



**GRUPPO
ORSERO**

HALF-YEAR FINANCIAL REPORT AT 30 JUNE 2017

COURTESY TRANSLATION FOR THE CONVENIENCE OF INTERNATIONAL READERS
THE ITALIAN TEXT SHALL PREVAIL OVER THE ENGLISH VERSION

CONTENTS

Summary data	3
Introduction	4
Orsero S.p.A. Corporate Bodies	5
DIRECTOR'S REPORT ON OPERATIONS.....	6
Introduction	7
Analysis of the economic and financial situation of the Orsero Group	10
Risk profiles of the business, control systems, environment.....	15
Significant events in the first half of 2017 and commentary on the performance of the business segments	21
CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS.....	29
HALF-YEAR CONDENSED Consolidated Financial Statements.....	30
Consolidation criteria, valuation criteria and Notes	34
Notes - disclosures on the statement of financial position and the income statement	52
Independent Auditor's Reports.....	97

SUMMARY DATA

Thousands of Euro	30.06.2017 Pro-forma	30.06.2017	30.06.2016
Net Sales	473.439	355.081	337.632
Gross Profit	38.094	28.720	43.820
Adjusted Ebitda	15.594	10.604	26.320
Net Profit from continuing operations	20.029	870	15.770
Net Profit of "Discontinued Operations"	-	-	(4.396)
Net Profit	20.029	870	11.374

Thousands of Euro	30.06.2017 Pro-forma	30.06.2017	31.12.2016	31.12.2016 Pro-forma
Net Invested Capital	226.021	177.534	166.164	165.564
Capital and reserves attributable to Parent Compan	148.303	116.406	67.973	115.756
Non-Controlling Interest	933	933	741	741
Total Shareholders' Equity	149.236	117.340	68.714	116.497
Net Financial Position	76.785	60.194	97.450	49.067
Net Financial Position/Total Shareholders' Equity	0,51	0,51	1,42	0,42
Net Financial Position/Adjusted Ebitda	2,46	2,84	2,75	1,39

For comparison purpose with the annual figure, the adjusted EBITDA of the half-year is multiplied by two, but this is not to be regarded as an estimate of the annual figure

The pro-forma data as at 30 June 2017 shown above are meant to represent the effect deriving from the agreements that were executed after 30 June 2017, but on or before the date of the present report, whereby the Orsero Group acquired all shares of the companies Fruttital Firenze S.p.A. and Galandi S.p.A. and of the Spanish company Hermanos Fernández López S.A. of which it previously held 50% (measured at equity). Hence, the purpose of the data provided is to represent the effects on the income statement and statement of financial position that would have been generated if the aforesaid transaction had taken place on 1° January 2017. In particular, the pro-forma data as at 30 June 2017 include the effects of the line-by-line consolidation of the three companies, which entailed an increase in net sales by Euro 139,710 thousand, an increase in the gross margin by Euro 9,378 thousand and an increase in Adjusted Ebitda by Euro 4,975 thousand. In addition, the net profit from continuing operations includes the effect of Euro 18,026 thousand deriving from the recognition of the business combination which took place in steps, in accordance with IFRS 3.

The pro-forma data presented as at 31 December 2016, instead, serve the purpose of representing the effects on the statement of financial position originated by the merger by absorption of GF Group in Orsero S.p.A. which took place on 13 February 2017, as if it had taken place on 31 December 2016.

INTRODUCTION

On 13 February 2017, the merger by incorporation (the "Merger") of GF Group S.p.A. ("GF Group") into Glenalta Food S.p.A. ("Glenalta") took effect for statutory accounting purposes, with the consequent assumption, by the acquiring company, of the name Orsero S.p.A. ("Orsero" or the "Company") and the cancellation of GF Group. As a result of the Merger, Orsero became the Parent Company of the Group by the same name (the "Orsero Group").

For accounting purposes, transactions carried out by the incorporated company GF Group are recognized in the financial statements of the acquiring company Glenalta as of 1° January 2017, and from the same date, the fiscal effects of the Merger also apply.

The main data about Orsero as at 30 June 2017 are shown below.

ORSERO S.P.A. CORPORATE BODIES

Orsero S.p.A., Parent Company of the Orsero Group, adopted the “traditional system” of management and control.

Board of Directors¹:

Paolo Prudenziati	Chairman and Managing Director
Raffaella Orsero	Deputy Chair and Managing Director
Matteo Colombini	Managing Director
Vera Tagliaferri ²	Director
Armando Rodolfo de Sanna ²	Director
Gino Lugli	Director
Luca Fabio Giacometti	Director

Board of Auditors³:

Michele Paolillo	Chairman
Guido Riccardi	Statutory Auditor
Paolo Rovella	Statutory Auditor
Elisabetta Barisone	Alternate Auditor
Giovanni Tedeschi	Alternate Auditor

Independent Auditors:

KPMG S.p.A.

Registered Office and Corporate Information:

Orsero S.p.A.
Via G. Fantoli 6/15, Milan
Share Capital: Euro 64,500,451.90
Tax ID and VAT No.: 09160710969

¹ The Board of Directors, consisting of seven members, was appointed by the Shareholders' Meeting on 30 November 2016 (then Glenalta Food S.p.A.) and shall remain in office until the date of approval of the financial statements at 31 December 2019. This appointment was subordinated to the effectiveness with respect to third parties of the Merger, which took place on 13 February 2017, and took effect on the same date. It should be noted that Mr. Gino Lugli and Mr. Luca Fabio Giacometti were appointed upon designation of the promoting shareholders of Glenalta, while the other members of the Board were appointed upon designation of FIF Holding S.p.A.

² Directors in possession of the independence requirements in accordance with the current By-laws of Orsero S.p.A.

³ The Board of Statutory Auditors, consisting of 3 statutory auditors and two alternate auditors, was appointed by the Shareholders' Meeting on 30 November 2016 (then Glenalta Food S.p.A.). It should be noted that Mr. Paolillo, Mr. Rovella and Ms. Barisone were appointed upon designation by FIF Holding S.p.A., while Mr. Riccardi and Mr. Tedeschi upon designation of the promoting shareholders of Glenalta.



DIRECTOR'S REPORT ON OPERATIONS

INTRODUCTION

The present consolidated half-year financial report as at 30 June 2017 of Orsero is the first interim report prepared after the completion of the Relevant Transaction; starting from 13 February 2017, the Company GF Group merged by incorporation into Glenalta and the latter took the name “Orsero S.p.A.”, becoming the Parent Company of the Orsero Group.

It is also noted that, for accounting purposes, transactions carried out by the incorporated company GF Group are recognized in the financial statements of the incorporating company Glenalta as of 1 January 2017, and from the same date the fiscal effects of the Merger also apply.

Below are the key steps in the transaction that led to the merger between the two companies (“Relevant Transaction”).

Before the merger, Glenalta was a Special Purpose Acquisition Company (SPAC) listed on the AIM Italia market managed by Borsa Italiana S.p.A. and having as its purpose the “search and selection of potential acquisitions of investments in other companies and other forms of potential aggregation of the company itself with other companies”. The share capital of Glenalta was spread among the public, consistent with the nature of public company of SPAC, with the consequence that no shareholder (either alone or jointly with others) was able to exercise control or a significant influence on the same. Glenalta had obtained a significant amount of liquidity on the market to be allocated to the realization of the aggregation of its own corporate purpose.

GF Group was the holding company of the group by the same name (the “GF Group”), operating mainly in the areas of production, import and distribution of fresh fruit and vegetables. Its share capital was entirely held by FIF Holding S.p.A. (“FIF Holding”).

Within the scope of the Relevant Transaction, the GF Group (now Orsero Group) agreed with the banks the purchase of the equity instruments already issued in 2015 by GF Group and those still to be issued for a total fixed price of Euro 25 million.

On 28 October 2016, Glenalta, GF Group and FIF Holding then signed a framework agreement (the “Master Agreement”) to regulate the terms and conditions of the Merger.

On the same date, the Board of Directors of GF Group and Glenalta approved the merger plan, filed and registered on the same date at the Milan Register of Companies.

Respectively on 28 November and 30 November 2016, the Shareholders' Meetings of GF Group and Glenalta approved the Merger (which constituted a *reverse takeover* in accordance with art. 14 of the AIM Italia Issuers' Regulation). Subsequently, Glenalta ascertained non-fulfilment of the Glenalta Statutory Resolution Condition, as from the same disclosure to the market on 28 December 2016. On 10 January 2017, Glenalta also communicated that the exact number of Glenalta ordinary shares for which the right of withdrawal had been exercised was 817,005, equal to 10.21% of the ordinary shares of the company and the capital represented by ordinary shares. Lastly, on 1 February 2017, Glenalta then announced that, in the context of the offer in option of 817,005 ordinary shares for which the right of withdrawal had been exercised, ending on 27 January 2017, as a result of the exercise of the option rights and associated pre-emption rights, 228,618 shares of the offer were allocated.

On 31 January 2017, the term under art. 2503 Civil Code for the opposition to the Merger expired, and said opposition was not exercised by any creditor.

The Merger was carried out: (i) with Glenalta share capital increase for nominal amount of Euro 55,000,000.00 with issue for the exchange of new 5,590,000 ordinary shares with no nominal value expressed; (ii) with annulment of all shares representing the entire share capital of GF; (iii) with annulment without exchange of the equity financial instruments.

The new ordinary shares of Glenalta were attributed to FIF Holding according to the exchange ratio of 43 ordinary shares of Glenalta for every 50 ordinary shares of GF Group.

As a result of the effectiveness of the Merger, on 13 February 2017, Glenalta changed its corporate name to Orsero; on the same date, Orsero adopted new by-laws, including, among other things, as corporate purpose, the corporate purpose of GF Group.

On 13 February 2017, the share capital of Orsero was a nominal Euro 64,500,000, divided into 13,590,000 ordinary shares and 150,000 special shares, all without indication of the nominal value. At that date, the FIF Holding shareholder held 41.13% of the share capital (shares with voting right held equal to 5,590,000). At the date of

effectiveness of the Merger, Orsero held 643,387 ordinary treasury shares. As a result of the Merger instead, there were 7,693,997 “Warrant Orsero S.p.A.” warrants.

Since 13 February 2017, the Orsero ordinary shares and the “Warrant Orsero S.p.A.” warrants have been traded on AIM Italia.

As better specified below, on 2 August 2017, in compliance with the related regulation, the Orsero warrants were converted into ordinary Orsero shares and/or cancelled, hence they are no longer outstanding as at the present date.

It should also be noted that, from the accounting point of view, in light of the characteristics of the Merger, it cannot be considered that the Merger has caused a change in control of Orsero, nor do the conditions apply to consider that mentioned transaction was an “acquisition” and as a consequence that the valuation principles and criteria established by IFRS 3 for business combinations apply.

ANALYSIS OF THE ECONOMIC AND FINANCIAL SITUATION OF THE ORSERO GROUP

The present consolidated half-year financial report at 30 June 2017 was prepared in condensed form in accordance with IAS 34 - Interim Financial Reporting and, with respect to the recognition and measurement criteria, according to the international accounting standards (IAS-IFRS) issued by the International Accounting Standard Board (IASB) and endorsed by the European Union, including all International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Interpretation Committee (IFRIC) and of the previous Standing Interpretations Committee (SIC). Similarly, the results of the condensed consolidated half-year financial statements as at 30 June 2016 were restated in accordance with the IAS-IFRS to provide the necessary comparability between the two periods.

The report was prepared in accordance with art. 2428 of the Italian Civil Code; it provides the most significant information on the economic, equity, financial situation and operations of the Orsero Group, as a whole and in the various segments in which it operates.

The condensed consolidated half-year financial statements show a profit of Euro 870 thousand (as at 30 June 2016: Euro 11,374 thousand), after applying amortization, depreciation and provisions of Euro 5,676 thousand (at 30 June 2016: Euro 5,393 thousand) and non-recurring expenses of Euro 1,530 thousand tied to the Glenalta Relevant Transaction.

Below is a breakdown of the main income statement items, almost all identifiable in the financial statements with the exception of the "Adjusted EBITDA", which is the main performance indicator used by the Group, as further explained and identified below. The Adjusted EBITDA is determined as the operating result (EBIT) less depreciation, amortization and provisions and non-recurring costs/income. The parameter thus determined does not consider net financial expenses, taxes, pro-rata gain/loss arising from the application of the equity method for associated companies and joint ventures.

With regard to strategy, it is pointed out that after 30 June 2017, but on or before the period of preparation of the present report, agreements were signed to bring the Group to wholly own the Tuscan companies Fruttital Firenze S.p.A. and Galandi S.p.A. and the Spanish company Hermanos Fernández López S.A., all of which had already been 50% owned since the early 2000s, with a total investment of Euro 33.4 million. As reported in the disclosure published at the time, a significant portion - Euro 13 million

- of the price of the acquisition of the Spanish company is paid through the issue of 1,000,000 new Orsero S.p.A. shares, a concrete manifestation of the confidence placed in the Group's future by our Spanish partner.

Since, according to the IAS-IFRS, line-by-line consolidation of the acquired companies starts only after control is obtained, hence from 1° July 2017 onwards, to provide an adequate representation of the current situation of the Group, and as previously specified, consolidated pro-forma financial statements at 30 June 2017 were prepared including the three companies as if the economic effects had already manifested themselves starting from 1° January 2017, and their results are shown and commented in the pages that follow. We are stating in advance that similar pro-forma will also be prepared for the annual financial statements to give significance to the economic data, first of all net sales and Adjusted EBITDA, referred to the entire annual period achieved by the Group in the current configuration after the acquisition of the aforesaid company.

Thousands of Euro	30.06.2017 Pro-forma	30.06.2017	30.06.2016
Net Sales	473.439	355.081	337.632
Gross Profit	38.094	28.720	43.820
Adjusted Ebitda	15.594	10.604	26.320
Operating Result (Ebit)	6.206	3.008	17.711
Effect "step acquisition" ex IFRS 3	18.026		
Net financial expenses	(1.578)	(1.498)	(1.199)
Net income (loss) from equity investments	12	9	7
Share of Profit of JV** and Associated company*	196	1.312	1.876
Profit before tax	22.862	2.831	18.395
Net Profit from continuing operations	20.029	870	15.770
Net Profit of "Discontinued Operations"	-	-	(4.396)
Net Profit	20.029	870	11.374

*Included in the "Net income (loss) from equity investments"

The economic performance of the first half of 2017 was affected, compared to the previous year, the weaker performance of the Import & Shipping segment partly tied to the insufficient profitability of the banana product (determined by the prolonged low level of sale prices that characterised the markets from the fourth quarter of 2016 to the spring of 2017) and above all of the maritime transport activity due to the decline in transported volumes, coupled with a marked increase in the cost of fuel and with repeated problems encountered in the ports of embarkation that impacted on the travelling schedule of the ships and on the overall efficiency of shipping operations. Instead, the profitability of the Distribution segment the true "core" of the Group, remained stable, thanks to the better performance of the Italian companies, boosted by the increased net sales, to offset the lower profitability of the activities in France (for which extraordinarily positive results had been recorded in

the first half of 2016 with the Mexican avocado campaign) and in Portugal (negatively affected, this year, by the negative performance of the banana market).

The results of the pro-forma consolidated report as at 30 June 2017 highlight the positive contribution of the acquired Tuscan and Spanish companies and, at the level of non-recurring results, the recognition in the income statement, in accordance with IFRS 3 with reference to business combinations conducted in multiple steps ("*step acquisition*"), of the higher fair value of the 50% already held in said companies compared to their valuation in the 2016 financial statements, expressed on the basis of the respective pro-rata of shareholders' equity. The effect deriving from this application generated an income of Euro 18,026 thousand.

The following table shows the contribution of the different operating segments to the net sales: as stated above, of note is the increase in the sale of the Distribution segments by Euro 25,152 thousand (for equal scope of consolidation) most of which was due to the operations in Italy and France. At the pro-forma level, sales grew to over Euro 427 million as a result of the higher total sales of the Tuscan and Spanish companies. The net sales of the Import & Shipping segments declined slightly, essentially because of the decrease in transported volumes of fruit.

Thousands of Euro	30.06.2017 Pro-forma	30.06.2017	30.06.2016
"Distribution" Segment	427.507	293.652	268.500
"Import & Shipping" Segment	120.457	120.457	126.786
"Services" Segment	6.613	6.613	6.389
Net Sales Inter-segment	(81.138)	(65.641)	(64.043)
Net Sales	473.439	355.081	337.632

The following table shows the results in terms of Adjusted EBITDA and highlights the decline in the performance of the Import & Shipping segments for the reasons already stated, tied to the less profitable performance of the banana market and of the maritime activity. Since the performance of the Import & Shipping segment had been particularly, if not extraordinarily, positive in the 1st half of 2016, this year's figure highlights the characteristic of high variability of the performance of this segment, for intrinsic market reasons, tied to the level of prices, essentially determined by the availability of the product (bananas) and of the service (maritime transport), as well as by trends in the price of bunker fuel. On the contrary, of note is the stability of the Distribution segment, whose margins, while lower than that of the Import & Shipping segment in percentage terms, has very appreciable continuity over time, and this is in line with the Group's mission of focusing its strategy on this segment. In this view, it

is significant to highlight, through the pro-forma consolidated financial statements, the increase in the Adjusted EBITDA tied to the effect of the new acquisitions.

Thousands of Euro	30.06.2017 Pro-forma	30.06.2017	30.06.2016
"Distribution" Segment	12.975	8.000	8.568
"Import & Shipping" Segment	4.878	4.878	19.875
"Services" Segment	(2.333)	(2.333)	(2.182)
Adjusted Ebitda Inter-segment	74	59	59
Adjusted Ebitda	15.594	10.604	26.320

As regards the statement of financial position, in order to provide an adequate summary to represent the Group's new reality, below is presented the main data used and periodically reviewed by management for the purpose of making decisions regarding the allocation of resources and evaluation of results.

Thousands of Euro	30.06.2017 Pro-forma	30.06.2017	31.12.2016	31.12.2016 Pro-forma
Fixed Assets	178.700	136.959	143.103	143.231
Net Working Capital	56.503	46.249	28.801	27.443
Other current assets/(liabilities)	(9.182)	(5.674)	(5.740)	(5.110)
Net Invested Capital	226.021	177.534	166.164	165.564
Total Shareholders' Equity	149.236	117.340	68.714	116.497
Net Financial Position	76.785	60.194	97.450	49.067

The main changes in the capital and financial structure with respect to 31 December 2016 are obviously tied to the merger with Glenalta, through which the Shareholders' Equity increased by Euro 48,108 million and the cash and cash equivalents within the Net Financial Position (NFP) of Euro 48,849 thousand net of the 25 million paid to the banks to redeem the equity instruments previously held by them. The increase in invested capital pertains, instead, to the normal dynamics of the business, which typically sees 30 June as the time of greatest demand in terms of working capital (inventory plus trade receivables minus trade payables). With respect to the 2016 Pro-forma situation, which showed, within the last year's financial statements, the comprehensive situation of the expected completion of the Glenalta Transaction, it is pointed out that the worsening of the Net Financial Position as at 30 June 2017 is connected both to the seasonality of the business as well as to the payment of the significant costs tied to the Relevant Transaction recognised in the situation as at 31 December 2016, but financially settled in the first half of 2017.

The data of the consolidated pro-forma as at 30 June 2017 reflect the effects of the aforementioned acquisitions at the level of net invested capital and NFP, while at the level of shareholders' equity they include the aforesaid capital increase by Euro 13,000 thousand connected with the acquisition of the Spanish company and the

aforementioned effect on the result of the period deriving from the recognition in the income statement in accordance with IFRS 3 of the higher value of the equity investments in the companies acquired for the already held 50% share, expressed in the 2016 financial statements on the base of the pro-rata of the respective shareholders' equity.

The summary representation of the aforesaid condensed consolidated half-year financial statements and the main indicators of the following table highlight the soundness of the Group's current capital and financial structure, a necessary starting base to plan and achieve the growth of its activities in the future.

Financial Highlights	30.06.2017 Pro-forma	30.06.2017	31.12.2016	31.12.2016 Pro-forma
Net Financial Position/Total Shareholders' Equity	0,51	0,51	1,42	0,42
Net Financial Position/Adjusted Ebitda	2,46	2,84	2,75	1,39

As we have already pointed out, the Net Financial Position/Adjusted EBITDA indicator of the half year is calculated by multiplying (times two) the value of the Adjusted EBITDA of 30 June solely for comparison purposes, i.e. without that value being assumed as an estimate of the Adjusted EBITDA achieved on an annual basis.

It is recalled that, as regards the Net Financial Position calculation, this is defined as the sum of:

- cash and cash equivalents and financial investments;
- financial payables to banks and other lenders;

related to both the current and non-current part of the financial statements.

Lastly, we call attention to the performance of the Costa Rican investee Acorsa S.A., dedicated to the production of bananas, which in the first half of 2017, on a constantly expanding production area, consolidated the good production yields obtained last year. The pro-quota Adjusted EBITDA of the Group achieved through 30 June exceeded US dollar 3 million, which do not appear in the financial statements at all. The reason for that is that in accordance with the "Acorsa call option" the FIF Holding shareholder has a right to purchase this investment, per the negotiation carried out in the preparatory phases of the "Relevant Transaction", at a price equal to the cost amount of Euro 20,160 thousand plus any capital contributions made until the time of any period prescribed for a maximum period of 5 years starting from 30 June 2017. The pro-rata shareholders' equity of the financial statements of Acorsa S.A. was thus adjusted to said lower amount of Euro 20,160 thousand.

RISK PROFILES OF THE BUSINESS, CONTROL SYSTEMS, ENVIRONMENT

The Orsero Group's business is focused on the import and distribution of fruit and vegetables, alongside the activities in the segments of transport and services over time.

Risks associated with the external market

Risks associated with the macroeconomic performance

The economic results and the financial position of the Orsero Group are influenced by various factors that reflect the macroeconomic trend, including consumption trends, labour costs, the trend in interest rates and currency markets. The crisis that began in the second half of 2007 that affected the financial markets and the consequent worsening of the macroeconomic conditions that have led to a decline in world consumption and industrial production have had the effect of restricting credit access conditions in recent years, a reduction in the level of liquidity in financial markets and extreme volatility in stock and bond markets. The financial market crisis has led, together with other factors, to a scenario of economic difficulty.

Despite a slight recovery over the three-year period from 2014 to 2016, there is the risk that political-economic events, including at national level the political uncertainty of the government, may have a negative impact on market volatility and, consequently, on recovery prospects, aggravating as a result the economic crisis resulting in adverse impacts on the Orsero Group's economic, financial and equity position.

Although the *core business* of the Orsero Group is the sale of fresh fruit and vegetables, a sector tied to primary consumption and as such substantially stable and not sensitive to changes in the macroeconomic context, the international situation described is carefully monitored to be ready to possibly adapt its business strategies and confirm growth expectations.

Socio-political risks, also associated with the presence of the Orsero Group in emerging countries

The Orsero Group operates on a global basis and, in particular, between Central America, South America and the Mediterranean. The Orsero Group's activities are

therefore partly linked to non-European countries, both from the point of view of relations with the suppliers of some of the products it sells and the local presence of controlled and/or associated operating companies. The activity of these companies is represented by ancillary services for the purchase and transport of fruit, with dimensional levels in terms of people and limited invested capital. On the other hand, investment in *partnerships* with a leading local operator, in the production of bananas in Costa Rica is of crucial importance. In order to mitigate these risks, the Orsero Group's strategy is mainly directed towards politically stable countries, with fairly limited exposure to them, and it also carefully evaluates all growth opportunities, including through agreements and alliances.

Risks associated with the high degree of competitiveness in the segments in which the Orsero Group operates

With reference to the distribution segment in which the Orsero Group operates, it is noted that the intrinsic shelf life of the products, the wide range of fruit and vegetables placed on the market and the need for their rapid marketing contribute to making the fruit and vegetable market a "perfect" market, where daily demand and supply set the related prices, determining a situation of sustained competitiveness and decreasing the margins of operators. This circumstance, along with the complexity of the logistics chain and the need for an important plant facility, mean that the sector is characterized by the presence of a few large operators active on a national scale, alongside a multitude of small to medium sized local companies. In this context, the Orsero Group's strategy is aimed at size and territorial growth, to be achieved by means of growth through internal lines, i.e. through acquisitions/aggregations with other operators in the segment.

Risks associated with the regulatory framework of reference

The Orsero Group is subject, in the various legislations in which it operates, to the provisions of law and technical standards applicable to the products sold. The issuance of new regulations or amendments to existing regulations could impose on Orsero Group the adoption of stricter standards, which could entail the costs of adjusting the procedures for carrying out the various activities or even temporarily limiting the operation of the Orsero Group with possible repercussions on the economic, financial and equity situation.

The Orsero Group, through dedicated offices, continues all the activities required to ensure compliance with the various regulations in which it operates and optimize its operations.

Strategic and operational risks

Operational risk is the risk of losses due to errors, breaches, interruptions, damage caused by internal processes, personnel, systems or caused by external events. The Orsero Group's activities are characterized by the need to ensure the optimal preservation of fruit throughout the source path to the final market and the regularity of supply. For this purpose, the Orsero Group uses its own fleet, represented by four reefer ships that transport bananas and pineapples from Central America to the Mediterranean weekly and the warehouses where bananas are ripened and the fruit is stored, and is able to maintain control over the cold chain for the entire time.

Risk associated with the trend in prices of raw materials, any difficulties in procurement and relations with suppliers

The Orsero Group's activities, represented by the import and distribution of fruit and vegetables, are heavily dependent on the procurement of certain products such as bananas, pineapples, avocados, etc. The quality and quantity of these products as well as the availability and sustainability of the purchase price of raw materials used by the Orsero Group can be influenced by factors that are difficult to predict or control. In particular, procurement conditions are extremely sensitive to the climatic factor (periods of drought or excessive rainfall, storms or hail on plantations), as well as soil conditions or the presence of weeds or parasites that determine the higher or lower availability of products, and consequently, their purchase price. To cope with this, the Orsero Group is implementing a strategy of diversifying its sources, both in terms of geographical areas in which the Orsero Group is supplied, and suppliers in order to deal with and compensate for any product shortages during the various seasonalities (the so-called "campaigns") of the products. For the Orsero Group, one of the priorities has always been developing relations with suppliers, many of whom have established consolidated relationships over time, thus guaranteeing the consistency of the necessary procurement and possible mediation of purchase prices.

Risk associated with the trend in prices of fuel used by Orsero Group ships (bunker)

The fuel used to supply ships (bunker), and in particular its availability and price, are of significant importance for the Orsero Group's activities in the "Import & Shipping" segment as the fuel used by the 4 ships represents one of the main costs.

In order to cope with the risk of fluctuations in cost, linked to fluctuations in the price of oil, the Orsero Group, in line with the practice of the shipping segment, stipulates, where possible, on the basis of the agreements reached with customers, freight contracts with the "bunker adjustment factor" (BAF) clause that allows an adjustment of the freight price depending on the increase or decrease of the price of the bunker. It should also be noted that the Orsero Group has stipulated hedging contracts on the bunker according to the best strategies identified.

Risks associated with dependence on distribution channels

The Orsero Group's turnover depends significantly on sales to both Mass Distribution (GDO) and traditional wholesalers. In particular, in the first half of 2017, the Orsero Group's turnover from GDO was approximately 55% (53% in the first half of 2016) of the Group's total turnover. It should be noted that contracts with the GDO are governed by framework agreements, which regulate the main specific characteristics of the product being delivered. Except for specific cases, product volumes and prices are defined on a weekly basis, also in order to manage some factors not necessarily related to the product such as the Euro/Dollar exchange rate or the cost of oil that reverberates on the cost of transport.

In this context, the Orsero Group has always responded with a strategy aimed at increasing its size and with a continuous effort to adapt and improve efficiency, while maintaining the objective of safeguarding the basic economic efficiency of its operations.

Since 2012, the marketing of bananas and pineapples under its own brand has represented an effective strategic response from a structured and mature group, to a radical change in the mechanisms of its *core business*. The Orsero Group is well aware of the risk associated with this challenge but believes that it is balanced by a unique opportunity to create over time a name and an Italian quality brand able to stand on the market and compete with the major multinationals in the segment.

Financial risks

Risks associated with fluctuations in exchange rates

In view of its operations, the Orsero Group, like other operators in the sector, is exposed to the risk of fluctuations in the exchange rates of currencies other than the one in which the commercial and financial transactions are expressed. In fact, part of the fruit supply (bananas and pineapples) is carried out by the Orsero Group in Central American countries at the price denominated in US dollars, resulting in the Orsero Group exposure to the USD/Euro exchange rate linked to the fact that sales of these products are denominated in Euro, being almost entirely on the markets of the EU countries.

In relation to this type of risk, it is emphasized that the historical observation of results shows that there is no direct automatic relationship between the course of the dollar and marginality, mainly due to the pricing system, which being variable from week to week, allows "transferring" most of the exchange rate effect to the final market. In addition, part of the risk is offset by the maritime transport activity that has an opposite currency profile with a surplus of dollar-denominated net sales over costs, without prejudice to the net exposure in dollars at the level of the Group's currency balance.

Risks of default and covenants on the debt

The Group has, with some major banks, lending agreements that prescribe compliance with financial covenants that depend on the performance of certain financial parameters at the consolidated Group level; upon the occurrence of given events, the counterparties could ask the debtor to repay the borrowed sum immediately, consequently generating a liquidity risk.

Risks associated with credit

The Orsero Group is exposed to the credit risk arising from both commercial relations and liquidity use in the financing of some seasonal product campaigns. Commercial credit risk is monitored on the basis of formalized procedures for selecting and evaluating the customer portfolio, defining the limits of reliance, monitoring the expected income flows and any recovery actions, and in some cases, involves the stipulation of insurance policies with primary counterparties.

Risks associated with guarantees provided to third parties

As regards the risks involved, it should be noted that, in the context of the sale of the investment Moño Azul S.A. by GF Produzione S.r.l. to the company Argentina S.r.l., the payment of which was settled by means of liberating assumption by Argentina S.r.l. of the residual debt of GF Produzione S.r.l. relative to the loan granted at the time by Intesa Sanpaolo S.p.A. to GF Produzione to acquire the investment, it was agreed with the bank for GF Group S.p.A. to issue a first-demand guarantee up to a maximum of Euro 8 million, which was then confirmed by Orsero.

This new guarantee is linked to the credit line granted by the bank, expiring on 31 December 2017, for the repayment of the debt against the proceeds of the expected disposal of Moño Azul S.A. by Argentina S.r.l.

With respect to the considerations made when preparing the 2016 financial statements, to date no events were noted that would change the considerations made and set out in the notes to last year's financial statements, thus postponing the entire matter to the preparation of the financial statements for the year 2017.

Legal and compliance risks

Risks associated with the administrative liability of legal entities

Starting in 2010, the Orsero Group (formerly GF Group) has applied the organizational model and the code of ethics and appointed the ethical committee as provided by the Italian Legislative Decree of 8 June 2011, in addition to the supervisory body, in order to ensure compliance with the prescribed conditions of fairness and transparency in the conduct of business, safeguarding the company's position and image, shareholders' expectations and employees' work. The model is a valuable tool for raising awareness among all those who work on behalf of the Orsero Group so that they ensure proper and linear conduct in carrying out their activities and a means of preventing the risk of committing crimes.

SIGNIFICANT EVENTS IN THE FIRST HALF OF 2017 AND COMMENTARY ON THE PERFORMANCE OF THE BUSINESS SEGMENTS

As has been amply stated, the most significant events of the first half of 2017 are the completion of the Relevant Transaction and the continuation of the negotiations that led to the completion, in July 2017, of the acquisitions of 50% of the shares of the Tuscan and Spanish companies, and wholly owned by the Group, at the date of preparation of the present report, as well as the recently formalised capital increase tied to the acquisition of the Spanish company.

The information required by IFRS 8 is provided below, broken down by "segment of activity". The operating areas identified by the Orsero Group are identified in the segments of activities that generate net sales and costs, the results of which are periodically reviewed by the highest decision-making level for assessment of performance and decisions regarding allocation of resources. For more thorough disclosure, the results of the pro-forma consolidated financial statements at 30 June 2017, prepared according to the purposes indicated above, are also shown.

The Group's business is divided into three main segments:

- Distribution Segment
- Import & Shipping Segment
- Services Segment

Thousands of euro	Distribution	Import& Shipping	Services	Orsero / eliminations	Total
Net sales pro-forma 30.06.2017	427.507	120.457	6.613	(81.138)	473.439
Net sales 30.06.2017	293.652	120.457	6.613	(65.641)	355.081
Net sales 30.06.2016	268.500	126.786	6.389	(64.043)	337.632
Change	25.152	(6.329)	224	(1.598)	17.449
Adjusted EBITDA pro-forma 30.06.2017	12.975	4.878	(2.333)	74	15.594
Adjusted EBITDA 30.06.2017	8.000	4.878	(2.333)	59	10.604
Adjusted EBITDA 30.06.2016	8.568	19.875	(2.182)	59	26.320
Change	(568)	(14.997)	(151)	-	(15.716)
NFP pro-forma 30.06.2017					76.785
NFP 30.06.2017					60.194
NFP 31.12.2016					97.450
Change					(37.256)

We would now like to comment on the trends of the individual operating segments, referring to the Notes for all details of the various investees and the consolidation criteria adopted. We recall that the following figures have been determined on the basis of the accounting standards of consolidation in accordance with International Accounting Standards and Group standards and for that reason may be different from those that may be deduced from the individual statutory financial statements filed by the companies.

Distribution Segment

Thousands of Euro	30.06.2017 Pro-forma	30.06.2017	30.06.2016
Net Sales	427.507	293.652	268.500
Contribution margin	46.424	32.043	31.758
Incidence %	11%	11%	12%
Gross Profit	28.773	19.397	19.783
Adjusted Ebitda	12.975	8.000	8.568
Net Profit	5.718	3.250	3.801

In this segment of activity, companies are involved in the distribution of fresh fruit and vegetables from many countries around the world, at any time of the year, in the territories of competence.

The Group's distributor companies are located and operate on the markets of Mediterranean Europe (Italy, France, Iberian Peninsula and Greece) and Mexico.

The capillary presence on the territory, with specialized platforms in the processing and storage of fresh produce, allows serving both traditional wholesalers/markets and mass distribution (GDO) with different mixes in different countries depending on the higher (e.g. France) or lower (e.g. Spain) incidence of GDO on these markets. Globally, the incidence of sales to GDO is on average around 55%, with slight changes from year to year around this figure.

With mass distribution, there are framework agreements that govern the main specifications and features of the product being delivered while, as a rule, the volumes and prices of the products are defined on a weekly basis, following the dynamics of the market.

Suppliers, selected in some of the world's most important production areas, guarantee the offer of a full range of products available 365 days a year.

The table above differs from the summary tables of the other segments shown below for the presence of a specific indicator of the distribution segment, such as the “1st sales margin”, also the contribution margin, which in distribution companies constitutes the main indicator used to monitor business activity. The “1st sales margin” represents the difference between the net sales and the direct costs of the products sold (meaning the purchase costs of the goods, plus incoming and outgoing cargoes, customs duties and packaging costs) where it is considered that these costs represent most of the costs incurred by the company and therefore the positive or negative changes in the 1st margin tend to be reflected almost entirely on the profit or loss for the period.

Concerning the performance of sales, the increase relative to the 1st half of 2016 is due to the growth of activities in Italy (Fruttital S.r.l., net sales +9% as a result of a 5% increase in volumes to over 114 thousand tons and higher average unit sale prices) and France (net sales +13% as a result of a 13% growth in volumes above 67 thousand tons).

In terms of margins, instead, both at the level of 1st sales margin and of Adjusted EBITDA, the decrease relative to the 1st half of 2016 was affected by the lower profitability of the French, Portuguese and Mexican activities which more than offset the higher profitability of operations in Italy. While for Portugal the reason is found in the less profitable performance of bananas, which accounts for a high proportion of the sales realised in that country in the 1st half, for the French and Mexican operations the reason is found in the exceptionally positive performance of the margins realised in 2016 on avocados originating from Mexico, due to its limited availability and to the lack of substitute/surrogate products by origin, which was contrasted in the first half of 2017 by an imbalance on the supply side, which caused margins to be lower than the historical averages of recent years.

The performance of the acquired companies in the half year was highly positive, with revenues up by 8% (Tuscan companies) and 14% (Spanish company) relative to the 1st half of 2016, and increasing margins, with an increase in absolute value of the total Adjusted EBITDA of the three companies by over Euro 1 million.

Additional details about the acquired companies and the other associated companies measured at equity are provided in the Notes to the consolidated financial statements, to which reference is made.

Import & Shipping Segment

Thousands of Euro	30.06.2017 Pro-forma	30.06.2017	30.06.2016
Net Sales	120.457	120.457	126.786
Gross Profit	5.795	5.795	20.837
Adjusted Ebitda	4.878	4.878	19.875
Net Profit	754	754	13.400

The import and sale of bananas and pineapples is one of the Group's main activities as a whole because of the importance and weight of these items within the range of fruit and vegetables and the fact, not negligible in terms of the stability of the operational cycle, of their availability throughout the year. The Group supplies bananas and pineapples thanks to long-term relationships established with the most important producers based in the Central American countries and, as regard a portion of bananas, in Africa. Bananas and pineapple are sold under the brands "F.lli Orsero" and "Simba", in addition to numerous private labels.

Maritime transport of bananas and pineapples of Central-American production is carried out mainly with owned ships, the four reefer units "Cala Rosse" which connect, on the basis of a 28-day travel schedule, Central America with the Mediterranean, thereby allowing punctual arrival on a weekly basis of fresh fruit in European markets.

The profit performance of the segment in the 1st half was significantly lower than in the corresponding period in the previous year, which was characterised by an extraordinarily positive situation in terms of the prices of bananas and of the profitability of the maritime activity. As has been pointed out, the great availability of bananas, which was normal in the second half of 2016 but, unusually, it continued throughout the spring of 2017, caused banana prices to compress, limiting the profit of the first half of 2017, i.e. in the time of the year that tends to be the best in terms of profitability. It should be recalled that the Group procures bananas and pineapples to a great extent on the basis of annual agreements, with predetermined volumes and prices, and hence it is exposed to the risk that the sale prices, variable on a weekly basis and essentially driven by the availability of the product and by the gap between its supply and demand, may be more or less profitable. In this regard, the first half of 2016 had seen a good level of the prices compared to the first half of the present year.

At the same time, the shipping activity, which in 2016 had recorded excellent margins as a result of a high load factor and a low price of bunker fuel relative to the negotiated freight fees, experienced a challenging 1st half, marked by problems encountered in the embarkation port in Costa Rica with consequent logistical

problems of compliance with the schedule and impact on the overall efficiency of the shipping operations, coupled with the reduction in transported volumes and above all by the 76% increase in the cost of bunker fuel from 175 USD/ton on average of the 1st half of 2016 to the current 308 USD/ton on average of the 1st half of 2017, only partly offset by the BAF (bunker adjustment factor) clauses, since most customers, in view of the changed situation of the freight market, requested and obtained the application of an annual freight fee for 2017 without that clause. It should be pointed out that for these reasons the profitability of the shipping activity is not only lower than that of the first half of 2016, but also than the average of recent years.

Services Segment

Thousands of Euro	30.06.2017 Pro-forma	30.06.2017	30.06.2016
Net Sales	6.613	6.613	6.389
Adjusted Ebitda	(2.333)	(2.333)	(2.182)
Net Profit	(4.489)	(4.489)	(2.861)

This segment includes activities related to the Parent Company as well as the activities of providing services in customs, in the maintenance of containers and in the IT sector, carried out by some smaller companies.

The Adjusted EBITDA of the segment typically has a negative sign, because, in view of the Parent Company's nature of a holding company, the income and ultimately the profit or loss for the period are tied to the dividends received by the companies of the Group. Relative to the first half of 2016, of note is the higher costs incurred to advertise the Orsero brand, i.e. approximately Euro 750 thousand tied to the different time frames of the advertising campaigns, which in 2016 were mainly carried out in the second half.

Workforce

The Notes provide an indication of the average staff employed by the Group in the first half of 2017 and as at 31 December 2016. During the year, there were no accidents and serious injuries at work for personnel registered as employees of Group companies.

Research & Development

Given the nature of the businesses of the Orsero Group, there were no basic or applied research activities; however, as stated in the Notes to the 2016 Financial Statements, the Group is continuing its activity on the projects for the development, testing and engineering of a new integrated information and management system not available on the market, implemented ad hoc to meet the specific needs of the distribution segment and innovative economic/financial planning instruments necessary to meet some of the requirements for access to the MTA market in a short/medium term objective.

Treasury shares

At 30 June 2017, the Group held 643,387 treasury shares of which 500,000 are in the service of the Stock Grant Plan implemented by Orsero to meet the requirements necessary for access to the MTA electronic stock market.

Transactions with related parties

With reference to dealings with related parties, please refer to the details provided in the Notes. All transactions with related parties were at market conditions.

Investments made in the first half of 2017

The Group's investments in intangible and tangible assets in the period totalled Euro 3,473 thousand and essentially pertained to the development, testing and engineering of the new integrated ERP system and the expansion of the warehouse at the Mexican company, in addition to the ordinary plant renovation as shown in the following table.

The pro-forma consolidated statements instead reflect the aforementioned investment for the acquisition of the residual 50% of the capital of the companies Fruttital Firenze S.p.A., Galandi S.p.A. and Hermanos Fernández López S.A. for a total expenditure of Euro 33.4 million.

INVESTMENTS				
Thousands of euro	"Distribution" Segment	"Import&Shipping" Segment	"Services" Segment	Total
Intellectual property rights	-	-	-	-
Concessions, licenses and trademarks	-	5	56	61
Assets in progress and advances	498	-	-	498
Other intangible assets	8	-	11	19
Total investments in intangible assets	506	5	67	578
Land and buildings	258	116	1	375
Plantations	-	-	-	-
Plant and machinery	435	166	-	601
Industrial and commercial equipments	17	-	-	17
Other tangible assets	245	108	261	614
Assets in progress and advances	1.288	-	-	1.288
Total investments in tangible assets	2.243	390	262	2.895
Totale investments	2.749	395	329	3.473

Significant events after the first half of 2017

In this regard, of note is the formalisation, in the early days of July, of the aforementioned acquisitions of the Tuscan companies Fruttital Firenze S.p.A. and Galandi S.p.A. and of the Spanish company Hermanos Fernández López S.A., as well as the capital increase through the issue of 1,000,000 new shares subscribed by the holding of the Fernandez family for a portion of the price of the acquisition, attesting their confidence in the Group's outlook for the future.

All these events are reflected in the pro-forma consolidated financial statements prepared for the specific purpose of providing a better and more truthful representation of the Group's current capital, financial and economic situation.

In addition, in accordance with the "Regulation of the Orsero S.p.A. Warrants", on 30 June 2017 the "Acceleration Condition" defined by the regulation itself was met, with the consequent end of subscription of the "Converted Shares" on 2 August 2017 in view of the Exercise Ratio of 0.2879. On or before 2 August 2017, requests to exercise 7,531,496 Warrants were received and therefore the Parent Company issued 2,168,297 ordinary shares in the service of said exercise for a total value of Euro

216,829.70. By effect of this issue and of the capital increase subscribed by the Spanish partner, the new share capital of Orsero S.p.A. amounts to Euro 69,163,340 divided into 17,682,500 Ordinary Shares without par value.

Outlook of the Orsero Group

In the past three years, the Orsero Group implemented a strategy of focusing on its own core business: this strategy and the activities and operations carried out in accordance with it, have laid the foundation for a potential growth and expansion of the Group in a segment characterised by concentration in the main reference markets.

The strong competitive positioning and sound financial structure, adequate for the business, have made possible the acquisitions of the Tuscan and Spanish companies with which an important step for the Group's growth strategy was taken. In the future, while we will remain attentive to opportunities for growth through new acquisitions, we expect to focus on achieving operating synergies and a progressively improved efficiency of the structure, in order further to enhance the company's soundness and value.



CONDENSED CONSOLIDATED HALF-YEAR FINANCIAL STATEMENTS

HALF-YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of financial position

Thousands of euro	Notes	30/06/2017	31/12/2016
ASSETS			
Goodwill	1	3.834	3.834
Other intangible assets	2	6.368	6.208
Tangible assets	3	79.483	85.881
Financial investments	4	40.483	39.221
Other fixed assets	5	689	668
Deferred tax assets	6	6.101	7.291
NON-CURRENT ASSETS		136.959	143.103
Inventories	7	31.717	24.114
Trade receivables	8	98.758	80.528
Current tax receivables	9	15.678	13.918
Other current assets	10	9.354	10.037
Cash and cash equivalent	11	45.865	37.095
CURRENT ASSETS		201.372	165.691
Assets held for sale		-	-
TOTAL ASSETS		338.331	308.794
Share Capital		64.500	13.000
Reserves		51.233	36.758
Net profit		673	18.215
Capital and reserves attributable to Parent Company	12	116.406	67.973
Non-Controlling Interests	13	933	741
Total Shareholders' Equity		117.340	68.714
LIABILITIES			
Non-current financial liabilities	14	67.556	74.706
Other non-current liabilities	15	175	209
Deferred tax liabilities	16	2.716	2.771
Provisions for risks and charges	17	4.719	4.394
Employees benefits liabilities	18	5.825	5.741
NON-CURRENT LIABILITIES		80.990	87.821
Current financial liabilities	14	38.522	59.863
Trade payables	19	84.226	75.841
Current tax and social security contributions liabilities	20	4.948	4.874
Other current liabilities	21	12.305	11.680
CURRENT LIABILITIES		140.001	152.259
Liabilities held for sale		-	-
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		338.331	308.794

Consolidated income statement

Thousands of euro	Notes	Half-year 2017	Half-year 2016
Net sales	22	355.081	337.632
Cost of goods sold	23	(326.361)	(293.812)
Gross profit		28.720	43.820
Overheads	24	(24.910)	(22.734)
Other incomes and expenses	25	(802)	(3.376)
Operating result (Ebit)		3.008	17.711
Net financial expenses	26	(1.498)	(1.199)
Net income (loss) from equity investments	27	1.321	1.883
Profit before tax		2.831	18.395
Tax expenses	28	(1.961)	(2.625)
Net profit from continuing operations		870	15.770
Net profit of "Discontinued operations"	29	-	(4.396)
Net profit		870	11.374
attributable to non-controlling interests		197	(6)
attributable to parent company		673	11.380
Earnings per share "base" in euro		0,055	
Earning per share "Fully Diluted" in euro		0,045	

Consolidated comprehensive income statement

Thousands of euro	Notes	Half-year 2017	Half-year 2016
Net profit		870	11.374
Items that may not be subsequently reclassified to net profit or loss			(107)
Items that may be subsequently reclassified to net profit or loss		(491)	(426)
Total comprehensive income		379	10.841

Consolidated cash flow statement

Thousands of euro	Year 2017	Year 2016
A. Net cash flows provided by (used for) operating activities		
Net profit	870	11.374
Income taxes	(1.961)	2.625
Net financial expenses	1.498	1.199
Dividends	-	-
(Earnings)/losses from disposal of assets	-	-
1. Net Profit before Tax, Interests, Dividends and (earnings)/losses from disposal of assets	407	15.198
Non-cash adjustments not related to working capital:		
Provisions	633	528
Depreciations and Amortizations	5.043	4.865
Impairment of assets	-	-
Other non-cash adjustments	353	25.058
2. Cash flows before working capital changes	6.436	45.649
Changes in Working Capital:		
Change in inventories	(3.051)	4.297
Change in trade receivables	(18.230)	(28.943)
Change in trade payables	8.385	(5.191)
Change in other receivables	1.113	5
Change in other payables	227	553
Other changes	(2.410)	10.933
3. Cash flows after working capital changes	(7.530)	27.303
Other non-cash adjustments:		
Net financial expenses	(1.498)	(1.199)
Income taxes	1.961	(2.625)
Dividends	-	-
Change in Funds	-	-
4. Cash flows after other changes	(7.067)	23.479
Net cash flows provided by (used for) operating activities (A)	(7.067)	23.479
B. Net cash flows provided by (used for) investing activities		
Tangible assets		
(investment)	(2.894)	(1.253)
disposals	114	-
Intangible assets		
(investment)	(578)	(62)
disposals	-	-
Financial Investments		
(investment)	(1.315)	(2.325)
disposals	53	-
Financial assets		
(investment)	-	(167)
disposals	1.168	-
Disposals / (acquisitions) of investments in controlled companies, net of cash	-	-
Net cash flows provided by (used for) investing activities (B)	(3.452)	(3.807)
C. Net cash flows provided by (used for) financing activities		
Financial loans		
Increase /(decrease) of short term financial debts	5.953	(28.657)
Drawdown of new loans	-	-
Pay back of loans	(34.420)	-
Equity		
Capital Increase / Equity-like Instruments	47.756	(1.892)
Disposal/ (aquisition) of own shares	-	-
Dividends paid	-	-
Net cash flows provided by (used for) financing activities(C)	19.289	(30.549)
Increase/ (decrease) of cash and cash equivalent (A ± B ± C)	8.770	(10.877)
Net cash and cash equivalents, at beginning of the year	37.095	46.363
Net cash and cash equivalents, at end of the year	45.865	35.486

Consolidated statement of changes in shareholders' equity

Thousands of euro	Share Capital	Legal reserve	Share premium reserve	Other reserves	Currency translation reserve	Participative financial instruments (SFP) reserve	Remeasurement of defined benefit plans	Cash Flow Hedge reserve	Treasury share	Retained earnings/ (losses)	Net profit	Total Shareholder s'equity	Non-Controlling Interests
December 31, 2015	11.650	-	-	1.350	(2.294)	83.811	46	(851)	-	(61.543)	13.565	45.734	1.082
Allocation of reserves	-	200	-	-	-	-	-	-	-	13.365	(13.565)	-	-
Capital increase	1.350	-	-	(1.350)	-	-	-	-	-	-	-	-	-
Injection of SFP/Conversion of that into equity instrument	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect IAS 19	-	-	-	-	-	-	(109)	-	-	-	-	(109)	-
Change in fair value of cash flow hedge derivatives	-	-	-	-	-	-	-	425	-	-	-	425	-
Other changes	-	-	-	-	(716)	-	-	-	-	(1.436)	-	(2.152)	(58)
Net profit	-	-	-	-	-	-	-	-	-	-	11.380	11.380	(6)
June 30, 2016	13.000	200	-	-	(3.010)	83.811	(63)	(426)	-	(49.614)	11.380	55.279	1.018

Thousands of euro	Share Capital	Legal reserve	Share premium reserve	Other reserves	Currency translation reserve	Participative financial instruments (SFP) reserve	Remeasurement of defined benefit plans	Cash Flow Hedge reserve	Treasury share	Retained earnings/ (losses)	Net profit	Total Shareholder s'equity	Non-Controlling Interests
December 31, 2016	13.000	200	-	-	858	83.811	(169)	-	-	(47.942)	18.215	67.973	741
Allocation of reserves	-	-	-	-	-	-	-	-	-	18.215	(18.215)	-	-
Capital increase	-	-	-	-	-	-	-	-	-	-	-	-	-
Glenalta's operation	51.500	(200)	72.000	13.132	-	(83.811)	-	-	(6.406)	1.894	-	48.108	-
Effect IAS 19	-	-	-	-	-	-	-	-	-	-	-	-	-
Change in fair value of cash flow hedge derivatives	-	-	-	-	-	-	-	(491)	-	-	-	(491)	-
Other changes	-	-	-	-	(106)	-	-	-	-	248	-	142	(5)
Net profit	-	-	-	-	-	-	-	-	-	-	673	673	197
June 30, 2017	64.500	-	72.000	13.132	752	-	(169)	(491)	(6.406)	(27.585)	673	116.406	933

CONSOLIDATION CRITERIA, VALUATION CRITERIA AND NOTES

Orsero refers to Orsero S.p.A. and the companies included in the consolidation.

Form and content of the consolidated half-year financial statements and other general information

Group Structure

Orsero S.p.A. (the "Parent Company" or the "Company") is a company organized under the laws of the Republic of Italy. Orsero and its subsidiaries (the "Group" or the "Orsero Group") operate mainly in Europe.

The Group's business is focused on the import and distribution of fruit and vegetables, identifying three business units: Distribution, Import & Shipping and Services. The registered office of the Parent Company and, thus, of the Group is via Fantoli 6, Milan, Italy.

Statement of compliance and preparation criteria

The Group condensed consolidated half-year financial statements at 30 June 2017 have been drawn up on the basis of art. 3, paragraph 2 of Legislative Decree no. 38 of 28/02/2005, according to the International Accounting Standards issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission, including International Accounting Standards (IASs) and International Financial Reporting Standards (IFRS) and Interpretations of the International Financial Reporting Interpretation Committee (IFRIC) and the previous Standing Interpretations Committee (SIC).

The Group condensed consolidated half-year financial statements at 30 June 2017 were prepared in summary form in accordance with IAS 34 "Interim Financial Reporting".

In accordance with IAS 34 the condensed consolidated half-year financial statements do not include all the supplementary information required for the annual Financial Statements for which, therefore, reference is made to the Group Financial Statements as at 31 December 2016.

Content and form of the consolidated financial statements

The condensed consolidated half-year Financial Statements consist of the statement of financial position, income statement, comprehensive income statement, cash flow statement, statement of changes in equity and these notes, applying the provisions of IAS 1 “Presentation of the financial statements”.

The Group has adopted the following condensed half-year financial statements:

- statement of financial position, which classifies assets and liabilities as current and non-current;
- income statement, the costs of which are presented using the classification by “allocation”, a structure considered more representative than presentation by nature;
- comprehensive income statement, which reports revenue and cost items that are not recognized in profit (loss) for the period as required or permitted by IFRS;
- cash flow statement, presented using the “indirect method”;
- statement of changes in equity reporting all changes during the half year under review.

The choice of these statements allows representing the Group's equity, economic and financial situation in a truthful, correct, reliable and significant manner. The form chosen is, in fact, consistent with internal reporting and management.

The Group's condensed consolidated half-year Financial Statements are presented in Euro, the functional currency in the economies in which the Group mainly operates, and they are compared to the condensed consolidated half-year financial statements of the corresponding period in the previous year prepared with consistent criteria with regard to the income statement data and with the consolidated financial statements as at 31 December of the immediately preceding year for the statement of financial position.

The condensed consolidated half-year Financial Statements have been drawn up in accordance with the general historical cost principle, with the exception of financial assets available for sale, of financial assets held for trading, of derivative instruments and inventories of fruit stock ripening, measured at fair value.

The directors have prepared the condensed consolidated half-year financial statements in accordance with paragraphs 25 and 26 of IAS 1 due to the strong competitive position, the high profitability and soundness of the equity and financial structure achieved.

The condensed consolidated half-year Financial Statements at 30 June 2017 was subjected to limited audit by KPMG S.p.A and was authorised by the Board of Directors on 26 September 2017.

Valuation criteria

In the preparation of the condensed consolidated half-year Financial Statements as at 30 June 2017 the same consolidation principles and the same measurement criteria were applied as were used for the preparation of the consolidated Financial Statements as at 31 December 2016, to which reference is made for the sake of completeness.

Income taxes for the period

Taxes were calculated on the income for the period, on the basis of the best estimate of the tax rate expected to be applied on the income of the entire year.

For Italian Companies, Law no. 208 of 28 December 2015 (Stability Law for 2016) provided for the reduction of the IRES rate from 27.5% to 24% from 1 January 2017; therefore, the rate used for the calculation of deferred tax assets and liabilities is equal to the aforementioned nominal rate, plus, where applicable, the IRAP rate (3.9%).

Costs

The costs incurred in non-homogeneous or linear manner during the year are anticipated and/or deferred at the end of the half year only to the extent to which their anticipation and/or deferral complies with the accounting standards for the preparation of the annual financial statements.

Earnings per share

At 31 December 2016, the earnings per share were not applicable because the Parent Company had not yet been listed on the Stock Market in the AIM market. At 30 June 2017, instead, the criterion described below was used and earnings per share were calculated by dividing the Group's net profit for the period attributable to the

ordinary shareholders of the Parent Company by the weighted average number of ordinary shares outstanding during the reference period, excluding treasury shares.

To calculate diluted earnings per share, the weighted average number of outstanding shares is adjusted by assuming the conversion of all potential shares having a dilutive effect.

Use of estimates, risks and uncertainties

The preparation of the condensed consolidated half-year financial statements and related Notes in accordance with IFRS requires management to make estimates and assumptions that have an impact on the value of net sales, costs of assets and liabilities of the financial statements and on the disclosure of contingent assets and liabilities at the reporting date. The estimates and assumptions used are based on experience, other relevant factors and the information available. Therefore, the actual results achieved may differ from said estimates. The estimates and assumptions may vary from one year to the next and are therefore reviewed periodically; the effects of any changes made to them are reflected in the income statement in the period in which the estimate is reviewed if the review only concerns that period, or even in subsequent periods if the review concerns both the current and future periods.

The main estimates for which the use of subjective valuations by the management is most required were used, *inter alia*, for:

- allocations for credit risks and write-down of assets;
- the definition of the useful life of assets and related depreciation and amortization;
- allocations for provisions for environmental risks and for liabilities related to litigation of a legal and fiscal nature; in particular, the valuation processes relate both to determining the degree of probability of conditions that may entail a financial outlay and the quantification of the relevant amount;
- deferred tax assets, the recognition of which is supported by the Group's profitability prospects resulting from the expected profitability of the business plans and the forecast of composition of the "tax consolidation";
- the procedure for verifying the holding of value of intangible and tangible assets and other equity, described in the accounting standard implies - in the estimation of the value of use - the use of financial plans of the investees that are based on a set of assumptions and hypotheses about future events and actions of the

administrative bodies of the investees, which will not necessarily occur. Similar estimating processes are required when reference is made to the presumable realizable value due to the uncertainty inherent in each trading.

For details on the composition and the relative recognition value of the items concerned with the estimates, reference is made to the specifications in the Notes.

IFRS and IFRIC accounting standards, amendments and interpretations approved by the European Union, not yet obligatorily applicable and not adopted by the Group in advance at 30 June 2017.

On 28 May 2014, the IASB published the standard IFRS 15 "Revenue from Contracts with Customers" which is destined to replace standards IAS 18 "Revenue" and IAS 11 "Construction Contracts", as well as the interpretations of IFRIC 13 "Customer Loyalty Programmes", IFRIC 15 "Agreements for the Construction of Real Estate", IFRIC 18 "Transfers of Assets from Customers" and SIC 31 "Revenues-Barter Transactions Involving Advertising Services".

The standard establishes a new model of revenue recognition, which shall apply to all contracts with customers except those that fall within the scope of application of other IAS/IFRS principals such as leasing, insurance contracts and financial instruments. This new revenue recognition model is based on the identification of the different performance obligations contained in each individual sale agreement and on the recognition of the revenues on the basis of whether the individual contractual obligations are met.

The standard is applicable starting from 1 January 2018. However, earlier application is permitted. Currently, the directors are still assessing the impacts; therefore, it is not possible at present to provide a reasonable estimate of the effects on the amounts recognized as revenues and the related disclosures until the Group has completed a detailed analysis of customer contracts.

On 24 July 2014, the IASB published the final version of IFRS 9 "Financial instruments". The document includes the results of the phases relating to Classification and measurement, Impairment, and Hedge accounting, of the IASB project directed at the replacement of IAS 39. The new standard, which replaces the previous versions of IFRS 9, is effective for reporting periods beginning on or after 1 January 2018.

The standard introduces new criteria for classifying and measuring financial assets and liabilities. In particular, for financial assets the new principle uses a single approach based on the manner of management of financial instruments and on the characteristics of the contractual cash flows of the financial assets in order to determine the measurement criterion, replacing the various rules prescribed by IAS 39. For financial liabilities, instead, the main change that took place pertains to the accounting treatment of fair value changes of a financial liability designated as a financial liability measured at fair value in profit or loss, if these changes are due the change in credit rating of the issuer of that liability. According to the new standard, these amendments must be recognized in the statement of "Other comprehensive income", and no longer in the income statement.

With reference to the impairment, the new standard requires the estimate of losses on receivables to be made on the basis of the model of expected losses (and not on the model of incurred losses used by IAS 39) using supportable information, available without unreasonable effort or expense that include current and prospective historical data. The standard requires that the impairment model apply to all financial instruments, i.e. financial assets measured at amortized cost, those measured at fair value through other comprehensive income, receivables arising from lease agreements and trade receivables.

Finally, the standard introduces a new model of hedge accounting in order to adapt the requirements of the current IAS 39 that sometimes were considered too stringent and unsuitable to reflect the risk management policies of the companies.

The greater flexibility of the new accounting rules is offset by additional requests for information on the risk management activities of the Group. Currently, the directors are still assessing the impacts; therefore, it is not possible at present to provide a reasonable estimate of the effects on the amounts and the related disclosures until the Group has completed a detailed analysis.

Accounting standards, IFRS and IFRIC amendments and interpretations not yet endorsed by the European Union at 30 June 2017

At the date of reference of these notes, the EU competent authorities have not yet completed the standardisation process required to adopt the accounting standards and amendments described below.

On 13 January 2016, the IASB published the standard IFRS 16 "Leases", which is intended to replace the standard 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 new standard provides a new definition of lease and introduces a criterion based on control (right of use) of an asset to distinguish lease agreements from service agreements, identifying as discriminating factors: identification of the asset, the right to replace it, the right to obtain substantially all the economic benefit deriving from use of the asset and the right to direct use of the asset underlying the agreement.

The standard establishes a single model of recognition and evaluation of lease agreements for the lessee, which involves registration of the leased asset, also operational, in assets with financial debt counter-entry, while also providing the opportunity to not recognize as leases contracts concerning "low-value assets" and leases with a contract term equal to or less than 12 months. By contrast, the Standard does not include significant changes for lessors.

The standard is applicable as of 1 January 2019. However, earlier application is permitted only for Companies that proceeded with early application of IFRS 15 "Revenue from Contracts with Customers".

Amendment to IAS 12 "Recognition of Deferred Tax Assets for Unrealised Losses" (published on 19 January 2016). The purpose of the amendment is to clarify the recognition of deferred tax assets related to debt instruments at fair value. In the Group's estimation, the new amendment will have no significant impacts on its financial position and profitability.

Amendment to IAS 7 "Disclosure Initiative" (published on 29 January 2016). The document aims to provide some clarification to improve disclosures on financial liabilities. In particular, the amendments require to disclose information that enables users of financial statements to understand the changes in liabilities arising from financing operations. The amendments are effective for annual periods beginning on or after 1 January 2017 and they were reflected in the condensed consolidated half-year financial statements. It is not required to present comparative information relating to previous years. This amendment affects only presentation and it has no impact on the financial position and on the profitability of the Group.

Amendment to IFRS 2 "Classification and measurement of share-based payment transactions" (published on 20 June 2016), which contains some clarifications on the accounting of stock options subject to vesting conditions that are tied to performance. The amendments are applicable starting from 1 January 2018. However, earlier application is permitted. The directors do not expect a significant impact on the Group's consolidated financial statements from the adoption of said amendments.

Document "Applying IFRS 9 Financial Instruments with IFRS 4 "Insurance Contracts" (published on 12 September 2016). The amendment introduces different accounting methods for insurance contracts within the scope of IFRS 4. The amendment is not applicable to the consolidated financial report.

Document "Annual Improvements to IFRS Standards 2014-2016 Cycle", published on 8 December 2016, which partially supplement the existing standards. The main clarifications pertain to IFRS 1, IAS 28 and IFRS 12. The directors do not expect a significant impact on the Group's consolidated financial statements from the adoption of said amendments.

Interpretation IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (published on 8 December 2016). The purpose of the interpretation is to provide guidelines for foreign currency transactions where non-monetary advances or prepayments are recognized in the financial statements prior to the recognition of the related asset, cost or revenue. This document provides indications on how an entity must determine the date of a transaction and, consequently, the spot rate to be used for foreign currency transactions in which payment is made or received in advance. IFRIC 22 is applicable starting from 1 January 2018. However, earlier application is permitted.

Amendment to IAS 40 "Transfers of Investment Property" (published on 8 December 2016). Said amendments clarify transfers of a property to or from property investment. In particular, an entity must reclassify a property as, or from, property investments only when there is evidence that there has been a change in the use of the property. This change must be attributed to a specific event that has occurred and therefore

not be limited to a change of intent by an entity's management. Said amendments are applicable from 1 January 2018. However, earlier application is permitted.

Amendment to IFRS 10 and IAS 28 "Sales or Contribution of Assets between an Investor and its Associate or Joint Venture" (published on 11 September 2014). The document was published in order to resolve the current conflict between IAS 28 and IFRS 10 related to the valuation of the profit or loss resulting from the sale or transfer of a non-monetary asset to a joint venture or associate in return for a portion in the capital of the latter. The main change brought about by the amendment is that the capital gain or capital loss consequent to loss of control shall be recorded in full at the time of the sale or contribution of the business. For the moment, the IASB has suspended the application of this amendment.

Interpretation IFRIC 23 "Uncertainty over Income Tax Treatments" (issued on 7 June 2017). The purpose of IFRIC 23 is to clarify how to calculate current and deferred taxes if there are uncertainty concerning the tax treatments adopted by the entity that prepares the financial statements and that may not be accepted by the tax authority.

Consolidation principles

The present condensed consolidated half-year financial statements comprise, in addition to the condensed half-year financial statements of the Parent Company, the condensed half-year financial statements of the companies on which it exercises control (these condensed half-year financial statements approved by the respective Boards of Directors were appropriately adjusted/reclassified to make them consistent with the standards of preparation of the condensed half-year financial statements of the Parent Company and compliant with the international accounting principles IAS/IFRS).

Control exists when the Parent Company has the power to direct the company's significant activities and is exposed to the variability of the results obtained through the exercise of power.

Scope of consolidation

The condensed consolidated half-year financial statements comprise the line-by-line consolidation of the data of the Parent Company Orsero, and of the companies that operate in the following segments: Distribution, Import & Shipping and Services. Subsidiaries are consolidated from the date on which the Group effectively acquires control and cease to be consolidated from the date on which control is transferred outside the Group.

The date of consolidation, 30 June, is that of the Parent Company Orsero and coincides with that of all the companies included in the scope of consolidation.

The scope of consolidation is specifically detailed and is accompanied by further information as required by legislation, in particular IFRS 10 and 12, in these notes.

Consolidation criteria

The consolidation method used is the line-by-line method, i.e. assets, liabilities, as well as the consolidated costs and net sales of the consolidated companies are drawn line by line.

The line-by-line consolidation method was used for all subsidiaries, i.e. those companies on which the Parent Company possesses the following three elements at the same time: (a) power on the company, (b) exposure, or rights, to variable returns deriving from involvement therewith, (c) ability to utilise the power to influence the amount of said variable returns.

Associates, over which Orsero exercises significant influence, or companies in which it exercises joint control over financial and operating policies, have been valued using the equity method. Profit or losses relating to the Group are recognized in the consolidated financial statements from the date on which the significant influence commences until the date on which it ends.

Any goodwill included in the value of the investment is subject to impairment testing.

If any of the Group's portion of the losses of the associate exceeds the book value of the investment in the financial statements, after the value of the investment has been zeroed, the portion of the related losses is set aside to the extent that the Group has legal or implied obligations, in respect of the investee, to cover losses or, in any event, to make payments on its behalf or in relation to its scope of activity.

Companies for which the Group holds portions equal to or less than 20% of the capital, or for which no significant influence is exercised, have been recognized at the purchase or subscription cost.

The main consolidation criteria adopted when drafting the condensed consolidated half-year financial statements are indicated below:

a) Derecognition of investments in consolidated companies

With the use of the line-by-line consolidation method, the total amount of assets, liabilities and costs and net sales of the consolidated companies are drawn line by line by allocating the equity attributable to minority shareholders that are recognized in a separate item of consolidated equity referred to as "minorities' capital and reserves", while the portion of the profit or loss for the year is recorded in the item "profit/(loss) attributable to minorities".

With the line-by-line consolidation, the book value of the equity investments held by the Parent and/or other companies of the Group is eliminated against the corresponding portion of shareholders' equity of the subsidiaries, assuming for the individual elements of assets and liabilities the current value at the date of acquisition of control.

The positive difference between the carrying amount of the consolidated equity investments and the corresponding equity is attributed to the asset item "goodwill"; if instead the difference is negative, it is recognized in the income statement as required by IFRS 3.

The residual difference is recognized in such a way that the condensed consolidated half-year financial statements present:

- the share capital, legal reserve and share surplus, if any, of the Parent Company;
- other specific reserves (i.e. Conversion reserve, TFR discounting reserve, etc.) also at the level of the condensed consolidated half-year financial statements;
- profits and/or losses carried forward, representing the reserves of undivided profits and losses of the subsidiaries, modified where appropriate, to reflect consolidation adjustments.

With the equity method, the carrying amount of the investment is adjusted year by year to the pro-quota value of the equity of the investee, modified for any

consolidation adjustments, recording the positive and/or negative result achieved in the income statement.

(b) Derecognition of intra-group relations

Within the consolidation process, the following are systematically identified and eliminated:

- receivables and payables outstanding at the reporting date between the companies consolidated with the line-by-line method;
- income and expense deriving from the transactions carried out between Group companies consolidated using the line-by-line method;
- dividends received from companies consolidated with the line-by-line and equity method;
- write-downs of financial investments accounted for in the financial statements.

Gains arising from consolidated transactions, if significant, that have not been realized through transactions with third parties, are derecognized.

The elimination of inter-company items also includes any debits or credits of Italian consolidated subsidiaries with respect to the Parent Company as regards Corporate Income Tax (IRES). It is stressed that the Parent Company has adhered to the Group taxation scheme as provided by Articles 117-129 of the TUIR Tax Code.

(c) Conversion of financial statements in currencies other than Euro

The consolidated financial statements of Orsero are prepared in Euro as it represents the functional currency of the Parent Company Orsero and of all the companies included in the scope of consolidation, with the exception of:

- the Argentina-based company Rost Fruit S.A.;
- the Costa Rica-based companies Simbarica S.r.l. and Cosiarma Costa Rica S.r.l.;
- the Colombia-based company Simbacol S.A.S.;
- the Mexico-based companies Comercializadora de Frutas S.A.C.V. and Productores Aguacate Jalisco S.A.C.V.

The individual financial statements of each company belonging to the Group are prepared in the currency of the primary economic context in which it operates (functional currency). The conversion of the items of financial statements denominated in currencies other than the Euro is carried out applying current exchange rates at the end of the first half-year. The income statement items are instead converted at average exchange rates of the half-year. Exchange rate conversion differences resulting from the comparison of the initial equity converted at current exchange rates and the same converted at historical exchange rates, are recognized under equity item "Conversion reserve".

For the financial statements of companies valued using the equity method expressed in a currency other than the presentation currency (Euro), the exchange rate at the end of the period was applied to the individual items of the balance sheet. Exchange rate differences arising from the conversion of the items of initial equity at current exchange rates at period-end, compared to those at the end of the previous year, are recognized directly in consolidated equity.

The exchange rates used for the conversion into Euro of the financial statements of foreign subsidiaries, prepared in local currency, are shown in the following table:

	30/06/2017	1 st half 2017	31/12/2016	1 st half 2016
Dollaro USA	1,1412	1,08253	1,05410	1,116
Peso Argentina	18,8851	21,0280	16,7488	15,990
Colon Costa Rica	652,147	608,932	580,809	598,690
Peso Colombia	3478,65	3162,05	3.169,49	3.485,44
Peso Messico	20,5839	21,028	21,7719	20,160

List of Group companies

Below are the lists of companies consolidated using the line-by-line method, as they are directly or indirectly controlled, of those valued using the equity method and those valued at cost.

List of companies consolidated on a line-by-line basis

Name	Head office	Investment percentage			Share Capital	
		Direct	Indirect	Interest held by		
AZ France S.A.	Cavallon (Francia) - 56, Avenue JP Boitelet		100,00%	GF Distribuzione S.r.l.	3.360.000	€
Bella Frutta S.A.	Atene (Grecia) - 6 Troizinias Street		99,82%	GF Distribuzione S.r.l.	1.756.800	€
Comercializadora de Frutas S.A.C.V.	Tinguindin (Mexico) - Carretera Zamora-Los Reyes km. 37,5		100,00%	AZ France S.A.	3.299.376	pesos
Cosiarma S.p.A.	Genova (Italia) - via Operai 20	100,00%			2.600.000	€
Cosiarma Costa Rica S.r.l.	San Jose de Costa Rica - Oficentro Ejecutivo La Sabana Edificio torre 1		100,00%	Cosiarma S.p.A.	1.000	colones
Eurofrutas S.A.	Alverca (Portogallo) - Estrada principal Casal das Areias 205		100,00%	GF Distribuzione S.r.l.	5.750.000	€
Eurortícolas LDA	Gradil (Portogallo) - Quinta dos Besteiros		100,00%	Eurofrutas S.A.	150.000	€
Fresco Ships' A&F S.r.l.	Bergeggi (Italia) - Banchina R. Orsero Porto Vado		100,00%	GF Porterm S.r.l.	258.000	€
Fruttital S.r.l.	Milano (Italia) - via C. Lombroso, 54		100,00%	GF Distribuzione S.r.l.	5.000.000	€
GFB S.r.l.	Milano (Italia) - via Fantoli 6	100,00%			10.000	€
GF Distribuzione S.r.l.	Milano (Italia) - via Fantoli 6	100,00%			20.000.000	€
GF Porterm S.r.l.	Milano (Italia) - via Fantoli 6	100,00%			2.000.000	€
GF Produzione S.r.l.	Milano (Italia) - via Fantoli 6	100,00%			100.000	€
GF Servizi S.r.l.	Milano (Italia) - via Fantoli 6	100,00%			100.000	€
GF Trasporti S.r.l.	Milano (Italia) - via Fantoli 6	100,00%			100.000	€
Kiwisol LDA	Folgosa (Portogallo) - Rua de Santo Ovidio 21		93,90%	Eurofrutas S.A.	523.738	€
Nuova Banfrutta S.r.l.	Porto San Giorgio (Italia) - Via Morgagni 30		100,00%	Fruttital S.r.l.	103.480	€
Productores Aguacate Jalisco S.A.C.V.	Ciudad Guzman (Mexico) - Constitucion 501 Centro C.P. 49000		70,00%	Comercializadora de Frutas S.A.C.V.	30.000.000	pesos
R.O.S.T. Fruit S.A.	Buenos Aires (Argentina) - Corrientes 330 - 6° 612		100,00%	GF Distribuzione S.r.l.	24.096.320	pesos
Simba S.p.A.	Milano (Italia) - via Fantoli 6		100,00%	GF Distribuzione S.r.l.	3.100.000	€
Simbacol S.A.S.	Medellin (Colombia) - Carr. 434 n. 1-50 Torre 1 - Of. 453 S. Fernando Pl.		100,00%	Simba S.p.A.	2.000.000	pesos
Simbarica S.r.l.	San Jose de Costa Rica - Oficentro Ejecutivo La Sabana Edificio torre 1		100,00%	Simba S.p.A.	1.000	colones
Siter Trasporti S.r.l. (in liquidazione)	Milano (Italia) - via Fantoli 6	85,00%			260.000	€
Solfrutas LDA	Lisbona (Portogallo) - MARL Lisboa, Pav. A05, box 022		100,00%	Eurofrutas S.A.	339.182	€
Tropical Frutas LDA	Matosinhos (Portogallo) - Rua D. Marcos da Cruz 1673		100,00%	Eurofrutas S.A.	250.000	€
Vado Container Services S.r.l.	Genova (Italia) - via Operai 20		100,00%	GF Porterm S.r.l.	10.000	€

List of companies consolidated using the equity method

Name	Head office	Investment percentage			Share Capital	
		Direct	Indirect	Interest held by		
Acorsa S.A.	Curridabat (Costa Rica) - De la estac. de servicios La Galera 100 N		50,00%	GF Produzione S.r.l.	1.000.000	colones
Cultifruit S.A.	Barcelona (Spagna) - MERCABARNA, Calle Longitudinal 7,	33,33%			3.000.000	€
Fruport Tarragona S.L.	Muelle Reus Tarragona (Spagna)		49,00%	GF Porterm S.r.l.	82.473	€
Fruttital Firenze S.p.A.	Firenze (Italia) - Via S. Allende 19 G1		50,00%	GF Distribuzione S.r.l.	300.000	€
Galandi S.p.A.	Firenze (Italia) - Via S. Allende 19 G1		50,00%	GF Distribuzione S.r.l.	500.000	€
Hermanos Fernandez Lopez S.A.	Barcelona (Spagna) - MERCABARNA, Calle Longitudinal 7,		50,00%	GF Distribuzione S.r.l.	258.911	€
Moncada Frutta S.r.l.	Ispica (Italia) - Contrada Salmeci SN		50,00%	GF Distribuzione S.r.l.	100.000	€
Simba Spain S.L.	Barcelona (Spagna) - Calle F.30-32 Sector C zona franca Mercabarna		50,00%	Simba S.p.A.	10.000	€

It should be noted that the joint ventures and associates listed above are measured using the equity method except for the Company Acorsa S.A. for which the financial statements as at 30 June 2017 have a higher equity balance than the cost of the investment. Pursuant to the call option Acorsa there is a right of the shareholder FIF Holding S.p.A. to purchase said investment at a price equal to the cost in the financial statements of Euro 20,160 thousand plus any capital contributions made up to the date of the exercise for a maximum period of 5 years from 30 June 2017. The pro-rata shareholders' equity of the financial statements of Acorsa S.A. was thus adjusted to said lower amount of Euro 20,160 thousand.

List of companies consolidated with the cost method

Subsidiaries consolidated using equity method

Name	Head office	Investment percentage			Share Capital	
		Direct	Indirect	Interest held by		
Fruttital Sicilia Srl	Santa Maria di Licodia (Italia) - Strada Cavaliere Bosco 58		50,10%	GF Distribuzione S.r.l.	100.000	
Irrigar S.A.	Buenos Aires (Argentina) - Tucuman 117		99,92%	ROST Fruit S.A.	12.000	pesos

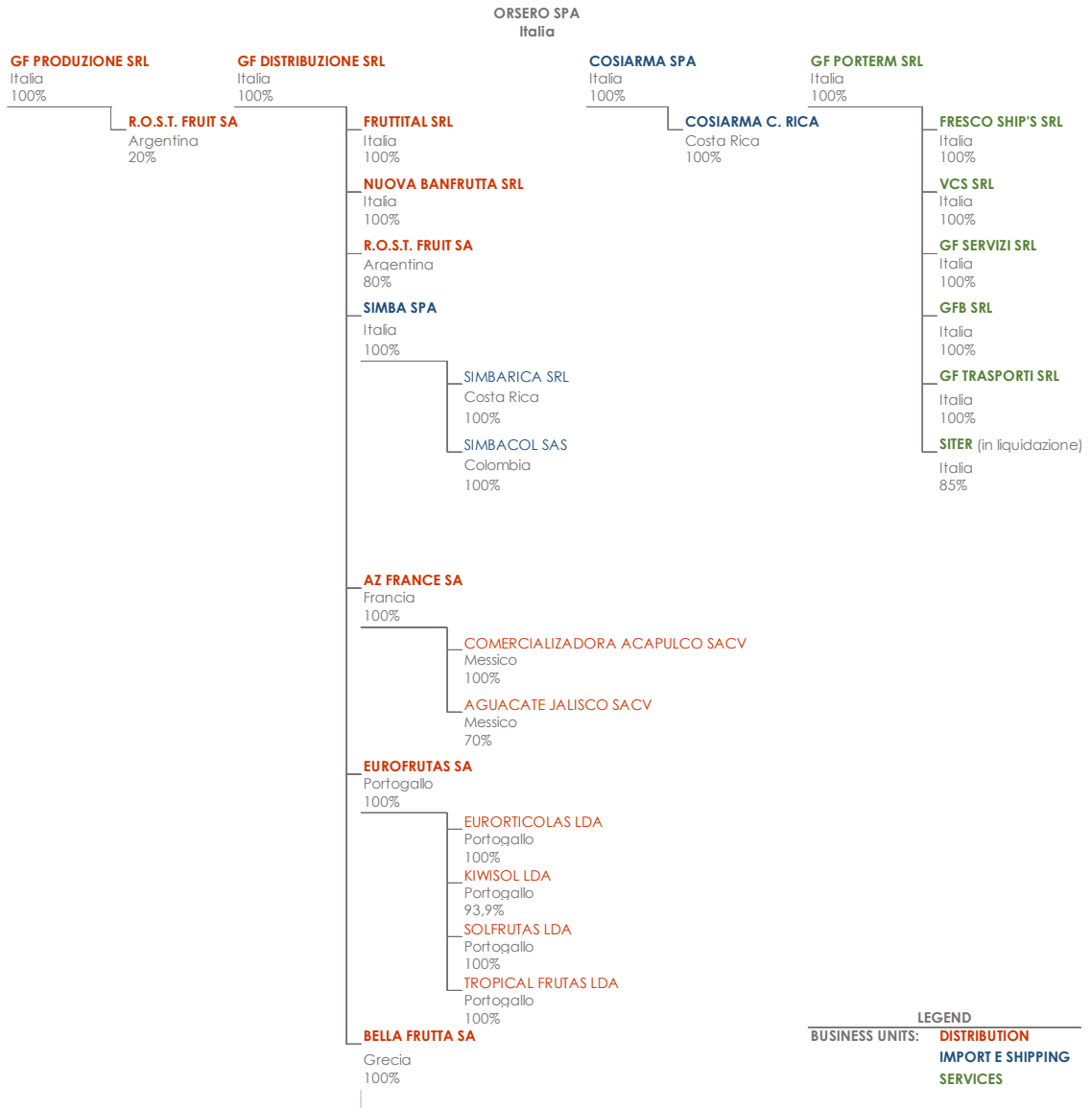
Associated companies consolidated using equity method

Name	Head office	Investment percentage			Share Capital	
		Direct	Indirect	Interest held by		
CitruMED S.A.	Bouargoub (Tunisia) Borj Hfaïedh - 8040		50,00%	AZ France S.A.	1.081.000	dinari
Natural Juice S.A.	Villa Regina (Argentina) Sarmiento n° 183 PB		40,00%	ROST Fruit S.A.	8.000.000	pesos

Scope of consolidation as at 30 June 2017 and changes that occurred subsequently

It is pointed out that after 30 June 2017 and on or before the date of preparation of the present financial statements, agreements were signed to bring the Group to wholly own the Tuscan companies Fruttital Firenze S.p.A. and Galandi S.p.A. and the Spanish company Hermanos Fernández López S.A., all of which had already been 50% owned since the early 2000s, with a total investment of Euro 33.4 million. As reported in the disclosure published at the time, a significant portion - Euro 13 million - of the price of the acquisition of the Spanish company is paid through the issue of 1,000,000 new Orsero S.p.A. shares, a concrete manifestation of the confidence placed in the Group's future by our Spanish partner. It is pointed out that, since according to IAS-IFRS the consolidation at equity of the acquired companies starts only after control is obtained, thus from 1 July 2017, these companies are associates as at 30 June 2017 and they were measured at equity.

Following the above transaction, the company map is more streamlined and direct as in the representation below:



LEGEND
 BUSINESS UNITS: **DISTRIBUTION**
IMPORT E SHIPPING SERVICES

Impairment test

IAS 36 specifies that at the end of each reporting period an entity shall assess whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. In assessing whether the aforesaid indication exists, the Group shall consider the presence of any "impairment indicators", as required by paragraph 12 of IAS 36. An impairment loss shall be recognised in profit or loss when the carrying amount of an asset or cash generating unit exceeds its recoverable amount.

The carrying amounts of the Company's assets are in any case measured at the reference date of the annual financial statements. Intangible assets with an indefinite useful life are tested at least annually and every time there is an indication of a possible impairment to determine whether impairment exists.

The Group tests the carrying amount of net invested capital, identifying the individual companies operating in the Distribution and Import & Shipping segments as cash-generating units.

The recoverable amount of the aforesaid units is identified in the value of use, i.e. the sum of the discounted future cash flows and the terminal value that the individual companies will be able to generate according to management estimates, net of the net financial position.

For discounting, the post-tax WACC is used as the discount rate, which takes into account the specific risks of the asset and reflects current market valuations of the cost of money. It is based on a weighting between the cost of the debt and the cost of equity, calculated on the basis of the values of companies comparable to those belonging to the Group and subject to impairment as they operate in the same business segment.

The terminal value is calculated with the perpetual annuity formula, and determined as the ratio between the normalized flow (NOPAT) and the discount rate.

Losses recognised in the income statement, with the exception of goodwill, are written back in case of change in the valuations utilised to determine the recoverable value. A write back is recognised in the income statement by adjusting the carrying amount of the asset to its recoverable value. The latter may not exceed the value that would have been determined net of amortisation and depreciation, if no impairment of the asset had been recognised in the previous years.

NOTES - DISCLOSURES ON THE STATEMENT OF FINANCIAL POSITION AND THE INCOME STATEMENT

This chapter provides useful information to explain the most significant changes compared to the previous year in the items of the financial statements, indicating any possible effects of changes in the scope of consolidation, where appropriate.

NOTE 1. Goodwill

Goodwill was recorded for Euro 3,834 thousand (Euro 3,834 thousand at 31 December 2016).

Thousands of euro	Goodwill	Consolidation differences	Total
Carrying amount at December 31, 2016	1.019	2.815	3.834
<i>Change of year:</i>			
Investments	-	-	-
Disposal	-	-	-
Reclassification	-	-	-
Impairment losses	-	-	-
Changes of consolidated companies	-	-	-
Translation differences	-	-	-
Reclassification IFRS 5	-	-	-
Carrying amount at June 30, 2017	1.019	2.815	3.834

The item shows the amount paid by the Group over the book value of the company's branches and/or equity of the companies acquired and subsequently incorporated. The residual value of the item in question is verified at least annually or if specific events or circumstances occur that may indicate an impairment, through the profitability analysis of the acquired business units, through impairment tests.

Goodwill at 30 June 2017 refers:

- Euro 720 thousand, to Nuova Banfrutta S.r.l.: specifically, this value derives mainly from the acquisition of Ferfrutta S.r.l.;
- Euro 171 thousand, to Az France S.A.;
- Euro 128 thousand, to Eurofrutas S.A.: this value derives from the acquisition of Tropical Frutas in 2009.

This item also includes the consolidation differences relating to the acquisitions of Eurofrutas S.A. and Nuova Banfrutta S.r.l.. The acquisition of the first refers to the 50%

recorded in 2013 and with residual value at 30 June 2017 equal to Euro 1,440 thousand, while the second one, which took place in 2010, has a residual value of Euro 1,375 thousand.

In accordance with IAS 36, this item is not subject to amortisation, but to impairment test on annual basis, or more frequently, if specific events and circumstances occur which may indicate impairment (Impairment Testing). No impairment indicators were noted in the first half year of 2017. Consequently, at 30 June 2017, it was not necessary to carry out the impairment test.

NOTE 2. Intangible assets

Thousands of euro	Intellectual property rights	Concessions, licenses and trademarks	Assets in progress and advances	Other intangible assets	Total
Carrying amount	1.196	8.242	212	1.193	10.843
Accumulated amortization	(699)	(2.804)	-	(1.132)	(4.635)
Carrying amount at December 31, 2016	497	5.438	212	61	6.208
<i>Change of year:</i>					
Investments	-	61	498	19	578
Disposal - Carrying amount	-	-	-	(525)	(525)
Disposal - accumulated amortization	-	-	-	525	525
Reclassification - carrying amount	-	-	-	-	-
Reclassification - accumulated amortization	-	-	-	-	-
Impairment losses	-	-	-	-	-
Changes of consolidated companies - Carrying	-	-	-	-	-
Changes of consolidated companies - accumulated	-	-	-	-	-
Translation differences - carrying amount	-	-	-	-	-
Translation differences - accumulated amortization	-	-	-	-	-
Amortization	(71)	(331)	-	(16)	(418)
Amortization "Discontinued Operations"	-	-	-	-	-
Carrying amount	1.196	8.303	710	687	10.896
Accumulated amortization	(770)	(3.135)	-	(623)	(4.528)
Carrying amount at June 30, 2017	426	5.168	710	64	6.368

During the half year, intangible assets increased by Euro 160 thousand in relation to investments of Euro 578 thousand, accrued amortisation of Euro 418 thousand, disposals of assets of Euro 525 thousand, fully amortised.

It should be noted that in the period in question, no changes in estimates were made in assessing the useful life of intangible assets in the choice of the amortization method. No internal and external indicators were identified that would make us deem it necessary to carry out the impairment test on the other intangible assets.

The Group has incurred advertising and promotional expenses recognized in the income statement, for Euro 1,381 thousand essentially linked to the promotion of the brand through major media.

No intangible assets were reclassified as "Assets held for sale".

Intellectual property rights

This item shows costs incurred in connection with the software programmes and the licences the Group has obtained; the change indicated above reflects the amortisation accrued during the half year, calculated on average on the basis of a useful life of three year.

Concessions, licences and trademarks

This line of account essentially reflects the amount paid as concession for the exercise of commercial activities located within the general markets, amortized on the basis of the duration of the concession, as well as the costs of using licensed software programs, amortized on average over a three-year period.

The decrease by Euro 270 thousand reflects investments of Euro 61 thousand, offset by amortisation of Euro 331 thousand.

Assets in progress and advances

The item reflects the investments made during the year and not yet operational at the closing date of the period, essentially referred to the development, experimentation and engineering of the new integrated ERP system which shall fully replace the one in use and which is directed at meeting the Group's ever-growing needs.

Other intangible assets

This line of account essentially includes costs incurred for the development of internal software, amortized according to the respective periods of use.

The increase compared to 31 December 2016 was the result of increases in investments of Euro 19 thousand and decreases of Euro 16 for related amortization.

NOTE 3. Tangible assets

Thousands of euro	Lands and buildings	Plantations	Plant and machinery	Industrial and commercial equipment	Other tangible assets	Assets in progress and advances	Total
Carrying amount	39.002	188	222.213	561	12.815	607	275.386
Accumulated depreciation	(22.145)	(27)	(156.137)	(527)	(10.669)	-	(189.505)
Balance at December 31, 2016	16.857	161	66.076	34	2.146	607	85.881
<i>Change of year:</i>							
Investments	375	-	601	17	614	1.288	2.894
Disposal - Carrying amount	-	-	(206)	-	(665)	-	(871)
Disposal - accumulated depreciation	-	-	206	-	550	-	756
Reclassification - carrying amount	(4.688)	-	-	4	270	-	(4.415)
Reclassification - accumulated depreciation	-	-	-	(4)	(272)	-	(275)
Impairment losses	-	-	-	-	-	-	-
Changes of consolidated companies - Carrying amount	-	-	-	-	-	-	-
Changes of consolidated companies - accumulated depreciation	-	-	-	-	-	-	-
Translation differences - carrying amount	43	11	118	3	(28)	56	203
Translation differences - accumulated depreciation	(23)	(2)	(49)	(3)	11	-	(66)
Depreciation	(306)	(5)	(3.948)	(7)	(360)	-	(4.626)
Depreciation "Discontinued Operations"	-	-	-	-	-	-	-
Carrying amount	34.732	199	222.726	584	13.005	1.951	273.197
Accumulated depreciation	(22.474)	(34)	(159.927)	(540)	(10.738)	-	(193.714)
Balance at June 30, 2017	12.258	165	62.798	44	2.267	1.951	79.483

At 30 June 2017, tangible assets totalled Euro 79,483 thousand, down by Euro 6,398 thousand compared to the balance as at 31 December 2016 as a result of:

- investments of Euro 2,895 thousand, broken down as follows: Distribution, Euro 2,243 thousand, Import & Shipping, Euro 390 thousand, Services, Euro 262 thousand;
- depreciation for the period, Euro 4,626 thousand;
- reclassifications, Euro 4,690 thousand;
- disposals of assets (at book value), Euro 115 thousand, essentially represented by plants for their renewal;

- increase due to exchange rate of Euro 137 thousand, essentially referring to the assets of the Mexico-based companies due to the Mexican Peso which went from 21.7719 Pesos/Euro in December 2016 to 20.5839 Pesos/Euro as at 30 June 2017.

Land and buildings

The change in the period recorded a total net decrease of Euro 4,599 thousand, resulting from investments of Euro 375 thousand, depreciation of Euro 306 thousand, decreases from reclassifications of Euro 4,688 thousand and exchange rate differences of Euro 20 thousand.

The reclassification to inventory (within the “finished products and goods” category) of the refrigerated warehouse in Argentina, due to the changed address tied to the situation of the Argentina-based former investee.

The value of land amounted to Euro 5,030 thousand, stated on the basis of the original sale and purchase deeds where existing or separated from the general purchase price of the building on the basis of percentages up to 20%.

These values, which are periodically verified, are considered to be aligned with those of the market.

Plantations

During the period, there was a total increase by Euro 4 thousand originated from depreciation of Euro 5 thousand and from net exchange rate differences of Euro 8 thousand.

Plant and machinery

This line of account includes refrigerators, banana ripening rooms, plants for product calibration and packaging, fruit storage and packaging facilities (Distribution segment) and ships (Import & Shipping segment).

Increases in the year, amounting to Euro 601 thousand, refer to increases for investments made mainly in the Distribution segment in relation to normal renewals of equipment and to net foreign exchange changes of Euro 69 thousand.

The decreases instead pertain to the depreciation accrued during the period, amounting to Euro 3,948 thousand, and to the disposals of assets amounting to Euro 206 thousand, totally amortised.

Industrial and commercial equipment

In this sector, the change is essentially related to the depreciation for the period of Euro 7 thousand, offset by increases in the period of Euro 17 thousand.

Other tangible assets

The item includes the assets owned by the Group such as furniture and furnishings, computer and electronic equipment, car fleet, etc.

The increase by Euro 121 thousand for the period reflects mainly investments of Euro 614 thousand, depreciation of Euro 360 thousand and net disposals of Euro 115 thousand.

Assets in progress and advances

The increase in this item was mainly affected by the increase by Euro 1,344 thousand mainly tied to the expansion of the warehouse of the Mexico-based company.

At 30 June 2017, the Group verified the non-existence of internal or external indicators of possible impairment of its tangible assets. Consequently, the value of tangible assets has not been subject to impairment test.

NOTE 4. Financial investments

Thousands of euro	Investments in unconsolidated subsidiaries	Investments in Joint ventures	Investments in associates	Investments in other companies	Total
Balance at December 31, 2016	-	10.294	28.682	245	39.221
<i>Change of year:</i>					
Additional/Capital increase	-	-	-	3	3
Divestments and disposals	-	-	-	-	-
Impairment losses/Using fund to cover losses	-	-	-	-	-
Dividends received	-	-	-	-	-
Valuation using the equity method	-	1.086	226	-	1.312
Other changes included foreign exchange movements	-	(27)	(22)	(4)	(53)
Changes from consolidation scope	-	-	-	-	-
Balance at June 30, 2017	-	11.353	28.886	244	40.483

Disclosure on investments in other companies

The consolidated financial statements must be prepared in accordance with IFRS 12 “Disclosure on investments in other companies”, which includes all disclosure provisions previously included in IAS 27 related to the consolidated financial statements as well as all disclosures of IAS 31 and IAS 28 related to the equity investments of a company in subsidiaries, joint ventures, associates and structured vehicles and also provides for new disclosure cases. The purpose of the standard is to require an entity to disclose information that allows users of the financial statements to assess the nature and risks of its investments in other entities and the effects of such investments on the statement of financial position, on the economic result and on financial flows.

Investments in subsidiary

Investments in subsidiaries have been detailed in the paragraph “List of Group Companies”.

There are currently no restrictions on the Group's ability to access or use assets and to settle liabilities.

Any consequences deriving from the change in shareholdings, resulting or not resulting in a loss of control, which took place during the half year have already been

defined in the paragraph “Scope of consolidation as at 30 June 2017 and changes that occurred subsequently”.

Investments in associates and joint ventures

Investments in associates and joint ventures are detailed in the paragraph “List of Group Companies”.

There are currently no restrictions on the Group's ability to access or use assets and to settle liabilities.

Any consequences deriving from the change in shareholdings, resulting or not resulting in a loss of control, which took place during the half year have already been defined in the paragraph “Scope of consolidation as at 30 June 2017 and changes that occurred subsequently”.

At 30 June 2017, no dividends were received from joint ventures and associated companies.

Evidence is provided of the proportional share of the Group's profits deriving from equity investments in joint ventures and associates valued using the equity method reflected in the consolidated income statement.

The following table summarizes the information related to these investments:

Thousands of euro	30.06.2017	31.12.2016	Change
Joint Ventures	1.086	1.468	(382)
Associates	226	3.519	(3.293)

Concerning the recapitulation of joint ventures and associates, the details of the changes are provided in the following table:

Thousands of euro	Associates		Joint Venture		Change I Semestre 2017		Associates		Joint Venture	
	Balance at 31, 2016	December 31, 2016	Net profit	Other change	Balance at 2017	June 30, 2017	Balance at 2017	June 30, 2017	Balance at 2017	June 30, 2017
Fruttital Firenze S.p.A.	2.871	-	45	3	2.919	-	2.919	-	2.919	-
Galandi S.p.A.	2.303	-	115	(8)	2.410	-	2.410	-	2.410	-
Moncada Frutta S.r.l.	344	-	-	3	348	-	348	-	348	-
Hermanos Fernandez Lopez S.A.	-	10.177	1.039	(27)	-	11.189	-	11.189	-	11.189
Simba Spain S.L.	-	117	47	-	-	164	-	164	-	164
Cultifruit S.A.	235	-	(7)	-	229	-	229	-	229	-
Acorsa S.A.	20.160	-	-	-	20.160	-	20.160	-	20.160	-
Fruport Tarragona S.L.	2.289	-	73	-	2.362	-	2.362	-	2.362	-
Total investments recorded using the equity method	28.203	10.294	1.312	(29)	28.428	11.353	28.428	11.353	28.428	11.353
Citrumed S.A.	300	-	-	-	300	-	300	-	300	-
Natural Juice S.A.	179	-	-	(21)	158	-	158	-	158	-
Total investments recorded using the historical cost of purchase	479	-	-	(21)	458	-	458	-	458	-

As was recalled several times in the report on operation, to which reference is made for further details, that after 30 June 2017 but within the period of preparation of these financial statements, the Group completed the acquisitions of the additional 50% in the companies Fruttital Firenze S.p.A., Galandi S.p.A. and Hermanos Fernández López S.A., already 50% owned since the early 2000s. In accordance with IAS/IFRS, the consolidated half-year financial statements do not include the line-by-line consolidation of the aforementioned companies, because control in fact starts only from 1 July 2017; but to provide information that is adequate to the Group's current reality, the economic, capital and financial data of these companies are shown below.

Thousands of euro	Fruttifal Firenze	Galandi	Hermanos Fernandez	Total
<i>Thousands of euro</i>				
Non-current assets	1.647	2.886	16.374	20.907
Current financial assets	-	-	210	210
Cash and cash equivalent	4.079	4.662	2.294	11.035
Current assets	8.502	4.846	32.564	45.756
Total assets	14.228	12.394	51.442	77.908
Non-current financial liabilities	-	-	4.087	4.087
Non-current liabilities	814	988	1.114	2.916
Current financial liabilities	174	-	3.208	3.382
Current liabilities	7.716	6.898	20.649	35.107
Total Shareholders' equity	5.524	4.508	22.384	32.416
Total Shareholders' equity and liabilities	14.228	12.394	51.442	77.908
Net sales ¹	20.943	17.200	102.484	139.710
Adjusted Ebitda	507	454	4.014	4.975
Net profit from continuing operations	122	262	1.990	2.374
Other comprehensive income	-	-	-	-
Total comprehensive income	122	262	1.990	2.374

¹ Net sales non including intercompany sales between associates and Joint ventures

In line with the situation as at 31 December 2016, for the Costa Rica-based banana production company Acorsa S.A. the financial statements as at 30 June 2017 has a far higher equity balance than the cost of the financial investment. Since in accordance with the Acorsa call option (of which ample disclosure was provided in the information document as well as in the 2016 financial statements) there is a right of the shareholder FIF Holding S.p.A., for a period of 5 years starting from 30 June 2017, to purchase said financial investment at a price equal to the cost, the value of that financial investment is exposed, as it was in the financial statements, at the lower cost value of Euro 20,160 thousand, without being able to benefit from the value increases tied to the profits realised by the investee, except through the collection of dividends.

Financial investments amounted Euro 40,483 thousand at 30 June 2017, with a net increase of Euro 1,262 thousand due to the changes detailed above.

The increase of Euro 1,312 thousand generated by the valuation of shareholders' equity is due to the results of the investees for the period. The positive result mainly refers to the Spanish company.

NOTE 5. Other fixed assets

Thousands of euro	30.06.2017	31.12.2016	Change
Other fixed assets	689	668	22

At 30 June 2017, the item essentially shows security deposits and medium-term loans to third parties.

NOTE 6. Deferred tax assets

Thousands of euro	30.06.2017	31.12.2016	Change
Deferred tax assets	6.101	7.291	(1.190)

Deferred tax assets are allocated with a prudential criterion when their recovery by means of future taxable amounts is deemed to be reasonable and probable; they can derive from the temporary differences between the value of the assets and liabilities reflected in the financial statements relative to their value for tax purposes as well as from the tax losses that can be carried forward to the following years.

Deferred tax assets as at 30 June 2017, amounting to Euro 6,101 thousand are recognised mainly by effect of the valuation of the prior tax losses both for Italian and foreign companies, and to a lesser extent in relation to the entries of transition to IAS-IFRS, e.g. the liquidation of investments in intangible assets per IAS 38 or the determination of the employee severance indemnity according to the actuarial methodology.

Regarding the composition of this item, reference is made to the table below and Note 30 "Income Taxes".

Thousands of Euro	30.06.2017	31.12.2016
Previous tax losses	4.579	5.642
Financial expenses	137	137
Provisions for the return of the rented container feet	305	305
Depreciation	343	317
Effect IAS 19	521	536
Other	133	181
Provisions for bad debts	84	173
Deferred tax assets	6.101	7.291

NOTE 7. Inventories

Thousands of euro	30.06.2017	31.12.2016	Change
Raw materials, supplies and consumables	6.811	7.233	(421)
Biological Assets	493	-	493
Finished products and goods for resale	24.413	16.881	7.532
Inventories	31.717	24.114	7.603

Inventories of raw materials and consumables are represented by the materials used in the agricultural cycle of producers and the fuels, lubricants and spare parts of transport companies and also include the value of fruit ripening on the plant recorded as “Biological assets” by the Mexican company Productores Aguacate Jalisco S.A.C.V.

At 30 June 2017, the value of inventories increased compared to the previous year by Euro 7,603 thousand and this is due mainly to the increase in finished products and goods tied to the normal dynamics of the business, which typically sees on 30 June the point of greater demand in terms of net working capital (inventory plus trade receivables minus trade payables).

The item in question comprises the refrigerated warehouse located in Argentina for Euro 4,688 thousand reclassified therein due to the change of its utilization address.

NOTE 8. Trade receivables

Thousands of euro	30.06.2017	31.12.2016	Change
Trade receivables from third parties	92.404	80.684	11.720
Receivables from subsidiaries and associates of the Group not fully consolidated	9.497	5.190	4.307
Receivables from related parties	5.792	3.124	2.668
Provision for bad debts	(8.935)	(8.470)	(465)
Trade receivables	98.758	80.528	18.230

All trade receivables are due within one year and derive from normal sales conditions. It should be noted that receivables are shown net of the provision for write-downs allocated over the years to cover bad debts or doubtful debts that are still in the financial statements pending the conclusion of the related bankruptcy proceedings or out-of-court settlement attempts.

There are no receivables due beyond five years.

It is believed that the provision for bad debts is appropriate to cope with the risk of potential non-collection of past due receivables.

The balance of receivables from Group companies not fully consolidated mainly refers to normal supply receivables. For more detailed information, reference is made to paragraph 34 on related parties.

At 30 June 2017, the item increased by Euro 18,230 thousand tied especially to the increase in the receivables of the distributor companies connected with the normal dynamics of the business which sees 30 June as the time of greatest increase of the net working capital.

The change in the provision for bad debts is shown below:

Thousands of euro	Provision for bad debts
Balance at December 31, 2016	(8.470)
Change of year	
Accruals	(333)
Utilizations	195
Other	(327)
Balance at June 30, 2017	(8.935)

The following is the breakdown of receivables by geographical area:

Thousands of euro	30.06.2017	31.12.2016	Change
Italia	63.409	49.482	13.927
EU countries	33.309	27.915	5.394
Non-Eu countries	2.040	3.131	(1.091)
Trade receivables	98.758	80.528	18.230

NOTE 9. Current tax receivables

Thousands of euro	30.06.2017	31.12.2016	Change
For value added tax	10.090	9.399	691
For tax advances paid in the current year	1.284	1.021	263
For taxes claimed for reimbursement	1.281	1.282	(1)
Other receivables	3.023	2.216	807
Current tax receivables	15.678	13.918	1.760

At 30 June 2017, tax receivables increased by Euro 1,760 thousand in all, of which Euro 691 thousand were due to the higher VAT receivable and Euro 807 thousand to higher tax receivables of which Euro 313 thousand originated by the company Glenalta for amounts withheld and Euro 700 thousand tied to the Group VAT credit position (closed as a result of the merger) which will be usable in 2018 to offset the payment of taxes/amounts withheld.

NOTE 10. Other receivables and other current assets

Thousands of euro	30.06.2017	31.12.2016	Change
Advances to suppliers	3.765	3.077	688
Receivables from sales of investments	1.725	2.225	(500)
Other receivables	2.520	2.273	247
Accrued income and deferred expenses	1.324	2.437	(1.113)
Assets held for trading	19	25	(6)
Other current assets	9.354	10.037	(683)

At 30 June 2017, this item decreased by a total amount of Euro 683 thousand, of which Euro 1,113 thousand were due to the change in accrued income and deferred expenses, Euro 500 thousand to the collection of the 2016 earn-out on the sale of Reefer Terminal S.p.A. to APM Maersk, partially offset by the increase in advances to suppliers and by the other receivable.

The reduction in accrued income and deferred expenses essentially derives from the lower refund of costs accrued in future years recorded by Cosiarma S.p.A. at 30 June relative to that of the 2016 financial statements.

NOTE 11. Cash and cash equivalents

Thousands of euro	30.06.2017	31.12.2016	Change
Cash and cash equivalent	45.865	37.095	8.770

The balance reflects the current account balances of Group companies.

The change in the item can be analytically analysed in the cash flow statement.

NOTE 12. Group shareholders' equity

The share capital at 30 June 2017, fully paid in, consisted of 14,494,519 shares without par value for a value of Euro 64,500,451.90.

The shareholders' equity at 30 June 2017 increased significantly relative to 31 December 2016 as a result of the merger by absorption of GF Group S.p.A. into Orsero S.p.A. (formerly Glenalta Food S.p.A.), as defined on the basis of the Framework Agreement stipulated on 26 October 2016.

As was already pointed out in the 2016 financial statements, said transaction cannot be qualified as a business combination because from the point of view of the

substance the buyer is GF Group which maintains control of the company resulting from the Merger, and therefore the transaction was recorded as a GF Group capital increase. In fact, in accordance with IFRS 2 "Share-based payment", it was deemed that the best estimate of the goods and services received from GF Group (mainly cash and the status of a company listed on AIM Italia/Alternative Investment Market) represents the fair value of the capital previously held by Orsero shareholders, measured on the date of the actual exchange of shares. With the Merger, Orsero purchased from the banks the Equity Financial Instruments issued, numbering 42,148,942, and to be issued, numbering 71,007,000 by GF Group, for a total fixed price of Euro 25,000 thousand.

Within the context of the Merger, Orsero (formerly Glenalta S.p.A.) effected a share capital increase by Euro 55,000,000 with issue serving the exchange of 5,590,000 new ordinary shares without par value and free of pledges, concurrently cancelling the shares representing the share capital of GF Group. The new ordinary shares of Glenalta were attributed to FIF Holding S.p.A. according to the exchange ratio of 43 ordinary shares of Glenalta for every 50 ordinary shares of GF Group.

At the completion of the Merger, 643,387 ordinary treasury shares remained, and still remain, available to Orsero, of which 500,000 are in the service of the Stock Grant Plan, for a value of Euro 6,406 thousand recognised in direct subtraction of the other net items as per the statement of changes in equity as at 30 June 2017.

The consolidated statement of changes in equity, included in the consolidated financial statements to which reference is made, illustrates the changes between 31 December 2015 and 30 June 2016 and between 31 December 2016 and 30 June 2017, of the individual reserve items, with particular regard to changes in the share capital and the equity financial instruments reserve as a result of the Merger.

The Cash Flow Hedging Reserve, recognised for Euro 491 thousand, exposes the change relating to the adjustment to negative fair value as at 30 June 2017 net of the tax effect with indication thereof in the statement of comprehensive income of the derivative on the bunker, accounted for with the cash flow hedging method.

Following below is the reconciliation as at 30 June 2017 between the shareholders' equity of the Parent Company and the shareholders' equity of the Group, and between the net profit of the Parent Company and the net profit of the Group.

Thousands of euro	Share capital and reserves at 30.06.2017	Net profit 2017	Total Shareholders' equity at 30.06.2017
Orsero S.p.A. (Parent Company)	141.254	(4.242)	137.012
Net profits and reserves of subsidiaries	(32.681)	5.329	(27.352)
Net profits and reserves of associates and joint ventures using equity method	2.576	1.312	3.888
Dividends distributed by consolidated companies to the Parent company	-	-	-
Consolidation differences	2.815	-	2.815
Elimination of capital gain and/or other transactions carried out by subsidiaries	1.769	(1.726)	43
Orsero Group	115.733	673	116.406

NOTE 13. Non-controlling interests

The change in Non-controlling interests is mainly the consequence of their portion of the profits.

NOTE 14. Financial liabilities

The financial debit disclosure described below is unique, thus including both the non-current and current portion thereof in order to make it more immediately understandable.

The financial exposure is as follows:

Thousands of euro	30.06.2017	31.12.2016	Change
Non - current medium term bank loans (over 12 months)	67.556	73.348	(5.792)
Non - current other lenders (over 12 months)	-	1.358	(1.358)
Non - current financial liabilities	67.556	74.706	(7.150)
Current medium term bank loans	12.136	37.005	(24.869)
Bank overdrafts	21.686	19.134	2.552
Current other lenders	-	2.400	(2.400)
Other current lenders short term	4.184	1.324	2.860
Current liabilities for the derivatives	516	-	516
Current financial liabilities	38.522	59.863	(21.341)

The change in the half year by a total of Euro 28,491 thousand (between non-current and current) reflects the main components mostly related to medium-term loans as detailed below:

- the payment of Euro 29,000 thousand to repay the payable to banks, carried out at the effective date of the Merger as agreed upon defining the Relevant Transaction;
- the payment by the Parent Company of the outstanding loan instalments of Euro 238 thousand to Banca Popolare dell'Emilia Romagna (Biper) and Euro 218 thousand to Veneto Banca;
- the repayment by the sub-holding distributor of the instalments due to the banks Intesa Sanpaolo and Carige, respectively for Euro 250 thousand and Euro 588 thousand;
- the payment by Società Fruttital S.r.l. of the amounts due for maturing loan instalments, i.e. Euro 236 thousand, and factoring of Euro 3,758 thousand for the extinction of the agreement therewith;
- the payment of outstanding instalments due by AZ France S.A., amounting to Euro 133 thousand.

The due dates of the medium-term debt to banks and other lenders (leasing) as at 30 June 2017 are detailed in the following table, arranged in two columns (maturing as at 30 June 2018 and maturing after 30 June 2018, in turn broken down between maturing no later than 30 June 2022 rather than beyond that date) in order to provide for an easier comparison with the previous table.

The table below shows the breakdown of debt to banks for loans and payables to other lenders for medium to long-term financial payables at current and non-current rates; the latter is also broken down by due within/beyond five years.

Thousands of euro	Total	2017	> 2018		2018-2020	> 2021
Medium term bank loans (Non - current/ current)	110.353	37.005	73.348	as follows:	44.840	28.508
Other lenders (Non - current/ current)	3.758	2.400	1.358	as follows:	1.358	-
Financial liabilities 31.12.2016	114.111	39.405	74.706		46.198	28.508

Thousands of euro	Total	30.06.2018	> 30.06.18		30.06.18- 30.06.22	> 30.06.2022
Medium term bank loans (Non - current/ current)	79.692	12.136	67.556	as follows:	43.771	23.785
Other lenders (Non - current/ current)	-	-	-	as follows:	-	-
Financial liabilities 30.06.2017	79.692	12.136	67.556		43.771	23.785

At 30 June 2017, there was a hedging instrument (swap) on the bunker that the shipbuilding company has activated in order to reduce and control the risks associated with changes in the price of raw material. At 30 June 2017, its negative fair value of Euro 516 thousand was recognized under "Current financial liabilities" and counter-entry equity reserve ("Other comprehensive income") specifically designated.

At 30 June 2017, there were loans that required compliance with covenants, whose fulfilment is verified annually.

NOTE 15. Other non-current liabilities

Thousands of euro	30.06.2017	31.12.2016	Change
Other non - current liabilities	175	209	(34)

"Other non-current liabilities" amounted to Euro 175 thousand as at 30 June 2017, with a decrease of Euro 34 thousand relative to 31 December 2016, due mainly to the reduction of deferred income for non-current contribution accruing after 12 months.

NOTE 16. Deferred taxes liabilities

Thousands of euro	30.06.2017	31.12.2016	Change
Deferred tax liabilities	2.716	2.771	(55)

Deferred tax liabilities are allocated on the basis of temporary differences, subject to deferred taxation, resulting from adjustments made to individual financial statements of consolidated companies in accordance with homogeneous Group accounting standards and on temporary differences between the value of assets and liabilities recorded in the consolidated financial statements and their value for tax purposes.

At 30 June 2017, the item decreased by Euro 55 thousand.

For further details, reference is made to Note 30 "Income taxes".

NOTE 17. Provisions for risk and charges

Thousands of euro	30.06.2017	31.12.2016	Change
Provisions for risks and charges	4.719	4.394	325

The item "Provisions for risks and charges" includes allocations made on the basis of litigation at 30 June 2017 in various Group companies, as a result of accurate estimates by the directors; of note is an increase during the half year following an update of the estimates of potential liabilities.

The allocations recognized in the provisions, which represent the estimate of future cash outflows also prepared on the basis of historical experience, were not subject to actuarial valuation since the effect was considered negligible in the consolidated financial statements.

As at 30 June 2017, "Provisions for risks and charges" amounted to Euro 4,719 thousand and it increased substantially as a result of allocations of Euro 300 thousand relating to the accrued provisions on the return costs of the container pool of the shipping company. As at 30 June 2017 the related recognised provision amounted to Euro 2,313 thousand.

NOTE 18. Employees benefit provision (TFR)

The changes of the Employees Benefit provision (TFR) as at 30 June 2017 are annexed.

Thousands of euro	Employees benefits provision
Balance at December 31, 2016	5.741
<i>Change of year:</i>	
Accruals	210
Benefits paid and transferred	(130)
Interest cost	(1)
Gain/(losses) resulting from changes in actuarial assumptions	-
Changes of consolidation scope	-
Other changes	5
Balance at June 30, 2017	5.825

The Employees Benefits Provision refers to the Italian and foreign companies of the Group, in accordance with the various national regulations, and essentially includes employee severance indemnity accrued by employees in service at 30 June, net of advances paid to employees.

In accordance with IAS 19, the TFR Provision is remeasured with the actuarial valuation methodology, through the support of an external specialist, and adjusted in relation to the occurrence of events requiring updating.

The main financial and demographic assumptions utilised in determining the present value of the liability relating to the employee severance indemnity; for the preparation of the consolidated half-year financial statement, the financial and demographic assumptions utilised for the financial statements as at 31 December 2016 were deemed adequate and therefore utilized.

Thousands of euro	
Discount rate	
Italy, France, Greece, Spain,	Curva Euro Composite
Portugal	AA al 30.12.2016
Mexico	Ibox GEMX Aggregate 10-15
Costa Rica	Ibox GEMX 10+ al 30.12.2016: 9,90%
Inflation rate	
Italy	1,50%
France, Greece, Spain,	n.a.
Portugal, Mexico, Costa Rica	
Salary increases (included inflation)	
Italy, Portugal, Costa Rica	1,00%
France	Cas général 5,0%, Cadres 5,5%, Agent de maîtrise 4,0%
Greece, Spain	2,00%
Probability of termination	
Italy	7,00%
France	Cas général 8,00%, Cadres 7,00%, Agent de maîtrise
Greece	White Collar 2,00%, Blue Collar 6,00%
Spain	2,00%
Portugal	9,00%
Mexico	Acapulco 1,6%, Jalisco 8,0%

Actuarial gains and losses are recognised in shareholders' equity, while the provision for the year is recognized under a special item relating to "personnel costs" on the basis of its intended use, i.e. within the first trading margin, gross margin or general and administrative expenses.

NOTE 19. Trade payables

Thousands of euro	30.06.2017	31.12.2016	Change
Payables to suppliers	78.171	70.882	7.289
Payables to subsidiaries and associates of the Group not fully consolidated	1.273	1.514	(241)
Payables to related parties	4.782	3.445	1.337
Trade payables	84.226	75.841	8.385

Trade payables with a residual maturity of more than 5 years are not included in the financial statements.

At 30 June 2017, there were no outstanding payables of significant amount, nor did the Group receive injunction decrees for past due payables.

At 30 June 2017, the net increase of the item amounted to Euro 8,385 thousand as a result of the increase by Euro 7,289 thousand of the value of payables to suppliers, Euro 1,337 thousand of payables to related parties, partly offset by the reduction by Euro 241 thousand of payables to subsidiaries and associates of the Group, not consolidated line-by-line.

The change in payables to suppliers in the first half of 2017 compared to 31 December 2016 is tied to the normal dynamics of the business, which typically sees 30 June as the point of greatest demand in terms of net working capital.

The geographic breakdown of the payables is as follows:

Thousands of euro	30.06.2017	31.12.2016	Change
Italy	60.335	52.460	7.875
EU countries	21.733	20.423	1.310
Non-Eu countries	2.158	2.958	(800)
Trade payables	84.226	75.841	8.385

NOTE 20. Current tax and social security contributions liabilities

Thousands of euro	30.06.2017	31.12.2016	Change
For value added tax (VAT)	761	82	679
For income tax of the year	633	798	(165)
For withholding tax	666	1.020	(354)
For indirect taxes	499	313	186
Other payables	55	124	(69)
Social security contributions	2.334	2.537	(203)
Current tax and social security contributions liabilities	4.948	4.874	74

At 30 June 2017, this item had a balance of Euro 4,948 thousand, up compared to the balance at 31 December 2016 by a total of Euro 74 thousand of which Euro 679 thousand for higher VAT payable, almost entirely offset by the change in the other items of tax and contribution payables.

There are currently no past due amounts related to the item in question.

NOTE 21. Other current liabilities

Thousands of euro	30.06.2017	31.12.2016	Change
Payables to personnel	5.305	5.116	189
Payables to Board of Directors and Statutory Auditors' fees	419	44	375
Payables relating to operations on behalf of third parties	2.048	1.131	917
Other current payables	3.138	4.254	(1.116)
Accrued expenses and deferred income	1.395	1.135	260
Other current liabilities	12.305	11.680	625

At 30 June 2017, "Other current liabilities" increased by Euro 625 thousand, due mainly to the increase in payables relating to operations on behalf of third parties of Euro 917 thousand which represent financial outlays to be incurred on behalf of the customers of the investee Fresco Ship's Agency - Forwarding S.r.l. ("Services" B.U.) in favour of the Customs and/or suppliers. The increase is essentially due to the higher amounts for customs duties to be paid to Customs according to seasonality.

Payables to personnel relate to current items for June, as well as accrued and unused holidays and 13th month accruals.

NOTE 22. Net sales and segment reporting

Thousands of euro	1 st half 2017	1 st half 2016	Change
Net sales	355.081	337.632	17.449
<i>In addition:</i>			
Share of joint ventures net sales	52.220	45.324	6.896
Share of associates net sales	22.015	20.898	1.117
Total share of joint venture and associates net sales	74.235	66.222	8.013
Inter-segment	(13.271)	(11.441)	(1.830)
Net sales	416.045	392.413	23.632

At 30 June 2017, net sales amounted to Euro 355,081 thousand, up by Euro 17,449 thousand compared to 30 June 2016. For an in-depth analysis of sales, refer to the half-year report on operations, in the paragraph "Significant events of the period and comment to the performance of the business segments".

The above table shows the share of net sales of the joint ventures and of the associates considering the share held at 30 June 2017 and therefore the revenues of the companies acquired after 30 June 2017 (but on or before the date of preparation of these financial statements) Fruttital Firenze S.p.A., Galandi S.p.A. and Hermanos Fernández López S.A. were 50%.

Segment reporting

Based on the current organizational structure of the Orsero Group, the information required by IFRS 8, broken down by business segment, is shown below. The operating areas identified by the Orsero Group, are identified in the segments of activities that generate revenues and costs, the results of which are periodically reviewed by the highest decision-making level for assessment of performance and decisions regarding allocation of resources.

In accordance with IFRS 8, the Group's business is divided into three main segments based on the type of business carried out by the individual companies:

- **Distribution Segment:** this segment is a group of companies engaged in the distribution of fruit and vegetables in the territories of their competence. The Group's distributors are based and operate mainly in Italy, Portugal, France and Greece;

- Import & Shipping Segment: this segment is a group of companies mainly engaged in the import, selection and maritime transport of bananas and pineapples;
- Services Segment: this segment represents a residual segment that includes companies engaged in the provision of services related to customs, container maintenance, information technology sector and holding co-ordination activities.

The performances and trend of the three segments in which the Group operates are monitored and valued on the basis of revenues and Adjusted EBITDA; this latter parameter, though not defined by international accounting standards, is the indicator that constitutes the Group's real business performance.

The Adjusted EBITDA is determined as the operating result (EBIT) less depreciation, amortization and provisions and non-recurring costs/income. The parameter thus determined does not consider net financial expenses, taxes, pro-rata gain/loss arising from the application of the equity method for associated companies and joint ventures.

Thousands of euro	1st half 2017			
	Gross sales	Inter-segment net sales	Net sales to third parties	Adjusted Ebitda
"Distribution" Segment	306.044	(12.392)	293.652	8.000
"Import & Shipping" Segment	137.875	(17.418)	120.457	4.878
"Services" Segment	6.933	(320)	6.613	(2.333)
Inter-segment net adjustment	-	(65.641)	(65.641)	59
Total net sales to third parties and Adjusted Ebitda	450.852	(95.771)	355.081	10.604

Thousands of euro	1st half 2016			
	Gross sales	Inter-segment net sales	Net sales to third parties	Adjusted Ebitda
"Distribution" Segment	280.959	(12.459)	268.500	8.568
"Import & Shipping" Segment	141.607	(14.821)	126.786	19.875
"Services" Segment	6.664	(275)	6.389	(2.182)
Inter-segment net adjustment	-	(64.043)	(64.043)	59
Total net sales to third parties and Adjusted Ebitda	429.230	(91.598)	337.632	26.320

The above tables indicate, at 30 June 2017 and 2016, net sales gross of intercompany turnover, broken down by segment, the value of turnover with respect to third parties and Adjusted EBITDA.

It should be noted that there are no net sales from transactions with a single external customer equal to or greater than 10% of the Group's total net sales.

Reconciliation of the Adjusted EBITDA with operating result (EBIT)

A reconciliation is provided of the Adjusted EBITDA used by the Group's management with the operating result (EBIT) presented in the income statement.

Thousands of euro	1 st half 2017	1 st half 2016	Change
Adjusted Ebitda*	10.604	26.320	(15.716)
Amortization of intangible and depreciation tangible assets	(5.043)	(4.865)	(178)
Accruals of provision	(633)	(528)	(106)
Non recurring income	512	266	245
Non recurring expenses	(2.431)	(3.483)	1.052
Operating Result (Ebit)	3.008	17.711	(14.703)

* The results of which are periodically reviewed by the highest decision-making level for assessment of performance and decisions regarding allocation of resources.

Breakdown of assets and liabilities by segments

In accordance with IFRS 8, disclosures are provided regarding assets, liabilities, the amount of the investment in associates and joint ventures and, lastly, aggregate equity.

It is specified that the sectoral data indicated in the note should be read together with the performance indicators expressed in the single report on operations.

Thousands of euro	Total Assets without investments in joint ventures and associates 30.06.2017	Investments in Joint ventures and associates 30.06.2017	Total Assets 30.06.2017	Total liabilities 30.06.2017	Aggregate shareholders' equity 30.06.2017
"Distribution" Segment	164.833	458	165.292	127.289	38.003
"Import & Shipping" Segment	132.306	5	132.311	49.451	82.860
"Services" Segment	319.462	35.888	355.350	110.505	244.845
Total assets and liabilities	616.601	36.351	652.953	287.245	365.708

Thousands of euro	Total Assets		Total Assets 31.12.2016	Total liabilities 31.12.2016	Aggregate shareholders' equity 31.12.2016
	without investments in joint ventures and associates 31.12.2016	Investments in Joint ventures and associates 31.12.2016			
"Distribution" Segment	146.432	479	146.911	112.326	34.585
"Import & Shipping" Segment	131.988	5	131.993	48.532	83.461
"Services" Segment	305.801	35.888	341.689	140.500	201.189
Total assets and liabilities	584.221	36.372	620.593	301.358	319.235

NOTE 23. Cost of goods sold

The following table shows the cost of goods sold by allocation and by nature.

Thousands of euro	1 st half 2017	1 st half 2016	Change
Raw materials and finished goods costs	232.958	207.171	25.787
Cost of commissions on purchases and sales	1.721	1.672	49
Transport and handling costs	52.618	49.583	3.035
Personnel costs	9.533	9.102	430
Depreciation and amortization	4.106	4.216	(110)
Accruals of provision	300	300	-
External production and maintenance costs	5.419	6.952	(1.533)
Utilities	2.194	2.126	69
Bunker cost	14.247	9.469	4.778
Rental costs for ships and containers	4.191	3.813	378
Leases and rentals	2.019	2.103	(84)
Other costs	338	317	21
Other operating revenues and costs recovery	(3.283)	(3.010)	(272)
Cost of goods sold	326.361	293.812	32.549

The increase in the cost of goods sold is commented in the half-year report on operations, to which reference is made; however, it is necessary to stress the significant impact of the increase in the cost of bunker given by the rise in the price of fuel, from 175 USD/Ton on average in 2016 to 308 USD/Ton on average recorded for 2017. The increase in the purchase costs of raw materials, packaging, pallets and goods amounting to Euro 25,787 thousand and in the transportation and handling costs by Euro 3,035 thousand is tied to the growth in turnover.

"Raw material and finished goods costs" comprises Euro 1,127 thousand of costs due to associates and Euro 2,342 thousand to related parties, carried out a market value and included in the balances indicated in Note 34, to which reference is made herein.

Instead, "Transport and handling costs" comprises Euro 459 thousand to associated companies of the Group; this balance is also included in the details provided in Note 34.

"Other operating revenues and cost recoveries" comprises Euro 84 thousand in revenues from associates of the Group. For further details, reference is made to Note 34.

NOTE 24. General and administrative expenses (Overheads)

The table below details the general and administrative costs by allocation and by nature.

Thousands of euro	1 st half 2017	1 st half 2016	Change
Corporate bodies fees	1.051	741	310
Costs for notary, tax, legal and other professional services	1.382	1.810	(429)
Commercial, advertising, promotional and representation expenses	1.381	470	912
Personnel costs	12.220	11.907	313
Depreciation and amortization	937	650	288
Accruals for provision	333	228	106
Costs for maintenance, external labor and various other services	3.176	2.634	542
Insurance expenses	649	605	45
Utilities	439	677	(237)
Travel expenses	540	375	165
Costs of company car fleet	264	120	144
Rental costs and various rentals	243	139	105
Charges for purchase and intercompany services to associates and related companies	459	459	0
Other costs	1.209	1.313	(104)
Acquisition costs of stationery and material of consumption	230	257	(27)
Fees, commissions, bank guarantees charges and factoring	395	351	44
Overheads	24.910	22.734	2.176

The increase in general and administrative expenses (overheads) by Euro 2,176 thousand is the result of increases in compensation to the corporate bodies, in promotional expenses tied to the trademark (as stated, as a function of a different timing of the outlays), in personnel costs and in costs for maintenance services and for collaborations, partly offset by decreases in the other categories as represented above.

“Charges for purchases and intercompany services to associates and related companies” comprises Euro 3 thousand to associated companies and Euro 456 thousand to related companies. For further details, reference is made to Note 34.

NOTE 25. Other operating incomes and expenses

Thousands of euro	1 st half 2017	1 st half 2016	Change
Other operating incomes	2.087	504	1.583
Other operating expenses	(2.890)	(3.880)	990
Total other operating incomes and expenses	(803)	(3.376)	2.573

Annexed are details of the items “Other operating incomes” and “Other operating expenses” for the first half of 2017 and 2016 with separate indication of ordinary items with respect to “non-recurring” ones.

Thousands of euro	1 st half 2017	1 st half 2016	Change
Revenues from recovery of costs and insurance reimbursements	361	94	267
Plus values and contingent revenues in ordinary course of business	464	140	324
Others (*)	750	4	746
Other ordinary operating incomes	1.575	238	1.337
Gains on sale of equity investments and non-current financial assets	-	-	-
Gains on disposal of businesses or significant intangible assets and materials	-	22	(22)
Release of provisions previously set aside	99	45	54
Others (*)	413	199	214
Other non-recurring operating incomes	512	266	246

(*) These are contingencies related to items set aside in previous years for which the obligation/payment has not been fulfilled

Increases relative to the first half of 2016 are essentially tied to higher non-recurring items and gains of an ordinary as well as non-recurring nature realised by the companies of the Group as a whole.

Thousands of euro	1 st half 2017	1 st half 2016	Change
Penalties, sanctions and costs for damage to third parties	(62)	(39)	(23)
Minus values and contingent losses in ordinary course of business	(396)	(357)	(39)
Others (*)	-	-	-
Other ordinary operating expenses	(458)	(397)	(62)
Glenalta transaction costs	(1.530)	-	(1.530)
Costs and extraordinary provisions with employees	(125)	(1.619)	1.494
Significant costs for litigation, civil, tax, customs etc.	(128)	(386)	258
Integration provisions for extraordinary risks	-	(1.000)	1.000
Others (*)	(648)	(478)	(170)
Other non - recurring operating expenses	(2.431)	(3.483)	1.052

(*) These are contingencies related to items set aside in previous years of which the right/recourse has ceased

In this section, particularly relevant are the “non-recurring” costs tied to the Glenalta Relevant Transaction. Of note is the reduction of labour costs tied to restructuring thanks to the positive performance of the activities of the Group, especially core business activities.

NOTE 26. Net financial expenses

The breakdown of the item “Net financial expenses” is as follows:

Thousands of euro	1 st half 2017	1 st half 2016	Change
Financial income	37	210	(173)
Financial expenses	(1.352)	(1.512)	160
Exchange rate differences	(183)	103	(286)
Net financial expenses	(1.498)	(1.199)	(299)

For each item included in the item in question, details are provided below:

Thousands of euro	1 st half 2017	1 st half 2016	Change
Interest income to third parties	37	210	(173)
Interest income to associates and joint ventures	-	-	-
Gains on derivatives	-	-	-
Financial income	37	210	(173)

Thousands of euro	1 st half 2017	1 st half 2016	Change
Interest expenses from bank	(1.280)	(1.420)	140
Interest cost for IAS 19	(1)	(1)	-
Interest expenses to third parties	(70)	(91)	21
Losses on derivatives	(1)	-	(1)
Financial expenses	(1.352)	(1.512)	160

Thousands of euro	1 st half 2017	1 st half 2016	Change
Realized exchange rate differences	251	184	67
Unrealized exchange rate differences	(434)	(81)	(353)
Exchange rate differences	(183)	103	(286)

The decline in financial expenses reflects the Group's improved position as a result of the merger with Glenalta.

NOTE 27. Net income (loss) from equity investments

Thousands of euro	1 st half 2017	1 st half 2016	Change
Dividends	1	7	(6)
Share of profit from companies consolidated at equity	1.312	1.876	(564)
Revaluations of securities and investments	-	-	-
Devaluations of securities and investments	-	-	-
Result of securities and investments negotiation	8	-	8
Net income (loss) from equity investments	1.321	1.883	(562)

The statement of financial position is essentially related to the pro-quota recognition of the results of associated companies and joint ventures consolidated using the equity method. This result recorded a net decrease compared to the corresponding period of the previous year because, following the call option of the shareholder FIF Holding S.p.A. for the Costa Rica-based companies Acorsa S.A., the Group may not benefit from the increases in value deriving from the measurement of the equity investment at equity. The change described above, relative to the non-recognition of the result of the Costa Rica-based company, is partially offset by the higher result achieved in the first half of 2017 compared to the corresponding period of the previous year by the Spanish investee (see Table per Note 4).

NOTE 28. Income taxes

Most of the Italian subsidiaries participates in the "tax consolidation" system headed by Orsero, in accordance with the option exercised by each company and confirmed by the "Agenzia delle Entrate" as a result of the submission of a dedicated

request for ruling in accordance with Article 124, Paragraph 5, of the TUIR Tax Code and with Article 13, Paragraph 1 and 2, of Ministerial Decree of 09 June 2004.

The changes in taxes are summarized in the following table.

Thousands of euro	1 st half 2017	1 st half 2016	Change
Current taxes for the year	(1.617)	(1.998)	381
Deferred tax incomes and expenses	(344)	(627)	283
Tax expenses	(1.961)	(2.625)	664

Taxes decreased compared to 30 June 2016 because of the lower taxable amounts and hence of the related accrued taxes recorded by the Import & Shipping companies (Euro 1,884 thousand), partially offset by the higher current taxes of the Distribution segment (Euro 740 thousand).

At 30 June 2017, there are no significant tax disputes.

There are no other significant amendments to the tax legislation between 2017 and 2016.

NOTE 29. Net profit of "Discontinued Operations"

As at 30 June 2017 the Net profit of "Discontinued operations" is equal to zero (2016: negative for Euro 4.396 thousand), detailed as follows:

Thousands of euro	1 st half 2017	1 st half 2016	Change
Net profit Business Aviation 2016	-	(939)	939
Net profit Mono Azul 2016	-	(3.457)	3.457
Net profit of "Discontinued Operations"	-	(4.396)	4.396

The negative net profit of Euro 4.396 thousand as at 30 June 2016 reflects the overall performance recorded in the first half by the Argentine company Moño Azul S.A. (loss of Euro 3.457 thousand) and by the Business Aviation segment (loss of Euro 939 thousand) both disposed of at the end of 2016 as is amply commented in the financial statements of the year to which reference is made.

NOTE 30. Earnings per share

The basic earnings per share is calculated, in accordance with IAS 33, dividing the Group's portion of the profit by the average number of shares outstanding during the period. The "Fully Diluted" earnings per share are calculated dividing the net

profit of the Group by the average number of outstanding shares including special shares and warrants, in both cases excluding treasury shares in the portfolio.

Euro	Base	Fully Diluted
Net profit - Group share (in euro)	673.238	673.238
Average number of outstanding shares during the period	12.286.606	14.845.122
Earnings per share (euro per share)	0,055	0,045

NOTE 31. Disclosures on financial instruments - additional disclosures

Pursuant to IFRS 7, the breakdown of financial instruments into the categories set out in IAS 39 is as follows:

Thousands of euro	30/06/2017	31/12/2016	Change
Financial assets			
Non - current financial assets	-	-	-
Cash and cash equivalent	45.865	37.095	8.770
Trade receivables	98.758	80.528	18.230
Current financial assets	19	25	(6)
Financial liabilities			
Non - current medium term bank loans (over 12 months)	(67.556)	(73.348)	5.792
Current medium term bank loans	(12.136)	(37.005)	24.869
Bank overdrafts	(21.686)	(19.134)	(2.551)
Non - current other lenders (over 12 months)	-	(1.358)	1.358
Current other lenders	-	(2.400)	2.400
Other current lenders short term	(4.184)	(1.324)	(2.860)
Speculative derivatives	-	-	-
Hedging derivatives	(516)	-	(516)
Trade payables	(84.226)	(75.841)	(8.385)

It is noted that only current financial assets include securities, i.e. financial instruments that are valued at fair value with impact on the income statement. The other categories fall into the category "Loans and receivables" in accordance with IAS 39.

Among financial liabilities, trading derivatives fall within the category “Liabilities measured at fair value with impact on the income statement”, while hedging derivatives are recorded at fair value, the related change is accounted for in an equity reserve that constitutes the comprehensive income statement. In this regard, it is pointed out that the Group has derivative contracts at 30 June 2017.

At 30 June 2017, there was a hedging instrument (swap) on the bunker that the shipbuilding company has activated in order to reduce and control the risks associated with changes in the price of raw material. At 30 June 2017, its negative fair value of Euro 516 thousand was recognized under current financial payables with counter-entry equity reserve specifically designated.

NOTE 32. Disclosures on assets and liabilities measured at fair value

Based on as required by IFRS 13 “Fair value measurement”, the following disclosure is provided.

Fair value of financial instruments:

- for financial assets and liabilities that are liquid or have a very short maturity, the book amount is considered to approximate fair value; this hypothesis also applies to term deposits, disposable securities and floating rate financial instruments;
- for the valuation of the fair value of hedging instruments, use is made of valuation models using market parameters. It is noted that no new derivative contracts were entered into at the closing date of the financial statements;
- the fair value of non-current financial payables is obtained by discounting all future cash flows at the period-end conditions. In the present situation, where for medium-term debt the cost of the loan is aligned with the market value, the nominal values of the debt are considered as fair value values.

As regards trade and other receivables and payables, the fair value is equal to the book value.

Fair value of non-financial instruments:

- for long-term biological assets, the cost method was used net of accumulated depreciation for the determination of the carrying amount;

- for current biological assets (agricultural product on the plant) fair value is used, i.e. the market value net of transportation costs.

As regards property investments, they are valued at cost, which is believed to be a reliable approximation of the related fair value.

The following tables analyse the hierarchy of financial and non-financial instruments measured at fair value, based on the valuation techniques used:

- level 1: the valuation techniques use prices listed on an active market for the assets or liabilities subject to valuation;
- level 2: the valuation techniques consider inputs other than the previous prices, but that can however be observed directly or indirectly on the market;
- level 3: the techniques use inputs that are not based on observable market data.

Financial instruments

Derivatives, valued using techniques based on market data, are mainly swaps on bunkers that have the purpose of hedging both the fair value of underlying instruments and cash flows.

The most frequently applied valuation techniques include “forward pricing” and “swap” models, which use the calculations of the present value.

The following table analyses financial instruments measured at fair value based on three different levels of valuation.

Thousands of euro	30.06.17			31.12.16		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Current financial assets	19	-	-	25	-	-
Financial liabilities						
Speculative derivatives	-	-	-	-	-	-
Hedging derivatives	-	516	-	-	-	-

Level 1 valuation was used for non-significant securities.

Level 2 valuation, used for financial instruments measured at fair value, is based on parameters such as bunker and interest rates that are quoted in active or observable

markets on official rate curves. The liability valued with level 2 at 30 June 2017 relates to the negative fair value of the derivative on bunker fuel.

Non-financial instruments

There are non-financial instruments measured at fair value as at 30 June 2017, because the biological assets of the Mexican producer company are measured at fair value, i.e. market value minus costs of sale.

NOTE 33. Nature and entity of risks deriving from financial instruments

The main financial instruments of the Group include current accounts and short-term deposits, financial liabilities to banks in the short and long term and finance leases.

The purpose is to finance the Group's operating activities.

Additionally, the Group has trade receivables and payables from its business.

The main financial risks to which the Group is exposed are those of market (currency), credit and the risks associated with the loan agreement; below is a description of these risks and how they are managed.

Risks associated with fluctuations in exchange rates

In view of its operations, the Group, like other operators in the sector, is exposed to the risk of fluctuations in the exchange rates of currencies other than the one in which the commercial and financial transactions are expressed. In fact, part of the fruit supply (bananas and pineapples) is carried out by the Group in Central American countries at the price denominated in US dollars, resulting in the Group exposure to the USD/Euro exchange rate linked to the fact that sales of these products are denominated in Euro, being almost entirely on the markets of the EU countries.

In relation to this type of risk, it is emphasized that the historical observation of results shows that there is no direct automatic relationship between the course of the dollar and marginality, mainly due to the pricing system, which being variable from week to week, allows "transferring" most of the exchange rate effect to the final market. In addition, part of the risk is offset by the maritime transport activity that has an

opposite currency profile with a surplus of dollar-denominated revenues over costs, without prejudice to the net exposure in dollars at the level of the Group's currency balance.

Risks associated with loan agreements

The Group has some short-term and medium-term loan agreements with some of the major banking institutions, which foresee in the coming years a plan of reimbursement of its adjusted debt on revenue flows, together with a low interest rate.

Risks of default and covenants on the debt

The Group has, with some major banks, lending agreements that prescribe compliance with financial covenants that depend on the performance of certain financial parameters at the consolidated Group level; upon the occurrence of given events, the counterparties could ask the debtor to repay the borrowed sum immediately, consequently generating a liquidity risk.

Risks associated with credit

The Group is exposed to the credit risk arising from both commercial relations and liquidity use in the financing of some seasonal product campaigns. Commercial credit risk is monitored on the basis of formalized procedures for selecting and evaluating the customer portfolio, defining the limits of reliance, monitoring the expected income flows and any recovery actions, and in some cases, involves the stipulation of insurance policies with primary counterparties.

The two tables below show the evidence of the net financial position, net working capital and invested capital. For financial debt maturities, reference is made to Note 14 "Financial payables".

The Group demonstrates a good ability to generate cash through its operating activities and therefore there is no problem in obtaining funds to settle its financial liabilities.

The Group has financial payables that, with the exception of non-current payables with fixed maturities, consist of short-term bank payables, payables to other short-term lenders and payables for derivative instruments.

It should be noted that, due to the cash generated by operating activities, the Group has sufficient resources to meet its financial commitments in the set deadlines.

Thousands of euro	30.06.17	31.12.16	Change
Assets held for trading	19	25	(6)
Cash and cheques	1.269	240	1.029
Bank and deposit accounts	44.596	36.855	7.741
Non - current medium term bank loans (over 12 months)	(67.556)	(73.348)	5.792
Non - current other lenders (over 12 months)	-	(1.358)	1.358
Bank overdrafts	(21.686)	(19.134)	(2.552)
Current medium term bank loans	(12.136)	(37.005)	24.869
Current other lenders	(4.184)	(1.324)	(2.860)
Other current lenders short term	-	(2.400)	2.400
Current liabilities for the derivatives	(516)	-	(516)
Net financial position	(60.194)	(97.450)	37.256

Thousands of euro	30.06.17	31.12.16	Change
Goodwill	3.834	3.834	-
Other intangible assets	6.368	6.208	160
Tangible assets	79.483	85.881	(6.398)
Financial investments	40.483	39.221	1.262
Other fixed assets	689	668	22
Deferred tax assets	6.101	7.291	(1.190)
NON-CURRENT ASSETS	136.959	143.103	(6.144)
Inventories	31.717	24.114	7.603
Trade receivables	98.758	80.528	18.230
Trade payables	(84.226)	(75.841)	(8.385)
WORKING CAPITAL	46.249	28.801	17.448
Other receivables	25.013	23.930	1.083
Deferred tax liabilities	(2.716)	(2.771)	55
Provisions for risks and charges	(4.719)	(4.394)	(325)
Employees benefits liabilities	(5.825)	(5.741)	(84)
Other liabilities	(17.428)	(16.764)	(664)
OTHER CURRENT ASSETS AND LIABILITIES	(5.674)	(5.740)	66
NET WORKING CAPITAL	177.534	166.164	11.370

Risks associated with guarantees provided to third parties

As indicated in the report, there remains the guarantee provided on the sale of Moño Azul S.A. to the company Argentina S.r.l. which was amply discussed in the 2016 financial statements, to which reference is made.

NOTE 34. Transactions with related parties

The Company and the Group have put in place a conduct procedure related to transactions with related parties, in order to monitor and trace the necessary information regarding transactions in which directors and executives have interest, as well as transactions with related parties for the purpose of their control and possible authorization.

The procedure identifies the subjects required to report the above information, defines what transactions should become the subject of communication, and sets the deadlines to submit the information, specifying its content.

The main intra-group activities, regulated at market prices, are developed through contractual relations that specifically concerned:

- management of investments;
- regulation of financial flows through centralized treasury and intra-group loans;
- sharing of general, administrative and legal services;
- assistance related to IT services;
- trade agreements.

There is also an existing dealing of a tax-related nature with the parent company Orsero, as a result of the option - confirmed by the "Agenzia delle Entrate" as a result of the submission of a dedicated request for ruling in accordance with Article 124, Paragraph 5, of the TUIR Tax Code and with Article 13, Paragraph 1 and 2, of Ministerial Decree of 09 June 2004 - exercised for the national tax consolidation regime, regulated by Article 117 *et seq.* of the TUIR Tax Code, only for the Italian companies.

Receivables and payables arising from such tax relations are not interest-bearing.

Transactions between the companies included in the scope of consolidation have been eliminated from the condensed consolidated half-year financial statements and have not been highlighted.

Below is a summary of the items in the statement of financial position and income statement of transactions between the Group and the other related parties in the first half of 2017. The transactions with the companies represented in the table have an essentially commercial nature, tied to specific sector of activities: production for Citrumed and Moño Azul, the real estate business for Nuova Beni Immobiliari, Business Aviation for GF Aviation and its subsidiaries, distribution for the others.

Thousands of euro	Related parties at June 30, 2017			
	Trade receivables	Trade payables	Net sales	Expenses
<i>Subsidiaries</i>				
Reefer Terminal Sète S.a.s.	14	63	-	-
Total exposure to Subsidiaries	14	63	-	-
<i>Associates and Joint Ventures</i>				
Fruttital Cagliari S.r.l.	545	(107)	2.600	-
Fruttital Firenze S.p.A.	3.737	(431)	10.450	(8)
Galandi & C. S.p.A.	357	(1)	604	(6)
Moncada Frutta S.r.l.	2.244	-	3.811	(1)
Hermanos Fernández López S.A.	579	(92)	1.411	(369)
Citrumed S.A.	1	(50)	58	(743)
Simba Spain S.L.	2.016	(39)	10.635	(35)
Fruport Tarragona S.L.	4	(489)	-	(1.572)
Total exposure to Associates and Joint ventures	9.483	(1.209)	29.569	(2.734)
<i>Related companies</i>				
Moño Azul S.A.	4.856	(1.847)	125	(2.397)
Nuova Beni immobiliari S.r.l.	806	(1.326)	176	(1.403)
Business Aviation*	129	(1.608)	58	(53)
Fif Holding S.p.A.	1	-	-	-
Total exposure to related companies	5.792	(4.782)	359	(3.853)

* Referred to the companies GF Aviation S.r.l., K-Air S.p.A., K-Fleet S.r.l.

Transactions with related parties are governed by specific contracts, the conditions of which are in line with those of the market.

Regarding relations with the companies Acorsa S.A. and Moño Azul S.A., we recall the relevant transactions already described in other parts of this document related, for the first, to the Call option in favour of the Parent Company's shareholders (and which led to the valuation for the purpose of the financial statements) and the second to the first-demand guarantee granted to Intesa Sanpaolo S.p.A. related to the credit line granted by the bank with maturity 31 December 2017 for the

repayment of the debt with respect to the proceeds of the planned disposal of Moño Azul S.A.

NOTE 35. Share-based payments

At 30 June 2017, stock incentive plans are in place in favour of directors and employees of the Group in relation to which, according to the measured result as at 30 June 2017 relative to the parameter set for the related right the valuation is postponed to the annual financial statements.

NOTE 36. Employees

The following table shows the number of employees and the average number of employees as at 30 June 2017 and as at 31 December 2016.

	1 st half 2017	31 December 2016	Change
Distribution Segment			
Number of employees	815	704	111
Average number of employees	763	762	1
Import&Shipping Segment			
Number of employees	169	171	(2)
Average number of employees	169	172	(3)
Services Segment			
Number of employees	96	95	1
Average number of employees	96	94	2
Number of employees	1.080	970	110
Average number of employees	1.028	1.028	-

NOTE 37. Guarantees provided, commitments and other contingent liabilities.

The guarantees provided by the Company are as follows:

Thousands of euro	1 st half 2017	31 December 2016	Change
Guarantees issued in the interest of the Group	8.328	7.960	368
Guarantees issued to third parties	8.498	9.763	(1.265)
Guarantees issued to third parties in the interest of related parties	5.937	6.052	(115)
Total guarantees	22.763	23.775	(1.012)

Relative to the closing of the previous year, of note is the reduction of the guarantees by Euro 1,012 thousand, essentially due to the decrease of insurance guarantees provided by the distributor companies tied to annual VAT reimbursement.

As in previous years, the guarantees outstanding at 30 June 2017 are essentially related to guarantees issued to Customs and/or VAT offices (for a total of Euro 16,826 thousand) in respect of the business of Group companies. There are also guarantees to banks for loans granted to related companies. This amount does not include the guarantee of a maximum of Euro 8 million granted to Intesa Sanpaolo S.p.A., as described in this document.

NOTE 38. Effects of the transition to the International Accounting Standards on the comparative data as at 30 June 2016

The results of the condensed consolidated half-year financial statements as at 30 June 2016 were restated in accordance with the IAS-IFRS to provide the necessary comparability with the results achieved as at 30 June 2017. It is important to point out that 30 June 2016 presents an income statement whose costs are presented using classification by "allocation", as this structure is deemed more representative than the presentation by nature, using it instead for the preparation of the half-year financial statements according to national accounting standards (OIC).

Thousands of euro	Notes	1st half 2016 OIC	1st half 2016 IAS
Net sales	1	359.850	337.632
Adjusted Ebitda	2	26.681	26.320
Amortization, depreciation and provisions	3	(12.466)	(5.393)
Net financial expenses	4	(4.547)	(1.199)
Net income (loss) from equity investments	5	1.778	1.883
Profit before tax	6	8.944	18.394
Net profit	7	6.171	11.374

The main differences are highlighted and commented below.

NOTE 1 Net sales

Net sales decreased by Euro 22,218 thousand, essentially referred to the change in the scope, with the representation of the results of the Argentine production company Moño Azul S.A. and the Business Aviation sector, considered to be "Discontinued Operations" for IAS-IFRS purposes. The net sales of these companies amounted to Euro 22,389 thousand with the residual difference of Euro 171 thousand attributable to reclassification of net sales items according to the new IAS-IFRS income statement structure.

Note 2 Adjusted Ebitda

The negative change of the Adjusted Ebitda by Euro 361 thousand derives from negative changes in scope (Euro 454 thousand), by IAS-IFRS reclassifications to other income statement items (Euro 129 thousand), and positive changes by Euro 222 thousand as a result of the adoption of IAS-IFRS.

Note 3 Depreciation, amortization and provisions

Of the decrease in depreciation, amortization and provisions, Euro 2,014 thousand derive from the "Discontinued Operations" scope effect, Euro 225 thousand from IAS-IFRS reclassification to other income statement item and Euro 4,834 thousand to the lower depreciation, amortization and provisions accounted for in accordance with IAS-IFRS. Said lower depreciation and amortisation are essentially tied to the shipping fleet and to the elimination of the advertising expenses per IAS 38 incurred by the Parent Company to promote the "F.lli Orsero" brand.

Note 4 Net financial expenses

The decrease in net financial expenses in this case derive almost entirely (Euro 3,355 thousand) from the "Discontinued Operations" scope effect.

Note 5 Net income (loss) from equity investments

The difference is tied to the adoption of the IAS-IFRS which do not provide for amortisation on the goodwill recognised upon acquiring investee companies.

Note 6 Profit before tax

The difference by Euro 9,450 thousand discounts the scope effect by Euro 664 thousand, more than offset by the effect of the IAS-IFRS entries by Euro 10,114 thousand.

Note 7 Net profit

The difference of Euro 5.203 thousand relates to the adoption of IAS-IFRS which had effect on amortisation, depreciation and provisions (elimination of the amortisation of intangible assets under IAS 38 and on goodwill, lower depreciation on the fleet because of the valuation of the ships at "deemed cost" with effect from 1° January 2015) and on the cost of personnel and financial expenses because the "Employee Severance Indemnity" was adjusted in accordance with IAS 19.



INDEPENDENT AUDITOR'S REPORTS





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(Translation from the Italian original which remains the definitive version)

Report on review of interim consolidated financial statements

To the shareholders of
Orsero S.p.A.

Introduction

We have reviewed the accompanying interim consolidated financial statements of the Orsero Group (the "group"), comprising the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes thereto, as at and for the six months ended 30 June 2017. The parent's directors are responsible for the preparation of these interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim consolidated financial statements.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

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Orsero Group
Report on review of interim consolidated financial statements
30 June 2017

Conclusions

Based on our review, nothing has come to our attention that causes us to believe that the group's interim consolidated financial statements as at and for the six months ended 30 June 2017 do not give a true and fair view of the group's financial position, financial performance and cash flows in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

Other matters

The group's interim consolidated financial statements as at and for the six months ended 30 June 2017 present the corresponding figures of the 2016 annual consolidated financial statements and the interim consolidated figures at 30 June 2016 for comparative purposes.

The 2016 annual consolidated financial statements were audited by other auditors who expressed an unmodified opinion thereon on 28 April 2017.

The prior year interim consolidated figures have been derived from the interim consolidated financial statements as at and for the six months ended 30 June 2016 prepared in accordance with OIC 30, which were reviewed by other auditors, who expressed an unmodified conclusion thereon on 26 October 2016. The methods used to restate the comparative figures under the IFRS and the related disclosures are provided in note 38 to the interim consolidated financial statements as at and for the six months ended 30 June 2017.

Genoa, 26 September 2017

KPMG S.p.A.

(signed on the original)

Matteo Pastore
Director of Audit

