A. makes mostly on the US markets and reporting currency of the subsidiary Isagro USA, Inc. Although to a lesser extent, the Indian rupee and Colombian peso account currencies of Isagro Asia and Isagro Colombia, respectively, take on importance. This means that the Group's assets and liabilities are exposed to financial risks deriving from the varying exchange rate between the time the trade relation arises and the time the transaction (collection/payment) is finalised. With reference to the parent Isagro S.p.A., sales in US Dollars totalled about 29 million in the year that ended on December 31st, 2015 versus purchases in US Dollars amounting to about 9 million, thus with a balance of approximately US$ 20 million.

In order to reduce the risk tied in particular to the fluctuations of the US Dollar, the parent Isagro S.p.A. carries out natural hedging transactions represented, for example, by loans granted by banks in US Dollars against the transfer of invoices denominated in this currency to said banks) and/or hedging transactions using swap instruments.

Please note that as at December 31st, 2015 the parent Isagro S.p.A. had swap transactions for USD 44 million, of which approximately US$ 20 million for net receivables in this currency as at December 31st, 2015 and around 24 million to hedge the exchange rate risk associated with sales in USD expected for 2016.

Isagro also prepares its consolidated financial statements in Euro, so the fluctuations of the exchange rates used to convert the financial statement figures of the subsidiaries originally stated in foreign currency might significantly affect the Group's results.

<u>b) Interest rate risk management</u>

The Isagro Group was characterised by a Net financial position as at December 31st, 2015 of € 47.2 million.
The parent Isagro S.p.A. had a net financial position (NFP) of € 48.7 million as at December 31st, 2015, of which € 25.6 million medium/long-term, compared to an NFP and medium/long-term debt as at December 31st, 2014 of € 36.8 million and € 17.0 million, respectively.
Therefore, in the 12 months of 2015 the parent Isagro S.p.A.:

- generated negative cash flow of € 11.9 million. However, most of this (€ 9.4 million) was linked to a strategy of increasing working capital, mainly to build a large stock of strategic products as compared to 2014 – primarily Tetraconazole and Copper-based Products. This creation of strategic stock was also cost-effective, given the profitability of Isagro's proprietary products, due to the low cost of procurement of debt capital;
- increased the duration of its debt, growing the medium/long-term portion by € 8.6 million.

Almost all of the financial payables of the parent Isagro S.p.A. are remunerated based on a fixed spread, which varies in size depending on the nature of the various lines, and a variable component that is generally represented by the 3-month EURIBOR (currently negative).
Isagro did not make use of interest rate hedging instruments. However, it is estimated that for each increase of 10 basis points in the cost of debt (3-month EURIBOR), Isagro would have an incremental negative impact on the income statement of approximately € 50 thousand, to be considered immaterial.
Should the expediency of hedging the interest rate risk be seen with reference to the variable component of these loans, Isagro would use interest swap rate contracts as it has done in the past for other loans when the rates were higher, and above all else in a scenario much more uncertain than the one today in terms of E.I.B. guidance.
These contracts would be set up with a notional value which partly covers the financial indebtedness exposed to interest rate fluctuations, with maturity dates identical to those of the underlying financial liabilities, so that each movement in the fair value and/or in the expected cash flows of such contracts is offset by a corresponding movement in the fair value and/or cash flow expected in the underlying position. These hedges would also be carried out with a perspective of correspondence with the sinking plan of each loan (hedge accounting).
Furthermore, with a view to optimising the cost of borrowing at Group level and seeking greater alignment between the timing of the investments undertaken, and therefore the related outgoing and incoming cash flows, and that of the sources of finance supporting these investments, the parent Isagro S.p.A.:

- repaid € 7.4 million in advance to the European Investment Bank (February 16th, 2015), corresponding to the residual debt referring to the original tranche of € 10 million disbursed in 2012 and forming part of the loan originally amounting to € 22.5 million;
- obtained new medium/long-term finance for a total of € 27.5 million - the portion of which due beyond the 12 months after December 31st, 2015 amounted to € 16.8 million - in the form of eight medium/long-term loans:
- loan for € 2.5 million, granted in January by Banca Popolare dell'Emilia Romagna, on which interest accrues at the 3-month EURIBOR rate + a 2.20% spread;
- loan for € 2.5 million, granted in February by Banca Popolare di Sondrio, on which interest accrues at the 3-month EURIBOR rate + a 2% spread;
- loan for € 4.0 million, granted in March by UniCredit, on which interest accrues at the 6-month EURIBOR rate + a 2.50% spread;

- loan for € 5.0 million, granted in March by Banca Popolare Commercio e Industria, on which interest accrues at the 3-month EURIBOR rate + a 1.80% spread;
- loan for € 4.0 million, granted in May by Banca Popolare di Milano, on which interest accrues at the 3-month EURIBOR rate + a 1.70% spread;
- loan for € 2.5 million, granted in July by Monte Paschi di Siena, on which interest accrues at the 6-month EURIBOR rate + a 1.85% spread;
- loan for € 6.0 million, granted in July by Mediocredito, on which interest accrues at the 3-month EURIBOR rate + a 1.95% spread;
- loan for € 1.0 million, granted in September by Banco Popolare, on which interest accrues at the 3-month EURIBOR rate + a 1.50% spread.

c) Changes in raw material prices

This risk is essentially limited to fluctuations in the price of the commodity copper, fundamental raw material in the production of fungicides based on this metal. The derivative used is the "commodity swap".

Until September 30th, 2011, the parent Isagro S.p.A. used to hedge, usually at the start of the financial year, about 50% of its requirements of scrap copper linked to the sales of formulations, without hedging the estimated sales for the year of so-called "technical" products, whose selling price is directly related to the trend in the price of raw materials, postponing the decision as to whether to hedge the remaining quantity later in the year.

However, this method did not allow a connection to be made between the mechanism of fixing the finished product price to customers and the specific trend in the raw material price on the market at the time of its actual purchase and subsequent processing at the Adria site: therefore, this on average permitted the hedging of the generic risk of foreseeable fluctuations in the price, but was not able to protect the Group from sudden and brusque changes together with sudden erratic volatility trends in the price.

This method, which is effective in times characterised by low volatility, was not able to guarantee suitable hedging in times when volatility was high: for this reason, the Finance and Control Department of the parent Isagro S.p.A., in close partnership with the Sales, Supply Chain and Information System Department, set up a work team to review the methods of managing the risk of fluctuations in the price of copper in connection with the fixing of selling prices of finished products for customers.

Thus the following procedure was set in the last part of 2011:

- fixing of sales prices with customers in the previous quarter for the next quarter;
- preparation of a production plan and identification of the approximate terms for the raw material purchase batches for each individual sale and period;
- drawing up of a report generated by information systems and stating, for each individual order and price, the quantities of equivalent scrap copper and the approximate terms set for purchase on the market and production;
- forward cover of quantities.

This new method, in place since January 1st, 2012, made it possible to manage the price risk more effectively. It is specifically designed to address the changed and tougher circumstances. Therefore, this method, which does not derive from an exclusively financial vision but rather involves commercial and productive aspects, will result in a more efficient management of the copper business as a whole, starting from the fixing of sales prices.

Nevertheless, the company financial risk management procedure envisages that the CFO, in agreement with the CEO, can assess the advisability of departing from the above-mentioned hedging procedure.

Please note that as at December 31st, 2015 the parent Isagro S.p.A. has forward purchase transactions for 538 tons of copper in effect, maturing within the first quarter of 2016.

d) Liquidity risk management

The liquidity of the Group is based on a diversification of bank loans and on a structure mix of the lines of credit: “commercial or self-liquidating,” medium-term loans and finally factoring facilities, in order to be able to use these facilities in accordance with the different type of needs.

Note that the Group's debt is mainly concentrated in the parent Isagro S.p.A. and is divided up between a large number of banks with the aim of minimising the risk of reduction/cancellation of lines of credit for current assets.

From an operating perspective, the Group manages the liquidity risk by planning on an annual basis, with a monthly breakdown, the estimated cash inflows and payments. Based on the results of the financial planning, the needs and, consequently, the resources required for the related hedging are identified. Furthermore, a “Financial Report” is prepared on a monthly basis every year. It summarises the parent Isagro S.p.A.’s final cash flows and prospects at year end, again monthly. The same reporting tool was applied in 2014 to the subsidiaries Isagro USA and Isagro España, which in any case represent a minimum portion of the Group’s financial debt, and, as from September 30th, 2014 and quarterly, to Isagro Asia.

The following table summarises the maturity profile of the Group's liabilities based on the contractual payments not discounted:

Dec. 31st, 2015	On demand	< 3 months	3 - 12 months	1 - 5 years	over 5 years	TOTAL
Financial liabilities	11,170	13,428	14,551	26,303	-	**65,452**
Derivatives	-	247	95	-	-	**342**
Trade payables	7,076	9,094	21,519	-	-	**37,689**
Tax payables	-	-	2,523	-	-	**2,523**
Other liabilities and other payables (*)	3,238	2	1,525	-	-	**4,765**
TOTAL	**21,484**	**22,771**	**40,213**	**26,303**	**-**	**110,771**

Dec. 31st, 2014	On demand	< 3 months	3 - 12 months	1 - 5 years	over 5 years	TOTAL
Financial liabilities	7,668	13,565	8,760	20,432	-	**50,425**
Derivatives	-	377	592	-	-	**969**
Trade payables	15,120	9,021	20,437	-	-	**44,578**
Tax payables	-	-	1,613	-	-	**1,613**
Other liabilities and other payables (*)	3,903	181	964	-	-	**5,048**
TOTAL	**26,691**	**23,144**	**32,366**	**20,432**	**-**	**102,633**

(*) excluding deferred income and guarantee deposits

Note that as at December 31st, 2015 the parent Isagro S.p.A. had around € 67 million in various types of bank credit facilities unused, more than enough to guarantee strong financial resilience to any external shocks.

e) Capital management

The Group's goal is to guarantee a sound credit rating in order to access bank credit on favourable economic terms. It is the policy of the Group, therefore, to have ongoing contacts with all the financial institutions, in order to convey the information (always within the limits established for listed companies) to them necessary to better understand the type of business and the peculiar market situations existing.

f) Credit risk management

The Group's policy is to grant credit to customers after assessing their economic and financial structure, payment performance over the years, and all other information available on the market, i.e. the normal instruments used in determining the customer's “solvency”.

In order to limit certain customer/country risks, letter of credit, insurance coverage, factoring on a non-recourse basis or financial discount for advance payments are used.

The table below shows the maximum exposure of the Group to credit risk:

	Dec. 31, 2015	Dec. 31, 2014
Trade receivables	52,000	49,598
Other assets and sundry receivables (excluding deferred income)	10,907	5,124
Tax receivables	4,715	4,286
Financial assets	441	3,215
Cash (excluding cash on hand)	15,165	17,115
Total credit risk	**83,228**	**79,338**

It should also be noted that the Group received guarantees from third parties amounting to € 500 thousand in relation to several trade receivables.

g) Climate changes

The usage of crop protection products is influenced by the climate: humidity, rainfall and temperature. Today, the Group's policy is to diversify the markets in which it operates, in order to cover as many markets as possible in both hemispheres. Currently, the Group operates in over 70 countries, either directly (with its own sales networks) or indirectly, through local distributors, in order to minimise the impact of particular climatic situations which characterise certain regions/continents. Nevertheless, drought conditions extraordinarily affecting several continents/countries at the same time can strongly influence the Group’s profitability. More specifically, given the composition of the Isagro Group’s sales, the climatic conditions in Europe (and in particular in Italy), the United States and Brazil play an important role. In those markets, in 2015 climate conditions were unfavourable to the demand for crop protection products – specifically fungicides – with possible effects on 2016 sales.

43. Significant non-recurring events and transactions

No significant non-recurring transactions were carried out during 2015. In compliance with the CONSOB Communication dated July 28th, 2006, the transactions carried out in the previous year are outlined in note no. 30, to which reference should be made.

44. Transactions resulting from atypical and/or unusual operations

Pursuant to CONSOB Communication dated July 28th, 2006, it is specified that, in 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.

45. Events subsequent to December 31st, 2015

No significant events occurred between December 31st, 2015 and the date of these financial statements.

46. List of the international accounting standards approved by the European Commission as of the date of preparation of the financial statements

International Accounting Standards			Endorsement regulation
IFRS	1	First-time Adoption of International Financial Reporting Standards (IFRS)	707/2004-2236/2004-2237/2004-2238/2004-211/2005-1751/2005-1864/2005-1910/2005-108/2006-69/2009-1136/2009-662/2010-574/2010-149/2011-1255/2012-301/2013-1361/2014
IFRS	2	Share-Based Payment	211/2005-1261/2008-243/2010-244/2010-28/2015
IFRS	3	Business combinations	2236/2004-495/2009-149/2011-1361/2014-28/2015
IFRS	4	Insurance contracts	2236/2004-108/2006-1165/2009
IFRS	5	Non-current assets held for sale and discontinued operations	2236/2004-70/2009-243/2010-2343/2015
IFRS	6	Exploration for and evaluation of mineral resources	1910/2005-108/2006
IFRS	7	Financial instruments: disclosures	108/2006-1165/2009-574/2010-149/2011-1205/2011-1256/2012-2343/2015
IFRS	8	Operating segments	1358/2007-632/2010-243/2010-28/2015
IFRS	10	Consolidated financial statements	1254/2012-313/2013-1174/2013
IFRS	11	Joint arrangements	1254/2012-313/2013-2173/2015
IFRS	12	Disclosure of interests in other entities	1254/2012-313/2013-1174/2013
IFRS	13	Fair value measurement	1255/2012-1361/2014-28/2015
IAS	1	Presentation of financial statements	2236/2004-2238/2004-1910/2005-108/2006-1274/2008-53/2009-70/2009-243/2010-149/2011-475/2012-301/2013-2406/2015
IAS	2	Inventories	2238/2004
IAS	7	Statement of cash flows	1725/2003-2238/2004-243/2010
IAS	8	Accounting policies, changes in accounting estimates and errors	2238/2004-70/2009
IAS	10	Events after the reporting period	2236/2004-2238/2004-70/2009
IAS	11	Construction contracts	1725/2003
IAS	12	Income taxes	1725/2003-2236/2004-2238/2004-211/2005-1255/2012
IAS	14	Segment reporting	1725/2003-2236/2004-2238/2004-108/2006
IAS	16	Property, plant and equipment	2236/2004-2238/2004-211/2005-1910/2005-70/2009-301/2013-28/2015-2113/2015-2231/2015
IAS	17	Leases	2236/2004-2238/2004-108/2006-243/2010
IAS	18	Revenues	1725/2003-2236/2004

International Accounting Standards			Endorsement regulation
IAS	19	Employee benefits	1725/2003-2236/2004-2238/2004-211/2005-1910/2005-70/2009-475/2012-29/2015-2343/2015
IAS	20	Government grants	1725/2003-2238/2004-70/2009
IAS	21	Effects of changes in foreign exchange rates	2238/2004-149/2011
IAS	23	Financial charges	1725/2003-2238/2004-1260/2008-70/2009
IAS	24	Related party disclosures	2238/2004-1910/2005-632/2010-28/2015
IAS	26	Retirement benefit plans	1725/2003
IAS	27	Separate financial statements	2236/2004-2238/2004-69/2009-70/2009-494/2009-149/2011-1254/2012-1174/2013-2441/2015
IAS	28	Investments in associates and joint ventures	2236/2004-2238/2004-70/2009-149/2011-1254/2012
IAS	29	Financial reporting in hyperinflationary economies	1725/2003-2238/2004-70/2009
IAS	31	Interests in joint ventures	2236/2004-2238/2004-70/2009-149/2011-1254/2012
IAS	32	Financial instruments: presentation	2236/2004-2237/2004-2238/2004-211/2005-1864/2005-108/2006-53/2009-1293/2009-149/2011-1256/2012-301/2013
IAS	33	Earnings per Share	2236/2004-2238/2004-211/2005-108/2006
IAS	34	Interim financial reporting	1725/2003-2236/2004-2238/2004-70/2009-149/2011-301/2013-2343/2015
IAS	36	Impairment of assets	2236/2004-2238/2004-70/2009-243/2010-1374/2013
IAS	37	Provisions, contingent liabilities and contingent assets	1725/2003-2236/2004-2238/2004
IAS	38	Intangible assets	2236/2004-2238/2004-211/2005-1910/2005-70/2009-243/2010-28/2015-2231/2015
IAS	39	Financial instrument: recognition and measurement	707/2004-2086/2004-2236/2004-211/2005-1751/2005-1864/2005-1910/2005-2106/2005-108/2006-70/2009-1171/2009-243/2010-149/2011-1375/2013
IAS	40	Investment property	2236/2004-2238/2004-70/2009-1361/2014
IAS	41	Agriculture	1725/2003-2236/2004-2238/2004-70/2009-2113/2015

Interpretations			Endorsement regulation
IFRIC	1	Changes in existing decommissioning, restoration and similar liabilities	2237/2004
IFRIC	2	Members' shares in co-operative entities and similar instruments	1073/2005
IFRIC	4	Determining whether an arrangement contains a lease	1910/2005

Interpretations			Endorsement regulation
IFRIC	5	Rights to interests arising from decommissioning, restoration and environmental funds	1910/2005
IFRIC	6	Liabilities arising from participating in a specific market – Waste electrical and electronic equipment	108/2006
IFRIC	7	Applying the restatement approach under IAS 29 - Financial reporting in hyperinflationary economies	708/2006
IFRIC	8	Scope of IFRS 2	1329/2006
IFRIC	9	Reassessment of embedded derivatives	1329/2006-1171/2009-243/2010
IFRIC	10	Interim financial reporting and impairment	610/2007
IFRIC	11	IFRS 2 - Group and treasury share transactions	611/2007
IFRIC	12	Service concession arrangements	254/2009
IFRIC	13	Customer Loyalty Programmes	1262/2008-149/2011
IFRIC	14	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1263/2008-633/2010-475/2012
IFRIC	15	Agreements for the Construction of Real Estate	636/2009
IFRIC	16	Hedges of a Net Investment in a Foreign Operation	460/2009-243/2010
IFRIC	17	Distribution of Non-Cash Assets to Owners	1142/2009
IFRIC	18	Transfers of Assets from Customers	1164/2009
IFRIC	19	Extinguishing Financial Liabilities with Equity Instruments	662/2010
IFRIC	20	Stripping Costs in the Production Phase of a Surface Mine	1255/2012
IFRIC	21	Levies	634/2014
SIC	7	Introduction of the Euro	1725/2003-2238/2004
SIC	10	Government Assistance - No Specific Relation to Operating Activities	1725/2003
SIC	12	Consolidation – Special Purpose Entities	1725/2003-2238/2004-1751/2005-1254/2012
SIC	13	Jointly-controlled Entities– Non-Monetary Contributions by Venturers	1725/2003-2238/2004-1254/2012
SIC	15	Operating Leases – Incentives	1725/2003
SIC	25	Income Taxes – Changes in Tax Status of an Entity or its Shareholders	1725/2003-2238/2004
SIC	27	Evaluating the Substance of Transactions in the Legal Form of a Lease	1725/2003-2238/2004
SIC	29	Service Concession Arrangements - Disclosure	1725/2003
SIC	31	Revenue–Barter Transactions Involving Advertising Services	1725/2003-2238/2004
SIC	32	Intangible Assets – Web Site Costs	1725/2003-2236/2004-2238/2004

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

Corporate name and business description	Registered offices	Country	Share capital	Currency	Consolidated % share of the Group	Investing companies	Investment %
Holding company							
Parent							
Isagro S.p.A. (R&D, production, marketing of crop protection products)	Milan	Italy	24,961,207.65	EUR	-	-	-
Subsidiaries consolidated using the line-by-line method							
Isagro Argentina Ltd. (Management of the registration of crop protection products and commercial development)	Buenos Aires	Argentina	1,312,100	ARS	100%	Isagro S.p.A. Isagro España S.L.	95% 5%
Isagro (Asia) Agrochemicals Pvt. Ltd. (Development, production, marketing of crop protection products)	Mumbai	India	148,629,000	INR	100%	Isagro S.p.A.	100%
Isagro Australia Pty Ltd. (Management of the registration of crop protection products)	Sydney	Australia	395,000	AUD	100%	Isagro S.p.A.	100%
Isagro Brasil Ltda (Management of the registration of crop protection products and commercial development)	São Paulo	Brazil	1,307,210	BRL	100%	Isagro S.p.A. Isagro España S.L.	99% 1%
Isagro Chile Ltda (Management of the registration of crop protection products and commercial development)	Santiago	Chile	36,479,809	CLP	100%	Isagro S.p.A. Isagro España S.L.	90% 10%
Isagro Colombia S.A.S. (Distribution of crop protection products)	Cota	Colombia	362,654,120	COP	100%	Isagro S.p.A.	100%
Isagro España S.L. (Development & distribution of crop protection products)	Madrid	Spain	120,200	EUR	100%	Isagro S.p.A.	100%
Isagro Shanghai Co. Ltd. (Management of the registration of crop protection products and commercial development)	Shanghai	People's Republic of China	235,000	USD	100%	Isagro S.p.A.	100%
Isagro Singapore Pte Ltd. (Management of the registration of crop protection products and commercial development)	Singapore	Singapore	1	EUR	100%	Isagro S.p.A.	100%
Isagro South Africa Pty Ltd. (Management of the registration of crop protection products and commercial development)	Amanzimtoti	Republic of South Africa	671,000	ZAR	100%	Isagro S.p.A.	100%
Isagro USA, Inc. (Development, production, marketing of crop protection products)	Wilmington	United States	1,500,000	USD	100%	Isagro S.p.A.	100%

Associates accounted for using the equity method							
Arterra Bioscience S.r.l. (R&D biology & molecular genetics)	Naples	Italy	250,429	EUR	22%	Isagro S.p.A.	22%

The Board of Directors

Milan, March 14th, 2016

ISAGRO
Centro Uffici San Siro - Edificio D - ala 3 - Via Caldera, 21 - 20153 Milano - Italia
Tel. 02 40901.1 - Fax 02 40901.287 - e-mail: isagro@isagro.it - www.isagro.com

Certification of the consolidated financial statements pursuant to art. 81-ter of Consob Regulation no. 11971of May 14,1999, as subsequently amended and supplemented

1. The undersigned, Giorgio Basile, Chairman and Chief Executive Officer of Isagro S.p.A., and Ruggero Gambini, Manager in charge of preparing corporate financial reports of Isagro S.p.A., hereby certify, having also taken into account the provisions of art. 154-bis, subparagraph 3 and 4, of the Italian Legislative Decree no. 58 of February 24, 1998:
   - the adequacy in relation to the characteristics of the company and
   - the effective application of the administrative and accounting procedures for the preparation of the consolidated financial statements in 2015.

2. In this respect no significant matters arose.

3. It is also certified that:

   3.1 the consolidated financial statements of Isagro S.p.A. as of December 31, 2015:

   a) were prepared in accordance with applicable international accounting standards as recognized by the European Community pursuant to European Parliament and of the Council Regulation EC no. 1606/2002 of 19 July 2002;

   b) correspond to the results documented in the books and accounting records;

   c) are able to provide a truthful and correct representation of the economic and financial position of the issuer and of all the companies included in the scope of consolidation;

   3.2 the report on operation includes a reliable analysis of the performance and the operating result, as well as the position of the issuer and of all the companies included in the scope of consolidation, together with a description of the main risks and uncertainties they are exposed to.

Milan, March 14th, 2016

Chairman and Chief Executive Officer

Giorgio Basile

Manager in charge of preparing Corporate financial reports

Ruggero Gambini

UNI EN ISO 9001:2008 CERTIQUALITY
SISTEMA DI GESTIONE QUALITÀ CERTIFICATO
ISAGRO S.p.A. - società diretta e coordinata da Holdisa S.r.l.
Sede legale: Via Caldera, 21 - 20153 Milano - Italia
Capitale Sociale Euro 24.961.207,65 i.v. - R.E.A. Milano 1300947 - Registro Imprese Milano, Cod. Fisc. e P. IVA 09497920158

Isagro S.p.A.
Financial Statements

A Holdisa S.r.l. company

Board of Directors

Chairman and Chief Executive Officer
Giorgio Basile

Deputy Chairman
Maurizio Basile

Directors
Riccardo Basile
Christina Economou
Gianni Franco
Daniela Mainini
Adriana Silvia Sartor
Stavros Sionis

Board of Statutory Auditors

Chairman
Piero Gennari

Statutory Auditors
Giuseppe Bagnasco
Claudia Costanza

Independent Auditors

Deloitte & Touche S.p.A.

DIRECTORS' MANAGEMENT REPORT

Dear Shareholders,

Your Company's financial statements as at December 31st, 2015 disclosed, at the Income Statement level, **Revenues** of € 108.7 million (+13.2% compared to 2014), **EBITDA** of € 12.9 million (compared to € 3.4 million in 2014) and **Net profit** of € 3.4 million (compared to the € 5.4 million loss in 2014).

As regards the Balance Sheet, as at December 31st, 2015 your Company disclosed **Net financial debt** of € 48.7 million (up by € 11.9 million compared to a value of € 36.8 million as at December 31st, 2014), with a **debt/equity ratio** of 0.55 (compared to 0.43 in 2014). Net financial debt is entirely against Net working capital and contribute to financing a portion of Net fixed assets, while **Equity** came to € 88.8 million compared to € 85.5 million as at December 31st,, 2014.

From a financial standpoint, relating to the € 11.9 million of free cash flow absorbed over the 12 months of 2015, equivalent to the increase in Net financial debt compared to 2014, it is noted that your Company:

- without considering the impact deriving from the increase in Net working capital, **significantly decreased cash absorption compared to 2014:** € 1.8 million in cash absorbed as at December 31st,, 2015 compared to € 13.7 million as at December 31st,, 2014;
- **significantly increased Net working capital** to support business development, by € 10.1 million, of which € 8.3 million in higher inventories (due to the decision to build a large stock of high added value strategic products, also in relation to 2016 expected sales and thanks to the low cost of money), € 1.2 million due to the increase in Other current assets and liabilities (mainly due to a higher tax credit on research for € 0.9 million) and € 0.8 million in higher trade receivables (as a result of higher sales).

§ § §

Though the above results were achieved in a negative market due to adverse weather conditions and the fall in prices of the main agricultural commodities, but with the benefits deriving from the weakening of the Euro on the US Dollar, which only partially offset the unfavourable impact of the drop in sales prices, these results demonstrate the effects of the process of strategic and operational "rethinking" launched by Isagro since 2011.

§ § §

With regard to the outlook for the financial in 2016, the following levels of sales are expected:

- *in the short term* (current year), it shall also depend by the normalization of climatic conditions in particular in the North American, South American, Indian and Italian markets, towards which your Company is particularly exposed, also in light of the levels of stock in the distribution channels at the beginning of the year;

- *in the medium term* (by 2020), sales will be affected by the continuation of the implementation of Isagro's strategic lines and the new initiatives currently underway (development of the Biosolutions business, with significant growth in sales of the new Biofumigant, development of sales of copper-based formulations and growth in East Asia), confirming the target of consolidated sales at € 200 million, as envisaged in the 2016-2020 Company Plans, to which satisfactory profitability profiles are associated.

Lastly, in 2015, in addition to the continuation of development of Biofumigant, which is expected to provide an increasing contribution also in the short term, development was also continued for the new broad spectrum fungicide SDHi. Though it is planned to be launched at the end of 2020 and generate significant revenues from 2021/2022, this latter product, invented by Isagro Research and currently under co-development with the North American company FMC Corporation, already generated proceeds of € 5 million in 2015, fully cashed-in in December, for the Licensing to FMC of Isagro's co-exploitation rights in North America. In addition to providing greater royalties for Isagro at the time of sales by FMC, given the time until market launch, this deal confirms the significant commercial potential of that new product, with a valid technical profile in terms of effectiveness and exo-toxicology.

EVOLUTION OF THE CROP PROTECTION PRODUCTS MARKET

According to the estimates from Phillips McDougall, the global crop protection products market fell from the value of US$ 56.6 billion in 2014 to US$ 51.8 billion in 2015, thus reporting a drop of 8.5% in nominal terms and at manufacturer level, after five years of steady growth.
Separating out the estimated effects of the appreciation of the US Dollar on the main currencies in 2015 compared to 2014, it is possible to register a slight growth rate, but still lower than the trend in the previous years.
This decrease in the market in nominal terms was caused by a number of factors, including anomalous weather trends which were unfavourable to the use of crop protection products (including the exceptionally harsh effects of the "El Niño" event), a generalised fall in the prices of the main agricultural commodities (including maize, soybean, rape, cotton and wheat), the instability of emerging markets and the difficulty in accessing credit for operators in the business chain (both farmers and resellers).

With regard to farming areas, those dedicated to wheat and soybean showed growth of a few percentage points at global level, while those dedicated to maize and rice remained substantially stable and the areas for oil seed and cotton crops decreased.

As regards individual geographic areas, in **Europe** all markets recorded declines amounting to two decimal points, if expressed in terms of US Dollars. Phillips McDougall reported the greatest rate of decrease in the world for Europe, estimated at -15.8% compared to 2014, with a market value dropping from US$ 13.9 billion in 2014 to US$ 11.7 billion in 2015. Among all the countries in the European Union, Italy reported the best growth expressed in Euro - also due to weather conditions that bucked the trend - with an estimated year-on-year growth rate of 4%, while Germany grew at lower levels and France declined slightly (-1%). Conversely, levels of sales in local currencies recovered in Russia and Ukraine.
On the whole, farming areas in Europe decreased by 1% and production by 6%, mainly due to the dynamics regarding maize crops.

Asia-Pacific markets decreased from a value of US$ 14.6 billion in 2014 to US$ 14.1 billion in 2015, a change of -3.7%, also due to adverse weather conditions.
China and India grew in local currency but at a lower rate than in the previous periods, while the significant Japanese market, expressed in Yen, declined by 2%.
In China, which is rapidly changing into a mature market, the modernisation of the agricultural market – emphasised by the rapid transformation of land and a "tightening" of toxicological and environmental controls – partially contributed to a temporary slowdown of the market. On the other hand, agricultural modernisation in China is structured to boost demand for higher quality agricultural input over the medium/long-term.
Countries in South Asia, specifically Australia and India, suffered dry periods due to the particularly intense effects of the "El Niño" climate event, which decreased the intensity of pests and led to a reduction in sales of crop protection products, with the exception of generic products, which increased.
However, in terms of "signals" for the future outlook, the price of rice increased after reaching a low point in 2014.

In **North America,** while the US market - the leading global market along with Brazil in 2014 - saw its first decrease in several years, the Canadian market remained stable and the Mexican market recorded growth, thus limiting the rate of decrease for the entire Area to -4.4% in 2015 compared to 2014, with North America dropping from a value of US$ 9.8 billion in 2014 to US$ 9.4 billion in 2015.
The causes of the negative performance of the US market include, in addition to the drop in prices of soybeans and maize, a particularly dry summer with high levels of stock in local distribution channels.

The Area of **South America** suffered a particularly negative year, with a total market in 2015 amounting to US$ 14.5 billion, down by 10.3% on 2014.
In that regard, it is noted that in just the Brazilian market, sales dropped by 23%, reaching a level of less than US$ 10 billion in 2015 compared to the record figure exceeding US$ 12 billion in 2014.
Also in this case, the reasons for that decrease can be found in the drop in commodities prices, associated with a macro-economic framework of local economies still significantly deteriorating on 2014, with limited access to credit and a sharp increase in the cost of credit.
In Brazil, levels of inventory were high at the end of 2015, with an increase in soybean farming areas compared to those dedicated to maize.

The **Africa and Middle East** Area continued to show significant potential. It is the only area that showed a slight increase (+0.2%) in the level of sales, to about US$ 2.2 billion in 2015 compared to 2014.
The South African market remains sound, especially for high value products, though it recorded a slight decrease in 2015 on the previous year.
Conversely, the Turkish market showed a sharp rise in the level of sales both in local currency and in US Dollars, and confirmed its potential for significant growth in the medium term.

INCOME STATEMENT – SUMMARY DATA

Revenues of the Group in 2015 amounted to € 108.7 million, up by € 12.7 million (+13.2%) compared to € 96.0 million in 2014.
That increase in sales in the 12 months of 2015 compared to the same period of the previous year was the result of:

- the increase in sales of **copper-based products** by approximately € 9 million, mainly concentrated in Italy, also due to the commercial partnership with Gowan Italia launched in 2014, which joined the long-term distributor Sumitomo Italia;
- higher proceeds from agreements with third parties for the indirect exploitation of Isagro's Intellectual Property for € 5.0 million,

these factors more than offset lower **toll manufacturing** proceeds for approximately € 2 million due to the effect of overstock held by a major customer at the end of 2014, which resulted in lower re-purchases during the first half of 2015.
Specifically with regard to the aforementioned indirect exploitation of Isagro's Intellectual Property, during the 4th quarter of 2015, Isagro finalised two new agreements which generated initial proceeds of € 7.0 million. Of these two agreements, one which provided proceeds of € 5.0 million refers to the new broad spectrum fungicide SDHi, which is being co-developed with FMC Corporation and will be launched at the end of 2020, with significant revenues starting from 2021/2022, an important confirmation of its commercial potential. Isagro has not provided details on the contribution in terms of incremental sales that the Company and the Group expect once the fungicide is ready, but it seems reasonable to predict that this will be a new blockbuster, founded on innovation, which strengthens the Industrial Project of an independent crop protection operator and will boost the current and future development of Isagro.

During 2015, your Company carried on its **Research, Innovation & Development** activity incurring total costs of € 18.5 million (compared to € 13.1 million in 2014) of which € 14.3 million capitalised (compared to capitalisation of € 9.5 million in 2014), specifically for co-development of the new IR9792 molecule with FMC Corporation, the extraordinary protection costs for proprietary products and the development of new registrations for said products. Furthermore, in December 2015 your Company purchased from the subsidiary Isagro USA, Inc. the know-how, registrations and rights relating to the Biofumigant for the US market for € 3.7 million.

With regard to fixed costs, the total **Cost of labour** for 2015 was lower than the 2014 figure, with a decrease of € 0.6 million, including all the ordinary and non-recurring provisions, while other fixed costs grew slightly on the previous year.

EBITDA thus came to € 12.9 million in 2015, up by € 9.5 million compared to € 3.4 million in the 12 months of 2014, with margins on Revenues increased from 3.5% of 2014 to 11.8% of 2015.

The above increase in EBITDA in 2015 versus 2014 was the result of:
- € 5.0 million made possible by the aforementioned higher proceeds from agreements with third parties, as the indirect exploitation of Isagro's Intellectual Property;
- € 4.5 million made possible by higher margins on sales of products and services, as the direct exploitation of Isagro's Intellectual Property. In that regard, removing from the 2014 and 2015 sales and EBITDA the proceeds deriving from agreements with third parties, which are also effectively attributable to the core business of Isagro but, due to their nature, have characteristics that cannot be identically repeated year after year, the profitability of only sales of products and services out of sales rose from 1.5% in 2014 to 5.8% in 2015. It is also noted that those increases were recorded

even against drops in prices, which were partially offset by the benefits deriving from the appreciation of the US Dollar on the Euro.

Amortisation/Depreciation for the period amounted to € 8.2 million, in line with the figure of € 8.3 million in 2014, while **impairment losses** came to € 0.8 million, up by € 0.6 million compared to the figure of € 0.2 million in 2014, mainly due to the abandonment of development of Novaluron-based mixtures. This Isagro product was previously sold to third parties, and currently no further development is planned.

Isagro therefore closed 2015 with an **Operating result** of € 3.9 million, showing a € 9.0 million increase compared to the € -5.1 million loss for 2014.

With reference to financial management, in 2015, compared to 2014, your Company incurred:

- lower **Interest fees, commissions and financial charges** of € 1.4 million, though there was an increase in financial debt, due to the improved funding conditions obtained from your Company due to an improvement in its rating from banks and benefiting from increased available liquidity in the framework of financial intermediation;
- **Net losses on foreign exchange and derivatives** amounting to € 1.1 million, compared to the loss of € -0.3 million in 2014, attributable to derivative contracts signed for hedging the interest rate risk associated with sales in US Dollars and generated by the strong appreciation of the US Dollar against the Euro.

  It should be remembered that your Company operates on several markets internationally and many trade relations are managed in currencies other than the Euro, mainly in US Dollars. As a result of and in compliance with its “Financial Risk Management Policy” designed to “grant security” to the interest rate of the budget, the Company 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 Company, it should also be noted that they are exclusively for operational transactions and therefore not for speculative purposes; however, as they do not meet the requirements of IAS 39 for the hedging of “specific” risks, they are considered as “trading” transactions and are therefore recognised directly as financial items in the Income Statement, both for the realised and unrealised portion.

(€ 000)	Year 2015	Year 2014	Differences	
Revenues	**108,706**	**96,013**	**+12,693**	**+13.2%**
Memo: Labour costs and provisions for bonus	(21,568)	(20,972)	-596	
EBITDA	**12,851**	**3,372**	**+9,479**	**N/S**
% on Revenues	*11.8%*	*3.5%*		
Amortisation/Depreciation:				
- tangible assets	(3,004)	(3,015)	+11	
- intangible assets	(5,165)	(5,261)	+96	
- write-down of tangible and intangible assets	(797)	(215)	-582	
EBIT	**3,885**	**(5,119)**	**+9,004**	**N/S**
% on Revenues	*3.6%*	*-5.3%*		
Dividends from investments	1,247	1,124	+123	
Financial charges	(989)	(2,386)	+1,397	
Gains/losses on foreign exchange and derivatives	(1,116)	(257)	-859	
Gains/losses from investments	1,404	(38)	+1,442	
Pre-tax profit/(loss)	**4,431**	**(6,676)**	**11,107**	**N/S**
Current tax and deferred tax liabilities	(1,036)	1,269	-2,305	
Net profit (loss)	**3,395**	**(5,407)**	**8,802**	**N/S**

Table 2: Income Statement Summary

The **Pre-tax profit/(loss)** was therefore a profit of € 4.4 million, up by € 11.1 million compared to the loss of € 6.7 million recorded in 2014.

In terms of tax management, as at December 31st, 2015, were recorded current tax and deferred tax liabilities at debt of € 1.0 million, up € 2.3 million compared to the positive allocations of € 1.3 million in 2014 (including deferred tax assets on the tax loss of about € 1.5 million), mainly due to the combined effect of the use of deferred tax assets and liabilities and the effect of the realignment of said assets and liabilities to the new IRES rate (24%) in force from 2017.

As a result of the above, your Company ended the year 2015 with a € 3.4 million **Net Profit**, compared with a loss of € 5.4 million in the previous year.

BALANCE SHEET – SUMMARY DATA

As regards equity, **Net invested capital** as at December 31st, 2015 amounted to € 137.5 million, up by € 15.2 million compared to € 122.3 million as at December 31st, 2014.

(€ 000)	Dec. 31, 2015	Dec. 31, 2014	Differences	
Net fixed assets	**98,900**	**94,003**	**+4,897**	**+5.2%**
Net working capital	**41,394**	**31,290**	**+10,104**	**+32.3%**
of which: *Net Trade Working Capital*	*40,161*	*31,392*	*+8,769*	
Employee benefits	**(2,785)**	**(2,993)**	**+208**	**-6.9%**
Net invested capital	**137,509**	**122,300**	**+15,209**	**+12.4%**
Held for sale non-financial assets and liabilities	-	-	-	-
Total	**137,509**	**122,300**	**+15,209**	**+12.4%**
Financed by:				
Equity	**88,810**	**85,487**	**3,323**	**3.9%**
Net financial position	**48,699**	**36,813**	**11,886**	**32.3%**
Debt/Equity Ratio	***0.55***	***0.43***		
Total	**137,509**	**122,300**	**+15,209**	**+12.4%**

Table 3: Balance Sheet - Summary Data

More specifically, **Net fixed assets** as at December 31st, 2015, amounted to € 98.9 million, up by € 4.9 million compared to the value of € 94.0 million as at December 31st, 2014. This change is essentially attributable to the dynamics of **Other intangible assets** and **Financial assets,** increasing by € 7.8 million and decreasing by € 1.6 million compared to December 31st, 2014. The increase in Other intangible assets was the result of investments in Research, Innovation and Development incurred by your Company, mainly attributable to the new broad-spectrum fungicide SDHi and the new biofumigant, which more than offset the amortisation for the period. The decrease in Financial assets was due to the buyback of shares by the Indian subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. in the first half of 2015, and the write-down following impairment testing of the investment in Isagro Colombia.

Net working capital as at December 31st, 2015 then amounted to € 41.4 million, up by € 10.1 million compared to € 31.3 million as at December 31st, 2014, mainly as a result of:

- an increase of € 8.3 million in **Inventories**, as a result of Isagro's decision to increase the levels of stock of strategic products – mainly for raw materials, semi-finished goods and copper-based and tetraconazole-based finished products – also in light of the low cost of money in relation to the profitability of those products;
- higher **Other current assets and liabilities** of € 1.2 million, mainly due to a higher tax credit on research for € 0.9 million.

- higher **Trade receivables** for € 0.8 million, as a result of higher sales.

The **Severance Indemnity Fund (S.I.F.)** amounted to € 2.8 million as at December 31st, 2015, substantially in line with the value of € 3.0 million as at December 31st, 2014.

As for funding, **Equity** as at December 31st, 2015 amounted to € 88.8 million, up by € 3.3 million compared to € 85.5 million as at December 31st, 2014, primarily due to profit for the period.

Your Company's **Net financial position** as at December 31st, 2015 thus amounted to € 48.7 million, up by € 11.9 million compared to € 36.8 million as at December 31st, 2014.
With regard to the breakdown of this item as at December 31st, 2015, note that medium/long-term debt amounted to € 25.6 million, increasing compared to € 17.0 million as at December 31st, 2014 mainly due to (i) new medium/long-term funding being obtained, partly offset by (ii) the early settlement in February 2015 to the EIB of € 7.4 million, the residual debt referring to the original tranche of € 10.0 million disbursed in May 2012.
These transactions were performed by the Company with a view to optimising the cost of medium/long-term borrowing and seeking greater alignment between the timing of the investments undertaken - particularly those relating to development of the new broad spectrum fungicide SDHi - and that of the sources of finance supporting these investments.

As a result, Net fixed assets as at December 31st, 2015 were fully covered by Equity, S.I.F. and medium/long-term Net financial debt.

In light of the above, the **debt/equity** ratio (i.e. the ratio between net financial position and equity) came to 0.55 compared to 0.43 as at December 31st, 2014.

Lastly, note that Isagro S.p.A., which concentrates most of the financial debts and investments of the Group, thus reporting a Net financial position at debt of € 47.2 million at consolidated level, had unused bank credit lines of various types amounting to around € 67 million as at December 31st, 2015.

MAIN FINANCIAL INDICATORS

The table below shows the key financial indicators of your Company:

	2015	2014
Average No. of shares in circulation * (000)	**38,675**	**31,014**
Basic earnings per share* (€)	**0.09**	**(0.17)**
Equity per share* (€)	**2.30**	**2.76**
R.O.E.	**3.8%**	**-6.3%**
R.O.I.	**2.8%**	**-4.2%**
Net financial position / EBITDA	**3.79**	**10.92**

*50,000 treasury shares not included

With reference to the key financial indicators, it is noted that the improvement in the net profit/(loss) for the year compared with 2014 led to a profit per share of € 0.09 compared to a negative value of € -0.17 last year. Consequently, an improvement was seen in the R.O.E. (Return on Equity or the net profit/(loss) to equity ratio) of 3.8%, compared to -6.3% in 2014, but at the same time an improvement in the R.O.I. (Return on Investment or the Operating result to net invested capital ratio), increasing from -4.2% in 2014 to 2.8% as at December 31st, 2015, as the combined effect of rise in the Operating result and the increase in invested capital.

The ratio between the Net financial position and EBITDA by contrast disclosed a considerable improvement on 2014, passing on the one hand from 10.92 to 3.79 as at December 31st, 2015, due to the increase of 32.3% in the NFP on the previous year, and on the other hand, a significant rise in EBITDA which amounted to € 12.85 million, compared to € 3.37 million in 2014.

RESEARCH AND DEVELOPMENT ACTIVITIES

A) RESEARCH AND INNOVATION

The research activities carried out by the Company 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 2016-2018. In particular, activities were 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.

B) PRODUCT DEVELOPMENT

The main development activities, carried out during 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.

Important results emerged for the product profile on various strategic crops in Brazil (soybeans, coffee, etc.), in Europe and in China, better clarifying the technical agronomic value compared with the standards of market competitors such as Syngenta, Bayer and BASF. For the purpose of a more accurate assessment of business prospects in Brazil, new field evaluation plans were drawn up, which began at the end of 2015. The results of these plans, expected in the first half of 2016, will be of crucial importance for updating the commercial development project.

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

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 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 combination dossier.

Tetraconazole - a broad spectrum fungicide

Activities were focused on the following projects:

- follow-up of the re-registration processes of formulations in Europe (STEP 2 of the European review process) and evaluation of the studies necessary for renewal of the active ingredient approval in the European Union;
- evaluation of studies for re-registration in the USA;
- 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, in the first half of the year, a major review of the use of tetraconazole and its mixtures (for cereals and grapevines) in Europe and (for soybeans) in Brazil was completed. For the latter, important elements emerged for long-term technical defence for their use for soybeans.

The new action plan starting at the end of 2015 was confirmed and planned, for the execution of the new technical and labelling positioning in Brazil in the 2015-2016 season.

The continuation of the plan for registration confirmation of tetraconazole and its mixtures in Europe is also planned.

Copper-based products

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

- follow-up of the re-registration processes of formulations in Europe (STEP 2 of the European review process);
- participation in the European Copper Task Force's preparation of the dossier for the renewal of copper salts approval in the European Union. The dossier was sent in July 2015;
- completion 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, 2015 saw the start of a valuation procedure to include Airone in the protection of soybeans in Brazil, with encouraging results. Based on these results, a plan to extend registration was developed, to be executed in the 2015-2016 season.

Biofumigant

With regard to the biofumigant, the following is noted:

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

Note that the Biofumigant has already obtained federal registration in the USA and that California is its main reference market.

Biostimulants

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

Microbiological products

Main activities:

- conclusion of the process of obtaining the certificate for the use of Tricoderma spp formulations in organic farming;
- evaluation of studies necessary for renewal of the active ingredient approval in the European Union and initial contacts to set up a task force to share costs and defence strategies.

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 2015, 33 new registrations were obtained, including 5 clones of copper-based products for the Italian market, final registration in China for Eminent, registration in Canada of Tamarak (the trade name for Siapton used in that country), for Tellus (Tricoderma spp-based) in France and in Greece and Airone WG in Switzerland. This was in addition to obtaining the Import Tolerance for Kiralaxyl (IR6141) in the USA for grapevines and tomatoes, which will contribute to the commercial development of that product.

SIGNIFICANT EVENTS IN 2015

A) 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 September 24th, 2015.

B) EARLY REPAYMENT OF THE E.I.B. LOAN COUNTER-GUARANTEED BY BNL AND UBI

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, 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.

C) INAUGURATION OF THE NEW NOVARA RESEARCH CENTRE

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

The NCR covers 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 production site), located in a traditional area for the chemical industry in Italy, i.e. the former Donegani Institute, which saw the emergence of so many new products with a fervour for innovation unique to the Italian industry's history.

D) 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.:

- acknowledged 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, with term of office until 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 Silvia Sartor (Independent Director); Daniela Mainini (Independent Director); and 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 Silvia Sartor, Daniela Mainini and Stavros Sionis as members of the Independent Directors Committee;
  - Director Stavros Sionis as Lead Independent Director;
- to form the Appointments and Remuneration Committee, appointing Independent Directors Adriana Silvia Sartor (Chairman) and Stavros Sionis as its members;
- to form the Risk and Control 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 Issuers' Regulation, the Board assessed the possession of independence requirements by the Directors Adriana Silvia Sartor, Daniela Mainini and Stavros Sionis, appointed as independent (from the list filed by the majority shareholder Holdisa S.r.l.).

E) INCORPORATION OF ISAGRO SINGAPORE

On October 8th, 2015, in line with the plan for development of the Group's commercial coverage of South East Asia, the company Isagro Singapore Pte. Ltd. was incorporated, fully owned by Isagro S.p.A.

F) FINALISATION OF TWO AGREEMENTS TO EXPLOIT INTELLECTUAL PROPERTY

In accordance with the strategy for larger exploitation of the Group's intellectual property (IP) through agreements with third parties, in December 2015, Isagro S.p.A. entered into two new agreements: one with FMC and the other with SumiAgro Europe Limited, with total proceeds of € 7 million, confirming that the value of Isagro's IP is only partially represented by its book values.

Therefore, in the period 2013-2015 proceeds from agreements to indirectly exploit Isagro's IP reached € 19 million, of which € 10 million in 2013 and € 9 million in 2014-2015, thus proving the validity of this new business line and confirming the potential of Isagro's IP.

SUBSEQUENT EVENTS TO DECEMBER 31ST, 2015

No significant events occurred between December 31st, 2015 and the date of this Report.

HUMAN RESOURCES

The actual workforce as at December 31st, 2015 of Isagro S.p.A. came to 299 employees, split into the following categories:

Number of employees	Dec. 31st, 2015	Dec. 31st, 2014	Difference
Executives	31	33	-2
Middle managers	71	68	+3
Office workers*	113	112	+1
Blue-collar	84	69	+15
Total	**299**	**282**	**+17**

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

The average workforce as at December 31st, 2015 increased by 3 employees compared while the actual workforce increased by 17 employees compared to 2014.

Specifically, as at December 31st, 2015, at Isagro S.p.A., for employees with unlimited-term contracts, 14 new resources were hired and 8 were terminated, while for employees with fixed-term contracts, there was an increase of 11 resources.

Moreover, for employees of Isagro S.p.A. with unlimited-term contracts, the following is noted:

- the strengthening of the Marketing & Sales and Business Development and Product Management units, with the introduction of new Sales Manager and Product Manager professional profiles as well as several new staff positions and factory personnel at the industrial facilities;
- the process of reorganisation and optimisation of the Isagro S.p.A. structure, which involved 8 resources in 2015, including 4 executives from the Milan offices, with the consequent termination of the employment relationship, and 4 non-management positions that were laid off.

With regard to the reorganisation project the two lay-off procedures which begun on November 29th, 2013 for the Adria, Aprilia and Bussi sul Tirino sites and the Milan offices, and on December 1st, 2014 for the Novara offices, respectively, were concluded on December 31st, 2015.

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

SELECTION AND TRAINING

In compliance with the matters envisaged by the annual plan implemented in all the operating units, training activities continued regarding Quality, Safety and Environment, learning foreign languages (specifically English and Spanish) and specific technical training for specialist professional skills.
It is noted that in 2015 a significant training programme begun, which involved 40 resources in the Novara and Milan offices, to “Promote a Project Management Culture”, in collaboration with the Milan Politecnico University, using the grant allocated with Fondimpresa to partially cover the cost. The programme will conclude in 2016.

As regards selection, an agreement was entered into with the professional social network “LinkedIn” to recruit specific professionals with highly specialised skills.

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

Since 2006, the Board of Directors of Isagro S.p.A. has adopted the Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 (hereinafter also the "Model") and appointed the Supervisory Body.

At the date of this Report, the Model is the version approved by the Board of Directors on November 12th, 2013. Nonetheless, in this regard, starting in the second half of 2015, the Company launched the activities for updating/supplementing the Model in relation to the new crimes recently introduced in the body of the Decree (environmental crimes and self-money laundering). They will be completed this month.

The updated version of the Model will be subject to the examination and approval of the Board of Directors of Isagro S.p.A. at its meeting on May 16th, 2016.

The Supervisory Body was appointed to monitor the operations and compliance with the Model, and to update it. The membership of this Body was partly renewed by resolution of the Board of Directors on May 5th and September 29th, 2015, with term of office expiring on approval of the financial statements as at December 31st, 2017.

CORPORATE GOVERNANCE CODE AND REPORT

Isagro S.p.A. adopted the Corporate Governance Code of listed companies (approved in March 2006 and most recently amended in July 2015) as its point of reference for an effective corporate governance structure. The new version of the Code was formally adopted with a resolution of the Board of Directors on August 4th, 2015.

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

LEGAL PROCEEDINGS

Caffaro S.r.l. (in receivership)

During the hearing held on May 19th, 2014, the parties reached a settlement agreement, which requires technical time for its completion. The Court therefore adjourned proceedings to the next hearing on September 22nd, 2014, 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 therefore again adjourned the proceedings until February 2nd, 2015. The parties therefore signed the settlement agreement by virtue of which they waived the legal redress to the statement of affairs and, therefore, they did not appear at the hearing held on February 2nd, 2015. Having ascertained the absence of the parties, the Judge once again adjourned the hearing until March 23rd, 2015, at which the parties did not appear. Therefore, Judge declared the striking off of the proceedings from the judicial roll and the dismissal of the case.

For the same receivable, a similar claim was filed against Snia S.p.A., also in receivership, as the sole shareholder of Caffaro and therefore jointly liable. As the Court of Milan rejected this claim, Isagro prepared and filed an appeal against the bankruptcy order, seeking admission of the proof of claim against Snia S.p.A.. The first hearing was fixed for September 27th, 2011. Based on the outcome of the

proceedings, with decree of December 13th, 2011, the Court of Milan rejected Isagro S.p.A.'s claim, considering the receivable as possible and future. Isagro therefore challenged the decision by filing an appeal before the Court of Cassation, for which a date to discuss the case is still pending.
Furthermore, it is considered that there are no obligations to bear the costs associated with reclamation of the Aprilia site as Isagro S.p.A. was not responsible for its pollution.

Gamma International S.r.l. insolvency
On December 23rd, 2014, Isagro S.p.A. applied to prove claims in the Gamma International S.r.l. bankruptcy proceedings and filed an application for the return of machinery loaned free-of-charge to the bankrupt company when the latter was still a going concern. The credit which Isagro S.p.A. 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 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 Isagro S.p.A.

Other
With reference to the other legal proceedings in progress, for which there are no significant updates to report, 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 Company. 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 of Isagro as at December 31st, 2015 reference is made to information given in the special section in the Explanatory Notes.

OBSERVATIONS ON THE FINANCIAL PROFILE AND THE GOING CONCERN

As at December 31st, 2015 Isagro disclosed a **debt/equity** ratio of 0.55 and Equity of € 88.8 million. Moreover, in 2015, through direct and Indirect exploitation of its Intellectual Property, your Company achieved levels of sales and EBITDA substantially sufficient for self-financing the entire requirement generated by its investment projects, excluding the financial needs relating to Working capital, which, follow more short-term opportunity logics and for which significant unused credit lines are available.
In 2015, Isagro S.p.A. redefined its banking system exposure by reducing the related financial charges, also partly replacing the short-term bank debt with medium/long-term loans.
Moreover, as illustrated, note that Isagro S.p.A., which pools most of the consolidated debt, had around € 67 million in bank credit facilities unused as at December 31st, 2015 that is for the most part represented by bill-discounting lines and advances on invoices, as well as financial lines.

While your Company announced in December 2015 that the 2014-2018 Business Plan should be considered exceeded, operational signals and internal work estimates confirm the expectations that the trend of gradual growth in sales will continue, both for direct sales and for proceeds deriving from agreements with third parties. At management level, the 2016-2020 Company Plans confirm the validity of a target of medium-term consolidated sales at € 200 million.

In light of the above, the financial statements as at December 31st, 2015 have been prepared on a going concern basis, since no significant uncertainties have come to light regarding the business outlook for the Company.

USE OF ESTIMATES

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

OUTLOOK FOR THE CURRENT YEAR

The exact evolution of operations of the Group that your Company belongs to in the current year will significantly depend on the weather conditions returning to normal and the scenario on the three markets of particular importance for Isagro, i.e. Brazil, Italy and the United States.
In the medium term, however, your Company confirms the target of consolidated sales of around € 200 million in the 2016-2020 Company Plans, based on the application of our Strategic Guidelines:

1. discovery of new molecules as the “basis” of our Business Model;
2. value extraction from our discovery and from other Intellectual Property, mostly through agreements with Third parties;
3. growth in the Biosolutions business;
4. opportunities development of off-patented products;
5. expansion of the global commercial organisation.

COMMENTS ON THE STOCK MARKET VALUE OF ISAGRO SHARES

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

1. the total market capitalisation of Isagro at March 14th, 2016, i.e., considering both the capitalisation of Ordinary Shares and that of Growth Shares, amounted to 36% of the book value of Equity as at December 31st, 2015, which, in turn, provides a lower value of the real net market value of your Company’s assets;
2. the average discount applied by the Market to the Growth Shares with respect to the Ordinary Shares, equal to 25% as at March 14th, 2016, in the opinion of your Company’s management is not justified from an economic/financial standpoint.

In relation to the above, the achievement of Isagro’s medium-term target of a level of consolidated sales of around € 200 million will allow the transfer of a large part of the “embedded” value in the financial statement assets to Income Statement results and cash flows.

With reference to the second point referred to at the start of this section, it should be recalled that Growth Shares, issued by Isagro in May 2014, are a new class of Special Shares, specially tailored for companies having a Controlling Subject (in Isagro's case, Piemme S.r.l.), that (i) in the absence of the voting right provide an extra-dividend with respect to Ordinary Shares (20% for Isagro), when a dividend for these shares is resolved, and (ii) envisage an innovative protection mechanism for the investor, according to which, if the Controlling Subject loses control, and in the event of any compulsory public offer (OPA), the Growth Shares are automatically converted into Ordinary Shares. Furthermore, Isagro Growth Shares are characterised by a free float amounting to around 13.7 million shares, compared with 11.3 million Ordinary Shares, which makes them more liquid than the latter.
For the above reasons, Isagro deems there are not rational justification, thus based on considerations of economic/financial order, for the existence of a spread to the detriment of Growth Shares.

PROPOSALS OF THE BOARD OF DIRECTORS

Dear Shareholders,
as illustrated in the financial statements, 2015 closed with a net profit of € 3,395,071. If you should agree with the criteria adopted, we hereby submit the financial statements as at December 31st, 2015 for your approval, together with the Directors' Management Report, and we propose you to allocate the profit for the year as follows:

- to the Legal reserve: € 169,754;
- to Shareholders: 2.5 Eurocents for each of the 24,499,960 Ordinary Shares (excluding treasury shares) for a total of € 612,499 and 3.0 Eurocents for each of the 14,174,919 Growth Shares, for a total of € 425,248. As a result, the total dividend amounts to € 1,037,747;
- to "Retained earnings": the remainder of € 2,187,570, to be posted, pursuant to article 24 of the By-Laws, in a specific Equity reserve.

The Board of Directors

Milan, March 14th, 2016

Attachment 1
RECLASSIFIED INCOME STATEMENT

(€ 000)	Year 2015	Year 2014	Differences	
Revenues from sales of products and services	**108,706**	**96,013**	**+12,693**	**+13.2%**
Other revenues and income	2,800	2,977	-177	
Consumption of materials and external services	(84,962)	(79,166)	-5,796	
Changes in inventories of products	5,621	3,322	+2,299	
Costs (capitalised) for internal work	3,001	2,942	+59	
Allocations to provisions for expenses and bad/ doubtful debt provisions	(747)	(574)	-173	
Labour costs	(20,338)	(19,899)	-439	
Provisions for bonuses	(1,230)	(1,073)	-157	
Non-recurring items	-	(1,170)	+1,170	
EBITDA	**12,851**	**3,372**	**+9,479**	**+281.1%**
% on Revenues	*11.8%*	*3.5%*		
Amortisation/Depreciation:				
- tangible assets	(3,004)	(3,015)	+11	
- intangible assets	(5,165)	(5,261)	+96	
-write-down of tangible and intangible assets	(797)	(215)	-582	
EBIT	**3,885**	**(5,119)**	**+9,004**	**N/S**
% on Revenues	*3.6%*	*-5.3%*		
Dividends from investments	1,247	1,124	+123	
Financial charges	(989)	(2,386)	+1,397	
Gains/losses on foreign exchange and derivatives	(1,116)	(257)	-859	
Gains/losses from investments	1,404	(38)	+1,442	
Pre-tax profit/(loss)	**4,431**	**(6,676)**	**+11,107**	**N/S**
Current tax and deferred tax liabilities	(1,036)	1,269	-2,305	
Net profit/(loss)	**3,395**	**(5,407)**	**8,802**	**N/S**

Attachment 2
RECLASSIFIED BALANCE SHEET

(€ 000)	Dec. 31, 2015	Dec. 31, 2014	Differences	
Net fixed assets				
Goodwill	1,631	1,631	-	
Other intangible assets	47,867	40,068	+7,799	
Tangible assets and investment property	19,697	19,815	-118	
Financial assets	20,206	21,786	-1,580	
Other medium/long term assets and liabilities	9,499	10,703	-1,204	
Total net fixed assets	**98,900**	**94,003**	**+4,897**	**+5.2%**
Net working capital				
Inventories	37,968	29,649	+8,319	
Trade receivables	33,465	32,702	+763	
Trade payables	(31,272)	(30,959)	-313	
Subtotal of Net Trade Working Capital	***40,161***	***31,392***	***+8,769***	
Current provisions	(1,382)	(1,471)	+89	
Other current assets and liabilities	2,615	1,369	+1,246	
Subtotal of Other assets and liabilities	***1,233***	***(102)***	***+1,335***	
Total net working capital	**41,394**	**31,290**	**+10,104**	**+32.4%**
Invested capital	**140,294**	**125,293**	**+15,001**	**+12.0%**
Employee Benefits	**(2,785)**	**(2,993)**	**+208**	
Net invested capital	**137,509**	**122,300**	**+15,209**	**+12.4%**
Held for sale non-financial assets and liabilities	**-**	**-**	**-**	
Total	**137,509**	**122,300**	**+15,209**	**+12.4%**
financed by:				
Equity				
Paid-in share capital	24,961	24,961	-	
Reserves and retained earnings	60,454	65,933	-5,479	
Profit/(loss)	3,395	(5,407)	+9,302	
Total equity	**88,810**	**85,487**	**+3,323**	**+3.9%**
Net financial position				
Medium/long term debts:				
- due to banks	25,457	19,632	+5,825	
- due to other lenders	186	248	-62	
- due to subsidiaries, associates and parent companies	-	-	-	
- other assets (liabilities) and derivatives	-	(2,875)	+2,875	
Total medium/long term debts	**25,643**	**17,005**	**+8,638**	**N/S**
Short-term debts:				
- due to banks	30,007	24,003	+6,004	
- due to other lenders	2,387	1,824	+563	
- due to subsidiaries, associates and parent companies	(3,218)	(2,596)	-622	
- other assets (liabilities) and derivatives	(14)	794	-808	
Total short-term debts	**29,162**	**24,025**	**+5,137**	**+21.4%**
Cash and cash equivalents	**(6,106)**	**(4,217)**	**-1,889**	**N/S**
Total net financial position	**48,699**	**36,813**	**+11,886**	**+32.3%**
Total	**137,509**	**122,300**	**+15,209**	**+12.4%**

Attachment 3
STATEMENT OF CASH FLOW

(€ 000)	2015	2014
Cash and cash equivalents (at January 1st)	**4,217**	**7,857**
Operating activities		
Net profit/(loss) from continuing operations	**3,395**	**(5,407)**
- Depreciation of tangible assets	3,004	3,015
- Amortisation of intangible assets	5,165	5,261
- Impairment of tangible and intangible assets	797	215
- Impairment of equity investments	551	38
- Provisions and transfers to provisions (including severance indemnity fund)	1,423	1,670
- Net capital losses on disposal of tangible and intangible assets	-	5
- Net capital gains from liquidation of subsidiaries and associates	(1,955)	-
- Dividends from subsidiaries and associates	(1,247)	(1,124)
- Net interest expenses towards financial institutes and leasing companies	1,123	2,606
- Financial charges (income) on derivatives:	2,946	1,467
- Income taxes	1,036	(1,269)
Cash flow from current operations	*16,238*	*6,477*
- (Increase)/decrease in trade receivables	(763)	4,414
- Increase in inventories	(8,319)	(3,332)
- Increase in trade payables	313	3,657
- Net change in other assets/liabilities	(401)	(1,241)
- Use of provisions (including severance indemnity fund)	(1,720)	(3,869)
- Net interest expenses towards financial institutes and leasing companies paid	(1,182)	(3,013)
- Financial flow from derivative instruments	(3,744)	(577)
- Collection of dividends from subsidiaries and associates	1,339	1,032
- Income taxes paid	(86)	(444)
Cash flow from operating activities	**1,675**	**3,105**
Investment activities		
- Investments in intangible assets	(14,457)	(9,551)
- Investments in tangible assets	(2,929)	(4,014)
- Sale price on disposal of tangible and intangible assets	-	5
- (Investment)/divestment in equity investments (including buy back)	2,965	(51)
Cash flow from/(for) investment activities	**(14,421)**	**(13,611)**
Financing activities		
- Contracting medium/long-term financial payables	27,500	7,318
- Repayment of medium/long-term financial payables	(16,957)	(3,861)
- Other changes in financial payables (current and non-current)	1,792	(24,452)
- (Increase)/decrease in financial receivables	2,300	(212)
- Payment from shareholders for share capital increase	-	28,074
Cash flow from financing activities	**14,635**	**6,866**
Cash flow for the period	**1,889**	**(3,640)**
Cash and cash equivalents (at December 31st)	**6,106**	**4,217**

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 Income Statement, provided in Annex 1, introduces in particular the significance of **EBITDA**, which in the 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 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", "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 (SIF)".

Lastly, in reference to the "Main indicators" section of this Report, note that:

- **Basic earnings per share** were calculated by dividing consolidated "Net profit/(loss) for the year" by the number of Isagro S.p.A. shares outstanding during the year, excluding treasury shares held by the issuer itself. The number of outstanding shares during 2015, excluding treasury shares was 38,674,879;
- **Equity per share** was calculated by dividing "Equity" by the number of Isagro S.p.A. shares outstanding, excluding treasury shares held by the issuer itself;
- **ROE (Return on Equity)** is the ratio of the "Net profit/loss" to "Equity" as at the end of the year;
- **ROI (Return on Investments)** is calculated by dividing "EBIT" by "Net invested capital";
- **Net financial position/EBITDA** is calculated by dividing the "Net financial position" at the end of the year by "EBITDA" for the period.

INFORMATION PURSUANT TO ARTICLE 36 OF CONSOB REGULATION 16191/2007

Pursuant to Article 2.6.2, subsection 12 of the Regulation on Markets organised and managed by Borsa Italiana S.p.A., Isagro S.p.A. declares that the requirements set forth under 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 16191/20077

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

INFORMATION PURSUANT TO ARTICLES 70 AND 71 OF CONSOB REGULATION 11971/99 (ISSUERS' REGULATION)

It is noted that, on September 25th, 2012, pursuant to article 3 of CONSOB Resolution no. 18079 of January 20th, 2012, the Board of Directors of Isagro S.p.A. resolved to apply the opt-out regime under articles 70, paragraph 8, and 71, paragraph 1-*bis* of the Issuers' Regulation. Isagro therefore availed of the option to derogate from the obligation to publish information documents required for significant mergers, spin-offs, share capital increases through contribution of assets in kind, acquisitions or disposals.

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

The Manager charged with preparing the company's financial reports, Mr. Ruggero Gambini, hereby certifies, pursuant to Article 154-*bis*, paragraph 2 of the Consolidated Law on Finance, that the financial information in this annual report as at December 31st, 2015 is consistent with the entries in the accounting books and records.

FINANCIAL STATEMENTS

- Balance Sheet
- Income Statement
- Statement of other Comprehensive Income
- Statement of Cash Flows
- Statement of Changes in Shareholders' Equity

BALANCE SHEET

(Euro)	Notes	Dec. 31, 2015	*of which Related Parties*	Dec. 31, 2014	*of which Related Parties*
NON-CURRENT ASSETS					
Tangible assets	1	19,697,346	-	19,814,769	-
Intangible assets	2	47,866,660	-	40,067,747	-
Goodwill	3	1,631,305	-	1,631,305	-
Equity investments	4	20,206,033	-	21,786,400	-
Non-current financial receivables and other financial assets	5	-	-	2,875,000	-
Non-current receivables and other assets	6	4,985,216	-	5,601,783	-
Deferred tax assets	7	5,925,581	-	6,730,870	-
TOTAL NON-CURRENT ASSETS		**100,312,141**		**98,507,874**	
CURRENT ASSETS					
Inventories	8	37,967,653	-	29,649,167	-
Trade receivables	9	33,465,372	*6,826,889*	32,701,649	*6,422,509*
Other current assets and other receivables	10	4,330,588	*917,614*	4,372,757	*1,123,578*
Tax receivables	11	2,458,569	-	1,752,455	-
Current financial receivables and other financial assets	12	3,224,888	*3,217,387*	2,595,925	*2,588,425*
Financial assets - derivatives	13	346,122	-	168,652	-
Cash and cash equivalents	14	6,106,468	-	4,217,154	-
TOTAL CURRENT ASSETS		**87,899,660**		**75,457,759**	
Asset disposals and/or assets held for sale		-		**-**	
TOTAL ASSETS		**188,211,801**		**173,965,633**	
SHAREHOLDERS' EQUITY					
Share capital		24,961,208		24,961,208	-
Reserves		58,456,048		58,469,150	-
Retained earnings and profit for the year		5,393,223		2,057,015	-
TOTAL SHAREHOLDERS' EQUITY	15	**88,810,479**		**85,487,373**	
NON-CURRENT LIABILITIES					
Non-current financial payables and other financial liabilities	16	25,642,687	-	19,880,504	-
Employee Benefits - Severance indemnity fund	17	2,784,537	-	2,992,838	-
Deferred tax liabilities	7	1,411,913	-	1,629,912	-
TOTAL NON-CURRENT LIABILITIES		**29,839,137**		**24,503,254**	
CURRENT LIABILITIES					
Current financial payables and other financial liabilities	16	32,393,298	-	25,826,455	-
Financial liabilities - derivatives	13	339,767	-	962,417	-
Trade payables	18	31,271,791	*4,281,259*	30,959,473	*5,597,479*
Current provisions	19	1,381,989	-	1,471,077	-
Other current liabilities and other payables	20	4,175,340	*550,734*	4,755,584	*363,325*
TOTAL CURRENT LIABILITIES		**69,562,185**		**63,975,006**	
Liabilities relating to asset disposals and/or assets held for sale		**-**		**-**	
TOTAL LIABILITIES		**99,401,322**		**88,478,260**	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**188,211,801**		**173,965,633**	

INCOME STATEMENT

(Euro)	Notes	**2015**	*of which Related Parties*	**2014**	*of which Related Parties*
Revenues	21	108,706,324	*21,753,223*	96,012,977	*21,305,345*
Other operating revenues	22	2,800,355	*832,975*	2,976,627	*1,031,006*
Total revenues		**111,506,679**		**98,989,604**	
Raw materials and consumables	23	(63,866,418)	*(13,066,163)*	(60,426,284)	*(9,266,861)*
Costs for services	24	(19,831,581)	*(3,301,075)*	(17,718,437)	*(2,127,993)*
Personnel costs	25	(21,567,795)	*(8,016)*	(20,971,254)	*(9,230)*
Other operating costs	26	(1,946,088)	*(477,745)*	(1,444,798)	*(188,734)*
Other non–recurring costs	27	-	-	(1,169,720)	-
Change in inventories of finished products and work in progress	28	5,555,626	-	3,170,828	-
Costs (capitalised) for internal work	29	3,001,286	-	2,941,815	-
EBITDA		**12,851,709**		**3,371,754**	
Amortisation/Depreciation:					
- Depreciation of tangible assets	30	(3,003,598)	-	(3,015,205)	-
- Amortisation of intangible assets	30	(5,165,463)	-	(5,260,932)	-
- Impairment of tangible and intangible assets	31	(797,688)	-	(214,676)	-
Operating result		**3,884,960**		**(5,119,059)**	
Net financial charges	32	(2,104,920)	*229,140*	(2,643,187)	*(46,467)*
Income from investments	33	2,650,776	*3,205,971*	1,086,278	*1,124,229*
Pre-tax profit/(loss)		**4,430,816**		**(6,675,968)**	
Income taxes	34	(1,035,745)	-	1,269,132	-
Profit/(loss) from continuing operations		**3,395,071**		**(5,406,836)**	
Net result from asset disposals and/or discontinued operations		-	-	-	-
Total profit/(loss)		**3,395,071**		**(5,406,836)**	

STATEMENT OF COMPREHENSIVE INCOME

(Euro)	Notes	2015	2014
Total profit/(loss)		**3,395,071**	**(5,406,836)**
Components that will not be later reclassified in the profit/(loss) for the year:			
Actuarial loss regarding defined-benefit plans		(81,642)	(119,265)
Income taxes		22,779	32,798
	15	(58,863)	(86,467)
Total		**(58,863)**	**(86,467)**
Other Comprehensive Income		**(58,863)**	**(86,467)**
Total other Comprehensive Income		**3,336,208**	**(5,493,303)**

STATEMENT OF CASH FLOWS

(Euro)	Notes	2015	2014
Cash and cash equivalents - opening balance	14	**4,217,154**	**7,857,177**
Operating activities			
Profit/(loss) for the year from continuing operations		**3,395,071**	**(5,406,836)**
- Depreciation of tangible assets	30	3,003,598	3,015,205
- Amortisation of intangible assets	30	5,165,463	5,260,932
- Impairment of tangible and intangible assets	31	797,688	214,676
- Impairment of equity investments	33	550,426	37,951
- Provisions and transfers to provisions (including severance indemnity fund)	17, 19	1,422,469	1,670,244
- Net capital losses on disposal of tangible and intangible assets	22, 26	279	4,938
- Net capital gains from buy backs of shares and liquidation of subsidiaries and associates	33	(1,954,425)	-
- Dividends from subsidiaries and associates	33	(1,246,778)	(1,124,229)
- Net interest expenses towards financial institutes and leasing companies	32	1,122,579	2,606,372
- Financial charges from derivatives	32	2,944,283	1,466,733
- Income taxes	34	1,035,745	(1,269,132)
Cash flow from current operations		*16,236,398*	*6,476,854*
- (Increase)/decrease in trade receivables	9	(763,723)	4,413,982
- Increase in inventories	8	(8,318,486)	(3,332,245)
- Increase in trade payables	18	312,318	3,657,136
- Net change in other assets/liabilities		(396,265)	(1,240,676)
- Uses of provisions (including severance indemnity fund)	17, 19	(1,719,858)	(3,868,546)
- Net interest expenses towards financial institutes and leasing companies paid		(1,182,357)	(3,012,565)
- Financial flow from derivative instruments		(3,744,403)	(577,449)
- Collection of dividends from subsidiaries and associates	33	1,339,178	1,031,829
- Income taxes paid		(86,272)	(443,809)
Cash flow from operating activities		**1,676,530**	**3,104,511**
Investment activities			
- Investments in intangible assets	2	(14,456,699)	(9,550,584)
- Investments in tangible assets	1	(2,930,492)	(4,014,047)
- Sale price on disposal of tangible and intangible assets		127	4,643
- (Investment)/divestment in equity investments	4	2,965,007	(50,926)
Cash flow from/(for) investment activities		**(14,422,057)**	**(13,610,914)**

Financing activities

	Note		
- Contracting of medium/long-term loans		27,500,000	7,317,916
- Repayment of medium/long-term loans		(16,957,470)	(3,860,854)
- Other changes in current financial payables		1,792,549	(24,452,240)
- (Increase)/decrease in financial receivables		2,299,762	(212,202)
- Payment from shareholders for share capital increase		-	28,073,760
Cash flow from financing activities		**14,634,841**	**6,866,380**
Cash flow from asset disposals or assets held for sale		**-**	**-**
Cash flow for the period		**1,889,314**	**(3,640,023)**
Cash and cash equivalents – closing balance	14	**6,106,468**	**4,217,154**

Statement of Changes in Shareholders’ Equity for 2014

(Euro)	Shareholders’ equity								
	Share capital issued	Reserves						Retained earnings and profit for the period	Total
		Share premium reserve	Legal reserve	Treasury shares	Merger surplus	Restricted reserves	Total		
Balance as at Dec 31st, 2013 - restated	17,550,000	23,969,715	3,510,000	(162,410)	10,199,527	2,515,798	40,032,630	5,034,519	62,617,149
Changes during the year:									
Loss for the year recognised in the income statement	-	-	-	-	-	-	-	(5,406,836)	(5,406,836)
Other Comprehensive Income	-	-	-	-	-	-	-	(86,467)	(86,467)
Total other Comprehensive Income	-	-	-	-	-	-	-	(5,493,303)	(5,493,303)
Movements between reserves	-	-	-	-	-	(2,515,798)	(2,515,798)	2,515,798	-
Share capital increase	7,411,208	20,952,319	-	-	-	-	20,952,319	-	28,363,527
Total changes during the year	7,411,208	20,952,319	-	-	-	(2,515,798)	18,436,521	(2,977,505)	22,870,224
Balance as at Dec 31st, 2014	24,961,208	44,922,034	3,510,000	(162,410)	10,199,527	-	58,469,151	2,057,014	85,487,373

Statement of Changes in Shareholders’ Equity for 2015

(Euro)	Shareholders’ equity							
	Share capital issued	Reserves					Retained earnings and profit for the period	Total
		Share premium reserve	Legal reserve	Treasury shares	Merger surplus	Total		
Balance as at Dec 31st, 2014	24,961,208	44,922,034	3,510,000	(162,410)	10,199,527	58,469,151	2,057,014	85,487,373
Changes during the year:								
Profit for the year recognised in the income statement	-	-	-	-	-	-	3,395,071	3,395,071
Other Comprehensive Income	-	-	-	-	-	-	(58,863)	(58,863)
Total Comprehensive Income	-	-	-	-	-	-	3,336,208	3,336,208
Other changes	-	(13,102)	-	-	-	(13,102)	-	(13,102)
Total changes during the year	-	(13,102)	-	-	-	(13,102)	3,336,208	3,323,106
Balance as at Dec 31st, 2015	24,961,208	44,908,932	3,510,000	(162,410)	10,199,527	58,456,049	5,393,222	88,810,479

EXPLANATORY NOTES

GENERAL INFORMATION

Information on the company
Isagro S.p.A. is a corporate body organised in accordance with the Italian Republic's legal system. The company is active in the research, management of intellectual property rights, development, manufacturing, marketing and sale worldwide of crop protection products. The Company's registered office is in Via Caldera 21, Milan, Italy.
Note that Isagro S.p.A. is listed on the STAR segment managed by Borsa Italiana S.p.A. and that, as parent, it has prepared the consolidated financial statements of the Isagro Group as at December 31st, 2015.

Publication of the financial statements
Isagro S.p.A.'s financial statements as at December 31st, 2015 were authorised for issue by the Board of Directors on March 14th, 2016.
Note that, pursuant to paragraph 17 of IAS 10, the Company's shareholders have the power to adjust the financial statements after their publication.

Compliance with IFRS
Isagro S.p.A.'s financial statements as at December 31st, 2015 were prepared in compliance with the International Financial Reporting Standards (IFRS) adopted by the European Union, and with the measures issued in implementation of article 9 of Italian Legislative Decree No. 38/2005. The international accounting standards approved by the European Commission as of the date of preparation of the financial statements are listed in note no. 45, to which reference should be made.

Basis of presentation
The 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. Current assets are those expected to be realised, sold or consumed during ordinary operations or in 12 months after the end of the year; current liabilities are those for which settlement is expected as part of ordinary operations or in the twelve months following year end;
- in the Income Statement, the analysis of the costs is carried out on the basis of their nature; please note the "EBITDA" aggregates that include all the revenue and cost components except for the amortisation and depreciation and impairments of tangible and intangible assets, the financial activity components and income taxes and "EBIT", which includes all cost and revenue components except financing activities and income taxes;
- the indirect method is used for the Statement of cash flows.

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 are presented in Euro, while the amounts reported in the explanatory notes are presented in thousands of Euro, unless otherwise indicated.

Going concern

The financial statements as at December 31st, 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 good performances achieved by the Company in 2015, the availability of bank credit facilities not yet used for a total of € 66.9 million (of which € 64.0 million relating to discount facilities and invoice advances), there are no significant uncertainties (as defined by IAS 1 §25) regarding the company's ability to continue as a going concern.
It is also noted that in 2015 the Company reported a net financial position which, though increasing on the previous year, was substantially balanced in relation to the equity and financial structure. This was due to the share capital increase carried out in 2014 as well as the contracting of new medium/long-term loans to supporting investment activities, with the resulting increase in the duration of financial debt.
The performance of the Basic Business in 2015 showed growth on the 2014 results, though still below the forecast figures. Conversely, with regard to Licensing activities, during 2015 proceeds were recognised for about € 7 million, € 3 million higher than the amount forecast in the plan. Also in consideration of this, the Directors believe that cash flows envisaged in the 2016–2020 Business Plans, although they represent forward-looking statements subject to uncertainty, are reasonable and feasible in the foreseeable future and are sufficient to allow management of the activity in a financial balance characteristic of a going concern.
What is described above is therefore considered adequate for mitigating the liquidity risk in the foreseeable future.

Changes in accounting standards

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

Accounting standards, amendments and interpretations applied as from January 1st, 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 Company's 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 venture. 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 amendments apply as from January 1st, 2015. The adoption of these improvements had no effect on the Company's financial statements.

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

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 separate financial statements are indicated below. These standards were not applied early by Isagro S.p.A.

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

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

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

- On December 17th, 2014, by means of Regulation No. 29/2015, the European Commission endorsed the amendment to IAS 19 Defined Benefit Plans: Employee Contributions which proposes presenting the contributions (relating to just the service provided by the employee during the year) made by employees or third parties to defined-benefit plans, reducing the service cost for the year in which this contribution is paid. The need for this proposal arose with the introduction of the new IAS 19 (2011), where it is deemed that these contributions should be interpreted as part of a post-employment benefit, rather than a short-term benefit and, therefore, that this contribution must be spread over the years of service of the employee.
  The amendments apply to accounting periods beginning on or after February 1st 2015 at the latest. The adoption of this amendment will not have any effect on the Company's financial statements.
- On November 23rd, 2015, with Regulation no. 2113/2015, the European Commission endorsed the amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture, which requires that bearer plants that produce annual crops be recorded in accordance with the requirements of IAS 16 (rather than those of IAS 41). This means that those assets must be measured at cost instead of at the fair value net of costs to sell (however, it is possible to use the revaluation method proposed by IAS 16). The changes proposed are restricted to plants used to seasonally produce fruit, not to be sold as living plants or subject to harvesting as agricultural products. These plants shall fall under the scope of IAS 16 also while they are reaching biological maturity, meaning until they are capable of producing agricultural products.
  The amendments will apply from January 1st, 2016, and early application is allowed. The adoption of this amendment will not have any effect on the Company's financial statements.
- On November 24th, 2015, with Regulation no. 2173/2015, the European Commission endorsed the amendments to IFRS 11 Joint Arrangements – Accounting for acquisitions of interests in joint operations, which regards the accounting for the acquisition of interests in a joint operation whose assets constitute a business as defined by IFRS 3. The amendments require that for these cases, criteria set forth by IFRS 3 and related to the recognition of the effects of a business combination be applied.
  The amendments will apply from January 1st, 2016, and early application is allowed. The adoption of this amendment will not have any effect on the Company's financial statements.
- On December 2nd, 2015, by means of Regulation No. 2231/2015, the European Commission endorsed certain amendments to IAS 16 - Property, plant and equipment and to IAS 38 - Intangible assets –

- Clarification of acceptable methods of depreciation and amortisation. The amendments to IAS 16 set out that revenue-based methods of depreciation are not appropriate due to the fact that, according to the amendments, revenues generated by a business which involves the use of an asset subject to depreciation generally reflect factors that differ from only consumption of the economic benefits embodied in the asset, a condition that, instead, is required for depreciation. The amendments to IAS 38 introduce the assumption that a revenue-based method of amortisation is not generally considered appropriate for the same reasons highlighted by the amendments to IAS 16. In the case of intangible assets, this presumption can also be overcome, but only under limited and specific circumstances.
  The amendments will apply from January 1st, 2016, and early application is allowed. The adoption of those amendments will not have any effect on the Company's financial statements.
- On December 15th, 2015, by means of Regulation No. 2343/2015, the European Commission endorsed certain improvements to the international accounting standards. The main amendments are indicated below:
  - IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. The amendment to the standard introduces specific guidance for cases in which an entity reclassifies an asset (or disposal group) from the held-for-sale category to held-for-distribution (or vice versa), or when the requirements for classifying an asset as held-for-distribution no longer apply. The amendments establish that (i) for these reclassifications the same classification and measurement criteria remain valid; (ii) the assets which no longer meet the classification criteria envisaged for held-for-distribution should be treated in the same way as an asset which ceases to be classified as held-for-sale;
  - IFRS 7 – Financial Instruments: Disclosure. The amendments discipline the introduction of additional guidelines to clarify whether a servicing contract represents a residual involvement in an asset transferred, for the purposes of the disclosure required in relation to transferred assets. Furthermore, it is clarified that the disclosure on the netting of financial assets and liabilities is not usually explicitly requested for interim financial statements, with the exception of significant information;
  - IAS 19 – Employee Benefits. The document introduces a number of amendments to IAS 19 for the purpose of clarifying that high quality corporate bonds used for determining the discount rate of post-employment benefits should be in the same currency used for payment of the benefits. The amendments specify that the basket of high quality corporate bonds market to be considered is that at currency level, not the country of the entity subject to reporting;
  - IAS 34 – Interim Financial Reporting. The document introduces amendments for the purpose of clarifying the requisites to be observed in the event that the disclosure required is presented in the interim financial report, but outside the interim financial statements. The amendment specifies that this disclosure should be included by means of cross-reference from the interim financial statements to other parts of the interim financial report and that this document is available to the intended audience of the financial statements in the same manner and as per the same timescales as the interim financial statements.

    The amendments will apply from January 1st, 2016, and early application is allowed. The adoption of these improvements will not have any effect on the Company's financial statements.
- On December 18th, 2015, by means of Regulation No. 2406/2015, the European Commission endorsed the amendment to IAS 1 - Disclosure Initiative. The amendments aim to provide clarification on

aspects of the disclosure that could be perceived as impediments to clear and intelligible preparation of financial statements. The amendments made are as follows:

- materiality and aggregation: clarifies that an entity should not obscure information by aggregating or disaggregating it, and that materiality considerations apply to the financial statements, explanatory notes and specific IFRS disclosure requirements. The document specifies that the disclosures specifically required under IFRSs must only be provided if the information is material;
- statement of financial position and statement of comprehensive income: clarifies that the list of items specified by IAS 1 for these statements must be disaggregated or aggregated as appropriate. Additional guidance has been added on the presentation of subtotals in these statements;
- presentation of items of Other Comprehensive Income (OCI): clarifies that the entity's share of the OCI of associates and joint ventures accounted for at equity must be presented as aggregated into a single item, in turn subdivided into elements subject (or not) to future reclassification to the income statement;
- explanatory notes: clarifies that entities have flexibility in defining the structure of the explanatory notes and provides guidance on systematic ordering of the notes, e.g.:
  i. giving a prominent position to those most significant to understanding the financial position (for example, by grouping together information on particular assets);
  ii. grouping together elements measured according to the same criterion (for example, assets measured at fair value);
  iii. following the order of elements presented in the statements.

The amendments introduced by the document must be applied as from the accounting periods beginning on or after January 1st, 2016, but early application is permitted. It is deemed that the adoption of this amendment will not have significant effects on aggregations of information currently used in the Company's financial statements.

- On December 18th, 2015, by means of Regulation No. 2441/2015, the European Commission endorsed the amendment to IAS 27 – Equity method in separate financial statements. The document introduces the option of using the equity method in the financial statements of an entity, for the measurement of the equity investment in subsidiaries, jointly-controlled companies and associates. Consequently, further to the introduction of the amendment, the entity may recognise these investments either
  - at cost; or
  - according to the matters envisaged by IFRS 9 (or by IAS 39); or
  - using the equity method.

The amendments will apply from January 1st, 2016, and early application is allowed. The adoption of this amendment will not have any effect on the Company's financial statements, as it measures its equity investments at cost.

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 permitted.

- 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, 2018, but early application is permitted.

- 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 the financial liabilities on the other hand, the main amendment made refers to the accounting treatment of the changes in fair value of a financial liability designated as a financial liability designated at fair value through the Income Statement, in the cases in which these changes are due to the change in the credit rating of the issuer of the liability itself. Under the new standard, these changes must be recognised in the statement of "Other Comprehensive Income" and no longer in the income statement. With reference to the "Impairment" model, the new standard requires that the estimate of the losses on receivables is made on the basis of the expected losses model (and not on the incurred losses model) using information which can be supported, available free of charge and without unreasonable efforts, which include historical, current and forecast data. The standard envisages that this impairment model applies to all financial instruments, or rather to financial instruments measured at amortised cost, those measured at fair value through other comprehensive income, receivables deriving from rental agreements and trade receivables. In conclusion, the standard introduces a new hedge accounting model for the purpose of adapting the requirements envisaged by the current IAS 39, which at times are considered too stringent and not suitable for reflecting the company's risk management policies. The main innovations of the document regard:

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

- On September 11th, 2014 the IASB published the amendment to **IFRS 10 and IAS 28 Sales or Contribution of Assets between an Investor and its Associate or Joint Venture.** The document was published for the purpose of settling the current conflict between IAS 28 and IFRS 10. In accordance with the matters envisaged by IAS 28, the gain or loss deriving from the disposal or transfer of a non-monetary asset to a joint venture or to an associate in exchange for a holding in the share capital of the latter is limited to the holding held in the joint venture or associate by the other investors extraneous to the transaction. By contrast, IFRS 10 envisages recognition of the entire gain or loss in the event of loss of control over a subsidiary, even if the entity retains a non-controlling interest, also including the sale or contribution of a subsidiary to a joint venture or an associate in this category. The amendments introduced envisage that in a disposal/conferral of an asset or of a subsidiary to a joint venture or to an associate, the extent of the gain or the loss to be recognised in the financial statements of the transferor/deliverer depends on the fact that the assets or the subsidiary company transferred/delivered represent or otherwise a business, in the sense envisaged by IFRS 3. In the event that the assets or the subsidiary transferred/delivered represents a business, the entity must recognise the gain or the loss on the entire holding previously owned; whilst, otherwise, the portion of gain or loss relating to the holding still held by the entity must be eliminated. The amendments will apply from January 1st, 2016, and early application is allowed.
- 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.
- On January 13th, 2016 the IASB published **IFRS 16 – Leases,** which is set to replace IAS 17 – Leases, as well as the interpretations IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating leases – Incentives and SIC-27 Evaluating the substance of transactions involving the legal form of a lease. The standard provides a new definition of lease and introduces a criterion based on control (right of use) over an asset to distinguish lease contracts from services contracts, identifying the following discriminating factors: identification of the asset, the substantive right of substitution of

the asset, the substantive right to economically benefit from use of the asset and the right to oversee the use of the underlying asset of the contract. The standard introduces a single lessee accounting model for recognition and valuation of lease contracts, which requires the recognition of the asset leased, also under operating lease, with a balancing entry of financial debt. It is also possible not to recognise contracts pertaining to “low-value assets” and leases with a contract duration equal to or less than 12 months as leases. On the contrary, the standard does not include significant changes for lessors.

This standard will apply from January 1st, 2019, but early application is permitted only for companies which implemented early application of IFRS 15 - Revenue from Contracts with Customers.

Uncertainty in the use of estimates

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

In 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.

Bad debt provision

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

Inventory write-down provision

The allowance for inventory obsolescence reflects management’s estimate of impairment losses expected from the Company, based on both historical experience and the expected trend in prices for crop protection products during 2016, particularly for those products whose realisable value is linked to the commodity prices.

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

Intangible assets under development and goodwill

Intangible assets not yet available for use essentially refer to registration expenses incurred for authorisations to sell formulations relating to the Company’s major proprietary products and development expenditure for new products (see note no. 2). Around 49% of this item, which amounts to approximately € 25.9 million, regards the co-development of a new fungicide named SDHi.

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

Therefore, in measuring the recoverability of this financial statement item, which involves discounting the cash flows expected from the sale of the related products, impairment testing is also conducted on the value of the active ingredients not yet amortised and posted in the financial statements for the products IR6141 and SDHi, for € 2.7 million and € 12.7 million, respectively.

The Directors, as a result of the tests carried out, based on estimated cash flows reflected in the 2016-2020 Business Plans, did not deem it necessary to recognise any further impairment losses pursuant to IAS 36,

regarding the Company's major assets. The impairment losses posted to the financial statements amounted to € 754 thousand. These comprise € 98 thousand for the reversal of costs relating to authorisations to sell being obtained in countries deemed no longer strategic or whose continuation was judged not cost-effective for the Company, and € 656 thousand for the reversal of the residual value of the rights to develop Novaluron-based mixtures, for which, in light of the technical results of the laboratory and field tests, it was deemed that neither the technical nor economic conditions were in place to continue developing said mixtures.
With regard to goodwill, note that the financial statement item refers mainly to the CGUs "Copper" and "Formulations". In this regard, management has developed additional analyses to verify the recoverability of the goodwill. The considerations set out are described in note no. 3.
Also for goodwill, the Directors, as a result of the test carried out, based on estimated cash flows reflected in the 2016-2020 Business Plans, did not deem it necessary to recognise any impairment losses.
Note that the calculation of the recoverable value of intangible assets not yet available for use and of goodwill calls for management's discretion and the use of estimates, particularly as regards calculation of the interest rate (WACC) used to discount future cash flows, also as the benchmark rates of the financial markets are strongly erratic and fluctuating. Furthermore, the recoverability of these amounts is subject to the fulfilment of the Company's 2016 - 2020 Business Plans, also influenced by external variables beyond the Group's control (in particular, climatic conditions and the time necessary to obtain the authorisations to sell the new products). Consequently it cannot be excluded that the future trend in various factors, including developments in the difficult global economic and financial context, might call for a write-down of these items of the financial statements. The Company's management will continuously monitor the circumstances and events that could bring about such a result.

Equity investments

Equity investments in subsidiaries and associates, for which considerable use is made of estimates to determine any write-downs or recoveries, were carefully analysed by Company management to identify possible impairment, especially given the current global economic and financial crisis. As a result of the impairment test, it was necessary to write-down the equity investment in the subsidiary Isagro Colombia S.A.S. for € 500 thousand.

Deferred tax assets

As at December 31st, 2015, the Company's financial statements recognised deferred tax assets for unused tax losses carried forward amounting to approximately € 4.6 million. In recording and assessing the recoverability of these deferred tax assets, the Company's budgets and plans, for which the Directors believe that the taxable income that will be generated in the forthcoming years are reasonably feasible and will be such as to allow 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 may raise doubts about the timing and methods predicted in the 2016–2020 Business Plans concerning the recoverability of these financial statement items. The Company management will continuously monitor the circumstances and events that could bring about such a result.

VALUATION CRITERIA

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

Tangible assets

Tangible assets, which can be stated in the financial statements as assets if, and only if, it is probable that the future economic benefits associated with them will flow to the company and if their cost can be reliably determined, are recorded at historical cost and stated in the financial statements net of the related accumulated depreciation and any losses in value.
In detail, the cost of a tangible asset, acquired from third parties or constructed on a time and material basis, includes directly attributable charges and all the costs necessary for bring the assets onto stream for the use for which they were acquired. If the payment for the purchase of the asset is deferred beyond the normal credit terms, its cost is represented by the equivalent cash price.
The opening value of the asset is increased by the current value of any costs for the demolition and removal of the assets or restoration of the site where the asset is located, if a legal or implicit obligation in this sense exists. Therefore a liability will be recorded for a risk provision against this capitalised charge.
Maintenance and repair costs are not capitalised, but are recorded in the income statement in the period they pertain to.
Costs incurred after initial recognition – improvements, modernisation and expansion costs, etc.– are recognised as assets if, and only if, it is probable that future economic benefits associated with them will flow to the company and they result in identifiable assets or if they concern expenditures aimed at extending the asset's useful life or increase its productive capacity, or even improve the quality of the products obtained by the asset. If these expenses qualify as maintenance costs, they will be recognised in profit or loss as incurred.
Depreciation begins when the asset is available for use and is calculated on a straight-line basis with reference to the asset's estimated useful life. The useful life generally assigned to the various categories of assets is as follows:

- industrial buildings: 19 to 20 years
- plant and machinery: 6 to 12 years
- equipment: 3 to 7 years
- other assets: 5 to 9 years.

Land, which as a rule has an unlimited useful life, is not depreciated.
Spare parts and small items of equipment for maintenance are recognised as inventories and recorded at cost at the time they are used. Nevertheless, spare parts worth significant amounts and equipment provided which is available in stock (stand-by equipment) are recognised as fixed assets when they are expected to be used for more than one accounting period.

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

Investment property

Investment properties are properties held for the purpose of generating lease revenues or in view of the appreciation of the invested capital. Such an investment is recognised at cost, inclusive of any transaction costs, and is recognised in the financial statements net of the related accumulated depreciation and any impairment.
The land and buildings acquired through business combinations are recognised at market value, normally determined by an expert appraisal.

Intangible assets

Intangible assets, which can be capitalised only if they are identifiable assets which will generate future economic benefits, are initially recognised in the financial statements at purchase cost, increased by any additional charges and those direct costs necessary for preparing the asset for its use. However, assets acquired in a business combination are recognised at their acquisition-date fair value.
Assets created internally, with the exception of development costs and expenses incurred in obtaining the authorisations to market crop protection products, are not recorded as intangible assets. Development activities involve the conversion of research inventions and other knowledge in a well-defined plan for the production of new materials, products or processes.
The cost of an intangible asset created internally includes all the directly attributable costs necessary for creating, producing and preparing the asset so that it is able to operate in the manner agreed upon by company management. With regard to the capitalisation of any financial charges associated with intangible assets, reference should be made to the description later in this report under the related measurement criterion.
After initial statement, these assets are recorded in the financial statements at cost net of the total amortisation charges, calculated on a straight-line basis with reference to the estimated useful life of the asset and the accumulated losses due to impairment. However, if an intangible asset has an unspecified useful life it is not amortised, but periodically subject to adequacy analysis for the purpose of stating any impairment.
The useful life generally assigned to the various categories of assets with a specified useful life is as follows:

- concessions and licences:	5 to 10 years
- development costs of new products:	5 to 15 years

- authorisations to sell (registrations of) crop protection products:	term of the concession
- product know-how:	15 years
- process know-how:	5 years
- trademarks:	5 to 10 years
- patents:	term of the legal protection
- other assets (software):	5 years

Amortisation commences when the assets are available for use, or when they are in a position and in the condition necessary in order to operate in the manner agreed upon by company management.

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

Product research, development and registration costs

Research costs for the ordinary protection of products and production processes, and the costs for innovative research, are recognised in the income statement in the period when they are incurred.

Development costs, recorded in the financial statements under intangible assets, refer to projects for the development of new proprietary products (active ingredients), new formulations and new production processes.

When the development project is concluded, and results in a process available for economic use, or in a product know-how, the related expenditure is reclassified to "product know-how" or "process know-how" and amortised on a straight line basis over its estimated useful life, which shall not exceed 15 years. The conclusion of the development process of new proprietary products (active ingredients) coincides with the obtaining of a statement of completeness (the "completeness check") from the competent authority.

Product registration costs reflect internal and external costs incurred to obtain or renew the authorisation from the different local authorities to market the products deriving from the development activities and /or to extend such authorisations to other crops or to other uses of the product. These costs are registered as intangible assets under "assets under development" until an authorisation to market is obtained, and they are then reclassified under "Registrations" and amortised based on the term of the concession, which may be for a maximum of ten years.

Until the development activities, and/or the registration activities for any resulting products, are completed, the main projects underway will be tested for impairment at least annually, in accordance with the methods described in the notes, recognising in profit or loss any excess in the book value.

These costs also include the expenses for "extraordinary protection", incurred in order to increase the useful life, i.e. the marketing period, of products already existing in the market and thus capable of generating future economic benefits higher than the level of return originally attributed to the product underlying the development activity. These costs are normally amortised over a period of a minimum 5 years to a maximum 15 years, based on the estimated product lifecycle.

Goodwill

Goodwill acquired following a buy-out/business combination is initially recognised at cost, since it represents the excess of the purchase cost with respect to the portion of the net fair value pertaining to the purchaser referring to the identifiable values of the current and potential assets and liabilities. After initial recognition, the goodwill is valued at cost, and decreased only by any accumulated losses in value. In fact, goodwill is not amortised, but impairment testing is performed at least annually. Any impairment is recognised to the Income Statement and any surplus to the balance sheet.

Impairment of tangible, intangible and financial assets

Each time the financial statements for the year are drawn up, the Company reviews the book value of its tangible and intangible assets to check whether there are any indications that these assets have sustained reductions in value. The recoverable value is calculated for each asset where possible, or an estimate is made of the recoverable value of the cash generating unit to which the asset refers. In particular, the recoverable value is the fair value net of the sales costs and the value in use, whichever is higher, where for the latter the cash flows are estimated based on the value discounted at a specific rate of the future cash flows referring to the asset, or to the cash generating unit to which it belongs.

If the recoverable amount of an asset (or a cash generating unit) is lower than its book value, the latter is reduced to the lesser recoverable value. The impairment is immediately entered into the Income Statement.

Afterwards, if the impairment of an asset no longer holds or is reduced, the book value of the asset is increased until the new estimate of the recoverable value (which cannot exceed the value that would have been determined had no loss due to reduction of value been entered). Reversing of an impairment loss is immediately entered into the income statement.

Based on what is set out above, the assets and cash generating units (CGUs) representing the smallest identifiable group of assets able to generate largely independent cash in were identified in the financial statements. Goodwill was unfailingly allocated to the cash generating units from which benefits connected with the business combinations that generated them are expected. The CGUs were identified with the same criteria as last year.

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

Cash Generating Units	Assets with a definite useful life			Assets with an indefinite useful life	TOTAL
	Tangible assets	Intangible assets		Goodwill	
		not yet available for use	available for use		
Kiralaxyl (IR 6141)	-	2,655	9,859	-	12,514
Tetraconazole	3,244	3,870	3,707	-	10,821
Biological products	806	674	1,551	510	3,541
Copper	4,501	2,959	1,394	464	9,318
SDHi (IR 9792)	-	12,673	291	-	12,964
Pyrethroids	-	521	855	-	1,376
Fumigants	-	2,527	2,682	-	5,209
Formulations	4,953	-	268	657	5,878
	13,504	**25,879**	**20,607**	**1,631**	**61,621**

Therefore, the Company subjected Intangible Assets totalling € 48,117 thousand (including Goodwill) out of a total of € 49,498 thousand (including Goodwill) with about 97% hedging to impairment testing.
The Company also performance an impairment test on the investment held in Isagro Colombia.

Joint arrangements: joint operations and joint ventures
When one or more investors collectively control an entity subject to investment, having to operate together to carry out the significant activities, since no investor can carry out the activities without the involvement of the others, it follows that no investor alone controls of the entity subject to investment. In this case, the recognition by the Company of its holding in the entity is carried out on the basis of the matters laid down by IFRS 11 – *Joint arrangements*.
A joint arrangement is present when in a contractual agreement between two or more parties the sharing of the control is assigned to the same, control which only exists when the unanimous consent of all the parties which share the control is required for the decisions relating to the significant activities.
A joint arrangement can be a "joint operation" (or jointly-controlled activities) or a "joint venture".
A "joint operation" (or jointly-controlled activities) is a joint operation in which the parties which hold the joint control have the right on the activities and obligations for the liabilities relating to the arrangement. In this case, in the separate financial statements, the agreement is recorded, line by line in the Group's Income Statement and Statement of Financial Position, on the basis of the percentage of the assets, the liabilities, the costs and the revenues pertaining to said Company, understood as the joint manager of the agreement, and the reciprocal intercompany transactions outstanding between the joint manager and the joint operation are eliminated.
By contrast, a "joint venture" is a joint operation in which the parties which hold the joint control have the right on the net assets of the arrangement. In this case, the Company recognises its holding in the joint venture as an equity investment, recorded at cost in accordance with IAS 27 §10.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised at cost.
In accordance with IFRS 10, a company is considered to be a subsidiary when the investor is exposed to variable returns (or holds rights on said returns) deriving from its relationship with the company and at the same time has the ability to draw on these returns, exercising its power over the company. An investor has power over an entity subject to investment when it holds valid rights which grant it the current capacity to manage the significant activities, or the activities which have a significant effect on the returns of the assets subject to investment.
An associate is a company over which the Company exercises considerable influence, understood as the power to take part in the determination of the financial and operating policies of the investee, without having control or joint control over the same. The presence of significance influence is presumed when the Company holds, directly or indirectly, 20% or more of the votes which can be exercised during the shareholders' meeting of the investee company, unless the contrary cannot be clearly demonstrated.
The book value of equity investments assets is subject to an impairment test so as to detect any losses in value when events or changed circumstances indicate that the book value exceeds the estimated realizable value: in this event, the equity investments are written down to reflect the latter value, which coincides with the net sales price of the asset or its value in use, whichever is higher.

Financial assets

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

Financial assets held for trading

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

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

Investments held to maturity

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

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

Loans receivable

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

Available-for-sale financial assets

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

After initial recognition, these assets are recognised at fair value using the method described for the "Financial assets held for trading" and the gains or losses are recorded as "Other comprehensive income statement components" until they are sold or it is assessed that they have suffered impairment: in this case, the gains and losses accumulated as at that moment are posted to the separate income statement.

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

Inventories

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

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

The cost of the inventories includes the purchase costs, conversion costs and other costs incurred in order for the inventories to reach their current location and conditions.
The method used for determining the cost of the inventories is the weighted average cost, inclusive of the opening inventories.

Trade and other receivables

Trade and other receivables are initially recognised at cost, i.e. the fair value of the amount received during the transaction. Subsequently, the receivables which have a pre-established maturity are valued at amortised cost, using the effective interest rate method, while receivables without a fixed maturity are valued at cost.
Short-term receivables without a stated interest rate and with maturity within normal trade terms are measured at their original value. The fair value of the long-term receivables is established by discounting back future cash flows: the discount is recorded as financial income over the duration of the receivable until maturity.
Receivables are stated in the financial statements net of allowances for losses in value. These provisions are made when there is an objective evidence (such as the probability of default or the borrower's financial difficulty) that the Company will be unable to recover all the amounts due based on the original terms of sale. The book value of the receivable is decreased through use of a specific fund. The receivables which are subject to impairment are reversed when they become uncollectible.

Cash and cash equivalents

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

Trade and other payables

Trade and other payables are initially measured at cost, i.e. the fair value of the consideration transferred in the transaction. Subsequently, the payables which have a pre-established maturity are valued at amortised cost, using the effective interest rate method, while payables without a fixed maturity are valued at cost.
Short-term payables without a stated interest rate and with maturity within normal trade terms are measured at their original value. The fair value of the long-term payables is established by discounting back future cash flows: the discount is recorded as a financial charge over the duration of the payable until maturity.

Loans payable

Loans payable are initially measured at cost, i.e. the fair value of the consideration received less any directly attributable transaction costs.

After initial statement, loans are valued using the amortised cost approach, applying the effective interest rate method.

Conversion of foreign currency balances

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

Provisions for risks and charges

Provisions for risks and charges, which include liabilities whose timing and extent are unknown, are provided when:

- there is a current obligation (legal or implicit) which is the result of a past event;
- it is probable that an outlay of resources will be necessary to meet the obligation;
- a reliable estimate can be made of the amount of the obligation.

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

Employee benefits

Benefits after the termination of the employment relationship are established on the basis of plans which, in relation to their characteristics, are separated into defined-contribution plans and defined benefit plans.
With regard to defined-contribution plans, the company’s obligation is limited to the payment of the contributions agreed with the employees and is determined on the basis of the contributions due at period end, less any amounts already paid.
The amount recorded as net liability (or asset) in the defined-benefits plans is determined by using the “Projected unit credit method” actuarial technique, and it is equal to: (a) the current value of the defined-

benefits obligation as at the financial statement reference date; (b) plus any actuarial gains (less any actuarial losses); (c) less any social security costs relating to past work services not yet recorded; (d) less the fair value as of the financial statement reference date of the assets serving the plan (if they exist) beyond which the obligations must be directly discharged. The actuarial profits and losses coming from re-measurement of the assets and liabilities following the change in the financial actuarial and/or demographic assumptions, and the yield of the assets serving the plan (except for the amounts included in the net interest), are recognised under "Other Comprehensive Income" and are directly reflected in the "Retained earnings" without subsequent reclassification to the "Profit/(loss) for the year" items.
The cost recorded under the "Profit/(loss) for the year" is the same as the algebraic mean of the following elements in the defined-benefits plans: (a) the social security costs relating to the current employment services; (b) the net interest deriving from the increase in the liability consequent to the passage of time; (c) the social security costs relating to the past employment services; (d) the effect of any reductions or discharges of the plan.
Until December 31st, 2006, the severance indemnity fund of the Company was considered as a defined-benefit plan. This was amended by Law No. 296 of December 27th, 2006 ("Finance Law 2007") and subsequent Decrees and Regulations which were issued in the first few months of 2007. In light of these amendments, this is now considered a defined-benefit plan only insofar as the amounts which matured until January 1st, 2007 (and which have not been settled on the balance sheet date), while after this date it is considered a defined contribution plan.

Leases

Finance leases, which transfer substantially to the Company all risks and rewards incidental to ownership of the leased asset, imply the recognition of assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Rentals are split between capital amount and interest amount, so to obtain the application of a consistent interest rate on the residual balance of the debt (capital amount). Any financial charges are recognised in the income statement.
The leased asset is then amortised according to criteria similar to those used for proprietary assets.
Those leasing agreements where, on the contrary, the lessor essentially maintains all the specific risks and benefits of the asset, are classified under operating leases. Any payments related to these agreements are recognised in the income statement.

Revenues

Revenues are valued at the current value of the amount received or due. Revenue is recognised to the extent that it is probable that economic benefits will flow to the Company and the related amount can be measured reliably.
Sale of goods
Revenue is recognised when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods and retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

Provision of services

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

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

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

Interest

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

Royalties

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

Dividends

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

Government grants

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

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

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

Financial charges

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

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

Costs for the purchase of goods and the provision of services

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

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

Current taxes are calculated on the basis of a realistic forecast of the tax liabilities to be paid, in accordance with tax legislation in force and are stated in the item "Tax payables" net of the advances paid.
If the advances paid and any credits from previous accounting periods are greater than the taxes payable, the net receivable due from the tax authorities is recorded under the item "Tax receivables."
The Company recognises deferred tax assets and liabilities for temporary differences between the book value of assets and liabilities in the balance sheet and their tax bases.
Specifically, a deferred tax liability is recorded for all taxable temporary differences, save when such liability derives from the original recognition of the goodwill. This liability is stated in the financial statements under the item "Deferred tax liabilities". Conversely, a deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that a taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is also recorded in the presence of tax losses or tax credits carried forward, to the extent that it is probable that sufficient future assessable income will be available. These assets are stated in the financial statements under the item "Deferred tax assets."
The value to be stated in the financial statements for deferred tax assets is reviewed at the end of each accounting period and is reduced to the extent that it is no longer probable that sufficient income for tax purposes will be available in the future for this tax credit to be used.
Deferred tax assets and liabilities must be calculated using the tax rates which are expected to be applicable in the period when the asset will be generated or the liability discharged, on the basis of current tax rates or those effectively in force as at the period end date.
Current tax and deferred tax are recorded in the income statement as a charge or as income for the period. However, current tax and deferred tax must be debited or credited directly in the shareholders' equity or in the statement of comprehensive income if they related to items recorded directly in these items.

Cancellation of a financial asset

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

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

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

effectiveness tests are therefore conducted on these transactions to verify that the risks and rewards have been substantially transferred.

Derivatives

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

- at the start of the hedge, formal documentation must exist of the hedging relationship and the company's risk management objectives and strategy for carrying out the hedge;
- at the start of the hedge, the efficacy of obtaining the offsetting of the changes in the fair value or in the cash flows attributable to the hedged risk, must be ascertained;
- the efficacy of the hedge must be assessed on the basis of recurrent criteria and the derivative instrument must be highly effective for its entire duration.

For the purposes of accounting, hedging transactions are classified as "fair value hedges" if they hedge exposure to changes in fair value of the underlying asset or liability; or as "cash flow hedges" if they hedge exposure to variability in cash flows deriving from both an existing asset or liability or from a future transaction.
With regard to fair value hedges, the gains and losses deriving from the re-determination of the market value of the derivative instrument are booked to the income statement.
With regard to cash flows hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in "Other Comprehensive Income", while any ineffective portion is recognised immediately in profit or loss. In the event that the hedged item is a firm commitment giving rise to an asset or liability, the initial book value of the asset or liability that results from the entity meeting the firm commitment is adjusted to include the cumulative change in fair value recognised in equity. With regard to all the other cash flow hedges, the gain or loss recognised in equity is transferred to profit or loss in the same period during which the hedged transaction affects profit or loss.
If a derivative financial instrument is acquired for hedging purposes and not speculative ones, but does not qualify for hedge accounting, the gains or losses on changes in its fair value must be recognised in the separate income statement.

INFORMATION ON THE STATEMENT OF FINANCIAL POSITION

1. Tangible assets – 19,697

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

Breakdown	Dec. 31, 2014			Change	Dec. 31, 2015		
	Historical cost	Accum. depreciation	Book value		Historical cost	Accum. depreciation	Book value
Land	1,053	-	1,053	-	1,053	-	1,053
Industrial Buildings:							
- owned assets	13,380	(6,786)	6,594	1,715	15,920	(7,611)	8,309
- leasehold improvements	453	(410)	43	(43)	-	-	-
	13,833	(7,196)	6,637	1,672	15,920	(7,611)	8,309
Plant and machinery:							
- owned assets	29,408	(20,962)	8,446	(779)	30,308	(22,641)	7,667
- capital grants	(357)	357	-	-	(357)	357	-
- leased assets	392	(130)	262	(56)	392	(186)	206
	29,443	(20,735)	8,708	(835)	30,343	(22,470)	7,873
Industrial and commercial equipment:							
- owned assets	4,331	(3,927)	404	150	4,655	(4,101)	554
- leased assets	353	(8)	345	(51)	353	(59)	294
	4,684	(3,935)	749	99	5,008	(4,160)	848
Other assets:							
- furniture and fittings	992	(849)	143	93	1,028	(792)	236
- motor vehicles	38	(35)	3	(3)	38	(38)	-
- data processors	2,393	(2,093)	300	114	2,506	(2,092)	414
	3,423	(2,977)	446	204	3,572	(2,922)	650
Assets under development and payments on account							
- owned assets	2,222	-	2,222	(1,258)	964	-	964
Total	**54,658**	**(34,843)**	**19,815**	**(118)**	**56,860**	**(37,163)**	**19,697**

Changes for the year	Purchases	Reclassifications (hist. cost)	Disposals	Depreciation/ Write-downs (*)	Use acc. depr.	Total change
Land	-	-	-	-	-	-
Industrial Buildings:						
- owned assets	1,001	1,539	-	(825)	-	1,715
- leasehold improvements	-	-	-	(43)	-	(43)
	1,001	1,539	-	(868)	-	1,672
Plant and machinery:						
- owned assets	608	329	(37)	(1,716)	37	(779)
- leased assets	-	-	-	(56)	-	(56)
	608	329	(37)	(1,772)	37	(835)
Industrial and commercial equipment:						
- owned assets	217	124	(17)	(191)	17	150
- leased assets	-	-	-	(51)	-	(51)
	217	124	(17)	(242)	17	99
Other assets:						
- furniture and fittings	114	16	(94)	(37)	94	93
- motor vehicles	-	-	-	(3)	-	(3)
- data processors	180	59	(126)	(125)	126	114
	294	75	(220)	(165)	220	204
Assets under development and payments on account						
- owned assets	809	(2,067)	-	-	-	(1,258)
	809	(2,067)	-	-	-	(1,258)
Total	**2,929**	**-**	**(274)**	**(3,047)**	**274**	**(118)**

(*) made up of € 3,004 thousand regarding depreciation and € 43 thousand regarding impairment write-downs

The main changes during the year are attributable to the completion of the restructuring works on the Novara Research Center buildings. The conclusion of the project led to an increase in the historic cost of the item “industrial buildings” for € 2,236 thousand, of the item “Industrial and commercial equipment” for € 201 thousand and the item “Furniture and fittings” for € 105 thousand. As at December 31st, 2014 that investment was posted under “Assets under development” for € 1,625 thousand.

As a result of the aforementioned works, a number of research departments, previously housed in third-party premises, were transferred to the Isagro-owned properties in the first few months of 2015.

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 € 43 thousand.

Other changes during the year essentially regarded:

- the completion of investments to increase plant efficiency and the level of safety of the Adria and Aprilia production sites; the conclusion of these projects led to an increase in the historic cost of the item “industrial buildings” for € 298 thousand and of the item “Plant and machinery” for € 756 thousand. As at December 31st, 2014 these investments were posted under “Assets under development” for € 377 thousand;
- the 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 € 140 thousand.

The item “Assets under development”, amounting to € 964 thousand, essentially comprises:

- the construction of a new plant for cryogenic reduction of gaseous emissions of toluene at the production site in Bussi (€ 462 thousand);
- the realisation of investments (€ 341 thousand) to increase plant efficiency and the level of safety of the Adria production site.

Note that, as at December 31st, 2015 in relation to the investment at the Bussi site, contractual commitments were in place for € 41 thousand with the supplier that sold the plant.
No endogenous and exogenous impairment indicators were identified during the year, as also confirmed by the results of the impairments carried out within the sphere of the tests on the goodwill which, for the sake of completeness, also include the tangible assets which can be allocated to the specific CGUs.
The table below provides summary data on the land and buildings owned:

location	type	total surface area square metres	covered surface area square metres
Municipality of Adria (RO)	plant - copper-based products	146,965	13,398
Municipality of Aprilia (LT)	plant - formulations	130,823	29,789
Municipality of Bussi sul Tirino (PE)	plant - tetraconazole	3,110	1,000
Municipality of Novara	plant - biological products	1,634	745
Municipality of Novara	building - labs, greenhouses, offices	6,677	3,490
Municipality of San Pietro in Casale (BO)	Rural area "Cantalupo"	43,611	-
Municipality of Galliera (BO)	Rural area "Cantalupo"	96,389	500

2. Intangible assets – 47,867

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

Breakdown	Dec. 31, 2014			Change	Dec. 31, 2015		
	Historical cost	Accum. amortisation	Book value		Historical cost	Accum. amortisation	Book value
Product development costs:							
- fumigants and SDHi	9,030	-	9,030	4,959	13,989	-	13,989
- new formulations	854	-	854	180	1,034	-	1,034
	9,884	-	9,884	5,139	15,023	-	15,023
Process development costs	234	-	234	(205)	29	-	29
Product know-how:							
- fungicide IR 6141	10,547	(5,801)	4,746	(703)	10,547	(6,504)	4,043
- Remedier	784	(457)	327	(52)	784	(509)	275
- biostimulants and fumigants	135	(108)	27	1,251	1,419	(141)	1,278
- insecticides and fungicides	81	(33)	48	(5)	81	(38)	43
	11,547	(6,399)	5,148	491	12,831	(7,192)	5,639
Process know-how	1,150	(514)	636	152	1,541	(753)	788
Extraordinary protection	9,158	(4,963)	4,195	(441)	10,897	(7,143)	3,754
Patents, licences, trademarks and registrations	13,482	(6,100)	7,382	3,989	18,973	(7,602)	11,371
Other:							
- software	1,077	(605)	472	(36)	1,243	(807)	436
	1,077	(605)	472	(36)	1,243	(807)	436
Assets under development and payments on account:							
- registrations	12,117	-	12,117	(1,290)	10,827	-	10,827
	12,117	-	12,117	(1,290)	10,827	-	10,827
Total	**58,649**	**(18,581)**	**40,068**	**7,799**	**71,364**	**(23,497)**	**47,867**

Changes for the year	Acquisitions/ capitalisations	Grants and tax credits	Reclassifications and other changes	Write-downs	Amortisation	Change change
Product development costs:						
- fumigants and SDHi	5,698	(739)	-	-	-	4,959
- new formulations	180		-	-	-	180
	5,878	(739)	-	-	-	5,139
Process development costs	186	-	(391)	-	-	(205)
Product know-how:						
- fungicide IR 6141	-	-	-	-	(703)	(703)
- Remedier	-	-	-	-	(52)	(52)
- biostimulants and fumigants	1,284	-	-	-	(33)	1,251
- insecticides and fungicides	-	-	-	-	(5)	(5)
	1,284	-	-	-	(793)	491
Process know-how	-	-	391	-	(239)	152
Extraordinary protection	1,739	-	-	-	(2,180)	(441)
Patents, licences, trademarks and registrations	1,514	-	4,882	(656)	(1,751)	3,989
Other:						
- software	166	-	-	-	(202)	(36)
	166	-	-	-	(202)	(36)
Assets under development and payments on account:						
- registrations	3,690	-	(4,882)	(98)	-	(1,290)
	3,690	-	(4,882)	(98)	-	(1,290)
Total	**14,457**	**(739)**	**-**	**(754)**	**(5,165)**	**7,799**

Intangible assets not yet available for use include € 15,052 thousand in "development costs", mainly incurred to launch the development phase of new proprietary products; € 10,827 thousand for "assets under development" which refer to registration costs incurred to obtain authorization to sell formulations of the main proprietary products in various countries. Specifically, development costs for new products include € 12,622 thousand for the fungicide named SDHi, for which a co-development agreement was entered into with the US company FMC Corporation in 2012 (see note no. 22).

The column "acquisitions/capitalisations" also includes:

- € 3,719 thousand relating to the acquisition on December 23rd, 2015 from the US subsidiary Isagro USA, Inc. of the know-how, registrations, trademarks and dossiers relating to the biofumigant for the US territory (Dominus®) which that company had been developing since 2012. Specifically, that capitalisation regarded:
  - the item "product know-how" amounting to € 1,269 thousand;
  - the item "assets under development", amounting to € 1,078 thousand;
  - the item "patents, licences, trademarks and registrations", amounting to € 1,372 thousand (of which € 1,363 thousand relating to registrations and € 9 thousand relating to trademarks).
- € 436 thousand relating to the capitalisation of financial charges on medium/long-term loans granted by the European Investment Bank (E.I.B.) and by other financial institutions, to support the Company's investment programs in research, innovation and development (see note no. 16); the average rate used to determine their amount was 3.63%, i.e. the average annual interest rate of those loans.

It should be noted that, during the year, the obtainment of new authorisations led to the reclassification from "assets under development" to "registrations", triggering the beginning of the amortisation period, for € 4,882 thousand, of which € 4,527 thousand relating to the registrations of Kiralaxyl (IR 6141) in the United States.

The item "grants and tax credits", amounting to € 739 thousand, refers to a tax credit due to the Company pursuant to article 1, paragraph 35 of Law no. 190 of December 23rd, 2014 (so-called Stability Law for 2015). This tax credit is recognised on an incremental basis, i.e. on the amount of expenses for research and development activities incurred in the period 2015 – 2019 that exceeds the average of the same

investments made in the previous three years, amounting to about 50% of the increase in several types of expenses relating to several of the Company's research and development projects.
"Extraordinary protection", amounting to € 3,754 thousand, refers to costs incurred by the Company 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 directives.
That item concerns the following proprietary products:

-	Tetraconazole	951
-	Copper-based products	719
-	Pyrethroids	614
-	Kiralaxyl	886
-	Other products	584

During the year, the assessments of the state of technical progress of current projects and of the results obtained to date were reviewed. Several critical issues emerged with reference to certain investments to obtain new authorisations to sell proprietary products and the rights to develop Novaluron-based mixtures, which resulted non-cost-effective for the Company. Specifically, for the rights to develop Novaluron-based mixtures, acquired in 2012 by Makhteshim Chemical Works, in light of the technical results of the laboratory and field tests conducted, the Directors of the Company deemed that the technical and economic conditions to continue the project were lacking. As a result, pursuant to IAS 38, the residual value of said costs posted under "other rights" (€ 656 thousand) were fully written down. The authorisations to sell that are being obtained, posted under "assets under development" (€ 98 thousand) were also written down for a total of € 754 thousand.
The residual value of the item "patents, licences, trademarks, similar rights and registrations", amounting to € 11,371 thousand, comprises:

-	registrations di crop protection products	10,836
-	trademarks, patents and similar rights	535

"Software" includes investments of € 166 thousand which refer to the creation or customisation of new IT programs and the acquisition of the related licences, both for the administration and logistics areas.
Assets not yet available for use – impairment test
Pursuant to IAS 36, impairment tests are performed annually on main products under development and registrations in progress by the Company. In fact, although these are assets with "definite useful life", as the rest of the Company's 's intangible assets, they are not yet available for use.
It should be noted that also the total book values of product and process know-how, as well as of patents and registrations obtained, classifiable as assets with "definite 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 Company's goodwill has been allocated, the recoverable amount of the entire CGU is estimated. Therefore, reference should be made to note no. 3 for "biological products" and "copper-based products".
The following table highlights the value of the intangible assets grouped according to the above written statements:

	ASSETS WITH A DEFINITE USEFUL LIFE		
	Assets not yet available for use	Assets available for use	Total Book value
Assets relating to research and development activities:			
- Kiralaxyl (IR6141)	2,655	9,859	12,514
- Tetraconazole	3,870	3,707	7,577
- Biological and biostimulant products	674	1,551	2,225
- Copper	2,959	1,394	4,353
- SDHi (IR9792)	12,673	291	12,964
- Pyrethroids	521	855	1,376
- Fumigants	2,527	2,682	5,209
- Other	-	1,213	1,213
	25,879	21,552	47,431
Other intangible assets:			
- software	-	436	436
	-	436	436
Total	**25,879**	**21,988**	**47,867**

The impairment test was performed by comparing the book value of the various projects with their recoverable amount, for the following molecules: Kiralaxyl (IR 6141), Tetraconazole, SDHi, Biofumigants and Pyrethroids. This value was calculated using the "Discounted cash flow" model, which estimates the value in use of an asset on the basis of the discounting of future cash flows at an appropriate rate, coinciding with the weighted average cost of capital (WACC).

Here below are the main assumptions made in estimating value in use for the purpose of measuring the recoverable amount of know-how and ongoing registrations for the molecules IR6141, Biofumigants, Pyrethroids and Tetraconazole and the recoverable amount of the development costs for the fungicide SDHi, the Company's main products.

Business assumptions

The analysis was carried out making reference to the 2016–2020 Business Plans. These plans are based on assumptions that management deems reasonably feasible, as confirmed by the fact that – except for the impacts associated with external variables beyond the Company's control represented by the actual time required to obtain the registrations and climatic variables – the earlier forward-looking data was substantially confirmed by actual results.

Time scale considered

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

Specifically, the fungicide SDHi is a new product for which the development phase has just begun. The related cash flows are forecasted to start in 2020 (year of the launch of that crop protection product), estimated exactly up to 2027 and then maintained constant up to 2029.

As for the estimate of the cash flows expected to be derived from Pyrethroids, they were determined in detail over a 5-year period, as these fixed assets are already available for use.

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

- EBITDA equal to that of last year;
- investments equal to amortisation/depreciation;

- zero change in current assets;
- presumed growth rate of zero.

Economic-financial parameters

The main reference parameters are indicated below:

	SDHi	IR 6141	Pyrethroids	Biofumigant	Tetraconazole
- Financial structure					
(Liabilities/Assets)	0.42	0.42	0.42	0.42	0.42
- WACC	7.9%	7%	6.7%	7.3%	6.7%

Estimated WACC

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

Cost of debt

The final average cost of the financial payables of Isagro was used for the cost of debt before tax effect, equal to 3.4%. In fact there are no elements pointing to a prospective growth in the cost of debt, and it was therefore considered that the final figures recorded are a good approximation of the values to be used in forecasts.

Cost of equity

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

The main assumptions underlying the application of this model are:

	SDHi	IR 6141	Pyrethroids	Biofumigant	Tetraconazole
- a Beta equal to	1	1	1	1	1
- risk-free rate	3.3%	3.3%	3.3%	3.3%	3.3%
- market risk premium	5.50%	5.50%	5.50%	5.50%	5.50%
- premium for additional risk equal to	3%	1.5%	1%	2%	1%

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

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

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

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

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

The cost of equity was therefore 11.8% for the fungicide SDHi, 10.8% for Biofumigants, 10.3% for the molecule IR 6141 and 9.8% for the Pyrethroids and for Tetraconazole.

Weight of equity and debt

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

WACC

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

	SDHi	IR 6141	Pyrethroids	Biofumigant	Tetraconazole
- WACC	7.9%	7%	6.7%	7.3%	6.7%

Compared to the WACCs used in the previous year, an average decrease was revealed of around 60 basis points following the drop in the cost of debt of the Company, directly related to the reduction in interest rates on the financial market.

Main results

According to the impairment test performed, approved by the Board of Directors of Isagro on March 14th, 2016, to-date the Directors have found no impairment loss and therefore deemed that no write-down was necessary.

Sensitivity analysis

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

In particular, the sensitivity analysis performed maintaining the assumptions underlying the business plans and changing the WACC did not reveal specific criticalities for the products SDHi, Biofumigant or Tetraconazole, whereas a 140 basis point increase in the discount rate would create an excess in the book value of the expenses for know-how and registrations of the product IR 6141.

The outcome of this analysis tends to confirm the soundness of the test’s results.

3. Goodwill – 1,631

Based on IAS 36, the goodwill acquired in business combinations, was allocated Cash Generating Units (CGUs), which are broken down by unit below:

- “Copper” – € 464 thousand.
- “Formulations” – € 657 thousand.
- “Biological products” – € 510 thousand.

The following table shows the Cash Generating Units in which the goodwill has been allocated:

- "Copper"	the CGU refers to the copper-based product business, their production at the Adria (RO) plant and their worldwide distribution
- "Formulations"	the CGU refers to the crop protection product formulations business which takes place at the production site in Aprilia (LT)
- "Biological products"	the CGU refers to the biological product business, their production at the Novara plant and their worldwide distribution

In compliance with international accounting standards, goodwill is not amortised but rather subjected to annual impairment tests, calculated by comparing the book value of the CGU to which the goodwill was allocated to the recoverable value. This value was calculated using the "Discounted cash flow" model, which estimates the value in use of an asset on the basis of the discounting of future cash flows at an appropriate rate, coinciding with the weighted average cost of capital (WACC).
In addition to the value of goodwill and other assets already in use, the values of the related intangible assets not yet available for use were allocated to the "Copper" and "Biological products" CGUs, as indicated in note no. 2.
The main parameters used in measuring the recoverable amount of the three CGU's goodwill are shown below.

<u>Time scale considered</u>

The analysis was carried out making reference to the Company's 2016–2020 Business Plans.
Those plans are subject to uncertainties deriving not only from their predictive nature, but also from the presence of external, uncontrollable variables (actual time required to obtain registrations and climate variables).
The Gordon Growth Model was used to calculate the terminal value, referring to a normalised cash flow calculated on the basis of the following assumptions:

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

<u>Economic-financial parameters</u>

The main reference parameters are indicated below:

Financial structure (Liabilities/Assets)	0.42
WACC	6.7%

<u>Estimated WACC</u>

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

Cost of debt	3.4%
Cost of equity	9.8%

<u>Cost of debt</u>

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

<u>Cost of equity</u>

The Capital Asset Pricing Model was used to calculate the cost of equity.
The main assumptions underlying the application of this model are:

Beta	1
Risk-free rate	3.3%
Market risk premium	5.50%
Additional risk premium	1%

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

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

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

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

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

Weight of equity and debt

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

WACC

On the basis of the aforementioned hypotheses, a rate of 6.7% was determined; compared to the WACCs used in the previous year, an average decrease was revealed of around 40 basis points, deriving from the drop in the cost of debt of the Company, directly related to the reduction in interest rates on the financial market.

Main results

According to the impairment tests performed, approved by Board of Directors of Isagro on March 14th, 2016, to date the Directors have found no impairment loss for the assets of the various CGU (goodwill, tangible and intangible assets) and therefore deemed that no write-down was necessary.

Sensitivity analysis

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

In particular, the sensitivity analysis performed maintaining the assumptions underlying the business plans and changing the WACC did not reveal any criticalities in any of the CGUs.

The outcome of this analysis tends to confirm the soundness of the test's results.

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

4. Equity investments – 20,206

This item comprises equity investments in subsidiaries and associates, qualifying as long-term investments arranged primarily for strategic reasons.

The breakdown and analysis of changes in equity investments are described in the table below.

Equity investments	Historical cost	Write-downs accumulated	Value as at Dec. 31, 2014	Changes during the year: Acquisitions/ subscriptions	Write-downs Cancellations	Total change	Value as at Dec. 31, 2015
Subsidiaries:							
* ISAGRO ARGENTINA LIMITADA SRL	159	(138)	21	29	(26)	3	24
* ISAGRO ASIA AGROCHEMICALS PVT LTD	15,109	-	15,109	-	(1,076)	(1,076)	14,033
* ISAGRO AUSTRALIA PTY LTD	222	(219)	3	29	(13)	16	19
* ISAGRO BRASIL LTDA	527	-	527	-	-	-	527
* ISAGRO CHILE LTDA	36	(34)	2	9	(6)	3	5
* ISAGRO COLOMBIA SAS	3,622	-	3,622	-	(500)	-	3,122
* ISAGRO ESPAÑA SL	1,000	-	1,000	-	-	-	1,000
* ISAGRO HELLAS MEPE	24	-	24	-	(24)	(24)	-
* ISAGRO SHANGHAI CO. LTD	166	-	166	-	-	-	166
* ISAGRO SINGAPORE PTE LTD	-	-	-	4	-	4	4
* ISAGRO SOUTH AFRICA PTY LTD	59	(49)	10	-	(6)	(6)	4
* ISAGRO USA, INC	1,175	-	1,175	-	-	-	1,175
	22,099	(440)	21,659	71	(1,651)	(1,580)	20,079
Associates:							
* ARTERRA BIOSCIENCE S.R.L.	127	-	127	-	-	-	127
	127	-	127	-	-	-	127
Total	**22,226**	**(440)**	**21,786**	**71**	**(1,651)**	**(1,580)**	**20,206**

The item "acquisitions/subscriptions" for the period, amounting to € 71 thousand, refers to the following transactions:

Isagro Argentina Limitada S.r.l.	
Subscription and payment of ARS 303,525, equal to 95%of the capital increase of 31,950 units, equal to ARS 319,500	29
Isagro Australia Pty Ltd.	
Subscription and payment of AUD 40,000, equal to 100%of the capital increase of 40,000 units, with a nominal value of 1 Australian Dollar	29
Isagro Chile Limitada	
Subscription and payment of CLP 6,668,100, equal to 90% of the capital increase of CLP 7,409,000	9
Isagro Singapore Pte Ltd	
Following the establishment of Isagro Singapore Pte Ltd on October 8th, 2015, Isagro S.p.A. subscribed and paid in € 1, equal to 100% of the share capital. It also incurred transaction costs for establishing the subsidiary amounting to € 4,031.19	4

The item "write-downs and cancellations" of subsidiaries includes, respectively:

- € 500 thousand for the value of the write-down of the investment in Isagro Colombia S.A.S. as the result of the impairment test described below;
- € 51 thousand for the value of the write-downs made to align the book value of several equity investments to the related percentage holding in their equity;
- € 24 thousand for the reversal of the book value of the equity investment in the Greek subsidiary Isagro Hellas MEPE following the conclusion of the liquidation process, which began in February and ended in September 2015. The negative difference of € 4 thousand between the book value of the equity investment (€ 24 thousand) and the final liquidation equity (€ 20 thousand) was recognised under "income/(losses) from investments" (note no. 33);

- € 1,076 thousand for the average weighted cost of 1,140,000 shares of the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. following the buyback of shares by the subsidiary. In January 2015, the Board of Directors of Isagro (Asia) Agrochemicals Pvt. Ltd. approved the buyback of its shares at a price of 180 Indian Rupees each, for a maximum number of 1,140,000 shares with a nominal value of 10 Indian Rupees. Isagro S.p.A. participated in the buyback offer and, in April 2015, sold the maximum number of shares subject to the offer for a total of 205,200 Indian Rupees (equivalent to € 3,035 thousand). Comparing the amount paid to the Indian subsidiary for the buyback (€ 3,035 thousand) with the average weighted cost of the shares sold (€ 1,076 thousand), a capital gain of € 1,959 thousand arose, which was posted under "income/(losses) from investments" (note no. 33). In terms of taxes, the participation exemption is applied to the transaction, as the equity investment had been posted under long-term assets for more than eighteen months. Therefore, the income is subject to income tax (IRES) only for 5% of its amount (around € 98 thousand).

The table below provides the most important information about the subsidiaries and associates and their related book value.

List of investments in subsidiaries and associates						
	Shareholders' equity pre-result	Profit (loss) for the year	Total Shareholders' equity	% investment	% shareholders' equity	Book value
<u>**Subsidiaries**</u>						
Isagro Argentina Limitada S.r.l. – Buenos Aires						
Share capital Argentine Pesos AR$ 1,312,100 (€ 93,075)	44	(19)	25	95%	24	24
Isagro (Asia) Agrochemicals Pvt Ltd – Mumbai						
Share capital Indian Rupees INR 148,629,000 (€ 2,063,675)	24,824	5,493	30,317	100%	30,317	14,033
Isagro Australia Pty Ltd. - Sidney						
Share capital Australian Dollars AUD 395,000 (€ 265,154)	30	(11)	19	100%	19	19
Isagro Brasil Ltda – São Paulo						
Share capital Brazilian Real 1,307,210 (€ 303,177)	438	13	451	99%	446	527
Isagro Chile Limitada - Santiago						
Share capital Chilean Pesos CLP 36,479,809 (€ 47,210)	12	(6)	6	90%	5	5
Isagro Colombia S.A.S. - Cota						
Share capital Colombian Pesos COP 362,654,120 (€ 104,934)	892	(389)	503	100%	503	3,122
Isagro España S.L. – Madrid						
Share capital € 120,200	402	692	1,094	100%	1,094	1,000
Isagro (Shanghai) Chemical Trading Co. Ltd. - Shanghai						
Share capital Chinese Yuan CNY 1,609,547 (€ 227,955)	167	24	191	100%	191	166
Isagro Singapore Pte Ltd - Singapore						
Share capital € 1 (€ 1)	-	(10)	(10)	100%	(10)	4
Isagro South Africa Pty Ltd - Amanzimtoti						
Share capital South African Rand ZAR 671,000 (€ 39,580)	9	(5)	4	100%	4	4
Isagro U.S.A. Inc. – Wilmington, Delaware						
Share capital US Dollars USD 1,500,000 (€ 1,377,790)	2,663	(1,451)	1,212	100%	1,212	1,175
<u>**Associates:**</u>						
Arterra Bioscience S.r.l. - Naples						
Share capital € 250,429	704	207	911	22%	200	127
						20,206

For the foreign companies, the values indicated in Euro, for shareholders' equity only, were measured at the exchange rate as at December 31st, 2015. ($ AUD = 1.4897 – COP = 3,456.01 – INR = 72.0215 – $ USD = 1.0887 – BRL = 4.3117 – AR$ = 14.0972 – ZAR = 16.953 – CNY = 7.0608 – CLP = 772.713)

The higher recognition value of Isagro Colombia S.A.S. with respect to the shareholders' equity is attributable to the presence of goodwill recognised at the time of acquisition.
With regard to the subsidiary Isagro Brasil Ltda, the higher recognition value of the equity investment with respect to the corresponding portion of shareholders' equity (€ 81 thousand) was the result of a sharp devaluation of the Brazilian Real on the Euro. This situation led to a reduction in value of net assets of the Brazilian subsidiary which, however, in the opinion of Isagro's Directors, may be considered temporary.
According to the provisions of IAS 36, the Company conducts annual impairment tests of the value of those equity investments whose book value in the financial statements exceeds the book value of the net assets of the investee companies. This test was thus conducted on the subsidiary Isagro Colombia S.A.S., comparing the book value of the equity investment with its recoverable value. This value was calculated using the "Discounted cash flow" model, which estimates the value in use of an asset on the basis of the discounting of future cash flows at an appropriate rate, coinciding with the weighted average cost of capital (WACC).
The main parameters used in measuring the recoverable amount of the equity investment are shown below.
Time scale considered
To project the cash flows, the 2016–2020 Business Plans were considered. These plans are based on assumptions that management deems reasonably feasible, as confirmed by the fact that – except for the impacts associated with external variables beyond the Group's control represented by the actual time required to obtain the registrations and climatic variables – the earlier forward-looking data was substantially confirmed by actual results.
The Gordon Growth Model was used to calculate the terminal value, referring to a normalised cash flow calculated on the basis of the following assumptions:

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

Economic-financial parameters
The main reference parameters are indicated below:

	Isagro Colombia S.A.S.
Financial structure (Liabilities/Assets)	0.42
WACC	10.1%

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

	Isagro Colombia S.A.S.
Cost of debt	4.0%
Cost of equity	15.3%

Cost of debt

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

Cost of equity

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

The main assumptions underlying the application of this model are:

	Isagro Colombia S.A.S.
Beta	1.37
Risk-free rate	5.1%
Market risk premium	7.4%

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

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

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

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

Weight of equity and debt

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

WACC

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

	Isagro Colombia S.A.S.
WACC	10.1%

Main results

According to the impairment tests performed on the basis of the 2016–2020 Business Plans, the Directors found impairment of € 500 thousand, posted under the item "Income/(loss) from equity investments" of the Income statement.

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

Breakdown	Book values Dec. 31, 2014	Changes during the year				Book values Dec. 31, 2015
		Increases/ decreases	Reclassifications	Revaluations/ write-downs of exchange rates	Total change	
Other non-current financial assets:						
- time deposits	2,875	(2,875)	-	-	(2,875)	-
Total Other non-current financial assets	2,875	(2,875)	-	-	(2,875)	-
Total	**2,875**	**(2,875)**	**-**	**-**	**(2,875)**	**-**

As at December 31st, 2014, the item referred 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 Company.

6. Receivables and other non-current assets - 4,985

Breakdown	Book values Dec. 31, 2014	Total for the year	Book values Dec. 31, 2015
Receivables and other non-current assets:			
- guarantee deposits	49	1	50
- security deposits	1,150	(250)	900
- know-how usage licences for active ingredients	1,500	(455)	1,045
- know-how usage licences for Tetraconazole	2,903	87	2,990
Total	**5,602**	**(617)**	**4,985**

In particular:

- the item "security deposits", stated net of a write-down provision of € 850 thousand, refers to the estimated realisable value of the payment of € 1,750 thousand made by the Company 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. The transfer contract, in fact, provided for an indemnity up to € 2,250 thousand in connection with the solvability of some trade receivables in the portfolio of the company sold. By reason of the fact that these receivables have not yet been collected, for an amount of € 1,750 thousand, the parties agreed on the payment by Isagro S.p.A. of such amount, to guarantee the payment obligation of the amounts due, although it was also set out that, if Sumitomo Chemical Italia S.r.l. collects the aforesaid receivables by December 31st, 2018, the purchaser will have to refund Isagro with the corresponding deposited amount. On the basis of the communications received from the lawyers of Sumitomo Chemical Italia S.r.l. who are handling collection of the guaranteed receivables, during the year the Company decided to write-down that item for an additional € 250 thousand, thus bringing the related bad debt provision to a total amount of € 850 thousand;
- the item "know-how usage licences for active ingredients" refers to the non-current portion of the residual receivable, including the interest accrued, relating to the up-front payment to Isagro S.p.A. by the Hong Kong-based company Rotam Agrochemical Company Ltd., described in the note no. 21,

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 € 522 thousand, was recorded under "trade receivables";

- the item "know-how usage licences for Tetraconazole" includes:
  - € 1,990 thousand relating to the non-current portion of the residual receivable amount related to the up- front payment made by the Japanese company Arysta LifeScience Co., Ltd. to Isagro S.p.A. in 2013, in connection with the granting of the sole right to develop mixtures of the fungicides Tetraconazole (owned by Isagro) and Fluoxastrobin (owned by Arysta) on a global scale. The amount agreed between the parties was € 10,900 thousand, € 7,540 thousand of which was collected in total as of the date of these financial statements (€ 5,000 thousand paid in December 2013 and € 1,300 thousand paid in October 2014 and 1,240 thousand paid in October 2015). The residual amount receivable, equal to € 3,360 thousand, which will be paid in three annual instalments on October 31st of each year, in the period 2016-2018, was discounted back at a 6% rate. The current portion of the present value of the receivable, equal to € 1,124 thousand, was recorded under "trade receivables". It is noted that the contract provides that Arysta LifeScience is not required to pay the remaining instalments if one of the following events should occur. In the Company's opinion, the probability of them occurring is extremely remote:
    1. Isagro is unable to meet the supply obligations set out in the above-mentioned contract and/or in one of the side agreements regarding the exclusivity in Arysta LifeScience's distribution of Tetraconazole based products and mixtures of Tetraconazole-based mixtures in certain countries within 120 days from the date the products are ordered;
    2. Isagro renegotiates its debt for an aggregate amount higher than € 40 million;
    3. Isagro becomes insolvent, is no later able to pay its debts at maturity or is subject to insolvency proceedings (voluntarily or involuntarily);
    4. assets owned by Isagro or one of its subsidiaries are attached or undergo similar proceedings for insolvency for an amount higher than € 40 million, unless this procedure is revoked within 30 days or the creditor waives its claim within 30 days;
    5. an event or circumstance that affects Isagro's ability to carry on its activity and therefore to fulfil its obligation set out in the above-mentioned contract;
    6. after a "cause of force majeure" occurs, Isagro is unable to fulfil its supply obligations within 180 days from the date the products are ordered;
    7. the contract is terminated following any event that does not fall within the case of default of the company Arysta LifeScience;
    8. Isagro violates the exclusivity agreement granted to Arysta LifeScience in connection with Tetraconazole and the Tetraconazole mixtures.
  - € 1,000 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 UK-based company SumiAgro Europe Limited, described in note no. 21, payable in three annual sums of € 500 thousand each on December 1st each year in the period 2016-2018, plus interest calculated using the 12-month EURIBOR floating rate + a 3% spread. The current portion of the receivable, equal to € 500 thousand, was recorded under "trade receivables".

7. Deferred tax assets and liabilities – 4,514

Deferred tax assets – 5,926

Deferred tax liabilities – 1,412

Breakdown	Book values Dec. 31, 2014	Changes during the year				Change	Book values Dec. 31, 2015
		Other balance sheet changes/ reclassifications	Provisions	Uses	Other changes		
Deferred tax assets	6,731	10	741	(954)	(602)	(805)	5,926
Deferred tax liabilities	(1,630)	-	(220)	296	142	218	(1,412)
Total	**5,101**	**10**	**521**	**(658)**	**(460)**	**(587)**	**4,514**

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 December 31st, 2014		Other balance sheet changes/reclassifications		Transfers to separate income statement			Deferred tax assets/liabilities December 31st, 2015	
	Taxable base	Taxation	Taxable base	Taxation	Other changes	Uses	Provisions	Taxable base	Taxation
- deferred tax assets									
- tax loss	19,239	5,291	(270)	(74)	(585)	(69)	-	18,720	4,563
- allocations to taxed provisions	2,335	726	-	-	(6)	(576)	519	2,168	663
- grants related to R&D - IR 6141	349	110	-	-	(9)	(17)	-	298	84
- other	2,174	604	352	84	(2)	(292)	222	2,336	616
Total deferred tax assets	**24,097**	**6,731**	**82**	**10**	**(602)**	**(954)**	**741**	**23,522**	**5,926**
Deferred tax liabilities:									
- amortisation/ depreciation for tax purposes	4,250	1,334	-	-	(142)	-	15	4,297	1,207
- grants related to R&D expenses	281	77	-	-	-	(77)	-	-	-
- foreign currency assets/liabilities	774	213	-	-	-	(213)	205	746	205
- interest on arrears	19	6	-	-	-	(6)	-	-	-
Total deferred tax liabilities	**5,324**	**1,630**	**-**	**-**	**(142)**	**(296)**	**220**	**5,043**	**1,412**
Total	**18,773**	**5,101**	**82**	**10**	**(460)**	**(658)**	**521**	**18,479**	**4,514**

The column “Other changes” essentially refers to contingent assets (€ 142 thousand) and liabilities (€ 607 thousand) recorded in the separate income statement, as a result of the realignment of deferred tax assets and liabilities to the new IRES tax rate (24%) force from 2017.

Specifically, the decrease in deferred tax assets and liabilities (3.5%) was recorded. This will be recovered in the financial statements starting from 2017, as follows:

- deferred tax assets for tax losses – € 585 thousand;
- deferred tax assets for taxed provisions – € 6 thousand;
- deferred tax assets for grants related to R&D - IR 6141 – € 9 thousand;
- deferred tax assets for “other” – € 7 thousand;
- deferred tax assets for amortisation/depreciation for tax purposes – € 142 thousand.

The column “Other balance sheet changes/reclassifications” of € 10 thousand includes € 13 thousand in lower deferred tax assets relating to the realignment to the new IRES tax rate, effective from 2017, for transaction costs incurred by the company, relating to the share capital increase previously directly deducted from the increase in shareholders’ equity under the item “share premium reserve”. This column also includes the value of provisions for deferred tax assets, as the tax effect related of the actuarial losses caused by re-measuring the item “Employee benefits” (€ 23 thousand), recognised to “Other Comprehensive Income” and posted in shareholders’ equity under “Retained earnings”.

The item “Deferred tax assets” includes € 84 thousand related to the tax effect on grants for the IR 6141 development project, which, pursuant to tax laws, are taxed on a cash basis rather than on an accrual basis, € 4,563 thousand referring to the tax losses for the years 2007-2008-2011-2014 and € 663 thousand relating to taxed provisions. Specifically, the latter refer to the inventory write-down provision (€ 169 thousand), the provision for goods destruction (€ 24 thousand), the bad debt provision (€ 60 thousand) and the provisions for “participation bonus for employee and manager“ (€ 410 thousand).

The 2016–2020 Business Plans 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.

In particular, the convincing evidences which make availability of sufficient future taxable income for the afore-mentioned recovery probable, over the timescale of the plan, are as follows:

- the important recovery in the turnover relating to the sale of crop protection products, hit hard in the last few years by the drought which had affected certain markets of great importance. This growth became possible mainly thanks to the new commercial strategies based on the development of new proprietary products;

- the significant reduction in the cost of money to a lower level than that estimated in the 2016–2020 Business Plans, obtained thanks to the new economic conditions granted by the banking system further to the share capital increase transaction in 2014;

- the financial support from the share capital increase described above to the investments forecast in the 2016–2020 Business Plans;

- the launch of a new fumigant product and the confirmation on the validity of the new SDHi molecule under development;

- the strengthening of the synergies with the industrial partner Gowan (a US company operating in the crop protection products sector) following its entry into the Isagro control system in 2014, for the purpose of obtaining an important strategic and business enhancement, thanks in part to the pursuit of synergies which will be achieved.

Therefore the Directors, even if the Company has reported a tax loss in previous years, deem that all the elements indicated above provide convincing evidence that it is likely that future tax bases will be available along with the main indicator of discontinuity with the past, represented by the positive tax base achieved in 2015. These elements make it possible to deem the attainment of the taxable income indicated in said Business Plans probable, therefore emerging as sufficient for permitting the achievement of the benefit relating to the deferred tax assets.

It is also disclosed that as at December 31st, 2015 there are deferred tax assets not provided for in the financial statements relating to tax losses for previous years for a value of € 1,989 thousand. Taking this into account, note that the overall tax losses as at December 31st, 2015, amount to € 27,008 thousand, in relation to which deferred tax assets were recognised for only € 4,563 thousand, corresponding to € 18,720 thousand in tax losses retained.

"Deferred tax liabilities" include € 1,207 thousand misalignment between the statutory and tax amortisation/depreciation of tangible and intangible assets. In particular, this item includes € 1,073 thousand related to amortisation of development costs (IR 6141).

Deferred tax assets and liabilities include € 4,640 thousand and € 1,135 thousand, respectively, which can be used beyond the next year.

8. Inventories – 37,968

Breakdown	Book values Dec. 31, 2014	Changes during the year				Book values Dec. 31, 2015
		Increases/ decreases	Write-downs/ allocations to inventory write-down provision	Use of inventory write-down provision	Total change	
Raw and ancillary materials, consumables and goods						
- Consumables	1,354	37	-	-	37	1,391
- Raw materials and packaging	7,486	2,636	-	-	2,636	10,122
	8,840	2,673	-	-	2,673	11,513
Less						
Inventory write-down provision	(377)	-	(235)	325	90	(287)
	8,463	2,673	(235)	325	2,763	11,226
Finished products and goods	21,495	5,498	-	-	5,498	26,993
	21,495	5,498	-	-	5,498	26,993
Less						
Inventory write-down provision	(309)	-	(65)	123	58	(251)
	21,186	5,498	(65)	123	5,556	26,742
Total	**29,649**	**8,171**	**(300)**	**448**	**8,319**	**37,968**

The value of the Company's inventories increased in the period by € 8,319 thousand, deriving from the increase in the value of inventories of € 8,171 thousand and the net decrease in the inventory write-down provision of € 148 thousand.

The increase in inventories of finished products compared to the previous year was essentially due to the rise in volumes of stock for orders acquired for sales in 2016, partly completed in the first two months of the year (€ 3.1 million). This increase specifically relates to "Yamato" and Kiralaxyl-based products.

The Company also established strategic stock of technical Tetraconazole (€ 1.5 million) to cover sales over the next nine months.

The increase in raw materials was mainly due to the increase in stocks of copper-based technical active ingredients ("copper hydroxide" and "scrap copper") which, in light of the purchase orders already obtained, are expected to be fully used in the first quarter of 2016.

Inventories include goods, for a value of € 2,569 thousand, stored at the warehouse of the French plant of Arysta LifeScience by way of guarantee of the provisions set out in the "Licence, development, distribution and supply" agreement that Isagro S.p.A. concluded with Arysta LifeScience Co., Ltd. on November 8th, 2013. For greater details on the agreement, refer to note no. 6.
Inventories posted in the financial statements, net of the allowance for inventory obsolescence, relating to raw materials and goods either obsolete or to be re-processed, amounted to a total of € 538 thousand.
The provision amounted to € 686 thousand as at December 31st, 2014 and was used during the year for obsolete, unsuitable products by € 448 thousand and increased by € 300 thousand as a result of allocations for the period.

9. Trade receivables – 33,465

Compared to the previous year, receivables showed a net increase of € 763 thousand.
The change is attributable to the different mix of sales, generated with the increase in sales of crop protection products, partially offset by the decrease in revenues deriving from the creation of new formulations on behalf of third parties (see note no. 21).
It should be also noted that the factoring of non-recourse trade receivables, to be due after balance-sheet date, also contributed to the increase in trade receivables, with respect to December 31st, 2014. These transactions regarded receivables for about € 7,637 thousand, which is higher than the approximately € 5,000 thousand in receivables with due term after December 31st factored during 2014.
The breakdown and changes in the item are illustrated in the following table:

		Changes during the year				
	Book values Dec. 31st, 2014	Positions opened/Reimbursements	Direct write-downs/ alloc. to bad. debt prov.	Use of reclassified write-down provisions	Total change	Book values Dec. 31st, 2015
Italian third party customers	3,185	(1,456)	(17)	-	(1,473)	1,712
International third party customers	27,873	2,746	(30)	-	2,716	30,589
Subsidiaries and parent companies	2,510	(326)	-	-	(326)	2,184
	33,568	964	(47)	-	917	34,485
Less						
- bad debt provision	(365)	-	(58)	-	(58)	(423)
- bad debt provision for int. on arrears	(501)	-	(143)	47	(96)	(597)
	(866)	-	(201)	47	(154)	(1,020)
Total	**32,702**	**964**	**(248)**	**47**	**763**	**33,465**

In particular, receivables from customers outside the group amount to € 32,301 thousand, and were posted to the financial statements for € 31,281 thousand, net of the bad debt provision of € 423 thousand and the bad debt provision for interest on arrears of € 597 thousand.
Moreover, receivables from third parties include the short-term portions of medium and long-term receivables from Arysta LifeScience Co., Ltd. (€ 1,124 thousand), Rotam Agrochemical Company Ltd (€ 522 thousand) and SumiAgro Europe Limited (€ 500 thousand), pursuant to the item "Non-current receivables and other assets" (see note no. 6).

During the year, the bad debt provision for trade receivables was increased by € 58 thousand as a result of the amount allocated to it for the period.

The bad debt provision for interest on arrears covers 100% of receivables allocated for payment delays by customers.

Regarding the total trade receivables due from related parties, please refer to note no. 37.

Here below is the breakdown of trade receivables due from customers, subsidiaries and associates by geographic area:

Italy	1,712
Other European countries	6,098
Central Asia and Oceania	302
Americas	20,127
Far East	3,247
Middle East	697
Africa	2,302
Gross receivables	34,485
Bad debt provision	(1,020)
Net receivables	33,465

The average contractual maturity of trade receivables is the following:

- Italy 145 days
- Foreign countries 121 days

The table below shows the analysis of trade receivables past due but not impaired:

	Not yet due	Past due but not impaired					Total receivables
		< 30 days	31-60 days	61-90 days	91-120 days	>120 days	
As at December 31st, 2015	31,430	1,025	119	323	312	256	**33,465**
As at December 31st, 2014	28,107	3,512	139	271	-	673	**32,702**

Trade receivables "not yet due" include "medium/long-term" receivables falling due by the end of the first half of 2017 for a total, discounted to the balance-sheet date, of € 4,030 thousand. On February 11th, 2016 the Company assigned a portion of the above receivables (€ 1,751 thousand) without recourse. Said receivables were to fall due in June 2017.

It is also noted that trade receivables "not yet due – short-term" include receivables whose commercial terms and conditions were renegotiated, resulting in the extension of the terms of collection, for a total of € 1,314 thousand. Interest on arrears was calculated on said receivables at a rate of 6.5% and posted in the financial statements.

10. Other current assets and other receivables – 4,331

Breakdown	Book values Dec. 31, 2014	Total for the year	Book values Dec. 31, 2015
Receivables from subsidiaries	1,036	(179)	857
Receivables from parent companies	20	(10)	10
Receivables from third parties for:			
- grants	161	(161)	-
- advance payments to suppliers and creditors	278	205	483
- employees	39	(2)	37
- indemnities	268	-	268
- due from tax authorities for VAT and other taxes	852	(250)	602
- other services	308	(23)	285
- recovery of research costs	1,121	734	1,855
- Provision for bad debt from third parties	(228)	(63)	(291)
	2,799	440	3,239
Short-term portion of M/L-term receivables	335	(335)	-
Total receivables	4,190	(84)	4,106
Prepaid expenses	183	42	225
Total	**4,373**	**(42)**	**4,331**

Receivables from subsidiaries, amounting to € 857 thousand, essentially regard:

- receivables from Isagro España S.L. amounting to € 100 thousand for the supply of management and administrative services;
- receivables from Isagro (Asia) Agrochemicals Pvt. Ltd. amounting to € 670 thousand, of which € 600 thousand for promotional activities carried out for the Tetraconazole product and € 70 thousand for the supply of management services;
- receivables from Isagro USA, Inc. amounting to € 76 thousand, of which € 35 thousand for the supply of management and administrative services;
- receivables from Isagro Singapore Pte Ltd. amounting to € 11 thousand for recoveries of costs.

  The item "receivables from parent companies" regards receivables deriving from the supply of administrative and management services.

  "Receivables from third parties", amounting to € 3,530 thousand, were posted to the financial statements for € 3,239 thousand, net of the bad debt provision of € 291 thousand, whose value mainly refers to the risk deriving from receivables for indemnity and leases.

  In particular:

  - the item "due from tax authorities for VAT and other taxes" comprises € 492 in the VAT receivable generated during the year, starting from July. The previous year's receivable of € 750 thousand was used for the VAT payable during the first half of 2015;
  - the item "indemnities" includes the residual receivable due from Caffaro Chimica S.r.l. as indemnity for the termination of a contract under which Isagro provided several research and development services.

The item "grants", which had a balance of € 161 thousand as at December 31st, 2014, was reduced to zero following the collection of the receivable due from the Piedmont Regional Authority in relation to the "Biobits" biotechnology research project (€ 81 thousand) and the "Innovation and Production Transition - Regional Competitivity and Employment" project entitled "Agrobiocat" (€ 80 thousand). The amount

collected by the Company for the “Agrobiocat” grant generated income of € 12 thousand, posted under “Other operating revenues” (see note no. 22).
The item “Recovery of research costs”, amounting to € 1,855 thousand, comprises € 1,642 thousand for the receivable due from FMC Corporation for the recovery of 50% of costs incurred by the Company under the terms of the agreement signed in September 2012 by the two companies for the co-development of a new fungicide named SDHi.
As a result of a settlement agreement reached with the Company, 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, posted under “Short-term portion of M/L-term receivables”, resulted in the recognition of a loss of € 100 thousand under “Other operating costs”.
The table below shows the analysis of other receivables past due but not impaired:

	Not yet due	Past due but not impaired					Total
		< 30 days	31-60 days	61-90 days	91-120 days	>120 days	receivables
As at December 31st, 2015	3,863	5	1	3	-	234	**4,106**
As at December 31st, 2014	3,583	185	196	22	-	204	**4,190**

11. Tax receivables - 2,459

	Book values Dec. 31, 2014	Changes for the year	Book values Dec. 31, 2015
Tax receivables			
- tax authority for withholdings	1,440	(313)	1,127
- tax authority for tax credit and income taxes	312	1,020	1,322
Total	**1,752**	**707**	**2,459**

The item “tax authority for withholdings” mainly refers to tax credits from international authorities for withholdings on income generated in other countries (€ 913 thousand). The change during the year was essentially due to the write-off of receivables for withholdings due from other countries relating to previous years (€ 329 thousand), given the low likelihood that they may be used in the time frame of the Company’s Business Plans.
The item “tax authority for tax credit and income taxes” refers to:

- IRAP (regional business tax) of € 76 thousand, which expresses the credit due to the Company for advance payments made (€ 258 thousand) and the portion of the ACE (Help to Economic Growth) receivable due (€ 34 thousand for 2014 and € 60 thousand for 2015) exceeding the tax payable determined for 2015 (€ 276 thousand). Starting in 2014, it was made possible to use the ACE receivable to decrease IRAP taxes, allocating the amount of the receivable into five equal yearly instalments;
- the ACE tax credit of € 344 thousand (of which € 103 thousand relates to 2014) posted on the basis of the tax concession (so-called A.C.E. – Aiuto alla Crescita Economica – Help to Economic Growth) which aims to provide incentive for business which keep profits generated in-house and which receive new risk capital. In particular, the credit was accrued due to the increase in shareholders' equity resulting from the share capital increase carried out during 2014. The amount represents the residual portion following the uses described to decrease the IRAP payable;

- receivables for investments in Research and Development activities for € 912 thousand. With the publication of Ministerial Decree of May 27th, 2015 in the Italian Official Gazette, the provisions implementing the tax credit pursuant to article 1, paragraph 35 of Law no. 190 of December 23rd, 2014 (so-called Stability Law for 2015) were issued, relating to expenses of research and development incurred starting from the tax period following that under way as at December 31st, 2014. This tax credit is recognised on an incremental basis, i.e. with regard to the expenses incurred during the period from 2015 to 2019 in excess of the average of the same investments made in the three previous tax periods. The grant was posted for € 173 thousand under "other operating revenues" and for € 739 thousand under "intangible assets" as a direct decrease in the book value of the investments made for capitalised projects.

12. Financial receivables and other current financial assets – 3,226

	Book values Dec. 31, 2014	Changes for the year	Book values Dec. 31, 2015
Financial receivables:			
- financial receivables from subsidiaries	2,588	630	3,218
- financial receivables from third parties	8	-	8
Total	**2,596**	**630**	**3,226**

This item increased by € 630 thousand, substantially as a result of the following:

- the disbursement of a loan with nominal value of € 900 thousand to the subsidiary Isagro Colombia S.A.S.;
- the allocation of interest for the period for a total of € 196 thousand;
- the reimbursement of several loans, including interest, for a total of € 580 thousand, granted to the subsidiary Isagro USA, Inc..

In particular, the item "financial receivables from subsidiaries" refers to:

- € 922 thousand for a loan granted to the subsidiary Isagro Colombia S.A.S., with nominal value of € 900 thousand, disbursed in May 2015, on which interest accrues at a fixed rate of 4%, to be repaid on maturity, which was originally set for November 30th, 2015. On October 27th, 2015 the Colombian subsidiary obtained an extension and, therefore, repayment was postponed to May 31st, 2016;
- € 1,137 thousand as the equivalent value of a loan of USD 1,130 thousand, granted to the subsidiary Isagro USA, Inc., which must be repaid by December 31st, 2016, including interest calculated at the 3-month LIBOR rate + a 3% spread (average effective rate for the year: 3.77%). Note that on December 31st, 2015 the US subsidiary renegotiated the terms and conditions of that loan, reducing the spread from 5.5% to 3% and postponing the maturity from December 31st, 2015 to December 31st, 2016;
- € 1,091 thousand as the residual value of a loan granted to the subsidiary Isagro USA, Inc. in March 2015, with a nominal value of € 2,200 thousand, including interest calculated at the fixed rate of 4%;
- € 68 thousand in interest accrued on loans granted to the subsidiary Isagro USA, Inc.. In December 2015 a portion of the loans in Euro was paid off by offsetting with the consideration deriving from the sale by Isagro USA, Inc. of the know-how, trademarks, registrations and dossiers relating to the biofumigant for the US market for a total of USD 3,900 thousand, as illustrated in note no.2, to which reference is made.

13. Financial assets and liabilities - derivatives – 6

Current financial assets – 346

Current financial liabilities – 340

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

The information required by IFRS 13 is included under note no. 38.

The following tables disclose the types of derivative contracts outstanding as at December 31st, 2015:

Description of derivatives	Book values Dec. 31, 2014	Changes for the year	Book values Dec. 31, 2015
Current financial assets:			
- foreign exchange	157	149	306
- commodities	11	29	40
	168	178	346
Current financial liabilities:			
- foreign exchange	(956)	619	(337)
- commodities	(6)	3	(3)
	(962)	622	(340)
Total	**(794)**	**800**	**6**

Description of derivatives	Fair value as at December 31st, 2015
Trading derivatives:	
- foreign exchange	(31)
- commodities (copper)	37
	6
Total	6

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

These derivatives refer to:

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

Contract type	Currency	Average exchange rate	Notional value (Currency/000)	Fair value (Euro/000)
Forward - Sale	USD	1.09	43,773	(31)
Total				(31)

- 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	538	4,260	2,292	37
	538		2,292	37

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

- Foreign exchange rates: Discounted cash flow method, where the expected cash flows to discount have been estimated on the basis of the difference between the forward exchange rates seen in the curve of market rates as at the date of the financial statements and the contractual forward exchange rates; discounting was calculated on the basis of the zero coupon curve as at December 31st, 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 December 31st, 2015, properly adjusted to consider the premium connected with the non-fulfilment risk.

14. Cash and cash equivalents — 6,106

Breakdown	Book values Dec. 31, 2014	Changes for the year	Book values Dec. 31, 2015
Bank and postal deposits:			
- ordinary bank accounts and post office deposits	3,478	176	3,654
- currency bank accounts	731	1,709	2,440
	4,209	1,885	6,094
Cash on hand	8	4	12
Total	**4,217**	**1,889**	**6,106**

Demand and foreign currency deposits are floating-rate deposits. The average interest rate on bank and foreign currency deposits was 0.015% per year.
The item "foreign currency deposits" includes the equivalent value in Euro of bank demand deposits of USD 2,444 thousand.
Cash and cash equivalents are not burdened by restrictions limiting their full use.
The fair value of cash and cash equivalents as at December 31st, 2015 is equivalent to their book value.
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.

15. Shareholders' equity – 88,810

The share capital of the Company 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 € 58,456 thousand, comprises:

- Legal reserves	3,510
- Share premium reserve	44,908
- Merger surplus	10,200
- Treasury shares	(162)
	_____
	58,456
	=====

The "share premium reserve" is recognised net of the costs incurred by the Company in relation to the share capital increase transactions carried in previous years. These costs, net of the tax effect of € 1,227 thousand (adjusted by € 13 thousand compared to the values of the previous year due to the IRES tax rate that will be in force from 2017), amount to € 2,357 thousand.
"Treasury shares" refer to the expense incurred by the Company in previous years to purchase 50,000 treasury shares.
The decrease in "Retained earnings", € 59 thousand, indicated in the "Statement of changes in shareholders' equity in 2015", refers to the actuarial losses of the defined benefit plans (see note no. 17) recognised under "Other Comprehensive Income" net of the related tax effect.
As envisaged by article 2427 of the Italian Civil Code, the table below illustrates the possibility of use, the distributable nature and the actual use in previous years of shareholders' equity items:

Breakdown	Amount	Possibility of use	Available portion	Summary of uses in the period 2012-2015	
				Loss coverage	Other reasons
Share Capital	24,961		-	-	-
Share premium reserve	44,908	A, B	44,908	-	-
Legal reserve	3,510	B	-	-	-
Other reserves:					
- merger surplus	10,200	A, B, C	10,200	-	-
Treasury shares	(162)		(162)	-	-
Retained earnings	1,998	A, B, C	1,998	16,828	1,750
Total	85,415		56,944	16,828	1,750
Non-distributable portion			(20,288)		
Residual distributable portion			36,656		

Key: A= for share capital increase; B= loss coverage; C= distribution to shareholders

Note that a total of € 20,288 thousand of the reserves are non-distributable with respect to development costs not yet amortised, as envisaged by article 2426 of the Italian Civil Code, and the failure to achieve the envisaged limit for the legal reserve (20% of share capital), as indicated in article 2431 of the Italian Civil Code.

For a summary of change in the items during the period, refer to the “Statement of Changes in Shareholders’ Equity for 2015”.

Characteristics of the "growth shares"

The rights and characteristics of the "growth shares", issued by the Company 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 article 7 of the Company's Articles of Association, the "growth shares" are without voting rights in the Shareholders' Meetings, while, pursuant to article 14 of the Company's Articles of Association, they have a voting right in the special Shareholders' Meetings for owners of "growth shares", pursuant to regulations and legal majority rules. In particular, resolutions affecting the rights of the "growth shares" shall be approved by the aforesaid special Shareholders' Meeting.

Privilege in the profit distribution

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

Conversion into ordinary shares

All "growth shares" are automatically converted into ordinary shares, with a one-to-one ratio, in the event 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%.

16. Current and non-current financial payables – 58,037

Current financial payables – 32,394

Non-current financial payables - 25,643

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

Breakdown	Book values Dec. 31, 2014	Changes for the year	Book values Dec. 31, 2015
Current financial payables			
- banks	24,003	6,004	30,007
- other lenders	1,659	666	2,325
- obligations under finance leases	165	(103)	62
	25,827	6,567	32,394
Non-current financial payables			
- banks	19,632	5,825	25,457
- obligations under finance leases	248	(62)	186
	19,880	5,763	25,643
Total	**45,707**	**12,330**	**58,037**

Current payables due to banks and other lenders as at December 31st, 2015 include the current portion of the medium/long term loans and finance leases, amounting to € 10,576 thousand.

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

Breakdown	Amount	Effective average interest rate %	Maturity
Payables due to banks:			
- import financing	4,847	0.50%	on request
- export financing	13,093	0.39%	on request
- accounts receivable financing	1,553	0.57%	on invoice due date
- short-term portion of medium/long-term loans	10,514	(*)	(*)
Total	30,007		
Payables due to other lenders:			
- accounts receivable financing	2,325	1.50%	on invoice due date
Total	2,325		
Obligations under finance leases	62	3.52%	
Total	32,394		

(*) the features of medium-long term loans are described in a specific table

The average interest rate on loans, except for finance leases, is approximately 3.57%. All outstanding loans are expressed in Euro.

Financial payables increased by € 12,330 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.) in two tranches of € 15,000 thousand in May 2012, and € 7,500 thousand, in July 2013, respectively, and recognised net of ancillary costs and fees totalling € 1,349 thousand. This loan, granted to support an Isagro Group research, innovation and development investments programme, has a maximum lifetime of six years, a pre-amortisation period of 18 months and quarterly repayments of the principal at a constant rate. As at December 31st, 2015, the Company already repaid € 12,368 thousand, as principal for the first tranche of the loan, and € 1,579 thousand as principal on the second tranche. In particular, on February 16th, 2015, the Company 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 year was 4.41%. 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 € 6,661 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, Isagro S.p.A. shall repay the difference between the ratio of total debt to the actual cost of the project and the aforesaid 50%;
- total or partial voluntary early repayment of a loan with a duration of more than 3 years. In this case, the E.I.B. has the right to require Isagro S.p.A. to repay a fraction of the debt outstanding on the loan equal to the ratio of the amount settled early to the total amount of the loans entered into for more than 3 years and still being repaid at the time of the early settlement;
- changes in control of Isagro S.p.A.; in this case, the E.I.B. can claim early repayment of the entire residual loan, including accrued interest and any other sum due;
- changes in any law, directive, provision, or regulation that may substantially prejudice the ability of Isagro S.p.A. or its subsidiaries to meet the obligations under the loan, or that prejudice the value, the entity, or the effectiveness of the guarantees given; in this case, the E.I.B. may require the early repayment of the entire debt outstanding, including the interest accrued and any other amount due.

Isagro S.p.A. and its subsidiaries have an obligation with the E.I.B. not to transfer, lease out, dispose of, and/or sell all or part of their own major property or assets. Isagro S.p.A. also has an obligation with the E.I.B. under which it and its subsidiaries shall distribute dividends only if a consolidated profit and/or profits of the individual companies for the year are achieved. Furthermore, any dividends resolved starting from 2014, excluding 2016, 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 2016, dividends must not be higher than the lower of 50% of the sum of net consolidated profits achieved in 2015 and the amount of € 1,100 thousand.

In addition, if Isagro S.p.A. or its subsidiaries hold mortgages, pledges or guarantee rights on their own assets without the prior consent of the E.I.B., the E.I.B. will have the right to terminate, entirely or in part, the loan agreement through notice of default of the defaulting party and only after a reasonable period within which no remedy to solve the non-fulfilment is implemented has elapsed; as a result, the loan would become due in advance.

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

- in October 2014, Intesa Sanpaolo S.p.A. granted Isagro S.p.A. a medium/long-term loan for a total of € 3,980 thousand (already expressed net of € 20 thousand in commission) with a duration of four years, on which interest accrues at the 6-month EURIBOR rate + a 3.8% spread (effective rate for 2014: 4.30%). In August 2015, the Company renegotiated that loan with Banca Mediocredito Italiano, also part of the Intesa Sanpaolo Group, as follows: the total amount disbursed was raised to € 5,996 thousand (already expressed net of € 4 thousand in fees) and the maturity was extended to 5 years. Interest accrues on the new loan at the 3-month EURIBOR rate + a 1.95% spread (effective rate for 2015: 1.98%). This loan envisages an interest-only payment period of one month, repayment of the principal in twenty deferred quarterly instalments from September 30th, 2015 to June 30th, 2020 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) Isagro S.p.A. suffers liens, attachments or judicial distraints on assets owned by the parent whose value is greater than € 1 million;
b) Isagro S.p.A. defaults on credit, financial or guarantee obligations of amounts greater than € 1 million;
c) Isagro S.p.A. does not observe both of the equity and economic parameters (covenants) described below and no remedy is made within thirty days from the date of notification by the lending bank;

- in December 2014, Cassa di Risparmio di Parma e Piacenza S.p.A. granted Isagro S.p.A. a medium/long-term loan for a total of € 2,970 thousand (already expressed net of € 30 thousand in fees) with a duration of four years, on which interest accrues at the 3-month EURIBOR rate + a 2.10% spread (effective rate for 2015: 2.61%). This loan, which envisages repayment of the principal in sixteen deferred quarterly instalments with increasing principal (so-called "French repayment") 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 Company'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) Isagro S.p.A. uses the loans for purposes other than those for which it was granted;
b) Isagro S.p.A. substantially changes its Articles of Association in such a way as to prejudice fulfilment of the contractual obligations deriving from the loan agreement;
c) 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. Isagro S.p.A. has the faculty to afford possible pledges on goods in favour of its customers within the sphere of the Licensing business and/or any sureties or surety polices issued in favour of its supplier, as it normal commercial practice;
d) Isagro S.p.A. carries out disposals, transfers or acts of conveyance regarding assets falling under tangible, intangible and financial fixed assets with an individual or overall amount of € 5 million per financial year;
e) Isagro S.p.A. does not observe both of the equity and economic parameters (covenants) described below;
f) Isagro S.p.A. becomes insolvent, enters into negotiations with its creditors for the purpose of obtaining periods of grace or out-of-court agreements, disposes of assets to its creditors or requests to be admitted to bankruptcy proceedings;
g) Isagro S.p.A. is placed in liquidation, winding up takes place, it ceases to carry out its current business activities or undertakes business activities which are not consistent with those currently carried out;
h) any significant change takes place with respect to the equity and financial positions of 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;

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

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

- in January 2015, Banca Popolare dell'Emilia Romagna granted Isagro S.p.A. a medium/long-term loan for a total of € 2,475 thousand (already expressed net of € 25 thousand in fees) 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 2.20% spread (effective rate for 2015: 2.68%). 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 Company'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) Isagro S.p.A. substantially changes its Articles of Association 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 Isagro S.p.A.;
  c) 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 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 Isagro S.p.A. a medium/long-term loan for a total of € 2,495 thousand (already expressed net of € 5 thousand in fees) 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 2% spread (effective rate for 2015: 2.14%). This loan envisages repayment of the principal in ten deferred quarterly instalments with increasing principal (so-called "French repayment") 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 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) 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) 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 Isagro S.p.A. a medium/long-term loan for a total of € 3,990 thousand (already expressed net of € 10 thousand in fees) 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 2.50% spread (effective rate for 2015: 2.70%). This loan, which envisages repayment of the principal in six deferred half-yearly instalments with increasing principal (so-called "French repayment") 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 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) Isagro S.p.A. uses the loans for purposes other than those for which it was granted;
b) Isagro S.p.A. does not arrange the full and prompt payment of even one loan repayment instalment;
c) 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) 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 Isagro S.p.A. a medium/long-term loan for a total of € 4,925 thousand (already expressed net of € 75 thousand in fees) with a duration of four years, on which interest accrues at the 3-month EURIBOR rate + a 1.80% spread (effective rate for 2015: 2.52%). 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) Isagro S.p.A. fails to pay a loan repayment instalment within ten days of the due date;
b) 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, 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 consolidated debt/equity ratio is higher than 1.5 and the consolidated debt/EBITDA ratio is higher than 4.5; vii) initiate voluntary liquidation proceedings;
d) 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 Isagro S.p.A. a medium/long-term loan for a total of € 3,990 thousand (already expressed net of € 10 thousand in fees) with a duration of three years, on which interest accrues at the 3-month EURIBOR rate + a 1.70% spread (effective rate for 2015: 1.82%). This loan, which envisages a seven-month interest-only payment period, repayment of the principal in thirty deferred monthly instalments with increasing principal ("declining balance method") 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 Company'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) Isagro S.p.A. abandons, suspends or executes the financed plan in a non-compliant manner;
b) 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 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 July 2015, Banca Monte dei Paschi di Siena granted Isagro S.p.A. a medium/long-term loan for a total of € 2,491 thousand (already expressed net of € 9 thousand in fees) with a duration of four years, on which interest accrues at the 6-month EURIBOR rate + a 1.85% spread (effective rate for 2015: 2.06%). This loan, which envisages a three-month interest-only payment period, repayment of the principal in sixteen deferred quarterly instalments from December 31st, 2015 and until September 30th, 2019 and a commission of 1% in the event of early repayment of the loan, was granted to support the investments of Isagro S.p.A. The main events, whose occurrence grants the financing institution the faculty to withdraw from the agreement, are as follows:
  a) Isagro S.p.A. does not fully pay even one loan repayment instalment;
  b) Isagro S.p.A. is subject to protests, seizure of bank assets or enforcement orders or judicial distraints or carries out any act that decreases its amount of equity, cash flow or income;
- in September 2015, Banca Popolare granted Isagro S.p.A. a medium/long-term loan for a total of € 994 thousand (already expressed net of € 6 thousand in fees) with a duration of thirty six months, on which interest accrues at the 3-month EURIBOR rate + a 1.5% spread (effective rate for 2015: 1.91%). This loan envisages repayment of the principal in ten deferred quarterly instalments from December 31st, 2015 and until March 31st, 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:
  d) Isagro S.p.A. is subject to legal proceedings, protests, seizure of bank assets or enforcement orders, confiscation of assets, registration of legal or judicial distraints for amounts exceeding € 200 thousand;
  e) Isagro S.p.A. does not arrange the exact full or partial payment of a loan repayment instalment or interest.

The characteristics of the main medium/long-term loans granted to Isagro S.p.A. are summarised in the following table. The balances of the residual debt as at December 31st, 2015 include both the short-term portions of the loans described, amounting to € 10,514 thousand, included in the financial statements under current financial liabilities, and the accrued interest.

Amounts in thousands of Euro	
Loan granted by the European Investment Bank with a duration of 6 years, an interest rate at the 3-month EURIBOR + a 1.144% spread, and quarterly payments starting from 2013	2,527
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	5,805
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	2,259
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	2,323
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	2,505
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	4,019
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	4,040
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	3,863
Loan granted by Banca Monte dei Paschi di Siena with a duration of 4 years, an interest rate at the 6-month EURIBOR + a 1.85% spread, and quarterly payments starting from 2015	2,337
Loan granted by Banca Mediocredito Italiano with a duration of 5 years, an interest rate at the 3-month EURIBOR+ a 1.95% spread, and quarterly payments starting from 2015	5,397
Loan granted by Banca Popolare with a duration of thirty six months, an interest rate at the 3-month EURIBOR+ a 1.5% spread, and quarterly payments starting from 2015	896

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.
During the year, Isagro S.p.A. fully repaid the debts of the previous year to the factoring companies which, as at December 31st, 2015, were outstanding for € 2,325 thousand.
The item "obligations under finance leases" refers to the residual payable due to Crédit Agricole Leasing Italia S.r.l. in connection with the fees to pay, for 59 months, for the supply of analytical laboratory instruments used at the Novara Research Centre. In accordance with IAS 17 and IFRIC 4, that transaction is classified as finance lease.
In August 2015, the Company fully paid off the payable 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.
Also note that the Company issued guarantees to banks in the interest of the subsidiary Isagro USA, Inc. for € 5,674 thousand.
The debt exposure of the Company 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	30,007	11,450	9,346	4,061	600	-	55,464
Total Payables due to banks	30,007	11,450	9,346	4,061	600	-	55,464
Payables due to other lenders							
- floating rate	2,325	-	-	-	-	-	2,325
Total Other lenders	2,325	-	-	-	-	-	2,325
Obligations under finance leases	62	64	67	55	-	-	248
Total obligations under finance leases	62	64	67	55	-	-	248
Total	32,394	11,514	9,413	4,116	600	-	58,037

Lastly, it should be noted that, as at December 31st, 2015, the Company has a number of lines of credit outstanding, granted by banks and other financial institutions, totalling € 96,350 thousand (including "trade" facilities for € 93,500 thousand, of which € 29,459 thousand used, and "financial" facilities of € 2,850 thousand, unused.

COVENANTS

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

Bank	Nominal amount of the loan	Residual amount of the loan	Covenants	Effects
E.I.B.	€ 22,500	€ 8,332	a) ratio between the consolidated net financial position and the consolidated EBITDA less than 4.5 as from 2014 and until the full repayment of the loan. b) consolidated debt/equity ratio not greater than 1.50 for each year and until full repayment of the loan.	Failure to comply with the two covenants shall result in termination of the loan and the repayment of all amounts still due including interest.
Cassa di Risparmio di Parma e Piacenza	€ 3,000	€ 2,259	a) ratio between the consolidated net financial debt and the consolidated EBITDA: less than 4.5 for each year as from that ended on December 31st, 2014 and until the full repayment of the loan. b) 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 dell'Emilia Romagna	€ 2,500	€ 2,323	a) ratio between the consolidated net financial debt and the consolidated EBITDA: less than 4.5 for each year as from that ended on December 31st, 2014 and until the full repayment of the loan. b) 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.
			a) consolidated debt/EBITDA ratio: between 3 and 4.5 as at December 31st, 2014 and until full repayment of the residual debt. b) consolidated debt/equity ratio between 0.5 and 1.5 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**

Banca Popolare Commercio & Industria	€ 5,000	€ 4,040		**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. Failure to comply with both covenants with ratios exceeding 4.5 (for the consolidated debt/EBITDA ratio) and 1.5 (for the consolidated debt/equity ratio) shall result in termination of the loan and the repayment of all amounts still due including interest.
Mediocredito Italiano	€ 6,000	€ 5,397	a) consolidated debt/EBITDA ratio of less than 4.5 as at December 31st, 2015 and until full repayment of the residual debt. b) consolidated debt/equity ratio of less than 1.5 as at December 31st, 2015 and until full repayment of the residual debt.	Failure to comply with the two covenants shall result in termination of the loan and the repayment of all amounts still due including interest.

The assessment of compliance with the above covenants, which is performed annually, did not reveal any criticalities as at December 31st, 2015. On the basis of the 2016–2020 Business Plans, 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 the Recommendation of the ESMA (European Security & Market Authority), formerly the CESR (Committee of European Securities Regulators), of February 10th, 2005, the net financial position as at December 31st, 2015 was as follows:

	Dec. 31, 2015	Dec. 31, 2014
Bank deposits and cash	(6,106)	(4,217)
Cash (A)	**(6,106)**	**(4,217)**
Current financial receivables from subsidiaries	(3,218)	(2,588)
Current financial receivables from others	(8)	(8)
Current financial receivables (B)	**(3,226)**	**(2,596)**
Current payables due to banks	19,493	18,333
Current payables due to other current lenders	2,325	1,659
Current portion of non-current financial payables	10,576	5,835
Current financial payables (C)	**32,394**	**25,827**
Net current financial indebtedness (A+B+C)	**23,062**	**19,014**
Non-current payables due to banks	25,457	19,632
Non-current payables due to other lenders	186	248
Non-current financial payables (D)	**25,643**	**19,880**
Net financial indebtedness as per CONSOB Communication DEM/6064293/2006 (A+B+C+D)	**48,705**	**38,894**
Time deposits	-	(2,875)
Financial assets - derivatives	(346)	(168)
Financial liabilities - derivatives	340	962
Net financial indebtedness of the Company	**48,699**	**36,813**

Compared to 2014, the net financial position shows an increase of € 11,886 thousand. This increase was due to continued investments in intangible assets and to the increase in net working capital, specifically attributable to inventories.

17. Employee Benefits (Severance indemnity fund) – 2,785

The following table illustrates the change in the employee benefits, which can be classified, as per IAS 19, as “defined benefits plans” among “post-employment benefits”:

Value as at Dec. 31st, 2014	2,993
Cost of employee benefits	116
Payments	(324)
Value as at Dec. 31st, 2015	**2,785**

The total cost of the plan can be broken down as follows:

	2015	2014
Financial charges for the obligation assumed	48	108
Taxation difference of SIF revaluation	(14)	-
Actuarial (gains)/losses	82	119
Total	**116**	**227**

Information on the Severance Indemnity Fund plan

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

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

The main assumptions used to measure the obligations deriving from the Severance Indemnity Fund pension plan of the Company were as follows:

	2015	2014
- discounting rate:	1.38%	1.60%
- staff turnover rate:	9.00%	9.50%
- inflation rate:	1.50%	1.50%

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 probability of turnover consistent with the historic trend of the phenomenon was used for the staff turnover rate.

The actuarial gains and losses coming from remeasurement of the liabilities were recorded in "Other Comprehensive Income" and recognised under Company's equity in the item "Retained earnings", while the financial component was included in the income statement under financial charges for the period. Actuarial losses for the period, € 82 thousand, include losses for € 33 thousand attributable to changes in the financial assumptions and profits for € 49 thousand due to changes in the demographic assumptions.

To complete the determination of obligations, 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 an € 80 thousand decrease in liabilities, while a decrease of half a percentage point in the rate would bring about an increase in liabilities of € 83 thousand.

The Company 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 company has no additional monetary obligations once the contributions have been paid.

In 2015, the total costs of such plans, included under "personnel costs", were € 897 thousand in 2015 (€ 888 thousand in 2014).

18. Trade payables – 31,272

This financial statement item increased by € 313 thousand in the period. The breakdown and the changes in this financial statement item are shown in the following table:

	Book values Dec. 31, 2014	Changes for the year	Book values Dec. 31, 2015
Trade payables - Italian third parties	18,370	(685)	17,685
Trade payables - Foreign third parties	7,017	2,359	9,376
Payables due to subsidiaries and parent companies	5,522	(1,378)	4,144
Payables due to associates	50	17	67
Total	**30,959**	**313**	**31,272**

The net change during the year was essentially due to lower purchases of raw materials and active ingredients (see notes 8 and 23).

For trade payables due to other related parties, reference should be made to note no. 37.

Here below is the breakdown of trade payables by geographic area:

Italy	17,752
Other European countries	4,318
Americas (*)	3,984
Middle East	146
Central Asia and Oceania	3,622
Far East	1,427
Africa	23
TOTAL	31,272

(*) of which United States € 2,823 thousand

The average contractual maturity of trade payables is around 100 days.

The reported trade payables are due within the next year and are not backed by collateral.

19. Current provisions – 1,382

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

Breakdown	Book values Dec. 31, 2014	Changes during the year				Book values Dec. 31, 2015
		Provisions	Uses	Other changes	Total change	
Current provisions:						
- prov. for the destruction of goods	88	-	(13)	-	(13)	75
- provision for employee participation bonus/ manager and director bonuses	1,183	1,307	(1,183)	-	124	1,307
- prov. for mobility and voluntary severance package costs	200	-	(200)	-	(200)	-
Total	**1,471**	**1,307**	**(1,396)**	**-**	**(89)**	**1,382**

The provision for "mobility and voluntary severance package costs" was used for costs linked to a lay-off procedure, started on November 29th, 2013 and closed on December 31st, 2015, that the Company incurred following the corporate restructuring and re-organization of industrial sites, the Novara research centre and the Milan offices. The mobility procedure, initially started for 47 employees, closed with the lay-off of 30 resources and the use of the fund for redundancy in an amount of € 59 thousand.

As for the other provisions, it should be noted that:

- the provision for the "destruction of goods" refers to costs to be incurred for the disposal of production waste and for any destruction of obsolete products aimed at improving logistics and storage conditions of the Adria and Aprilia industrial sites;
- the "participation bonus and manager and director bonuses" provision is an estimation, based on the results for the year, of the productivity bonuses payable to employees and directors;

note that, likewise, these provisions will be used in full by the end of 2016.

20. Other current liabilities and other payables – 4,175

The breakdown and the changes in other current liabilities are shown in the following table:

Breakdown	Book values Dec. 31, 2014	Changes for the year	Book values Dec. 31, 2015
Payables:			
- due to social security and welfare institutions	1,222	(53)	1,169
- due to agents and canvassers	74	81	155
- due to employees	1,737	(959)	778
- due to tax authorities for withholdings and other taxes	712	(3)	709
- payables due to subsidiaries and joint ventures	363	188	551
- due to others	398	165	563
Total Payables	4,506	(581)	3,925
Deferred income	250	-	250
Total	**4,756**	**(581)**	**4,175**

In particular:

- payables to employees refer to amounts for holiday entitlement accrued but not used, additional month payments and expense accounts. The decrease in amounts due to employees compared to the previous year is due to the payment made in the initial months of 2015 of the incentives to be paid to several employees and executives of the Company following the termination of their employment;
- due to social security and welfare institutions refers to social security and insurance contributions settled and allocated during the year, to be paid in the initial months of 2016;
- payables due to tax authorities essentially refer to IRPEF tax withholding pain in January 2016;
- "payables due to others" include € 146 thousand relating to the balance of the food safety grant, which was paid in January 2016, and € 122 thousand as compensation to be paid following a settlement for the termination of an agency agreement, also paid in January 2016.

INFORMATION ON THE INCOME STATEMENT

21. Revenues – 108,706

The breakdown of revenues is described in the table below:

Breakdown	2015			2014		
	ITALY	FOREIGN COUNTRIES	TOTAL	ITALY	FOREIGN COUNTRIES	TOTAL
Revenue from sales of:						
- Crop protection products	31,487	64,747	96,234	24,438	60,759	85,197
- Raw materials and packaging	54	-	54	31	11	42
	31,541	64,747	96,288	24,469	60,770	85,239
Revenue from services:						
- Toll manufacturing	1,815	3,241	5,056	2,475	4,941	7,416
- Product defending and development	9	26	35	16	60	76
- Royalties, licences and similar rights	-	7,091	7,091	-	2,379	2,379
- Goods deposit services/management	37	199	236	80	149	229
	1,861	10,557	12,418	2,571	7,529	10,100
Revenue from sales - joint operations (ISEM):						
- Crop Protection Products	-	-	-	-	674	674
	-	-	-	-	674	674
Total	**33,402**	**75,304**	**108,706**	**27,040**	**68,973**	**96,013**

With respect to the previous year, the item presents an increase of € 12,693 thousand, which was caused by the increase in sales of crop protection products and in Licensing activities, recorded in the item "royalties, licences and similar rights", on one hand, and from the decrease in revenues deriving from the creation of new formulations on behalf of third parties, on the other hand.
Specifically with regard to sales of crop protection products, there was an increase in sales of copper-based fungicides in Italy, while there was a decrease in sales in the United States and in Brazil due to the adverse weather conditions.
The breakdown by geographic area of crop protection product sales, based on customer country, is as follows:

	2015	2014
ITALY	31,487	24,438
EUROPE	27,136	24,239
AMERICAS	24,882	26,701
MIDDLE EAST	3,015	1,559
ASIA OCEANIA	2,509	2,090
FAR EAST	3,578	4,518
AFRICA	3,627	2,326
TOTAL	**96,234**	**85,871**

The toll manufacturing activities, performed at the Aprilia (LT) plant, recorded a decrease (-32%) compared to the previous year due to the drop in volumes processed for a major customer, dictated by surplus stocks still being available through the distribution channel.
The item "royalties, licences and similar rights", amounting to € 7,091 thousand, essentially comprises:

- € 2,000 thousand for an up-front payment that the UK-based company SumiAgro Europe Limited made to the Company for the granting of the exclusive right to use the formulation technology developed by Isagro in relation to the mixture of Tetraconazole and Thiophanate Methil, for a period of ten years, at its plant in Romania, as well as to be able to develop, register, formulate, distribute and sell the mixture of Tetraconazole and Thiophanate Methil exclusively in several European countries. SumiAgro Europe also committed to exclusively purchase the Tetraconazole necessary for the formulation of the above mixture from Isagro for the entire term of the contract. The contract envisages that the fee is paid in four instalments of € 500 thousand each. The first was collected on December 23rd, 2015 and the others which will fall due on December 1st of each year in the period 2016-2018, increased by interest calculated at the 12-month EURIBOR floating rate + a 3% spread. It should be mentioned that the sums paid by SumiAgro to Isagro by way of up-front payment, even if deferred, are not repeatable;
- € 5,000 thousand for an up-front payment that the US company FMC Corporation made to the parent Isagro S.p.A. for the granting of the exclusive right to develop, register and distribute mixtures based on the fungicide SDHi (both for fertilizing seeds and for other uses) in the NAFTA area (United States, Canada and Mexico). In 2012, Isagro S.p.A. and the US company FMC Corporation entered into an agreement for the co-development of a new fungicide, in the carboxamide chemical class, named SDHi (IR 9792), which, among other aspects, also governed the rights to distributed the mixtures of that fungicide. The agreement envisaged that Isagro and FMC could develop, register, and market SDHi-based mixtures exclusively in several areas and register one mixture for fertilising seeds and another for other uses, in the area of the exclusive right of the other co-developer, as well as the right to appoint an exclusive distributor in that area. By virtue of that agreement, Isagro thus had the right to

register a mixture and to appoint its own exclusive distributor in the United States, Canada and Mexico, a right which it waived. As envisaged in the agreement, FMC paid Isagro the consideration, which is not repeatable, in a lump-sum in December 2015.

In 2014, the item “royalties, licences and similar rights” essentially included income relating to an up-front payment of € 2 million which Hong Kong-based Rotam Agrochemical Company Ltd. made to Isagro S.p.A. for the granting of the right to be able to use the know-how and the studies already existing, relating to three active ingredients owned by Isagro (Tetraconazole, Copper and Kiralaxyl) so as to process three mixtures with products owned by Rotam to be marketed in certain countries in East Asia, and the possibility of assessing and testing until November 30th, 2015 the SDHi (IR 9792) fungicide, currently being developed by Isagro S.p.A., for its possible exploitation in China with two mixtures based on products owned by Rotam and/or other products owned by Isagro. The agreement also envisages that Rotam obtain prior approval of the mixture from Isagro, which may be refused only if the mixture i) does not contain a quantity of active ingredient owned by Rotam greater than or equal to that indicated in the registration certificate for that mixture, ii) prejudices the license rights which Isagro has already granted to third parties in relation to other mixtures, if the active ingredient owned by Rotam is equivalent to the active ingredient already used by the third party and iii) prejudices Isagro registrations already in existence. By virtue of this agreement, Rotam has undertaken to purchase the active ingredients necessary for the development of the mixtures exclusively from Isagro, mixtures which will be sold at prices in line with those applied to other distributors.

The contract envisaged that the fee be paid in four instalments of € 500 thousand each, the first due on December 29th, 2014 and the others in the period 2016–2018, increased by interest calculated at 4.50%. It should be mentioned that the sums paid by Rotam to Isagro by way of up-front payment, even if deferred, are not repeatable.

With regard to the total revenues from related parties, please refer to note no. 37.

22. Other operating revenues – 2,800

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

	2015	2014
- admin./management and technical services to subsidiaries	206	201
- admin./management services to associates and joint ventures	-	63
- admin. services to parent companies	23	63
- grants for research	12	245
- R&D tax credit	173	-
- commercial royalties	-	197
- leases to third parties	31	29
- insurance indemnities	-	91
- secondment of personnel to subsidiaries	-	75
- recovery of research costs	1,716	1,299
- capital gains on disposal of tangible and intangible assets	-	2
- recovery of marketing costs	600	450
- other	39	262
Total	**2,800**	**2,977**

Of the item “recovery of research costs”, € 1,430 thousand specifically refers to the recovery of 50% of costs incurred by 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 € 233 thousand refer to fees paid by third-party companies to access scientific data relating to the toxicology dossiers owned by Isagro S.p.A..

The item “Grants for research” refers to the revenues deriving from the conclusion of the Piedmont Regional authority research project “Innovation and Production Transition - Regional Competitivity and Employment” entitled “Agrobiocat”. In the previous year, the item included revenues deriving from the conclusion of the research project entitled “PNR Tema 6”, which the Company headed up.
The item “R&D tax credit” refers to the benefit pursuant to article 1, paragraph 35 of Law no. 190 of December 23rd, 2014 (so-called Stability Law for 2015) relating to the incremental expenses of research and development incurred by the Company and previously described in note no. 11, to which reference is made.
The item “recovery of marketing costs” refers to the reimbursement by the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd., of a portion of the costs that Isagro incurred for the commercial development of Tetraconazole.
Other operating revenues from related parties are illustrated in note no. 37.

23. Raw materials and consumables – 63,866

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

Breakdown	2015	2014
Raw and ancillary materials, consumables and goods:		
- purchases di raw materials	65,475	59,430
- technical and research-related materials	836	774
- change in inventories of raw and ancillary materials and consumables	(2,763)	(125)
- other purchases	318	312
	63,866	60,391
Purchases - Joint operations (ISEM):		
- purchases di raw materials	-	71
- change in inventories of raw and ancillary materials, consumables and goods	-	(36)
	-	35
Total	**63,866**	**60,426**

Compared to the previous year, the item shows an increase of € 3,440 thousand, primarily due to higher sales of crop protection products, described in note no. 21, and purchases of raw materials by the Company to obtain copper-based products whose production and sale, already covered by orders, will use up in the first quarter of 2016 (see note no. 8).
Purchases from related parties are illustrated in note no. 37.

24. Costs for services – 19,832

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

Breakdown	2015	2014
- utilities	3,163	3,073
- maintenance, repairs and technical support	1,067	886
- transport and related purchase and sale transaction costs	3,971	3,510
- toll manufacturing	1,807	1,391
- research and development costs	1,523	829
- consulting and professional services	2,489	2,393
- marketing costs	306	138
- software and EDP costs	287	248
- waste disposal and transport service	614	696
- technical services (registrations and patents)	310	188
- insurance	512	537
- provisions for freelance work bonuses	77	110
- allocations to provisions for destruction of goods	-	61
- office and warehouse rentals	639	711
- vehicle leasing/rental	691	600
- office/transmission line leases and sundry instalments	431	474
- other services	1,945	1,837
	19,832	17,682
Costs for services - joint operations (ISEM):		
- transport and related transactions costs and sale costs	-	1
- consulting and professional services	-	33
- insurance	-	1
- rentals	-	1
- lease expense	-	1
- use of provision for the destruction of goods due to excess	-	(6)
- other services	-	5
	-	36
Total	**19,832**	**17,718**

The item presents an increase, when compared to 2014, of € 2,114 thousand, essentially attributable to an increase in utilities, transport costs, the external processing, marketing costs and maintenance and technical support for € 1,312, as a result of higher sales of crop protection products compared to the previous year, as illustrated in note no. 21.

It is also important to note the increase of € 694 thousand in "research and development costs", essentially due to higher costs for the ordinary protection of products and for innovative research services (€ + 212 thousand compared to 2014) and for services relating to the fungicide SDHi (€ + 281 thousand).

The item includes costs due to subsidiaries, associates and other related parties, for a total, gross of capitalisations during 2015, of € 3,301 thousand (see note no. 37). These capitalisations refer to development costs for products and processes, registration expenses incurred for authorisations to sell formulations relating to the Company's major proprietary products in various countries.

Specifically, the financial statement item includes services provided by the following subsidiaries:

- Isagro Brasil Ltda, € 452 thousand, of which € 239 thousand regarding capitalised research expense;
- Isagro USA, Inc, € 1,969 thousand, of which € 1,562 thousand regarding capitalised research expense;
- Isagro Shanghai, € 435 thousand, of which € 379 thousand regarding capitalised research expense;
- Isagro España S.L, € 145 thousand, of which € 13 thousand regarding capitalised research expense;

- Isagro Colombia S.A.S., € 61 thousand;
- Isagro (Asia) Agrochemicals Pvt. Ltd., € 14 thousand;
- Isagro Hellas MEPE, € 6 thousand.

25. Personnel costs – 21,568

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

Breakdown	2015	2014
Personnel costs:		
- wages and salaries	13,257	13,143
- social security charges	4,549	4,574
- costs for early retirement incentives	325	-
- pension funds	897	888
- provision for bonus to employee and manager	1,230	1,073
- costs for employee services	1,201	1,170
- costs for seconded personnel	60	67
- other costs	49	45
	21,568	20,960
Personnel costs - joint operations (ISEM):		
- wages and salaries	-	8
- social security charges	-	3
- other costs	-	1
	-	12
Total	**21,568**	**20,972**

The difference on the previous year is essentially due to:

- costs incurred for the agreed early termination of some employment contracts with management personnel (€ 325 thousand);
- participation bonus and manager and director bonuses paid in amounts exceeding the provision made in the previous year (€ 219 thousand).

Note that, as stated in the amendments to IAS 19, the actuarial component concerning employee benefits was recognised net of the relative tax effect to “Other Comprehensive Income” (see note no. 17).

The table below shows the number of employees, broken down by category:

	2015 Average	2014 Average	As at Dec. 31st, 2014	As at Dec. 31st, 2014
Executives	32	33	31	33
Middle managers	68	66	71	68
White-collar workers	113	107	107	105
Special qualifications	7	7	6	7
Blue-collar	92	96	84	69
	312	**309**	**299**	**282**

26. Other operating costs – 1,946

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

Breakdown	2015	2014
- capital losses on disposal of tangible assets	-	7
- impairment losses on receivables	220	60
- taxes payable	813	871
- transactions	137	51
- membership fees	221	195
- promotional and entertainment expenses	137	146
- prov. for sundry risks	250	-
- other	168	112
	1,946	1,442
Other operating costs - joint operations ISEM:		
- capital losses on disposal of tangible assets	-	3
	-	3
Total	**1,946**	**1,445**

The item includes costs due to subsidiaries, associates and other related parties, for a total, gross of capitalisations during 2015, of € 477 thousand (see note no. 37). These capitalisations refer to development costs formulations relating to the Company's major proprietary products in various countries.

The financial statement item includes services provided by the following subsidiaries:

- Isagro Brasil Ltda, € 46 thousand, of which € 13 thousand regarding capitalised research expense;
- Isagro USA, Inc, € 424 thousand, of which € 354 thousand regarding capitalised research expense;
- Isagro Shanghai, € 2 thousand.

The increase in the financial statement item on the previous year is due to greater impairment of trade and sundry receivables. In particular:

- the item "provisions for sundry risks", amounting to € 250 thousand, referred to the additional provisions for the assumed loss concerning the guarantee granted in the sale of the equity investment in the company Isagro Italia S.r.l. (now Sumitomo Chemical Italia S.r.l.) by Isagro to the purchasing company Sumitomo Chemical Co. Ltd.. The related bad debt provisions, taking account of the amount allocated in previous years, amounted to € 850 thousand, is classified as a deduction from the amount of € 1,750 thousand paid on April 8th, 2014 by Isagro a Sumitomo as a guarantee for receivables not yet collected and posted under non-current receivables (see note no. 6);
- the item "impairment losses on receivables" breaks down as follows:

- allocation to bad debt provision for trade receivables	58
- allocation to bad debt provision for sundry receivables	62
- losses on sundry receivables	100
	220

Losses on receivables related to the partial collection of the Company's receivable due from Isam S.r.l. (former Semag S.r.l.) previously described in note no. 10 to which reference is made.

27. Other non-recurring costs – 0

In the previous year, this item referred to costs incurred for the corporate restructuring and reorganisation activities of the Company, concluded on December 31st, 2015.

28. Change in inventories of finished products and work in progress – 5,556

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

Net inventories - opening balance as at January 1st, 2015	(21,186)
Net inventories - closing balance as at December 31st, 2015	26,742
Total changes	5,556

The operational justification for the decrease in finished product inventories is illustrated in note no. 8.

29. Costs (capitalised) for internal work - 3,001

The item refers to the capitalisation of personnel costs and overheads amounting to € 2,565 thousand and financial charges of € 436 thousand, related to extraordinary protection costs, development expenditure and expenses for registration of new products. The capitalised financial charges relate to the specific loans received from the E.I.B., Cariparma, UniCredit and Banca Popolare dell'Emilia Romagna in support of extraordinary protection costs, development costs and new product registration costs and personnel costs in relation to the development of new process know-how (see note no. 2).

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

30. Depreciation and amortisation – 8,169

Depreciation of tangible assets – 3,004

Amortisation of intangible assets – 5,165

Breakdown	2015	2014
Depreciation of tangible assets:		
- buildings	825	751
- plant and machinery	1,716	1,834
- machinery leased	56	56
- industrial and commercial equipment	191	211
- equipment leased	51	8
- data processors	125	123
- furniture and fittings	37	27
- motor vehicles	3	5
	3,004	3,015
Amortisation of intangible assets:		
- product know-how	793	788
- process know-how	239	225
- extraordinary protection	2,180	2,410
- patents, licenses, trademarks, similar rights and registrations	1,751	1,649
- other	202	189
	5,165	5,261
Total	**8,169**	**8,276**

31. Impairment of tangible and intangible assets – 797

During the year, the Company wrote down the residual book value of the rights to develop Novaluron-based mixtures (€ 656 thousand) and costs incurred for new authorisations to sell proprietary products (€ 98 thousand). As stated in note no. 2, during 2015, in light of the technical results obtained to date by the tests conducted, the Directors deemed that it decisively not cost-effective to continue developing those projects.

Furthermore, following termination of the lease on the property located in the municipality of Novara, which housed several offices of the Research Centre, the residual value of investments in leasehold improvements made on said property were written down for € 43 thousand, as illustrated in note no. 1, to which reference is made.

32. Net financial charges – 2,105

Breakdown	2015	2014
Gains/losses on financial assets/liabilities at fair value through profit or loss:		
- gains/losses on derivatives:		
commodities	(126)	5
exchange rates	(2,826)	(799)
	(2,952)	(794)
- fair value adjustments to derivatives:		
commodities	37	(56)
exchange rates	(31)	(617)
	6	(673)
- gains on assets held for trading:		
securities and mutual funds	-	16
	-	16
	(2,946)	(1,451)
Interest income/expense on financial assets/liabilities not designated at fair value:		
- interest income on bank deposits	4	21
- interest income on bank deposits - joint operations (ISEM)	-	14
- interest income on loans	196	141
- interest and fees paid to banks and other lenders	(1,311)	(2,769)
- interest and fees paid to banks and other lenders - joint operations (ISEM)	-	(1)
- interest/financial discounts on trade receivables and payables	54	(47)
- actuarial gains/losses	117	355
	(940)	(2,286)
Other financial income/charges:		
- foreign currency gains/losses	1,830	1,209
- foreign currency losses - Joint operations (ISEM)	-	(1)
- other	(49)	(118)
- other joint operations (ISEM)	-	4
	1,781	1,094
Total	**(2,105)**	**(2,643)**

The positive change compared to 2014, amounting to € 538 thousand, was the result of a combined effect essentially caused by:

- a decrease in interest and fees paid to banks and other lenders for € 1,458 thousand, though in the presence of an increase in financial debt, essentially due to the drop in financial market interest rates;
- higher foreign currency gains of € 621 thousand;
- additional losses on derivative instruments of € 2,158 thousand, partly offset by higher gains from adjustment to fair value of derivative instruments, for € 679 thousand.

Interest income on loans accrued during the year on loans granted by the Company to the US subsidiary Isagro USA, Inc. and to the Colombian subsidiary Isagro Colombia S.A.S., previously described in note no. 12, to which reference is made.

33. Income/(charges) from equity investments – 2,651

The item refers to:

- € 1,247 thousand for dividends resolved and distributed by the subsidiaries (€ 1,236 thousand) and by the associate Arterra Bioscience S.r.l. (€ 11 thousand);
- € 1,959 thousand for the income deriving from the buyback of its shares by the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd., previously described in note no. 4;
- € 500 thousand for write-down of the investment in Isagro Colombia S.A.S. as the result of the impairment test;
- € 51 thousand for charges deriving from the alignment of the book value of the equity investments in subsidiaries with their portion of shareholders' equity;
- € 4 thousand to the difference between the book value of the equity investment and the liquidation shareholders' equity of the subsidiary Isagro Hellas MEPE following the conclusion of the liquidation procedure, previously described in note no. 4.

Specifically, with reference to the dividends from subsidiaries, it is noted that:

- the subsidiary Isagro España S.L. distributed a dividend of € 543 thousand;
- the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. distributed a dividend of € 648 thousand;
- the subsidiary Isagro Colombia S.A.S. distributed a dividend of € 45 thousand.

34. Income taxes – (1,036)

The table below shows the breakdown of income taxes:

Breakdown	2015	2014
Current tax:		
- income taxes	129	-
- IRAP	276	257
- use of the provision for deferred tax assets/liabilities	658	639
- contingent liabilities	347	-
- contingent assets and tax credits	(313)	(239)
	1,097	657
Deferred tax liabilities and assets:		
- Deferred tax liabilities	220	249
- Deferred tax assets	(741)	(2,074)
- Contingent assets for deferred tax assets/liabilities	(147)	-
- Contingent liabilities for deferred tax assets	607	1
	(61)	(1,824)
	1,036	(1,167)
Taxes - joint operations (ISEM)		
- income taxes	-	27
- use of the provision for deferred tax assets/liabilities	-	(2)
- contingent assets and tax credits	-	(127)
	-	(102)
Total income taxes recognised in profit or loss	1,036	(1,269)
Other comprehensive income statement components		
Deferred tax assets and liabilities:		
- Deferred tax assets/liabilities relating to employee benefits	(23)	(33)
	(23)	(33)
Total income taxes recognised in shareholders' equity	(23)	(33)

The item "Contingent liabilities" includes € 329 thousand as the value of the partial reversal of "tax credits from international authorities" for withholdings on income generated in other countries, as these are deemed impossible to recover based on the 2016-2020 Business Plans.

The item "Use of deferred tax assets/deferred tax liabilities", equal to € 658 thousand, reflects the difference between the use of deferred tax assets, equal to € 954 thousand (€ 576 thousand of which for the use of taxed provisions) and the use of deferred tax liabilities, equal to € 296 thousand.

The item "contingent assets and tax credits" of € 313 thousand comprises € 301 thousand for the tax credit provided for by the company on the basis of the tax concession (so-called A.C.E. – Aiuto alla Crescita Economica – Help to Economic Growth) which aims to provide incentive for business which keep profits generated in-house and which receive new risk capital.

The recognition of deferred tax assets, amounting to € 741 thousand, mainly refers to allocations to taxed provisions (€ 519 thousand). Deferred tax liabilities allocated during the year comprise € 205 thousand for the tax effect of the alignment of receivables and payables in foreign currency to the year-end exchange rate.

The items "Contingent assets for deferred tax assets/liabilities" and "Contingent liabilities for deferred tax assets" refer to the realignment of deferred tax assets and liabilities to the new IRES tax rate (24%) force from 2017. For more in-depth analysis, please refer to note no. 7.

The following table illustrates the reconciliation between the theoretical IRES and IRAP tax rates (27.50% and 3.90%, respectively) and the effective tax rates, taking into account the effect of deferred tax assets and liabilities. The taxable profit relating to the theoretical tax rates, coinciding with the profit before tax, equals € 4,431 thousand.

	IRES		IRAP		TOTAL	
	Taxes	%	Taxes	%	Taxes	%
Theoretical current tax	1,218	27.50	173	3.90	1,391	31.40
- increases	488	11.01	68	1.53	556	12.55
- decreases	(1,581)	(35.68)	(10)	(0.23)	(1,591)	(35.91)
- costs and revenues not relevant for IRAP purposes	-	-	38	0.86	38	0.86
- previous years' taxes and other changes	146	3.29	8	0.18	154	3.48
- adjustment of IRES tax rate - deferred tax assets and liabilities	488	11.01	-	-	488	11.01
Effective current tax	**759**	**17.14**	**277**	**6.25**	**1,036**	**23.39**

The increase essentially refers to costs, indirect taxes and non-deductible write-downs, as well as to taxed contingent liabilities, while the decreases are mainly attributable to the non-taxation of 95% of the income deriving from the buyback of own units by the subsidiary Isagro (Asia) Agrochemicals Pvt. Ltd. (pursuant to notes 4 and 33) along with the detaxation of 95% of dividends received from subsidiaries. Furthermore, financial charges which were not deductible in financial years 2012, 2013 and 2014 were deducted in the current year. The related deferred tax assets had not been recognised for these charges in previous years.
"Costs not relevant for IRAP purposes" essentially include the labour costs for employees with fixed-term contracts and provisions and financial charges, since these items are not deductible for the purpose of calculating the regional tax on production activities.

35. Distributed dividends
During financial year 2015 the Company did not distribute dividends.

OTHER INFORMATION

36. 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 of the court expert's technical report, the Judge believed it necessary to call the court expert and consultants aside and postpone the case of the hearing until December 6th, 2013.
During this hearing, Isagro and its consultant pointed out all aspects deemed critical in the supplementary report from the court expert, above all emphasising the large number of works that might prove necessary to reclaim the site, and which the court expert continues to ignore. 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 is completing a settlement offer to submit to Caffaro to try to come to a decision, requested that the hearing set for February 24th, 2014 be postponed until May 19th, 2014. During the hearing held on May 19th, 2014, the parties reached a settlement agreement, which requires technical time for its completion. The Court therefore adjourned proceedings to the next hearing on September 22nd, 2014, 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 therefore again adjourned the proceedings until February 2nd, 2015. The parties therefore signed the settlement agreement by virtue of which they waived the legal redress to the statement of affairs and, therefore, they did not appear at the hearing held on February 2nd, 2015. Having ascertained the absence of the parties, the Judge once again adjourned the hearing until March 23rd, 2015, at which the parties did not appear. Therefore, Judge declared the striking off of the proceedings from the judicial roll and the dismissal of the case.

For the same receivable, a similar claim was filed against Snia S.p.A., also in receivership, as the sole shareholder of Caffaro and therefore jointly liable. As the Court of Milan rejected this claim, Isagro prepared and filed an appeal against the bankruptcy order, seeking admission of the proof of claim against Snia S.p.A. The first hearing was fixed for September 27th, 2011. Based on the outcome of the proceedings, with decree of December 13th, 2011, the Court of Milan rejected Isagro S.p.A.'s claim, considering the receivable as possible and future. Isagro therefore challenged the decision by filing an appeal before the Court of Cassation, for which a date to discuss the case is still pending.
Furthermore, it is considered that there are no obligations to bear the costs associated with reclamation of the Aprilia site as Isagro S.p.A. was not responsible for its pollution.
Gamma International S.r.l. insolvency
On December 23rd, 2014, the Company applied to prove claims in the Gamma International S.r.l. bankruptcy proceedings and filed an application for the return of machinery loaned free of charge to the bankrupt company when it was still a going concern. The credit which the Company has requested to prove in the proceedings amounted to € 97 thousand, of which € 9 thousand plus VAT, in the capacity of privileged creditor as per Article 2764 of the Italian Civil Code, by way of lease fee for 2014.
The Receiver has proposed full acceptance of the claims made by 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 Isagro's petition.

<u>Labour-related disputes</u>
The following is 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 Isagro 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 plant filed an urgent appeal against Isagro S.p.A. to challenge the dismissal due to assault against another worker; this employee was temporarily and urgently reinstated when the measure that had declared the dismissal legitimate was challenged. Isagro then filed suit to have the dismissal declared legitimate in order to protect the safety of the other employees and to prevent action brought by the employee for damages, already rejected on a temporary and urgent basis. The value of the proceeding is about € 50 thousand. Currently the case is in its investigation phase and to this purpose, the Court fixed the first hearing on February 27th, 2014. During the aforesaid hearing, the Judge heard the first witnesses and then postponed the case to the hearing on May 29th, 2014 to complete the investigation phase. By reason of the attempted agreement between the parties, the Court first postponed the case to the hearing on July 3rd, 2014, and then to October 2014 in order to complete the investigation phase. The case suffered a series of further adjournments, so as to allow the parties to come to a cordial agreement, until February 10th, 2015. During this hearing the Judge most recently assigned returned the documentation to the Presiding Judge of the Court for a new reassignment of the case since, having already handled the case previously, the same declared his desire to refrain handling the merits. 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 16th,, 2015. In the meantime, as the previously appointed Judge terminated his office due to retirement, the Presiding Judge appointed a new Judge who, at the hearing on October 16th, 2015, confirmed the witness testimony previously admitted by the prior judge and adjourned the case to December 11th, 2015. During this hearing, several witnesses were heard and the Judge once again adjourned the case to February 19th, 2016 to continue hearing witness testimony. During this hearing, a further two witnesses were heard and the Judge adjourned the case to June 17th, 2016 for the final discussion and ruling.

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

  After a series of meetings before the Regional Labour Commission, the parties 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. At that hearing, verifying that the criminal proceedings were still pending and that the parties were unable to reach a settlement agreement, the Conciliation Chambers declared the negative outcome of the procedure, without formulating a specific proposal.

  Currently, the first instance proceedings are pending before the Court of Pescara, which have reached the introductory phase, in which the Judge admitted the investigation briefs of the parties, adjourning the case to March 8th, 2016 in order to hear witness testimony. During this hearing, one witness was heard for each side, and the Judge adjourned the case to May 5th, 2016 when other witnesses will be heard.

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

Tax disputes

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

Commitments and guarantees

As at December 31st the Company has the following long-term obligations outstanding:

- € 2,204 thousand for the contractual obligation related to the rental of motor vehicles and other third-party assets (€ 1,442 thousand) and lease expense (€ 762 thousand). In particular, the future fees due are as follows:
  - € 1,075 thousand within one year;
  - € 1,129 thousand between one and five years;
- € 730 thousand for payments due 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.

Further to the contract for the sale of the IR 5878 (Orthosulfamuron) product by the joint-operation ISEM S.r.l., the Company - together with the other partner Arysta Netherlands B.V. (formerly Chemtura Netherlands B.V.) - granted the Japanese company Nihon Nokyaku Co., Ltd. a guarantee with a duration of 24 months starting from the date of transfer of the inventory (March 26th, 2014) to cover contractual risks, and for an amount of € 665 thousand (share of 50% of the value of the inventory transferred).

Furthermore, following the agreement for transfer of the investment in Isagro Italia S.r.l., now Sumitomo Chemical Italia S.r.l., to Sumitomo Chemical Co. Ltd., Isagro S.p.A. has a commitment in place for the guarantees issued to the buyer as regards potential future liabilities, for losses or damages related to taxes, the environment, social security and labour. The maximum risk is valued at € 7,500 thousand and the expiry of the guarantees is to be correlated to time-barring and lapse of the related events.

In relation to guarantees received by Isagro S.p.A., a guarantee was issued by Unifert Holding on behalf of the affiliates Unifert DMCC, Quality Agri Products DMCC, and Bazargan Kala Co. of € 500 thousand to secure the receivable deriving from the sale of products for the Iranian market in 2015 and 2016.

The third-party guarantees for the Company's commitments, specifically comprising guarantees issued for the correct fulfilment of contractual obligations, amounted to € 15,251 thousand. In particular, the Company

issued contractual guarantees, as envisaged in the transfer agreement, to Regentstreet B.V., purchaser of the investment in the joint venture Sipcam Isagro Brasil S.A., for a total of € 15,000 thousand to cover any future liabilities for damages and losses related to taxes, the environment, social security and labour. The expiry of these guarantees is correlated to time barring and lapse of the related events.
The guarantees issued and received in relation to bank loans are described in note no. 16.

37. Related party disclosures

Here below are transactions with related parties, including:

- subsidiaries;
- associates;
- parent companies;
- entities which hold a direct or indirect interest in the company, its subsidiaries and its holding companies, and are presumed to have significant influence over the company. In particular, significant influence is objectively presumed to exist when an entity owns over 10%, 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 sales;
- directors, statutory auditors and key management personnel, and related family members.

The following tables highlight the income statement and balance sheet amounts relating to transactions with the different categories of related parties, for 2015 and 2014:

		of which related parties					
In thousands of Euro	2015	Subsidiaries	Associates	Parent companies	Other related parties	Tot. Parties parties	Incidence % on the financial statement item
Revenues	108,706	8,286	-	-	13,467	21,753	20.01%
Other operating revenues	2,800	810	-	23	-	833	29.75%
Raw materials and consumables used	63,866	12,744	-	-	322	13,066	20.46%
Costs for services	19,832	3,082	200	-	19	3,301	16.64%
Personnel costs	21,568	8	-	-	-	8	0.04%
Other operating costs	1,946	472	-	-	5	477	24.51%
Financial income	3,909	229	-	-	-	229	5.86%
Income from investments	3,206	3,195	11	-	-	3,206	100.00%

In thousands of Euro	2014	of which related parties						
		Subsidiaries	Joint operation	Associates	Parent companies	Other related parties	Tot. Parties parties	Incidence % on the financial statement item
Revenues	96,013	9,077	8	-	-	12,220	21,305	22.19%
Other operating revenues	2,977	896	66	-	63	6	1,031	34.63%
Raw materials and consumables used	60,426	9,267	1	-	-	-	9,268	15.34%
Costs for services	17,718	1,808	4	211	-	106	2,129	12.02%
Personnel costs	20,972	9	-	-	-	-	9	0.04%
Other operating costs	1,445	170	(2)	-	-	20	188	13.01%
Financial income	1,765	141	-	-	-	-	141	7.99%
Financial charges	(4,408)	(1)	-	-	(187)	-	(188)	4.26%
- Income from investments	1,124	1,113	-	11	-	-	1,124	100.00%

Balance sheet In thousands of Euro	As at Dec. 31s2015	Subsidiaries	Associates	Parent companies	Other related parties	Tot. Parties parties	Incidence % on the financial statement item
Trade receivables	33,465	2,184	-	-	4,643	6,827	20.40%
Other current assets and other receivables	4,331	908	-	10	-	918	21.20%
Financial receivables and other non-current financial assets	3,226	3,218	-	-	-	3,218	99.75%
Trade payables	31,272	4,144	67	-	70	4,281	13.69%
Other current liabilities and other payables	4,175	551	-	-	-	551	13.20%

Balance sheet In thousands of Euro	As at Dec. 31st, 2014	Subsidiaries	Joint operation	Associates	Parent companies	Other related parties	Tot. Parties parties	Incidence % on the financial statement item
Trade receivables	32,702	2,510	-	-	-	3,912	6,422	19.64%
Other current assets and other receivables	4,373	1,097	-	-	20	7	1,124	25.70%
Financial receivables and other non-current financial assets	2,596	2,588	-	-	-	-	2,588	99.69%
Trade payables	30,959	5,522	-	50	-	25	5,597	18.08%
Other current liabilities and other payables	4,756	364	-	-	-	-	364	7.65%

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, research and marketing services), with the transactions carried out at arm's length, and financial relations (granting of loans) whose characteristics have been outlined in the various notes to the financial statements.
Relations with the holding companies Piemme and Holdisa S.r.l. are limited to the provision of administrative services by the Company.

Relations with subsidiaries

. Revenues

in thousands of Euro	2015	2014
Isagro Asia Agro Ltd.	1,509	1,381
Isagro España S.L.	5,386	4,634
Isagro U.S.A., Inc.	956	2,677
Isagro Colombia	435	385
Total revenues from subsidiaries	**8,286**	**9,077**

. Other operating revenues

in thousands of Euro	2015	2014
Isagro Asia Agro Ltd.	670	520
Isagro España S.L.	101	100
Isagro Hellas MEPE.	-	75
Isagro Singapore Ltd.	4	-
Isagro U.S.A., Inc.	35	201
Total other operating revenues from subsidiaries	**810**	**896**

. Raw materials and consumables

in thousands of Euro	2015	2014
Isagro Asia Agro Ltd.	10,304	9,238
Isagro España S.L.	-	1
Isagro U.S.A., Inc.	2,440	28
Total raw materials and consumables - subsidiaries	**12,744**	**9,267**

. Costs for services

in thousands of Euro	2015	2014
Isagro Asia Agro Ltd.	14	9
Isagro Brasil Ltda	452	503
Isagro Colombia S.A.S.	61	35
Isagro Espana S.L.	145	181
Isagro Hellas MEPE.	6	118
Isagro Shanghai Co. Ltd.	435	289
Isagro U.S.A., Inc.	1,969	673
Total costs for services to subsidiaries	**3,082**	**1,808**

. Personnel costs

in thousands of Euro	2015	2014
Isagro Asia Agro Ltd.	6	9
Isagro Brasil Ltda	1	-
Isagro U.S.A., Inc.	1	-
Total personnel costs - subsidiaries	**8**	**9**

. Other operating costs

in thousands of Euro	2015	2014
Isagro Brasil Ltda	46	50
Isagro Hellas MEPE	-	35
Isagro Shanghai Co. Ltd.	2	-
Isagro U.S.A., Inc.	424	85
Total other operating costs - subsidiaries	**472**	**170**

. Net financial income/(charges)

in thousands of Euro	2015	2014
Isagro España S.L.	-	(1)
Isagro Colombia S.A.S.	22	1
Isagro U.S.A., Inc.	207	140
Total net financial income/(charges) - subsidiaries	**229**	**140**

Income from investments

in thousands of Euro	2015	2014
Isagro Asia Agro Ltd.	2,607	614
Isagro España S.L.	543	304
Isagro Colombia S.A.S.	45	195
Total income from investments	**3,195**	**1,113**

. Trade receivables

in thousands of Euro	2015	2014
Isagro Asia Agro Ltd.	350	64
Isagro Colombia S.A.S.	369	263
Isagro España S.L.	1,417	1,432
Isagro U.S.A., Inc.	48	751
Total trade receivables due from subsidiaries	**2,184**	**2,510**

. Other current assets and other receivables

in thousands of Euro	2015	2014
Isagro Asia Agro Ltd.	670	520
Isagro Colombia S.A.S.	-	92
Isagro Chile Ltda	-	5
Isagro España S.L.	100	100
Isagro Hellas MEPE.	-	75
Isagro Singapore Ltd	11	-
Isagro U.S.A., Inc.	127	305
Total other current assets and other receivables due from subsidiaries	**908**	**1,097**

. Financial receivables and other current financial assets

in thousands of Euro	2015	2014
Isagro Colombia S.A.S.	922	-
Isagro U.S.A., Inc.	2,296	2,588
Total financial receivables and other non-current financial assets due from subsidiaries	**3,218**	**2,588**

. Trade payables

in thousands of Euro	2015	2014
Isagro Asia Agro Ltd.	3,483	4,785
Isagro Colombia S.A.S.	11	-
Isagro España S.L.	3	11
Isagro Shanghai Co. Ltd.	103	158
Isagro U.S.A., Inc.	313	237
Isagro Brasil Ltda	231	331
Total trade payables due to subsidiaries	**4,144**	**5,522**

. Other current liabilities and other payables

in thousands of Euro	2015	2014
Isagro Asia Agro Ltd.	15	10
Isagro Colombia S.A.S.	51	36
Isagro España S.L.	132	51
Isagro Hellas Ltd.	-	48
Isagro U.S.A., Inc.	353	219
Total other current liabilities and other payables due to subsidiaries	**551**	**364**

The item Income from investments states the value of dividends collected and to be collected from subsidiaries and, in particular, for Isagro Asia this includes the buyback of its shares from Isagro S.p.A. for € 1,959 thousand, previously described in note no. 4.

For comments and details on “current financial receivables and other financial assets” please refer to note no. 12.

Relations with joint operations

. Revenues

in thousands of Euro	2015	2014
ISEM S.r.l. in liquidation	-	8
Total revenues from joint operations	**-**	**8**

. Other operating revenues

in thousands of Euro	2015	2014
ISEM S.r.l. in liquidation	-	66
Total other operating revenues from joint operations	**-**	**66**

. Raw materials and consumables

in thousands of Euro	2015	2014
ISEM S.r.l. in liquidation	-	1
Total raw materials and consumables - joint operations	**-**	**1**

. Costs for services

in thousands of Euro	2015	2014
ISEM S.r.l. in liquidation	-	4
Total costs for services from joint operations	**-**	**4**

. Other operating costs

in thousands of Euro	2015	2014
ISEM S.r.l. in liquidation	-	(2)
Total other operating costs - joint operations	**-**	**(2)**

Relations with associates

. Costs for services

in thousands of Euro	2015	2014
Arterra Bioscience S.r.l.	200	211
Total costs for services - associates	**200**	**211**

. Income from investments

in thousands of Euro	2015	2014
Arterra Bioscience S.r.l.	11	11
Total income from investments in associates	**11**	**11**

. Trade payables

in thousands of Euro	2015	2014
Arterra Bioscience S.r.l.	67	50
Total trade payables due to associates	**67**	**50**

Relations with parents

. Other operating revenues

in thousands of Euro	2015	2014
Piemme S.r.l.	9	9
Holdisa S.r.l.	14	54
Total other operating revenues from parents	**23**	**63**

Net financial (charges)

in thousands of Euro	2015	2014
Holdisa S.r.l.	-	(187)
Total net financial (charges)	**-**	**(187)**

. Other current assets and other receivables

in thousands of Euro	2015	2014
Piemme S.r.l.	6	6
Holdisa S.r.l.	4	14
Total other current assets and other receivables due from parents	**10**	**20**

Relations with other related parties

The trade receivables and revenues related to the Gowan Group essentially refer to the sales of crop protection products to Gowan Group companies.

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

Relations with other related parties

. Revenues

in thousands of Euro	2015	2014
Gowan Group	13,467	12,220
Total revenues from other related parties	**13,467**	**12,220**

. Other operating revenues

in thousands of Euro	2015	2014
Gowan Group	-	6
Total other operating revenues from other related parties	**-**	**6**

. Raw materials and consumables

in thousands of Euro	2015	2014
Gowan Group	322	-
Total raw materials and consumables		
- other related parties	**322**	**-**

. Costs for services

in thousands of Euro	2015	2014
Gowan Group	19	106
Total costs for services from other related parties	**19**	**106**

. Other operating costs

in thousands of Euro	2015	2014
Gowan Group	5	20
Total other operating costs to other related parties	**5**	**20**

Trade receivables

in thousands of Euro	2015	2014
Gowan Group	4,643	3,912
Total trade receivables from other related parties	**4,643**	**3,912**

. Other current assets and other receivables

in thousands of Euro	2015	2014
Gowan Group	-	7
Total other current assets and other receivables from other related parties	**-**	**7**

. Trade payables

in thousands of Euro	2015	2014
Gowan Group	70	25
Total trade payables to other related parties	**70**	**25**

Remuneration of Directors, Statutory Auditors and key management personnel.

The table below shows the economic benefits for the year for the directors, key management personnel and members of the Board of Statutory Auditors (amounts in Euro):

Party			**Remuneration**		
	Office held	**Duration of office**	**Emoluments for the office**	**Bonus, other incentives, and fringe benefits**	**Other remuneration**
Directors:					
Giorgio Basile	Chairman and C.E.O.	3 years	500,000	2,625	99,000
Maurizio Basile	Deputy Chairman	3 years	76,667	1,929	21,780
Riccardo Basile	Director	3 years	20,000	-	-
Christina Economou	Director	3 years	20,000	-	-
Gianni Franco	Director	3 years	20,000	-	-
Daniela Mainini	Chairman of the Risk and Control Committee since May 5th, 2015	3 years	18,333	-	-
Adriana Silvia Sartor	Chairman of the Appointments and Remuneration Committee since May 5th, 2015	3 years	24,667	-	-
Stavros Sionis	Member of the Risk and Control Committee and the Appointments and Remuneration Committee since May 5th, 2015	3 years	18,000	-	-
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 and former member of the Supervisory Body	in office until April 24th, 2015	9,833	-	3,800
Statutory Auditors:					
Piero Gennari	Chairman	3 years	30,000	-	-
Giuseppe Bagnasco	Statutory Auditor	3 years	20,000	-	-
Claudia Costanza	Statutory Auditor	3 years	20,000	-	-

It should be noted that the term of office of the Board of Directors will end with the approval of the financial statements as at December 31st, 2017, while that of the Board of Statutory Auditors with the approval of the financial statements as at December 31st, 2015.

38. Hierarchical levels of fair value measurement

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 December 31st, 2015 broken down by fair value hierarchy level.

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
- derivatives on commodities - copper (future buy)	-	40	-	40
- exchange rate derivatives (forward sale)	-	306	-	306
Total Financial assets	**-**	**346**	**-**	**346**
Financial liabilities measured at fair value:				
- exchange rate derivatives (forward sale)	-	(337)	-	(337)
- derivatives on commodities - copper (future buy)	-	(3)	-	(3)
Total Financial liabilities	**-**	**(340)**	**-**	**(340)**

As for the techniques for determining the fair value of the derivatives included in Level 2, please refer to note no. 13.

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

	Book value	Fair value
Receivables and other assets:		
Receivables measured at amortised cost:		
- Receivables from Arysta LifeScience	3,114	2,783
- Receivables from Gowan Company LLC	1,001	1,002
- Receivables from Quimimport	1,305	1,299
- Receivables from Rotam Agrochemical Company Ltd.	1,567	1,417
- Receivables from Sipcam Nichino Brasil	1,724	1,725
- Receivables from SumiAgro Europe Limited	1,500	1,482
Financial liabilities:		
Financial liabilities measured at amortised cost:		
- Loans from banks (current and non-current)	55,464	54,843

The determination of the fair value was carried out on a consistent basis with the generally accepted methods, which use valuation models based on the Discounted cash flow. Specifically, the parent Isagro S.p.A. used the models in the Bloomberg database. Discounting of the future cash flows of receivables and loans expressed in euro was calculated based on the market zero coupon rates curve as at December 31st, 2015, obtained from the six-month EURIBOR curve, while discounting of future cash flows of loans expressed in US dollars was calculated based on the market zero coupon rates curve as at December 31st, 2015, obtained from the six-month LIBOR. The above-mentioned curves were adjusted to bear in mind the creditworthiness of Isagro S.p.A. (own credit risk) in the case of loans payable and the creditworthiness of the counterparty (counterparty credit risk) in the case of receivables claimed by 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.

39. Financial risk management: objectives and approach

In carrying out its business, the Company is exposed to financial and market risks, specifically:

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

Context

The so-called conventional crop protection products market - in which the Company operates - according to the estimates provided by the research company Phillips McDougall, came to a value of about US$ 52 billion at distribution level in 2015, with a decrease in nominal terms of 8.5% compared to the record level of US$ 57 billion in 2014. This decrease is mainly attributable to the unfavourable climate and weather conditions, on the one hand, also due to the effect of the "El Niño" event, and an adverse monsoon season, with high levels of stock in the main distribution channels and, on the other hand, a drop in prices of the main agricultural commodities and the strengthening of the US Dollar on the main currencies.
In the above-mentioned context, the Company operated in order to control the above financial variables by implementing appropriate policies to minimise the aforementioned risks through the use of market instruments or appropriate corporate control policies and policies for the product/market portfolio.
In detail, as regards the use of derivatives, two types of hedging can be identified: (a) transactions which, in compliance with the risk management policies, satisfy the requirements imposed by the accounting principles for the registration in "hedge accounting", are designated as "hedging transactions"; (b) transactions which, even though they have been carried out as hedges, do not satisfy the requirements provided for by the accounting principles and are classified under "trading."
It should be recalled that Isagro does not enter into derivative contracts for speculative purposes.

a) Exchange rate risk management

Isagro S.p.A. operates on several markets internationally and many trade relations are managed in currencies other than the Euro, mainly in US dollars, the currency of reference for sales made mainly on the US markets. This means that the Company's assets and liabilities are exposed to financial risks deriving

from the varying exchange rate between the time the trade relation arises and the time the transaction (collection/payment) is finalised. Sales in US Dollars totalled about 29 million in the year that ended on December 31st, 2015 versus purchases in US Dollars amounting to about 9 million, thus with a balance of approximately US$ 20 million.
In order to reduce the risk tied in particular to the fluctuations of the US Dollar, the Company carries out natural hedging transactions represented, for example, by loans granted by banks in US Dollars against the transfer of invoices denominated in this currency to said banks) and/or hedging transactions using swap instruments.
Please note that as at December 31st, 2015 the Company had swap transactions for around USD 44 million, of which approximately US$ 20 million for net receivables in this currency as at December 31st, 2015 and around 24 million to hedge the exchange rate risk associated with sales in USD expected for 2016.

b) Interest rate risk management

Isagro S.p.A. had a net financial position (NFP) of € 48.7 million as at December 31st, 2015, of which € 25.6 million medium/long-term, compared to an NFP and medium/long-term debt as at December 31st, 2014 of € 36.8 million and € 17.0 million, respectively.
Therefore, in the 12 months of 2015 Isagro S.p.A.:

- generated negative cash flow of € 11.9 million. However, most of this (€ 9.4 million) was linked to a strategy of increasing working capital, mainly to build a large stock of strategic products as compared to 2014 – primarily Tetraconazole and Copper-based Products. This creation of strategic stock was also cost-effective, given the profitability of Isagro's proprietary products, due to the low cost of procurement of debt capital;
- increased the duration of its debt, growing the medium/long-term portion by € 8.6 million.

Almost all of the financial payables of Isagro S.p.A. are remunerated based on a fixed spread, which varies in size depending on the nature of the various lines, and a variable component that is generally represented by the 3-month EURIBOR (currently negative).
Isagro did not make use of interest rate hedging instruments. However, it is estimated that for each increase of 10 basis points in the cost of debt (3-month EURIBOR), Isagro would have an incremental negative impact on the income statement of approximately € 50 thousand, to be considered immaterial.
Should the expediency of hedging the interest rate risk be seen with reference to the variable component of these loans, Isagro would use interest swap rate contracts as it has done in the past for other loans when the rates were higher, and above all else in a scenario much more uncertain than the one today in terms of E.I.B. guidance.
These contracts would be set up with a notional value which partly covers the financial indebtedness exposed to interest rate fluctuations, with maturity dates identical to those of the underlying financial liabilities, so that each movement in the fair value and/or in the expected cash flows of such contracts is offset by a corresponding movement in the fair value and/or cash flow expected in the underlying position. These hedges would also be carried out with a perspective of correspondence with the sinking plan of each loan (hedge accounting).
Furthermore, with a view to optimising the cost of borrowing and seeking greater alignment between the timing of the investments undertaken, and therefore the related outgoing and incoming cash flows, and that of the sources of finance supporting these investments, Isagro S.p.A.:

- repaid € 7.4 million in advance to the European Investment Bank (February 16th, 2015), corresponding to the residual debt referring to the original tranche of € 10 million disbursed in 2012 and forming part of the loan originally amounting to € 22.5 million;
- obtained new medium/long-term finance for a total of € 27.5 million - the portion of which due beyond the 12 months after December 31st, 2015 amounted to € 16.8 million - in the form of eight medium/long-term loans:
- loan for € 2.5 million, granted in January by Banca Popolare dell'Emilia Romagna, on which interest accrues at the 3-month EURIBOR rate + a 2.20% spread;
- loan for € 2.5 million, granted in February by Banca Popolare di Sondrio, on which interest accrues at the 3-month EURIBOR rate + a 2.00% spread;
- loan for € 4.0 million, granted in March by Unicredit, on which interest accrues at the 6-month EURIBOR rate + a 2.50% spread;
- loan for € 5.0 million, granted in March by Banca Popolare Commercio e Industria, on which interest accrues at the 3-month EURIBOR rate + a 1.80% spread;
- loan for € 4.0 million, granted in May by Banca Popolare di Milano, on which interest accrues at the 3-month EURIBOR rate + a 1.70% spread;
- loan for € 2.5 million, granted in July by Monte Paschi di Siena, on which interest accrues at the 6-month EURIBOR rate + a 1.85% spread;
- loan for € 6.0 million, granted in July by Mediocredito, on which interest accrues at the 3-month EURIBOR rate + a 1.95% spread;
- loan for € 1.0 million, granted in September by Banco Popolare, on which interest accrues at the 3-month EURIBOR rate + a 1.50% spread.

c) Changes in raw material prices

This risk is essentially limited to fluctuations in the price of the commodity copper, fundamental raw material in the production of fungicides based on this metal. The derivative used is the "commodity swap".
Until September 30th, 2011, Isagro S.p.A. used to hedge, usually at the start of the financial year, about 50% of its requirements of scrap copper linked to the sales of formulations, without hedging the estimated sales for the year of so-called "technical" products, whose selling price is directly related to the trend in the price of raw materials, postponing the decision as to whether to hedge the remaining quantity later in the year.
However, this method did not allow a connection to be made between the mechanism of fixing the finished product price to customers and the specific trend in the raw material price on the market at the time of its actual purchase and subsequent processing at the Adria site: therefore, this on average permitted the hedging of the generic risk of foreseeable fluctuations in the price, but was not able to protect the Company from sudden and brusque changes together with sudden erratic volatility trends in the price.
This method, which is effective in times characterised by low volatility, was not able to guarantee suitable hedging in times when volatility was high: for this reason, the Finance and Control Department of Isagro S.p.A., in close partnership with the Sales, Supply Chain and Information System Department, set up a work team to review the methods of managing the risk of fluctuations in the price of copper in connection with the fixing of selling prices of finished products for customers.
Thus the following procedure was set in the last part of 2011:

- fixing of sales prices with customers in the previous quarter for the next quarter;

- preparation of a production plan and identification of the approximate terms for the raw material purchase batches for each individual sale and period;
- drawing up of a report generated by information systems and stating, for each individual order and price, the quantities of equivalent scrap copper and the approximate terms set for purchase on the market and production;
- forward cover of quantities.

This new method, in place since January 1st, 2012, made it possible to manage the price risk more effectively. It is specifically designed to address the changed and tougher circumstances. Therefore, this method, which does not derive from an exclusively financial vision but rather involves commercial and productive aspects, will result in a more efficient management of the copper business as a whole, starting from the fixing of sales prices.

Nevertheless, the company financial risk management procedure envisages that the CFO, in agreement with the CEO, can assess the advisability of departing from the above-mentioned hedging procedure.

Please note that as at December 31st, 2015 Isagro S.p.A. has forward purchase transactions for 538 tons of copper in effect, maturing within the first quarter of 2016.

d) Liquidity risk management

The liquidity of the Company is based on a diversification of bank loans and on a structure mix of the lines of credit: “commercial or self-liquidating,” medium-term loans and finally factoring facilities, in order to be able to use these facilities in accordance with the different type of needs.

Note that the Company's debt is divided up between a large number of banks with the aim of minimising the risk of reduction/cancellation of lines of credit for current assets.

From an operating perspective, the Company manages the liquidity risk by planning on an annual basis, with a monthly breakdown, the estimated cash inflows and payments. Based on the results of the financial planning, the needs and, consequently, the resources required for the related hedging are identified. Furthermore, a “Financial Report” is prepared on a monthly basis every year. It summarises the final cash flows and prospects at year end, again monthly.

The following table summarises the maturity profile of the Company's liabilities based on the contractual payments not discounted:

Dec. 31st, 2015	On demand	< 3 months	3 to 12 months	1 to 5 years	over 5 years	TOTAL
Financial liabilities	7,077	12,959	13,165	26,303	-	59,504
Derivatives	-	246	94	-	-	340
Trade payables	5,923	9,031	16,318	-	-	31,272
Other liabilities and other payables	3,581	1	343	-	-	3,925
TOTAL	16,581	22,237	29,920	26,303	-	95,041

Dec. 31st, 2014	On demand	< 3 months	3 to 12 months	1 to 5 years	over 5 years	TOTAL
Financial liabilities	6,019	13,464	7,154	20,414	-	47,051
Derivatives	-	372	590	-	-	962
Trade payables	4,466	9,064	17,429	-	-	30,959
Other liabilities and other payables	4,179	-	327	-	-	4,506
TOTAL	14,664	22,900	25,500	20,414	-	83,478

Note that as at December 31st, 2015 Isagro S.p.A. had around € 66.9 million in various types of bank credit facilities unused, more than enough to guarantee strong financial resilience to any external shocks.

e) Capital management

The Company's goal is to guarantee a sound credit rating in order to access bank credit on favourable economic terms. It is the policy of the Company, therefore, to have ongoing contacts with all the financial institutions, in order to convey the information (always within the limits established for listed companies) to them necessary to better understand the type of business and the peculiar market situations existing.

f) Credit risk management

The Company's policy is to grant credit to customers after assessing their economic and financial structure, payment performance over the years, and all other information available on the market, i.e. the normal instruments used in determining the customer's “solvency”.

In order to limit certain customer/country risks, letter of credit, insurance coverage, factoring on a non-recourse basis or financial discount for advance payments are used.

The table below shows the maximum exposure of the Company to credit risk:

	Dec. 31, 2015	Dec. 31, 2014
trade receivables	34,485	33,568
other assets and sundry receivables (excluding deferred income)	9,091	9,792
tax receivables	2,459	1,752
derivatives	346	168
financial receivables	3,226	5,471
cash (excluding cash on hand)	6,094	4,209
	55,701	54,960
guarantees granted	5,674	3,295
Total credit risk	**61,375**	**58,255**

It should also be noted that the Company received guarantees from customers amounting to € 500 thousand in relation to several trade receivables.

g) Climate changes

The usage of crop protection products is influenced by the climate: humidity, rainfall and temperature. Today, the Company's policy is to diversify the markets in which it operates, in order to cover as many markets as possible in both hemispheres. Currently, Isagro operates in over 70 countries, either directly (with its own sales networks) or indirectly, through local distributors, in order to minimise the impact of particular climatic situations which characterise certain regions/continents. Nevertheless, drought conditions extraordinarily affecting several continents/countries at the same time can strongly influence the Company’s profitability. More specifically, given the composition of Isagro’s sales, the climatic conditions in Europe (and in particular in Italy), the United States and Brazil play an important role. In those markets, in 2015 climate conditions were unfavourable to the demand for crop protection products – specifically fungicides – with possible effects on 2016 sales.

40. Significant non-recurring events and transactions

No significant non-recurring transactions were carried out during 2015. In compliance with the CONSOB Communication dated July 28th, 2006, the transactions carried out in the previous year are outlined in note no. 27, to which reference should be made.

41. Transactions resulting from atypical and/or unusual operations

Pursuant to CONSOB Communication dated July 28th, 2006, it is specified that, in 2015, the Company did not carry out any atypical and/or unusual operations, i.e. operations which, due to the significance, nature of the counterparties, subject of the transaction, pricing procedures and timing of the event, may raise doubts 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.

42. Events subsequent to December 31st, 2015

No significant events occurred between December 31st, 2015 and the date of these financial statements.

43. Management and coordination activities

Pursuant to article 2497 bis, subsection 4 of the Italian Civil Code, the summary figures are provided below from the last financial statements approved by the parent company Holdisa S.r.l. (financial year 2014/2015), as the company responsible for management and coordination of Isagro S.p.A..

Separate financial statements of Holdisa S.r.l. as at June 30th, 2015:

(amounts in thousands of Euro)

BALANCE SHEET	**Jun. 30, 2015**	**Jun. 30, 2014**
ASSETS		
A) Subscribed capital unpaid	-	-
B) Fixed assets	31,024	25,068
C) Current assets	19	5,933
D) Accrued income and prepaid expenses	-	-
Total assets	31,043	31,001
LIABILITIES		
A) Shareholders' equity:		
- Share capital	21,000	21,000
- Reserves	9,786	9,781
- Retained earnings	101	-
- Profit/(Loss) for the period	(100)	106
B) Provisions for risks and charges	-	-
C) Severance indemnity fund	-	-
D) Payables	252	114
E) Accrued liabilities and deferred income	4	-
Total liabilities	31,043	31,001
Guarantees, commitments and other risks	-	-

(amounts in thousands of Euro)

INCOME STATEMENT	Jan. 7, 2014 – Jun. 30, 2015	Nov. 10, 2013 – Jun. 30, 2014
A) Value of production	-	-
B) Production costs	(111)	(121)
C) Financial income and charges	(6)	263
D) Adjustments to financial assets	-	-
E) Extraordinary income and charges	17	-
Income taxes for the period	-	(36)
Profit/(Loss) for the period	(100)	106

44. Disclosure of audit fees

Pursuant to article 149-*duodecies* of the CONSOB Issuers' Regulation, below is a table summarising the fees for audits and any other services provided by Deloitte & Touche S.p.A., appointed to conduct the audit of the separate financial statements of the Company and the consolidated financial statements:

Type of service	Party providing the service	Recipient	Remuneration (in thousands of euro)
Audit	Deloitte & Touche	Isagro S.p.A.	115
Certification services	Deloitte & Touche	Isagro S.p.A.	3
Other services	Deloitte & Touche's network	Isagro S.p.A.	10

The item "audit" includes fees for periodic reviews envisaged by article 155, subsection 1a) of the Consolidated Law. This amount includes costs but not VAT.

The item "other services" refers to fees paid for methodological support activities carried out by the Tax and Corporate Advisory Firm in the Deloitte network.

The table below illustrates the fees for audit and any other non-audit services provided by Deloitte & Touche S.p.A., and by their partner independent auditors, for the subsidiaries of Isagro S.p.A.:

Type of service	Party providing the service	Recipient	Remuneration (in thousands of euro)
Audit	i) Deloitte & Touche	Foreign subsidiaries	40
	ii) Deloitte & Touche's network	Foreign subsidiaries	77
Other services			5

Specifically, the item "other services" refers to fees paid by the subsidiary Isagro Asia Agrochemicals Pvt. Ltd. for methodological support activities requested with regard to taxation in India of the buyback of shares, previously illustrated in note no. 4, to which reference is made.

45. List of the international accounting standards approved by the European Commission as of the date of preparation of the financial statements

International Accounting Standards			Endorsement regulation
IFRS	1	First-time Adoption of International Financial Reporting Standards (IFRS)	707/2004-2236/2004-2237/2004-2238/2004-211/2005-1751/2005-1864/2005-1910/2005-108/2006-69/2009-1136/2009-662/2010-574/2010-149/2011-1255/2012-301/2013-1361/2014
IFRS	2	Share-Based Payment	211/2005-1261/2008-243/2010-244/2010-28/2015
IFRS	3	Business combinations	2236/2004-495/2009-149/2011-1361/2014-28/2015
IFRS	4	Insurance contracts	2236/2004-108/2006-1165/2009
IFRS	5	Non-current assets held for sale and discontinued operations	2236/2004-70/2009-243/2010-2343/2015
IFRS	6	Exploration for and evaluation of mineral resources	1910/2005-108/2006
IFRS	7	Financial instruments: disclosures	108/2006-1165/2009-574/2010-149/2011-1205/2011-1256/2012-2343/2015
IFRS	8	Operating segments	1358/2007-632/2010-243/2010-28/2015
IFRS	10	Consolidated financial statements	1254/2012-313/2013-1174/2013
IFRS	11	Joint arrangements	1254/2012-313/2013-2173/2015
IFRS	12	Disclosure of interests in other entities	1254/2012-313/2013-1174/2013
IFRS	13	Fair value measurement	1255/2012-1361/2014-28/2015
IAS	1	Presentation of financial statements	2236/2004-2238/2004-1910/2005-108/2006-1274/2008-53/2009-70/2009-243/2010-149/2011-475/2012-301/2013-2406/2015
IAS	2	Inventories	2238/2004
IAS	7	Statement of cash flows	1725/2003-2238/2004-243/2010
IAS	8	Accounting policies, changes in accounting estimates and errors	2238/2004-70/2009
IAS	10	Events after the reporting period	2236/2004-2238/2004-70/2009
IAS	11	Construction contracts	1725/2003
IAS	12	Income taxes	1725/2003-2236/2004-2238/2004-211/2005-1255/2012
IAS	14	Segment reporting	1725/2003-2236/2004-2238/2004-108/2006

International Accounting Standards			Endorsement regulation
IAS	16	Property, plant and equipment	2236/2004-2238/2004-211/2005-1910/2005-70/2009-301/2013-28/2015-2113/2015-2231/2015
IAS	17	Leases	2236/2004-2238/2004-108/2006-243/2010
IAS	18	Revenues	1725/2003-2236/2004
IAS	19	Employee benefits	1725/2003-2236/2004-2238/2004-211/2005-1910/2005-70/2009-475/2012-29/2015-2343/2015
IAS	20	Government grants	1725/2003-2238/2004-70/2009
IAS	21	Effects of changes in foreign exchange rates	2238/2004-149/2011
IAS	23	Financial charges	1725/2003-2238/2004-1260/2008-70/2009
IAS	24	Related party disclosures	2238/2004-1910/2005-632/2010-28/2015
IAS	26	Retirement benefit plans	1725/2003
IAS	27	Separate financial statements	2236/2004-2238/2004-69/2009-70/2009-494/2009-149/2011-1254/2012-1174/2013-2441/2015
IAS	28	Investments in associates and joint ventures	2236/2004-2238/2004-70/2009-149/2011-1254/2012
IAS	29	Financial reporting in hyperinflationary economies	1725/2003-2238/2004-70/2009
IAS	31	Interests in joint ventures	2236/2004-2238/2004-70/2009-149/2011-1254/2012
IAS	32	Financial instruments: presentation	2236/2004-2237/2004-2238/2004-211/2005-1864/2005-108/2006-53/2009-1293/2009-149/2011-1256/2012-301/2013
IAS	33	Earnings per Share	2236/2004-2238/2004-211/2005-108/2006
IAS	34	Interim financial reporting	1725/2003-2236/2004-2238/2004-70/2009-149/2011-301/2013-
IAS	36	Impairment of assets	2236/2004-2238/2004-70/2009-243/2010-1374/2013
IAS	37	Provisions, contingent liabilities and contingent assets	1725/2003-2236/2004-2238/2004
IAS	38	Intangible assets	2236/2004-2238/2004-211/2005-1910/2005-70/2009-243/2010-28/2015-2231/2015
IAS	39	Financial instrument: recognition and measurement	707/2004-2086/2004-2236/2004-211/2005-1751/2005-1864/2005-1910/2005-2106/2005-108/2006-70/2009-1171/2009-243/2010-149/2011-1375/2013
IAS	40	Investment property	2236/2004-2238/2004-70/2009-1361/2014

International Accounting Standards			Endorsement regulation
IAS	41	Agriculture	1725/2003-2236/2004-2238/2004-70/2009-2113/2015

Interpretations			Endorsement regulation
IFRIC	1	Changes in existing decommissioning, restoration and similar liabilities	2237/2004
IFRIC	2	Members' shares in co-operative entities and similar instruments	1073/2005
IFRIC	4	Determining whether an arrangement contains a lease	1910/2005
IFRIC	5	Rights to interests arising from decommissioning, restoration and environmental funds	1910/2005
IFRIC	6	Liabilities arising from participating in a specific market – Waste electrical and electronic equipment	108/2006
IFRIC	7	Applying the restatement approach under IAS 29 - Financial reporting in hyperinflationary economies	708/2006
IFRIC	8	Scope of IFRS 2	1329/2006
IFRIC	9	Reassessment of embedded derivatives	1329/2006-1171/2009-243/2010
IFRIC	10	Interim financial reporting and impairment	610/2007
IFRIC	11	IFRS 2 - Group and treasury share transactions	611/2007
IFRIC	12	Service concession arrangements	254/2009
IFRIC	13	Customer Loyalty Programmes	1262/2008-149/2011
IFRIC	14	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1263/2008-633/2010-475/2012
IFRIC	15	Agreements for the Construction of Real Estate	636/2009
IFRIC	16	Hedges of a Net Investment in a Foreign Operation	460/2009-243/2010
IFRIC	17	Distribution of Non-Cash Assets to Owners	1142/2009
IFRIC	18	Transfers of Assets from Customers	1164/2009
IFRIC	19	Extinguishing Financial Liabilities with Equity Instruments	662/2010
IFRIC	20	Stripping Costs in the Production Phase of a Surface Mine	1255/2012
IFRIC	21	Levies	634/2014
SIC	7	Introduction of the Euro	1725/2003-2238/2004
SIC	10	Government Assistance - No Specific Relation to Operating Activities	1725/2003
SIC	12	Consolidation – Special Purpose Entities	1725/2003-2238/2004-1751/2005-1254/2012
SIC	13	Jointly-controlled Entities– Non-Monetary Contributions by Venturers	1725/2003-2238/2004-1254/2012
SIC	15	Operating Leases – Incentives	1725/2003
SIC	25	Income Taxes – Changes in Tax Status of an Entity or its Shareholders	1725/2003-2238/2004

Interpretations			Endorsement regulation
SIC	27	Evaluating the Substance of Transactions in the Legal Form of a Lease	1725/2003-2238/2004
SIC	29	Service Concession Arrangements - Disclosure	1725/2003
SIC	31	Revenue–Barter Transactions Involving Advertising Services	1725/2003-2238/2004
SIC	32	Intangible Assets – Web Site Costs	1725/2003-2236/2004-2238/2004

The Board of Directors

Milan, March 14th, 2016

ISAGRO
Centro Uffici San Siro - Edificio D - ala 3 - Via Caldera, 21 - 20153 Milano - Italia
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Certification of the financial statements pursuant to art. 81-ter of Consob Regulation no. 11971 of May 14,1999, as subsequently amended and supplemented

1. The undersigned, Giorgio Basile, Chairman and Chief Executive Officer of Isagro S.p.A., and Ruggero Gambini, Manager in charge of preparing corporate financial reports of Isagro S.p.A., hereby certify, having also taken into account the provisions of art. 154-bis, subparagraph 3 and 4, of the Italian Legislative Decree no. 58 of February 24, 1998:
   - the adequacy in relation to the characteristics of the company and
   - the effective application of the administrative and accounting procedures for the preparation of the financial statements in 2015.

2. In this respect no significant matters arose.

3. It is also certified that:

   3.1 the financial statements of Isagro S.p.A. as of December 31, 2015:

   a) were prepared in accordance with applicable international accounting standards as recognized by the European Community pursuant to European Parliament and of the Council Regulation EC no. 1606/2002 of 19 July 2002;

   b) correspond to the results documented in the books and accounting records;

   c) are able to provide a truthful and correct representation of the economic and financial position of the issuer;

   3.2 the report on operation includes a reliable analysis of the performance and the operating result, as well as the position of the issuer, together with a description of the main risks and uncertainties they are exposed to.

Milan, March 14th, 2016

Chairman and Chief Executive Officer

Giorgio Basile

Manager in charge of preparing
Corporate financial reports

Ruggero Gambini

ISAGRO S.p.A. - società diretta e coordinata da Holdisa S.r.l.
Sede legale: Via Caldera, 21 - 20153 Milano - Italia
Capitale Sociale Euro 24.961.207,65 i.v. - R.E.A. Milano 1300947 - Registro Imprese Milano, Cod. Fisc. e P. IVA 09497920158

Financial Statements of the controlled and associated Companies

Isagro Argentina 31.12.2015

BALANCE SHEET IAS SCHEME

BALANCE SHEET	NOTES	in local currency	in Euro
NON CURRENT ASSETS			
Buildings, Plants, Machinery and Capital Assets		-	-
Goodwill		-	-
Intangible Assets		-	-
Investments accounted for using the equity method		-	-
Other investments		-	-
Receivables and other non current assets		-	-
Deferred tax assets		-	-
TOTAL NON CURRENT ASSETS		-	-
CURRENT ASSETS			
Inventories		-	-
Trade receivables		-	-
Other receivables		115.763	8.212
Tax assets		-	-
Financial assets		-	-
Cash and cash equivalents		250.016	17.735
TOTAL CURRENT ASSETS		365.779	25.947
TOTAL ASSETS		365.779	25.947
NET EQUITY			
Issued Capital		1.312.100	198.478
Reserves		-	-
Exchange reserve/difference		-	(27.505)
Profits carried forward		(768.203)	(127.051)
Profits		(201.288)	(19.619)
Total		342.609	24.303
TOTAL NET EQUITY		342.609	24.303
NON CURRENT LIABILITIES			
Financial liabilities		-	-
Employee benefits		-	-
Non current funds		-	-
Deferred tax liabilities		-	-
Other non current liabilities		-	-
TOTAL NON CURRENT LIABILITIES		-	-
CURRENT LIABILITIES			
Financial liabilities		-	-
Trade payables		23.170	1.644
Current funds		-	-
Tax liabilities		-	-
Other liabilities		-	-
TOTAL CURRENT LIABILITIES		23.170	1.644
TOTAL LIABILITIES		23.170	1.644
TOTAL EQUITY AND LIABILITIES		365.779	25.947

Isagro Argentina 31.12.2015

PROFIT & LOSS IAS SCHEME

	NOTES	in local currency	in Euro
Revenue		-	-
Other income		-	-
Variation in stock of finished goods and work in progress		-	-
Costs for capitalized internal works		-	-
Raw materials and consumables		-	-
Personnel costs		-	-
Amortization/ Depreciation/ Write-downs		-	-
- Amortization Intangible assets		-	-
- Depreciation Tangible assets		-	-
Impairment of assets		-	-
Costs for services		168.766	16.449
Other operative costs		4.599	448
Operative profit		**(173.365)**	**(16.897)**
Net financial costs		(27.923)	(2.722)
Profit/loss from controlled companies		-	-
Profit/loss from associated companies		-	-
Profit/loss before taxes		**(201.288)**	**(19.619)**
Income taxes		-	-
Net Profit/loss		**(201.288)**	**(19.619)**
Profit/loss of the Company		**(201.288)**	**(19.619)**

Isagro Asia 31.12.2015

BALANCE SHEET IAS SCHEME

BALANCE SHEET	NOTES	in local currency	in Euro
NON CURRENT ASSETS			
Buildings, Plants, Machinery and Capital Assets		295.749	4.106.399
Goodwill		6.070	84.280
Intangible Assets		-	-
Investments accounted for using the equity method		-	-
Other investments		-	-
Receivables and other non current assets		89.343	1.240.505
Deferred tax assets		37.955	526.995
TOTAL NON CURRENT ASSETS		429.117	5.958.179
CURRENT ASSETS			
Inventories		560.056	7.776.233
Trade receivables		1.380.023	19.161.264
Other receivables		146.757	2.037.683
Tax assets		133.347	1.851.489
Financial assets for derivatives		2.692	37.378
Cash and cash equivalents		685.660	9.520.213
TOTAL CURRENT ASSETS		2.908.535	40.384.260
TOTAL ASSETS		3.337.652	46.342.439
NET EQUITY			
Issued Capital		148.629	3.116.190
Reserves		551.716	11.412.993
Exchange Reserve/Difference		-	(5.769.528)
Profits carried forward		1.092.045	16.064.225
Profits		391.092	5.493.206
Total		2.183.482	30.317.086
TOTAL NET EQUITY		2.183.482	30.317.086
NON CURRENT LIABILITIES			
Financial liabilities		-	-
Employee benefits		6.270	87.057
Non current funds		-	-
Deferred tax liabilities		-	-
Other non current liabilities		51.235	711.385
TOTAL NON CURRENT LIABILITIES		57.505	798.442
CURRENT LIABILITIES			
Financial liabilities		133.029	1.847.073
Financial liabilities for derivatives		92	1.277
Trade payables		650.256	9.028.637
Current funds		-	-
Tax liabilities		176.781	2.454.559
Other liabilities		136.507	1.895.365
TOTAL CURRENT LIABILITIES		1.096.665	15.226.911
TOTAL LIABILITIES		1.154.170	16.025.353
TOTAL EQUITY AND LIABILITIES		3.337.652	46.342.439

Isagro Asia 31.12.2015

PROFIT & LOSS IAS SCHEME

	NOTES	in local currency	in Euro
Revenue		3.254.920	45.717.994
Other income		116.496	1.636.281
Variation in stock of finished goods and work in progress		166.759	2.342.266
Costs for capitalized internal works		-	-
Raw materials and consumables		1.850.263	25.988.446
Personnel costs		272.557	3.828.284
Amortization/ Depreciation/ Write-downs			
- Amortization Intangible assets		-	-
- Depreciation Tangible assets		50.838	714.061
Impairment of assets		-	-
Costs for services		528.970	7.429.813
Other operative costs		275.242	3.865.997
Operative profit		**560.305**	**7.869.940**
Net financial costs		32.178	451.966
Profit/loss from controlled companies		-	-
Profit/loss from associated companies		-	-
Profit/loss before taxes		**592.483**	**8.321.906**
Income taxes		201.391	2.828.700
Net Profit/loss		**391.092**	**5.493.206**
Profit/loss of the Company		**391.092**	**5.493.206**

Isagro Australia 31.12.2015

BALANCE SHEET IAS SCHEME

BALANCE SHEET	NOTES	in local currency	in Euro
NON CURRENT ASSETS			
Buildings, Plants, Machinery and Capital Assets		-	-
Goodwill		-	-
Intangible Assets		-	-
Investments accounted for using the equity method		-	-
Other investments		-	-
Receivables and other non current assets		-	-
Deferred tax assets		-	-
TOTAL NON CURRENT ASSETS		-	-
CURRENT ASSETS			
Inventories		-	-
Trade receivables		-	-
Other receivables		-	-
Tax assets		-	-
Financial assets		-	-
Cash and cash equivalents		35.123	23.577
TOTAL CURRENT ASSETS		35.123	23.577
TOTAL ASSETS		35.123	23.577
NET EQUITY			
Issued Capital		395.000	247.985
Reserves		-	-
Exchange reserve/difference		-	(3.302)
Profits carried forward		(350.411)	(214.668)
Profits		(15.440)	(10.448)
Total		29.149	19.567
TOTAL NET EQUITY		29.149	19.567
NON CURRENT LIABILITIES			
Financial liabilities		-	-
Employee benefits		-	-
Non current funds		-	-
Deferred tax liabilities		-	-
Other non current liabilities		-	-
TOTAL NON CURRENT LIABILITIES		-	-
CURRENT LIABILITIES			
Financial liabilities		-	-
Trade payables		5.974	4.010
Current funds		-	-
Tax liabilities		-	-
Other liabilities		-	-
TOTAL CURRENT LIABILITIES		5.974	4.010
TOTAL LIABILITIES		5.974	4.010
TOTAL EQUITY AND LIABILITIES		35.123	23.577

Isagro Australia 31.12.2015

PROFIT & LOSS IAS SCHEME

	NOTES	in local currency	in Euro
Revenue		-	-
Other income		-	-
Variation in stock of finished goods and work in progress		-	-
Costs for capitalized internal works		-	-
Raw materials and consumables		-	-
Personnel costs		-	-
Amortization/ Depreciation/ Write-downs		-	-
- Amortization Intangible assets		-	-
- Depreciation Tangible assets		-	-
Impairment of assets		-	-
Costs for services		15.062	10.193
Other operative costs		246	166
Operative profit		**(15.308)**	**(10.359)**
Net financial costs		(132)	(89)
Profit/loss from controlled companies		-	-
Profit/loss from associated companies		-	-
Profit/loss before taxes		**(15.440)**	**(10.448)**
Income taxes		-	-
Net Profit/loss		**(15.440)**	**(10.448)**
Profit/loss of the Company		**(15.440)**	**(10.448)**

Isagro Brasil 31.12.2015

BALANCE SHEET IAS SCHEME

BALANCE SHEET	NOTES	in local currency	in Euro
NON CURRENT ASSETS			
Buildings, Plants, Machinery and Capital Assets		87.588	20.314
Goodwill		-	-
Intangible Assets		562.598	130.482
Investments accounted for using the equity method		-	-
Other investments		-	-
Receivables and other non current assets		-	-
Deferred tax assets		580	135
TOTAL NON CURRENT ASSETS		650.766	150.931
CURRENT ASSETS			
Inventories		-	-
Trade receivables		997.754	231.406
Other receivables		18.768	4.353
Tax assets		-	-
Financial assets		-	-
Cash and cash equivalents		552.162	128.061
TOTAL CURRENT ASSETS		1.568.684	363.820
TOTAL ASSETS		2.219.450	514.751
NET EQUITY			
Issued Capital		1.307.210	532.891
Reserves		-	-
Exchange reserve/difference		-	(323.357)
Profits carried forward		590.509	228.736
Profits		48.619	13.138
Total		1.946.338	451.408
TOTAL NET EQUITY		1.946.338	451.408
NON CURRENT LIABILITIES			
Financial liabilities		22.794	5.287
Employee benefits		-	-
Non current funds		-	-
Deferred tax liabilities		-	-
Other non current liabilities		-	-
TOTAL NON CURRENT LIABILITIES		22.794	5.287
CURRENT LIABILITIES			
Financial liabilities		33.953	7.875
Trade payables		14.818	3.437
Current funds		-	-
Tax liabilities		85.263	19.775
Other liabilities		116.284	26.969
TOTAL CURRENT LIABILITIES		250.318	58.056
TOTAL LIABILITIES		273.112	63.343
TOTAL EQUITY AND LIABILITIES		2.219.450	514.751

Isagro Brasil 31.12.2015

PROFIT & LOSS IAS SCHEME

	NOTES	in local currency	in Euro
Revenue		1.557.197	420.814
Other income		383.888	103.741
Variation in stock of finished goods and work in progress		-	-
Costs for capitalized internal works		-	-
Raw materials and consumables		-	-
Personnel costs		783.072	211.616
Amortization/ Depreciation/ Write-downs		-	-
- Amortization Intangible assets		112.598	30.428
- Depreciation Tangible assets		44.034	11.900
Impairment of assets		-	-
Costs for services		497.419	134.422
Other operative costs		295.429	79.836
Operative profit		**208.533**	**56.353**
Net financial costs		(14.424)	(3.898)
Profit/loss from controlled companies		-	-
Profit/loss from associated companies		-	-
Profit/loss before taxes		**194.109**	**52.455**
Income taxes		145.490	39.317
Net Profit/loss		**48.619**	**13.138**
Profit/loss of the Company		**48.619**	**13.138**

Isagro Chile 31.12.2015

BALANCE SHEET IAS SCHEME

BALANCE SHEET	NOTES	in local currency	in Euro
NON CURRENT ASSETS			
Buildings, Plants, Machinery and Capital Assets		-	-
Goodwill		-	-
Intangible Assets		-	-
Investments accounted for using the equity method		-	-
Other investments		-	-
Receivables and other non current assets		-	-
Deferred tax assets		-	-
TOTAL NON CURRENT ASSETS		-	-
CURRENT ASSETS			
Inventories		-	-
Trade receivables		-	-
Other receivables		-	-
Tax assets		-	-
Financial assets		-	-
Cash and cash equivalents		6.824.123	8.831
TOTAL CURRENT ASSETS		6.824.123	8.831
TOTAL ASSETS		6.824.123	8.831
NET EQUITY			
Issued Capital		36.479.809	50.000
Reserves		-	-
Exchange reserve/(difference)		-	1.104
Profits carried forward		(27.083.526)	(38.582)
Profits		(4.403.115)	(6.061)
Total		4.993.168	6.461
TOTAL NET EQUITY		4.993.168	6.461
NON CURRENT LIABILITIES			
Financial liabilities		-	-
Employee benefits		-	-
Non current funds		-	-
Deferred tax liabilities		-	-
Other non current liabilities		-	-
TOTAL NON CURRENT LIABILITIES		-	-
CURRENT LIABILITIES			
Financial liabilities		-	-
Trade payables		1.830.955	2.370
Current funds		-	-
Tax liabilities		-	-
Other liabilities		-	-
TOTAL CURRENT LIABILITIES		1.830.955	2.370
TOTAL LIABILITIES		1.830.955	2.370
TOTAL EQUITY AND LIABILITIES		6.824.123	8.831

Isagro Chile 31.12.2015

PROFIT & LOSS IAS SCHEME

	NOTES	in local currency	in Euro
Revenue		-	-
Other income		-	-
Variation in stock of finished goods and work in progress		-	-
Costs for capitalized internal works		-	-
Raw materials and consumables		-	-
Personnel costs		-	-
Amortization/ Depreciation/ Write-downs		-	-
- Amortization Intangible assets		-	-
- Depreciation Tangible assets		-	-
Impairment of assets		-	-
Costs for services		4.034.638	5.554
Other operative costs		48.138	66
Operative profit		**(4.082.776)**	**(5.620)**
Net financial costs		(320.339)	(441)
Profit/loss from controlled companies		-	-
Profit/loss from associated companies		-	-
Profit/loss before taxes		**(4.403.115)**	**(6.061)**
Income taxes		-	-
Net Profit/loss		**(4.403.115)**	**(6.061)**
Profit/loss of the Company		**(4.403.115)**	**(6.061)**

Isagro Colombia 31.12.2015

BALANCE SHEET IAS SCHEME

BALANCE SHEET	NOTES	in local currency	in Euro
NON CURRENT ASSETS			
Buildings, Plants, Machinery and Capital Assets		35.570.814	10.292
Goodwill		-	-
Intangible Assets		259.979.402	75.225
Investments accounted for using the equity method		-	-
Other investments		-	-
Receivables and other non current assets		-	-
Deferred tax assets		731.774.803	211.740
TOTAL NON CURRENT ASSETS		1.027.325.019	297.257
CURRENT ASSETS			
Inventories		3.518.523.022	1.018.088
Trade receivables		3.538.189.880	1.023.779
Other receivables		210.655.553	60.953
Tax assets		266.125.649	77.004
Financial assets		-	-
Current financial assets for derivatives and hedging		174.679.442	50.544
Cash and cash equivalents		999.956.999	289.339
TOTAL CURRENT ASSETS		8.708.130.545	2.519.707
TOTAL ASSETS		9.735.455.564	2.816.964
NET EQUITY			
Issued Capital		362.654.120	139.209
Reserves		1.130.339.581	428.722
Exchange reserve/difference		-	(231.636)
Profits carried forward		1.431.482.767	555.820
Profits		(1.187.116.659)	(389.407)
Total		1.737.359.809	502.708
TOTAL NET EQUITY		1.737.359.809	502.708
NON CURRENT LIABILITIES			
Financial liabilities		-	-
Employee benefits		-	-
Non current funds		-	-
Deferred tax liabilities		25.004.960	7.235
Other non current liabilities		-	-
TOTAL NON CURRENT LIABILITIES		25.004.960	7.235
CURRENT LIABILITIES			
Financial liabilities		3.164.467.017	915.642
Current financial liabilities for derivatives and hedging		15.528.170	4.493
Trade payables		4.204.098.315	1.216.460
Current funds		60.118.927	17.395
Tax liabilities		-	-
Other liabilities		528.878.366	153.031
TOTAL CURRENT LIABILITIES		7.973.090.795	2.307.021
TOTAL LIABILITIES		7.998.095.755	2.314.256
TOTAL EQUITY AND LIABILITIES		9.735.455.564	2.816.964

Isagro Colombia 31.12.2015

PROFIT & LOSS IAS SCHEME

	NOTES	in local currency	in Euro
Revenue		11.761.657.546	3.858.141
Other income		172.047.241	56.436
Variation in stock of finished goods and work in progress		1.649.574.330	541.105
Costs for capitalized internal works		-	-
Raw materials and consumables		8.337.479.354	2.734.918
Personnel costs		1.701.456.469	558.124
Amortization/ Depreciation/ Write-downs		-	-
- Amortization Intangible assets		-	-
- Depreciation Tangible assets		31.594.555	10.364
Impairment of assets		-	-
Costs for services		2.109.353.849	691.925
Other operative costs		2.109.568.752	691.995
Operative profit		**(706.173.862)**	**(231.644)**
Net financial costs		(1.053.412.352)	(345.548)
Profit/loss from controlled companies		-	-
Profit/loss from associated companies		-	-
Profit/loss before taxes		**(1.759.586.214)**	**(577.192)**
Income taxes		(572.469.555)	(187.785)
Net Profit/loss		**(1.187.116.659)**	**(389.407)**
Profit/loss of the Company		**(1.187.116.659)**	**(389.407)**

Isagro España 31.12.2015

BALANCE SHEET IAS SCHEME

BALANCE SHEET	NOTES	IAS/IFRS BALANCE SHEET
NON CURRENT ASSETS		
Tangible fixed assets		6.074
Intangible fixed assets		57
Goodwill		-
Investments in controlled and associated companies		20.791
Other investments		-
Receivables and other non current assets		3.900
Non current financial assets for derivatives and hedging		-
Deferred tax assets		-
TOTAL NON CURRENT ASSETS		30.822
CURRENT ASSETS		
Inventories		582.524
Work in progress		-
Trade receivables		1.788.142
Other receivables and miscellaneous current assets		19.460
Tax assets		-
Financial receivables and other current financial assets		-
Current financial assets for derivatives and hedging		-
Cash and cash equivalents		526.484
TOTAL CURRENT ASSETS		2.916.610
TOTAL ASSETS		2.947.432
NET EQUITY		
Issued Capital		120.200
Reserves		24.043
Profits		949.996
Total		1.094.239
TOTAL NET EQUITY		1.094.239
NON CURRENT LIABILITIES		
Financial liabilities/borrowings and other non current financial liabilities		-
Non current financial liabilities for derivatives and hedging		-
Long term employee benefits		-
Non current funds		-
Deferred tax liabilities		-
Other non current liabilities		-
TOTAL NON CURRENT LIABILITIES		-
CURRENT LIABILITIES		
Financial liabilities/borrowings and other current financial liabilities		-
Current financial liabilities for derivatives and hedging		-
Trade payables		1.687.678
Current funds		72.130
Tax liabilities		48.936
Other liabilities		44.449
TOTAL CURRENT LIABILITIES		1.853.193
TOTAL LIABILITIES		1.853.193
TOTAL EQUITY AND LIABILITIES		2.947.432

Isagro España 31.12.2015

PROFIT & LOSS IAS SCHEME

	NOTES	RECLASSIFIED BALANCE SHEET
Revenues		11.287.867
Other operating incomes		56.425
Raw materials and consumables		8.650.555
Costs for services		970.626
Personnel costs		820.208
Other operative costs		86.403
Change in stock of finished goods and work in progress		152.515
Costs for capitalized internal works		-
Amortization/ Depreciation:		
- Amortization of Intangible assets		66
- Depreciation of Tangible assets		1.053
Impairment of assets		-
		-
Operative profit/(loss)		**967.896**
Net financial costs		(6.104)
Profit/loss from controlled companies		-
Profit/loss from associated companies		-
Profit/loss before taxes		**961.792**
Income taxes		269.302
Net Profit/loss		**692.490**

Isagro Shanghai 31.12.2015

BALANCE SHEET IAS SCHEME

BALANCE SHEET	NOTES	in local currency	in Euro
NON CURRENT ASSETS			
Buildings, Plants, Machinery and Capital Assets		7.259	1.028
Goodwill		-	-
Intangible Assets		-	-
Investments accounted for using the equity method		-	-
Other investments		-	-
Receivables and other non current assets		-	-
Deferred tax assets		-	-
TOTAL NON CURRENT ASSETS		7.259	1.028
CURRENT ASSETS			
Inventories		-	-
Trade receivables		(180.000)	25.493
Other receivables		912.300	129.206
Tax assets		-	-
Financial assets		-	-
Cash and cash equivalents		610.931	86.524
TOTAL CURRENT ASSETS		1.343.231	190.237
TOTAL ASSETS		1.350.490	191.265
NET EQUITY			
Issued Capital		1.609.547	166.224
Reserves		-	-
Exchange reserve/difference		-	43.824
Profits carried forward		(432.631)	(43.666)
Profits		169.242	24.269
Total		1.346.158	190.651
TOTAL NET EQUITY		1.346.158	190.651
NON CURRENT LIABILITIES			
Financial liabilities		-	-
Employee benefits		-	-
Non current funds		-	-
Deferred tax liabilities		-	-
Other non current liabilities		-	-
TOTAL NON CURRENT LIABILITIES		-	-
CURRENT LIABILITIES			
Financial liabilities		-	-
Trade payables		-	-
Current funds		-	-
Tax liabilities		4.332	614
Other liabilities		-	-
TOTAL CURRENT LIABILITIES		4.332	614
TOTAL LIABILITIES		4.332	614
TOTAL EQUITY AND LIABILITIES		1.350.490	191.265

Isagro Shanghai 31.12.2015

PROFIT & LOSS IAS SCHEME

	NOTES	in local currency	in Euro
Revenue		-	-
Other income		1.896.334	271.941
Variation in stock of finished goods and work in progress		-	-
Costs for capitalized internal works		-	-
Raw materials and consumables		-	-
Personnel costs		1.075.963	154.297
Amortization/ Depreciation/ Write-downs		-	-
- Amortization Intangible assets		-	-
- Depreciation Tangible assets		5.124	735
Impairment of assets		-	-
Costs for services		502.769	72.099
Other operative costs		25.045	3.592
Operative profit		**287.433**	**41.218**
Net financial costs		(4.714)	(676)
Profit/loss from controlled companies		-	-
Profit/loss from associated companies		-	-
Profit/loss before taxes		**282.719**	**40.542**
Income taxes		**113.477**	16.273
Net Profit/loss		**169.242**	**24.269**
Profit/loss of the Company		**169.242**	**24.269**

Isagro Singapore 31.12.2015

BALANCE SHEET IAS SCHEME

BALANCE SHEET	NOTES	in local currency	in Euro
NON CURRENT ASSETS			
Buildings, Plants, Machinery and Capital Assets		530	344
Goodwill		-	-
Intangible Assets		-	-
Investments accounted for using the equity method		-	-
Other investments		-	-
Receivables and other non current assets		-	-
Deferred tax assets		-	-
TOTAL NON CURRENT ASSETS		530	344
CURRENT ASSETS			
Inventories		-	-
Trade receivables		-	-
Other receivables		14.280	9.263
Tax assets		-	-
Financial assets		-	-
Cash and cash equivalents		1	1
TOTAL CURRENT ASSETS		14.281	9.264
TOTAL ASSETS		14.811	9.608
NET EQUITY			
Issued Capital		2	1
Reserves		-	-
Exchange reserve/difference		-	103
Profits carried forward		-	-
Profits		(14.859)	(9.740)
Total		(14.857)	(9.636)
TOTAL NET EQUITY		(14.857)	(9.636)
NON CURRENT LIABILITIES			
Financial liabilities		-	-
Employee benefits		-	-
Non current funds		-	-
Deferred tax liabilities		-	-
Other non current liabilities		-	-
TOTAL NON CURRENT LIABILITIES		-	-
CURRENT LIABILITIES			
Financial liabilities		-	-
Trade payables		28.571	18.532
Current funds		-	-
Tax liabilities		-	-
Other liabilities		1.097	712
TOTAL CURRENT LIABILITIES		29.668	19.244
TOTAL LIABILITIES		29.668	19.244
TOTAL EQUITY AND LIABILITIES		14.811	9.608

Isagro Singapore 31.12.2015

PROFIT & LOSS IAS SCHEME

	NOTES	in local currency	in Euro
Revenue		-	-
Other income		-	-
Variation in stock of finished goods and work in progress		-	-
Costs for capitalized internal works		-	-
Raw materials and consumables		163	107
Personnel costs		-	-
Amortization/ Depreciation/ Write-downs		-	-
- Amortization Intangible assets		-	-
- Depreciation Tangible assets		-	-
Impairment of assets		-	-
Costs for services		14.381	9.427
Other operative costs		315	206
Operative profit		(14.859)	(9.740)
Net financial costs		-	-
Profit/loss from controlled companies		-	-
Profit/loss from associated companies		-	-
Profit/loss before taxes		(14.859)	(9.740)
Income taxes		-	-
Net Profit/loss		(14.859)	(9.740)
Profit/loss of the Company		(14.859)	(9.740)

Isagro South Africa 31.12.2015

BALANCE SHEET IAS SCHEME

BALANCE SHEET	NOTES	in local currency	in Euro
NON CURRENT ASSETS			
Buildings, Plants, Machinery and Capital Assets		-	-
Goodwill		-	-
Intangible Assets		-	-
Investments accounted for using the equity method		-	-
Other investments		-	-
Receivables and other non current assets		-	-
Deferred tax assets		-	-
TOTAL NON CURRENT ASSETS		-	-
CURRENT ASSETS			
Inventories		-	-
Trade receivables		-	-
Other receivables		-	-
Tax assets		-	-
Financial assets		-	-
Cash and cash equivalents		121.415	7.162
TOTAL CURRENT ASSETS		121.415	7.162
TOTAL ASSETS		121.415	7.162
NET EQUITY			
Issued Capital		671.000	58.977
Reserves		-	-
Exchange reserve/difference		-	(2.392)
Profits carried forward		(541.653)	(48.063)
Profits		(77.053)	(5.437)
Total		52.294	3.085
TOTAL NET EQUITY		52.294	3.085
NON CURRENT LIABILITIES			
Financial liabilities		-	-
Employee benefits		-	-
Non current funds		-	-
Deferred tax liabilities		-	-
Other non current liabilities		-	-
TOTAL NON CURRENT LIABILITIES		-	-
CURRENT LIABILITIES			
Financial liabilities		-	-
Trade payables		69.121	4.077
Current funds		-	-
Tax liabilities		-	-
Other liabilities		-	-
TOTAL CURRENT LIABILITIES		69.121	4.077
TOTAL LIABILITIES		69.121	4.077
TOTAL EQUITY AND LIABILITIES		121.415	7.162

Isagro South Africa 31.12.2015

PROFIT & LOSS IAS SCHEME

	NOTES	in local currency	in Euro
Revenue		-	-
Other income		-	-
Variation in stock of finished goods and work in progress		-	-
Costs for capitalized internal works		-	-
Raw materials and consumables		-	-
Personnel costs		-	-
Amortization/ Depreciation/ Write-downs		-	-
- Amortization Intangible assets		-	-
- Depreciation Tangible assets		-	-
Impairment of assets		-	-
Costs for services		75.853	5.352
Other operative costs		-	-
Operative profit		**(75.853)**	**(5.352)**
Net financial costs		(1.200)	(85)
Profit/loss from controlled companies		-	-
Profit/loss from associated companies		-	-
Profit/loss before taxes		**(77.053)**	**(5.437)**
Income taxes		-	-
Net Profit/loss		**(77.053)**	**(5.437)**
Profit/loss of the Company		**(77.053)**	**(5.437)**

Isagro USA 31.12.2015

BALANCE SHEET IAS SCHEME

BALANCE SHEET	NOTES	in local currency	in Euro
NON CURRENT ASSETS			
Buildings, Plants, Machinery and Capital Assets		11.846	10.881
Goodwill		-	-
Intangible Assets		1.620	1.488
Investments accounted for using the equity method		-	-
Other investments		-	-
Receivables and other non current assets		-	-
Deferred tax assets		267.026	245.271
TOTAL NON CURRENT ASSETS		280.492	257.640
CURRENT ASSETS			
Inventories		5.570.562	5.116.710
Trade receivables		3.029.112	2.782.320
Other receivables		404.148	371.221
Tax assets		357.135	328.038
Financial assets		-	-
Cash and cash equivalents		-	-
TOTAL CURRENT ASSETS		9.360.957	8.598.289
TOTAL ASSETS		9.641.449	8.855.929
NET EQUITY			
Issued Capital		1.500.000	1.175.014
Reserves		-	-
Exchange reserve/difference		-	371.965
Profits carried forward		1.428.845	1.115.501
Profits		(1.610.302)	(1.451.363)
Total		1.318.543	1.211.117
TOTAL NET EQUITY		1.318.543	1.211.117
NON CURRENT LIABILITIES			
Financial liabilities		-	-
Employee benefits		-	-
Non current funds		-	-
Deferred tax liabilities		15.960	14.660
Other non current liabilities		-	-
TOTAL NON CURRENT LIABILITIES		15.960	14.660
CURRENT LIABILITIES			
Financial liabilities		6.951.112	6.384.782
Trade payables		1.047.931	962.553
Current funds		253.219	232.588
Tax liabilities		-	-
Other liabilities		54.684	50.229
TOTAL CURRENT LIABILITIES		8.306.946	7.630.152
TOTAL LIABILITIES		8.322.906	7.644.812
TOTAL EQUITY AND LIABILITIES		9.641.449	8.855.929

Isagro USA 31.12.2015

PROFIT & LOSS IAS SCHEME

	NOTES	in local currency	in Euro
Revenue		6.047.321	5.450.443
Other income		1.633.224	1.472.023
Variation in stock of finished goods and work in progress		(3.615.325)	(3.258.488)
Costs for capitalized internal works		106.336	95.841
Raw materials and consumables		1.417.140	1.277.267
Personnel costs		1.767.361	1.592.920
Amortization/ Depreciation/ Write-downs		-	-
- Amortization Intangible assets		208.527	187.945
- Depreciation Tangible assets		8.652	7.798
Impairment of assets		-	-
Costs for services		2.115.157	1.906.388
Other operative costs		153.516	138.364
Operative profit		**(1.498.797)**	**(1.350.863)**
Net financial costs		(356.473)	(321.289)
Profit/loss from controlled companies		-	-
Profit/loss from associated companies		-	-
Profit/loss before taxes		**(1.855.270)**	**(1.672.152)**
Income taxes		(244.968)	(220.789)
Net Profit/loss		**(1.610.302)**	**(1.451.363)**
Profit/loss of the Company		**(1.610.302)**	**(1.451.363)**

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