

**Adecoagro S.A.**

**Condensed Consolidated Interim Financial Statements as of  
September 30, 2015 and for the nine-month periods ended  
September 30, 2015 and 2014**

## Legal information

**Denomination:** Adecoagro S.A.

**Legal address:** Vertigo Naos Building, 6, Rue Eugène Ruppert, L-2453, Luxembourg

**Company activity:** Agricultural and agro-industrial

**Date of registration:** September 11, 2010

**Expiration of company charter:** No term defined

**Number of register (RCS Luxembourg):** B153.681

**Capital stock:** 122,381,815 common shares (of which 1,317,259 are treasury shares)

**Majority shareholder:** Quantum Partners LP

**Legal address:** 1300 Thames St. 5<sup>th</sup> FL, Baltimore MD 21231-3495, United States of America

**Parent company activity:** Investing

**Capital stock:** 25,910,004 common shares

# Adecoagro S.A.

## Condensed Consolidated Interim Statements of Financial Position as of September 30, 2015 and December 31, 2014

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

|  | Note | September 30,<br>2015<br>(unaudited) | December 31,<br>2014 |
|--|------|--------------------------------------|----------------------|
| <b>ASSETS</b>  |      |                                      |                      |
| <b>Non-Current Assets</b>  |      |                                      |                      |
| Property, plant and equipment.....                                       | 6    | 578,210                              | 776,905              |
| Investment property.....   | 7    | 6,638                                | 6,675                |
| Intangible assets .....  | 8    | 19,499                               | 23,778               |
| Biological assets.....   | 9    | 231,732                              | 286,044              |
| Investments in joint ventures.....                                       |      | 105                                  | 2,752                |
| Deferred income tax assets.....  | 19   | 66,387                               | 45,597               |
| Trade and other receivables.....   | 11   | 33,927                               | 50,590               |
| Other assets .....   |      | 1,233                                | 587                  |
| <b>Total Non-Current Assets.....</b>                                     |      | <b>937,731</b>                       | <b>1,192,928</b>     |
| <b>Current Assets</b>  |      |                                      |                      |
| Biological assets.....   | 9    | 24,077                               | 55,188               |
| Inventories.....   | 12   | 141,095                              | 104,919              |
| Trade and other receivables.....   | 11   | 150,663                              | 164,526              |
| Derivative financial instruments.....                                    | 10   | 5,640                                | 7,966                |
| Cash and cash equivalents.....   | 13   | 224,349                              | 113,795              |
| <b>Total Current Assets.....</b>   |      | <b>545,824</b>                       | <b>446,394</b>       |
| <b>TOTAL ASSETS.....</b>   |      | <b>1,483,555</b>                     | <b>1,639,322</b>     |
| <b>SHAREHOLDERS EQUITY</b>   |      |                                      |                      |
| <b>Capital and reserves attributable to equity holders of the parent</b> |      |                                      |                      |
| Share capital .....  | 15   | 183,573                              | 183,573              |
| Share premium .....  | 15   | 937,395                              | 933,044              |
| Cumulative translation adjustment .....                                  |      | (546,838)                            | (395,804)            |
| Equity-settled compensation.....   |      | 15,488                               | 16,735               |
| Cash flow hedge.....   |      | (141,923)                            | (43,064)             |
| Reserve from the sale of non-controlling interests in subsidiaries ..... |      | 25,508                               | 25,508               |
| Treasury shares.....   |      | (1,977)                              | (2,840)              |
| Retained earnings .....  |      | 62,467                               | 45,644               |
| <b>Equity attributable to equity holders of the parent.....</b>          |      | <b>533,693</b>                       | <b>762,796</b>       |
| Non-controlling interest .....   |      | 7,615                                | 7,589                |
| <b>TOTAL SHAREHOLDERS EQUITY.....</b>                                    |      | <b>541,308</b>                       | <b>770,385</b>       |
| <b>LIABILITIES</b>   |      |                                      |                      |
| <b>Non-Current Liabilities</b>   |      |                                      |                      |
| Trade and other payables.....  | 17   | 1,792                                | 2,391                |
| Borrowings.....  | 18   | 562,585                              | 491,324              |
| Deferred income tax liabilities .....                                    | 19   | 27,612                               | 39,635               |
| Payroll and social security liabilities .....                            | 20   | 1,457                                | 1,278                |
| Derivatives financial instruments .....                                  | 10   | -                                    | 39                   |
| Provisions for other liabilities .....                                   | 21   | 2,002                                | 2,013                |
| <b>Total Non-Current Liabilities.....</b>                                |      | <b>595,448</b>                       | <b>536,680</b>       |
| <b>Current Liabilities</b>   |      |                                      |                      |
| Trade and other payables.....  | 17   | 52,818                               | 83,100               |
| Current income tax liabilities .....                                     |      | 1,136                                | 76                   |
| Payroll and social security liabilities .....                            | 20   | 25,957                               | 27,315               |
| Borrowings.....  | 18   | 246,297                              | 207,182              |
| Derivative financial instruments.....                                    | 10   | 19,777                               | 13,860               |
| Provisions for other liabilities.....                                    | 21   | 814                                  | 724                  |
| <b>Total Current Liabilities.....</b>                                    |      | <b>346,799</b>                       | <b>332,257</b>       |
| <b>TOTAL LIABILITIES.....</b>  |      | <b>942,247</b>                       | <b>868,937</b>       |
| <b>TOTAL SHAREHOLDERS EQUITY AND LIABILITIES.....</b>                    |      | <b>1,483,555</b>                     | <b>1,639,322</b>     |

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Condensed Consolidated Interim Statements of Income for the nine-month periods ended September 30, 2015 and 2014

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

|   | Note | Nine-months ended September 30 |                | Three-months ended September 30 |               |
|---|------|--------------------------------|----------------|---------------------------------|---------------|
|   |      | 2015                           | 2014           | 2015                            | 2014          |
| (unaudited)   |      |                                |                |                                 |               |
| Sales of manufactured products and services rendered.....   | 22   | 316,468                        | 330,700        | 118,014                         | 140,963       |
| Cost of manufactured products sold and services rendered .....                                    | 23   | (211,086)                      | (221,902)      | (78,738)                        | (95,807)      |
| <b>Gross Profit from Manufacturing Activities .....</b>   |      | <b>105,382</b>                 | <b>108,798</b> | <b>39,276</b>                   | <b>45,156</b> |
| Sales of agricultural produce and biological assets.....  | 22   | 139,178                        | 175,225        | 52,488                          | 61,803        |
| Cost of agricultural produce sold and direct agricultural selling expenses.....                   | 23   | (139,178)                      | (175,225)      | (52,488)                        | (61,803)      |
| Initial recognition and changes in fair value of biological assets and agricultural produce ..... | 9    | 19,679                         | 40,369         | (14,269)                        | 509           |
| Changes in net realizable value of agricultural produce after harvest.....                        |      | 9,914                          | 1,210          | 6,016                           | 2,914         |
| <b>Gross Profit/(Loss) from Agricultural Activities .....</b>                                     |      | <b>29,593</b>                  | <b>41,579</b>  | <b>(8,253)</b>                  | <b>3,423</b>  |
| <b>Margin on Manufacturing and Agricultural Activities Before Operating Expenses.....</b>         |      | <b>134,975</b>                 | <b>150,377</b> | <b>31,023</b>                   | <b>48,579</b> |
| General and administrative expenses.....  | 23   | (36,345)                       | (39,239)       | (12,860)                        | (15,605)      |
| Selling expenses.....   | 23   | (48,225)                       | (51,771)       | (17,193)                        | (20,378)      |
| Other operating income / (expense), net.....  | 25   | 31,267                         | 15,051         | 15,660                          | 17,435        |
| Share of loss of joint ventures .....   |      | (2,527)                        | (462)          | (1,057)                         | (231)         |
| <b>Profit from Operations Before Financing and Taxation .....</b>                                 |      | <b>79,145</b>                  | <b>73,956</b>  | <b>15,573</b>                   | <b>29,800</b> |
| Finance income .....  | 26   | 7,234                          | 6,643          | 1,564                           | 2,342         |
| Finance costs .....   | 26   | (64,316)                       | (59,644)       | (19,712)                        | (20,464)      |
| Financial results, net.....   | 26   | (57,082)                       | (53,001)       | (18,148)                        | (18,122)      |
| <b>Profit / (Loss) Before Income Tax .....</b>  |      | <b>22,063</b>                  | <b>20,955</b>  | <b>(2,575)</b>                  | <b>11,678</b> |
| Income tax (expense)/ benefit .....   | 19   | (4,521)                        | (5,661)        | 5,021                           | (432)         |
| <b>Profit for the Period .....</b>  |      | <b>17,542</b>                  | <b>15,294</b>  | <b>2,446</b>                    | <b>11,246</b> |
| <b>Attributable to:</b>   |      |                                |                |                                 |               |
| Equity holders of the parent .....  |      | 16,687                         | 15,424         | 2,415                           | 11,355        |
| Non-controlling interest .....  |      | 855                            | (130)          | 31                              | (109)         |
| <b>Income per share Attributable to the equity holders of the parent during the period:</b>       |      |                                |                |                                 |               |
| <b>Basic</b>  |      | 0.138                          | 0.128          | 0.020                           | 0.094         |
| <b>Diluted</b>  |      | 0.136                          | 0.127          | 0.020                           | 0.093         |

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Condensed Consolidated Interim Statements of Comprehensive Income for the nine-month periods ended September 30, 2015 and 2014

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

|  | Nine-months ended September 30 |                        | Three-months ended September 30 |                        |
|--|--------------------------------|------------------------|---------------------------------|------------------------|
|  | 2015                           | 2014                   | 2015                            | 2014                   |
|  | (unaudited)                    |                        |                                 |                        |
| Profit for the Period .....                                  | 17,542                         | 15,294                 | 2,446                           | 11,246                 |
| <b>Other comprehensive income:</b>                           |                                |                        |                                 |                        |
| Exchange differences on translating foreign operations ..... | (151,861)                      | (64,064)               | (79,867)                        | (61,272)               |
| Cash flow hedge.....   | (98,861)                       | (18,522)               | (69,401)                        | (21,915)               |
| <b>Other comprehensive loss for the period .....</b>         | <u>(250,722)</u>               | <u>(82,586)</u>        | <u>(149,268)</u>                | <u>(83,187)</u>        |
| <b>Total comprehensive loss for the period.....</b>          | <u><b>(233,180)</b></u>        | <u><b>(67,292)</b></u> | <u><b>(146,822)</b></u>         | <u><b>(71,941)</b></u> |
| <b>Attributable to:</b>                                      |                                |                        |                                 |                        |
| Equity holders of the parent .....                           | (233,206)                      | (66,883)               | (146,572)                       | (71,614)               |
| Non-controlling interest .....                               | 26                             | (409)                  | (250)                           | (327)                  |

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Condensed Consolidated Interim Statements of Changes in Shareholders' Equity for the nine-month periods ended September 30, 2015 and 2014

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

|   | Attributable to equity holders of the parent |                  |   |                                |                           |                   |                    |   |                      |                |                                 |                                   |
|---|--|------------------|---|--------------------------------|---------------------------|-------------------|--------------------|---|----------------------|----------------|---------------------------------|-----------------------------------|
|   | Share Capital<br>(Note 15)                   | Share<br>Premium | Cumulative<br>Translation<br>Adjustment | Equity-settled<br>Compensation | Cash flow<br>hedge<br>(*) | Other<br>reserves | Treasury<br>shares | Reserve from<br>the sale of non-<br>controlling<br>interests in<br>subsidiaries | Retained<br>Earnings | Subtotal       | Non-<br>Controlling<br>Interest | Total<br>Shareholde<br>rs' Equity |
| <b>Balance at January 1, 2014 .....</b>                             | <b>183,573</b>                               | <b>939,072</b>   | <b>(311,807)</b>                        | <b>17,352</b>                  | <b>(15,782)</b>           | <b>(161)</b>      | <b>(961)</b>       | <b>-</b>  | <b>43,018</b>        | <b>854,304</b> | <b>45</b>                       | <b>854,349</b>                    |
| Profit for the period .....   | -  | -                | -                                       | -                              | -                         | -                 | -                  | -   | 15,424               | 15,424         | (130)                           | 15,294                            |
| Other comprehensive income:   |  |                  |   |                                |                           |                   |                    |   |                      |                |                                 |                                   |
| - Items that may be reclassified<br>subsequently to profit or loss: |  |                  |   |                                |                           |                   |                    |   |                      |                |                                 |                                   |
| Exchange differences on<br>translating foreign operations .....     | -  | -                | (63,791)                                | -                              | -                         | -                 | -                  | -   | -                    | (63,791)       | (273)                           | (64,064)                          |
| Cash flow hedge (*).....  | -  | -                | -                                       | -                              | (18,516)                  | -                 | -                  | -   | -                    | (18,516)       | (6)                             | (18,522)                          |
| Other comprehensive income for<br>the period.....                   | -  | -                | (63,791)                                | -                              | (18,516)                  | -                 | -                  | -   | -                    | (82,307)       | (279)                           | (82,586)                          |
| Total comprehensive income for<br>the period.....                   | -  | -                | (63,791)                                | -                              | (18,516)                  | -                 | -                  | -   | 15,424               | (66,883)       | (409)                           | (67,292)                          |
| Employee share options (Note 15):                                   |  |                  |   |                                |                           |                   |                    |   |                      |                |                                 |                                   |
| - Value of employee services.....                                   | -  | -                | -                                       | 308                            | -                         | -                 | -                  | -   | -                    | 308            | -                               | 308                               |
| - Exercised.....  | -  | 844              | -                                       | (290)                          | -                         | -                 | 184                | -   | -                    | 738            | -                               | 738                               |
| - Forfeited.....  | -  | -                | -                                       | (108)                          | -                         | -                 | -                  | -   | 108                  | -              | -                               | -                                 |
| Restricted shares (Note 15):  |  |                  |   |                                |                           |                   |                    |   |                      |                |                                 |                                   |
| - Value of employee services.....                                   | -  | -                | -                                       | 2,620                          | -                         | -                 | -                  | -   | -                    | 2,620          | -                               | 2,620                             |
| - Vested .....  | -  | 3,444            | -                                       | (4,053)                        | -                         | 160               | 446                | -   | -                    | (3)            | -                               | (3)                               |
| - Forfeited.....  | -  | -                | -                                       | -                              | -                         | 1                 | (1)                | -   | -                    | -              | -                               | -                                 |
| Purchase of own shares (Note 15).....                               | -  | (10,424)         | -                                       | -                              | -                         | -                 | (2,534)            | -   | -                    | (12,958)       | -                               | (12,958)                          |
| Sale of non-controlling interests in<br>subsidiaries (Note 14)..... | -  | -                | 15,825                                  | -                              | -                         | -                 | -                  | 25,508  | -                    | 41,333         | 8,010                           | 49,343                            |
| <b>Balance at September 30, 2014<br/>(unaudited) .....</b>          | <b>183,573</b>                               | <b>932,936</b>   | <b>(359,773)</b>                        | <b>15,829</b>                  | <b>(34,298)</b>           | <b>-</b>          | <b>(2,866)</b>     | <b>25,508</b>   | <b>58,550</b>        | <b>819,459</b> | <b>7,646</b>                    | <b>827,105</b>                    |

(\*) Net of 1,557 of Income Tax

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Condensed Consolidated Interim Statements of Changes in Shareholders' Equity for the nine-month periods ended September 30, 2015 and 2014 (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

|   | Attributable to equity holders of the parent |                  |   |                                |                           |                    |   |                      |                |                                 |                                  |
|---|--|------------------|---|--------------------------------|---------------------------|--------------------|---|----------------------|----------------|---------------------------------|----------------------------------|
|   | Share Capital<br>(Note 15)                   | Share<br>Premium | Cumulative<br>Translation<br>Adjustment | Equity-settled<br>Compensation | Cash flow<br>hedge<br>(*) | Treasury<br>shares | Reserve from<br>the sale of non-<br>controlling<br>interests in<br>subsidiaries | Retained<br>Earnings | Subtotal       | Non-<br>Controlling<br>Interest | Total<br>Shareholders'<br>Equity |
| <b>Balance at January 1, 2015</b> .....                             | 183,573                                      | 933,044          | (395,804)                               | 16,735                         | (43,064)                  | (2,840)            | 25,508  | 45,644               | 762,796        | 7,589                           | 770,385                          |
| Profit for the period .....   | -  | -                | -                                       | -                              | -                         | -                  | -   | 16,687               | 16,687         | 855                             | 17,542                           |
| Other comprehensive income:   |  |                  |   |                                |                           |                    |   |                      |                |                                 |                                  |
| - Items that may be reclassified<br>subsequently to profit or loss: |  |                  |   |                                |                           |                    |   |                      |                |                                 |                                  |
| Exchange differences on<br>translating foreign operations .....     | -  | -                | (151,034)                               | -                              | -                         | -                  | -   | -                    | (151,034)      | (827)                           | (151,861)                        |
| Cash flow hedge (*) .....   | -  | -                | -                                       | -                              | (98,859)                  | -                  | -   | -                    | (98,859)       | (2)                             | (98,861)                         |
| Other comprehensive income for<br>the period .....                  | -  | -                | (151,034)                               | -                              | (98,859)                  | -                  | -   | -                    | (249,893)      | (829)                           | (250,722)                        |
| Total comprehensive income for<br>the period .....                  | -  | -                | (151,034)                               | -                              | (98,859)                  | -                  | -   | 16,687               | (233,206)      | 26                              | (233,180)                        |
| Employee share options (Note 15):                                   |  |                  |   |                                |                           |                    |   |                      |                |                                 |                                  |
| - Value of employee services .....                                  | -  | -                | -                                       | -                              | -                         | -                  | -   | -                    | -              | -                               | -                                |
| - Exercised .....   | -  | 1,504            | -                                       | (520)                          | -                         | 275                | -   | -                    | 1,259          | -                               | 1,259                            |
| - Forfeited .....   | -  | -                | -                                       | (136)                          | -                         | -                  | -   | 136                  | -              | -                               | -                                |
| Restricted shares (Note 15):  |  |                  |   |                                |                           |                    |   |                      |                |                                 |                                  |
| - Value of employee services .....                                  | -  | -                | -                                       | 3,160                          | -                         | -                  | -   | -                    | 3,160          | -                               | 3,160                            |
| - Vested .....  | -  | 3,103            | -                                       | (3,751)                        | -                         | 648                | -   | -                    | -              | -                               | -                                |
| - Forfeited .....   | -  | -                | -                                       | -                              | -                         | -                  | -   | -                    | -              | -                               | -                                |
| Purchase of own shares (Note 15) .....                              | -  | (256)            | -                                       | -                              | -                         | (60)               | -   | -                    | (316)          | -                               | (316)                            |
| <b>Balance at September 30, 2015<br/>(unaudited)</b> .....          | <b>183,573</b>                               | <b>937,395</b>   | <b>(546,838)</b>                        | <b>15,488</b>                  | <b>(141,923)</b>          | <b>(1,977)</b>     | <b>25,508</b>   | <b>62,467</b>        | <b>533,693</b> | <b>7,615</b>                    | <b>541,308</b>                   |

(\*) Net of 50,960 of Income Tax.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Condensed Consolidated Interim Statements of Cash Flows for the nine-month periods ended September 30, 2015 and 2014

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

|   | Note   | September 30,<br>2015 | September 30,<br>2014 |
|---|--------|-----------------------|-----------------------|
|   |        | (unaudited)           |                       |
| <b>Cash flows from operating activities:</b>  |        |                       |                       |
| <b>Profit for the period</b>  |        | 17,542                | 15,294                |
| <i>Adjustments for:</i>   |        |                       |                       |
| Income tax expense .....  | 19     | 4,521                 | 5,661                 |
| Depreciation .....  | 23     | 50,985                | 66,680                |
| Amortization .....  | 23     | 437                   | 333                   |
| Gain from of disposal of other property items .....   | 25     | (909)                 | (788)                 |
| Equity settled share-based compensation granted .....   | 24     | 3,160                 | 2,928                 |
| Gain from derivative financial instruments and forwards .....                                       | 25, 26 | (25,952)              | (13,868)              |
| Interest and other expense, net .....   | 26     | 32,534                | 37,863                |
| Initial recognition and changes in fair value of non-harvested biological assets (unrealized) ..... |        | (5,211)               | 1,830                 |
| Changes in net realizable value of agricultural produce after harvest (unrealized) .....            |        | (2,351)               | 5,258                 |
| Provision and allowances .....  |        | (17)                  | 65                    |
| Share of loss from joint venture .....  |        | 2,527                 | 462                   |
| Foreign exchange gains, net .....   | 26     | 3,110                 | 6,889                 |
| Cash flow hedge – transfer from equity .....  | 26     | 14,838                | 5,062                 |
| <b>Subtotal .....</b>   |        | <b>95,214</b>         | <b>133,669</b>        |
| <b>Changes in operating assets and liabilities:</b>   |        |                       |                       |
| Increase in trade and other receivables .....   |        | (13,707)              | (37,948)              |
| Increase in inventories .....   |        | (61,730)              | (62,709)              |
| Decrease in biological assets .....   |        | 21,834                | 27,739                |
| Decrease in other assets .....  |        | (810)                 | 81                    |
| Decrease in derivative financial instruments .....  |        | 27,579                | 6,539                 |
| Decrease in trade and other payables .....  |        | (19,428)              | (15,743)              |
| Increase in payroll and social security liabilities .....   |        | 6,797                 | 9,548                 |
| Increase in provisions for other liabilities .....  |        | 389                   | 555                   |
| Net cash generated in operating activities before interest and taxes paid .....                     |        | 56,138                | 61,731                |
| Income tax paid .....   |        | (206)                 | (363)                 |
| <b>Net cash generated from operating activities .....</b>   |        | <b>55,932</b>         | <b>61,368</b>         |

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Condensed Consolidated Interim Statements of Cash Flows

**for the nine-month periods ended September 30, 2015 and 2014 (continued)**

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

|   | Note | September 30,<br>2015   | September 30,<br>2014   |
|---|------|-------------------------|-------------------------|
|   |      | (unaudited)             |                         |
| <b>Cash flows from investing activities:</b>                                |      |                         |                         |
| Purchases of property, plant and equipment .....                            |      | (77,440)                | (155,829)               |
| Purchases of intangible assets .....  | 8    | (1,014)                 | (772)                   |
| Purchase of cattle and non-current biological assets<br>planting cost ..... |      | (37,931)                | (82,220)                |
| Interest received .....   | 26   | 6,820                   | 5,735                   |
| Payment of seller financing arising on subsidiaries<br>acquired .....       |      | -                       | (684)                   |
| Investments in joint ventures .....   |      | -                       | (1,360)                 |
| Proceeds from sale of property, plant and equipment                         |      | 703                     | 993                     |
| Proceeds from disposal of subsidiaries .....                                |      | -                       | 1,318                   |
| Loans to joint venture .....  |      | (7,915)                 | -                       |
| <b>Net cash used in investing activities .....</b>                          |      | <b><u>(116,777)</u></b> | <b><u>(232,819)</u></b> |
| <b>Cash flows from financing activities:</b>                                |      |                         |                         |
| Proceeds from equity settled share-based<br>compensation exercised .....    |      | 1,259                   | 735                     |
| Proceeds from long-term borrowings.....                                     |      | 285,751                 | 173,666                 |
| Payments of long-term borrowings .....                                      |      | (78,104)                | (81,341)                |
| Net proceeds from the sale of minority interest in<br>subsidiaries .....    |      | -                       | 49,897                  |
| Proceeds from short-term borrowings.....                                    |      | 156,059                 | 106,309                 |
| Payment of short-term borrowings.....                                       |      | (139,635)               | (58,139)                |
| Interest paid .....   |      | (30,728)                | (32,798)                |
| Purchase of own shares .....  |      | (295)                   | (12,992)                |
| <b>Net cash generated from financing activities .....</b>                   |      | <b><u>194,307</u></b>   | <b><u>145,337</u></b>   |
| <b>Net increase / (decrease) in cash and cash<br/>equivalents .....</b>     |      | <b><u>133,462</u></b>   | <b><u>(26,114)</u></b>  |
| Cash and cash equivalents at beginning of period.....                       |      | 113,795                 | 232,147                 |
| Effect of exchange rate changes on cash and cash<br>equivalents .....       |      | (22,908)                | (9,241)                 |
| <b>Cash and cash equivalents at end of period .....</b>                     |      | <b><u>224,349</u></b>   | <b><u>196,792</u></b>   |

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 1. General information

Adecoagro S.A. (the "Company" or "Adecoagro") is the Group's ultimate parent company and is a société anonyme (stock corporation) organized under the laws of the Grand Duchy of Luxembourg. Adecoagro is a holding company primarily engaged through its operating subsidiaries in agricultural and agro-industrial activities. The Company and its operating subsidiaries are collectively referred to hereinafter as the "Group". These activities are carried out through three major lines of business, namely, Farming; Sugar, Ethanol and Energy and Land Transformation. Farming is further comprised of three reportable segments, which are described in detail in Note 5 to these condensed consolidated interim financial statements.

Adecoagro is a public company listed in the New York Stock Exchange as a foreign registered company under the symbol of AGRO.

These condensed consolidated interim financial statements have been approved for issue by the Board of Directors on November 10, 2015.

On March 27, 2015, Adecoagro commenced a series of transactions for the purpose of transferring the domicile of Adecoagro LP to Luxembourg. In connection with the Adecoagro LP redomiciliation, Adecoagro merged IFH LP into Adecoagro LP with Adecoagro LP as the surviving entity. In connection with this merger, all of the assets and liabilities of IFH L.P. vested in Adecoagro LP, Ona Ltd became its general partner and Toba Ltd became a wholly owned subsidiary of Adecoagro LP. In connection with the transactions completed on March 27, 2015, Ona Ltd, assigned its general partnership interest in Adecoagro LP to Adecoagro GP S.a.r.l., a société responsabilité limitée organized under the laws of Luxembourg, on April 1, 2015. Also on April 1, 2015, Adecoagro completed the redomiciliation of Adecoagro LP out of Delaware to Luxembourg and Adecoagro LP, without dissolution or liquidation, continued its corporate existence as Adecoagro LP S.C.S., a société en commandite simple organized under Luxembourg law, effective April 2, 2015. Since that date the affairs of Adecoagro LP S.C.S. have been governed by its by-laws and Luxembourg law. This operation had no accounting impact.

### 2. Basis of preparation and presentation

The information presented in the accompanying condensed consolidated interim financial statements ("interim financial statements") as of September 30, 2015 and for the nine-month periods ended September 30, 2015 and 2014 is unaudited and in the opinion of management reflect all adjustments necessary to present fairly the financial position of the Group as of September 30, 2015, results of operations and cash flows for the nine-month periods ended September 30, 2015 and 2014. All such adjustments are of a normal recurring nature. In preparing these accompanying interim financial statements, management has made certain estimates and assumptions that affect reported amounts in the financial statements and disclosures of contingencies. Actual results may differ from those estimates. The results for interim periods are not necessarily indicative of annual results.

These interim financial statements have been prepared in accordance with IAS 34, 'Interim financial reporting' and they should be read in conjunction with the annual financial statements for the year ended December 31, 2014, which have been prepared in accordance with IFRSs.

The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2014.

A complete list of standards, amendments and interpretations to existing standards published but not yet effective for the Group is described in Note 2.1 to the annual financial statements. None of those standards have a material impact on the information to be presented in the financial statements.

During the nine months period ended September 30, 2015, the IASB did not publish new standards that would have a material impact on the Group when they become effective.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 2. Basis of preparation and presentation (continued)

#### *Seasonality of operations*

The Group's business activities are inherently seasonal. The Group generally harvest and sell its grains (corn, soybean, rice and sunflower) between February and September, with the exception of wheat, which is harvested from December to January. Coffee and cotton are different in that while both are typically harvested from September to August, they require a conditioning process which takes about two to three months. Sales in other business segments, such as in Dairy business segments, tend to be more stable. However, the sale of milk is generally higher during the fourth quarter, when the weather is warmer and pasture conditions are more favorable. The sugarcane harvesting period typically begins April/May and ends in November/December. This creates fluctuations in sugar and ethanol inventory, usually peaking in December to cover sales between crop harvests (i.e., January through April). As a result of the above factors, there may be significant variations in the results of operations from one quarter to another, as planting activities may be more concentrated in one quarter whereas harvesting activities may be more concentrated in another quarter. In addition, quarterly results may vary as a result of the effects of fluctuations in commodities prices, production yields and costs on the determination of initial recognition and changes in fair value of biological assets and agricultural produce.

### 3. Financial risk management

#### **Risk management principles and processes**

The Group continues to be exposed to several risks arising from financial instruments including price risk, exchange rate risk, interest rate risk, liquidity risk and credit risk. A thorough explanation of the Group's risks and the Group's approach to the identification, assessment and mitigation of risks is included in Note 3 to the annual financial statements. There have been no changes to the Group's exposure and risk management principles and processes since December 31, 2014 and refers readers to the annual financial statements for information.

However, the Group considers that the following tables below provide useful information to understand the Group's interim results for the nine month period ended September 30, 2015. These disclosures do not appear in any particular order of potential materiality or probability of occurrence.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 3. Financial risk management (continued)

- **Exchange rate risk**

The following tables show the Group's net monetary position broken down by various currencies for each functional currency in which the Group operates at September 30, 2015. All amounts are shown in US dollars.

| Net monetary position<br>(Liability)/ Asset | September 30, 2015<br>(unaudited) |                    |                   |               |                  |
|---|-----------------------------------|--------------------|-------------------|---------------|------------------|
|   | Functional currency               |                    |                   |               |                  |
|   | Argentine<br>Peso                 | Brazilian<br>Reais | Uruguayan<br>Peso | US Dollar     | Total            |
| Argentine Peso.....                         | (2,921)                           | -                  | -                 | -             | <b>(2,921)</b>   |
| Brazilian Reais.....                        | -                                 | (214,656)          | -                 | -             | <b>(214,656)</b> |
| US Dollar.....                              | (80,946)                          | (396,396)          | 46,596            | 82,923        | <b>(347,823)</b> |
| Uruguayan Peso.....                         | -                                 | -                  | (188)             | -             | <b>(188)</b>     |
| <b>Total.....</b>                           | <b>(83,867)</b>                   | <b>(611,052)</b>   | <b>46,408</b>     | <b>82,923</b> | <b>(565,588)</b> |

The Group's analysis shown on the tables below is carried out based on the exposure of each functional currency subsidiary against the US dollar. The Group estimated that, other factors being constant, a 10% appreciation of the US dollar against the respective functional currencies for the period ended September 30, 2015 would have increased the Group's **Profit Before Income Tax** for the period. A 10% depreciation of the US dollar against the functional currencies would have an equal and opposite effect on the income statement. A portion of this effect would be recognized as other comprehensive income since a portion of the Company's borrowings was used as cash flow hedge of the foreign exchange rate risk of a portion of its highly probable future sales in US dollars (see Hedge Accounting - Cash Flow Hedge below for details).

| Net monetary position   | September 30, 2015<br>(unaudited) |                    |                   |           |                 |
|---|-----------------------------------|--------------------|-------------------|-----------|-----------------|
|   | Functional currency               |                    |                   |           |                 |
|   | Argentine<br>Peso                 | Brazilian<br>Reais | Uruguayan<br>Peso | US Dollar | Total           |
| Argentine Peso.....   | -                                 | -                  | -                 | -         | -               |
| Brazilian Reais.....  | -                                 | -                  | -                 | -         | -               |
| US Dollar.....  | (8,095)                           | (39,640)           | 4,660             | -         | <b>(43,075)</b> |
| Uruguayan Peso.....   | -                                 | -                  | -                 | -         | -               |
| <b>(Decrease) or increase in<br/>Profit Before Income Tax ...</b> | <b>(8,095)</b>                    | <b>(39,640)</b>    | <b>4,660</b>      | <b>-</b>  | <b>(43,075)</b> |

#### Hedge Accounting - Cash Flow Hedge

Effective July 1, 2013, the Group formally documented and designated cash flow hedging relationships to hedge the foreign exchange rate risk of a portion of its highly probable future sales in US dollars using a portion of its borrowings denominated in US dollars, currency forwards and foreign currency floating-to-fixed interest rate swaps.

The Company expects that the cash flows will occur and affect profit or loss between 2015 and 2020.

For the period ended September 30, 2015, a total amount before income tax of US\$ 164,657 was recognized in other comprehensive income and an amount of US\$ 14,838 loss was reclassified from equity to profit or loss within "Financial results, net".

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 3. Financial risk management (continued)

- **Interest rate risk**

The following table shows a breakdown of the Group's fixed-rate and floating-rate borrowings per currency denomination and functional currency of the subsidiary issuing the loans (excluding finance leases) at September 30, 2015 (all amounts are shown in US dollars):

| Rate per currency denomination                          | September 30, 2015<br>(unaudited) |                    |                   | Total          |
|---|-----------------------------------|--------------------|-------------------|----------------|
|   | Functional currency               |                    |                   |                |
|   | Argentine<br>Peso                 | Brazilian<br>Reais | Uruguayan<br>Peso |                |
| <b>Fixed rate:</b>                                      |                                   |                    |                   |                |
| Argentine Peso.....                                     | 5,195                             | -                  | -                 | 5,195          |
| Brazilian Reais.....                                    | -                                 | 140,692            | -                 | 140,692        |
| US Dollar.....  | 76,776                            | 29,906             | -                 | 106,682        |
| <b>Subtotal Fixed-rate borrowings.....</b>              | <b>81,971</b>                     | <b>170,598</b>     | <b>-</b>          | <b>252,569</b> |
| <b>Variable rate:</b>                                   |                                   |                    |                   |                |
| Brazilian Reais.....                                    | -                                 | 72,659             | -                 | 72,659         |
| US Dollar.....  | 10,502                            | 472,811            | -                 | 483,313        |
| <b>Subtotal Variable-rate borrowings ..</b>             | <b>10,502</b>                     | <b>545,470</b>     | <b>-</b>          | <b>555,972</b> |
| <b>Total borrowings as per analysis ....</b>            | <b>92,473</b>                     | <b>716,068</b>     | <b>-</b>          | <b>808,541</b> |
| Finance leases .....                                    | 341                               | -                  | -                 | 341            |
| <b>Total borrowings at September 30,<br/>2015 .....</b> | <b>92,814</b>                     | <b>716,068</b>     | <b>-</b>          | <b>808,882</b> |

At September 30, 2015, if interest rates on floating-rate borrowings had been 1 % higher (or lower) with all other variables held constant, **Loss Before Income Tax** for the period would decrease as follows:

| Rate per currency denomination                                      | September 30, 2015<br>(unaudited) |                    |                   | Total          |
|---|-----------------------------------|--------------------|-------------------|----------------|
|   | Functional currency               |                    |                   |                |
|   | Argentine<br>Peso                 | Brazilian<br>Reais | Uruguayan<br>Peso |                |
| <b>Variable rate:</b>   |                                   |                    |                   |                |
| Brazilian Reais.....  | -                                 | (727)              | -                 | (727)          |
| US Dollar.....  | (105)                             | (4,728)            | -                 | (4,833)        |
| <b>(Decrease) or increase in Profit<br/>Before Income Tax .....</b> | <b>(105)</b>                      | <b>(5,455)</b>     | <b>-</b>          | <b>(5,560)</b> |

- **Credit risk**

As of September 30, 2015, 4 banks accounted for more than 84% of the total cash deposited (Rabobank, HSBC, Banco do Brasil and ING).

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 3. Financial risk management (continued)

- **Derivative financial instruments**

The following table shows the outstanding positions for each type of derivative contract as of September 30, 2015:

- **Futures / Options**

| Type of<br>derivative contract | September 30, 2015                |                    |  |                                       |
|--------------------------------|-----------------------------------|--------------------|--|---------------------------------------|
|                                | Quantities<br>(thousands)<br>(**) | Notional<br>amount | Market<br>Value Asset/<br>(Liability)<br>(unaudited) | Profit / (Loss)<br>(*)<br>(unaudited) |
| <b>Futures:</b>                |                                   |                    |  |                                       |
| <b>Sale</b>                    |                                   |                    |  |                                       |
| Corn .....                     | 134                               | 20,836             | 449  | 572                                   |
| Soybean .....                  | 178                               | 47,044             | 890  | 890                                   |
| Wheat.....                     | 6                                 | 16                 | (7)  | (7)                                   |
| Sugar.....                     | 208,235                           | 64,318             | 3,792  | (131)                                 |
| <b>OTC:</b>                    |                                   |                    |  |                                       |
| Sugar.....                     | 24,892                            | 10,042             | (809)  | 833                                   |
| <b>Options:</b>                |                                   |                    |  |                                       |
| <b>Buy Put</b>                 |                                   |                    |  |                                       |
| Corn .....                     | 3                                 | 89                 | 23   | (66)                                  |
| Soybean .....                  | 14                                | 192                | 199  | 8                                     |
| Sugar.....                     | 9,703                             | (671)              | (473)  | 210                                   |
| <b>Sell call</b>               |                                   |                    |  |                                       |
| Sugar.....                     | 10,820                            | 279                | 432  | 136                                   |
| <b>Total .....</b>             | <b>253,985</b>                    | <b>142,145</b>     | <b>4,496</b>   | <b>2,445</b>                          |

(\*) Included in line "Gain from commodity derivative financial instruments" Note 25.

(\*\*) All quantities expressed in tons except otherwise indicated.

Commodity future contract fair values are computed with reference to quoted market prices on future exchanges.

- **Other derivative financial instruments**

As of September 30, 2015, the Group has floating-to-fixed interest rate swap, foreign currency fixed-to-floating interest rate swap and foreign currency floating-to fixed interest rate swap agreements, which were also outstanding as of December 31, 2014.

During the period ended September 30, 2014, the Group entered into several currency forward contracts with Brazilian banks in order to hedge the fluctuation of the Brazilian Reais against US Dollar for a total notional amount of US\$ 8.5 million. No contract of this kind was entered in 2015. Those contracts entered in 2014 had maturity dates ranging between March 2014 and December 2014. The outstanding contracts as of September 30, 2014 resulted in the recognition of almost nil results. Gain and losses on currency forward contracts are included within "Financial results, net" in the statement of income.

During the period ended on September 2015, the Group entered into several currency forward contracts with Uruguayan banks in order to hedge the fluctuation of the US Dollar against Euro for a total notional amount of US\$ 8.2 million. The currency forward contracts maturity date ranging between September 2015 and December

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

2015. The outstanding contracts resulted in the recognition of a loss amounting to US\$ 0.1 million in 2015. Gain and losses on currency forward contracts are included within "Financial results, net" in the statement of income.

#### 4. Critical accounting estimates and judgments

The Group's critical accounting policies are also consistent with those of the audited annual financial statements for the year ended December 31, 2014 described in Note 4.

##### *Impairment testing*

At the date of each statement of financial position, the Group reviews the carrying amounts of its property, plant and equipment and finite lived intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent, if any, of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. The Group's property, plant and equipment items generally do not generate independent cash flows.

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. As of the acquisition date, any goodwill acquired is allocated to the cash-generating unit ("CGU") expected to benefit from the business combination.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment review requires management to undertake certain judgments, including estimating the recoverable value of the CGU to which the goodwill relates, based on either fair value less costs-to-sell or the value-in-use, as appropriate, in order to reach a conclusion on whether it deems the goodwill is impaired or not.

For purposes of the impairment testing, each CGU represents the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets.

Farmlands may be used for different activities that may generate independent cash flows. When farmlands are used for single activities (i.e. crops), these are considered as one CGU. Generally, each separate farmland business within Argentina and Uruguay are treated as single CGUs. Otherwise, when farmland businesses are used for more than one segment activity (i.e. crops and cattle or rental income), the farmland is further subdivided into two or more CGUs, as appropriate, for purposes of impairment testing. For its properties in Brazil, management identified a farmland together with its related mill as separate CGUs.

Based on these criteria, management identified a total amount of forty CGUs as of September 30, 2015 and thirty-eight CGUs as of September 30, 2014.

As of September 30, 2015 and 2014, due to the fact that there were no impairment indicators, the Group only tested those CGUs with allocated goodwill in Argentina, Brazil and Uruguay.

##### *CGUs tested based on a fair-value-less-costs-to-sell model at September 30, 2015 and 2014:*

As of September 30, 2015, the Group identified 11 CGUs in Argentina and Uruguay (2014: 11 CGUs) to be tested based on this model (all CGUs with allocated goodwill). Estimating the fair value less costs-to-sell is based on the best information available, and refers to the amount at which the CGU could be bought or sold in a current transaction between willing parties. In calculating the fair value less costs-to-sell, management may be assisted by the work of external advisors. When using this model, the Group applies the "sales comparison approach" as its method of valuing most properties. This method relies on results of sales of similar agricultural properties to estimate the value of the CGU. This approach is based on the theory that the fair value of a property is directly related to the selling prices of similar properties.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 4. Critical accounting estimates and judgments (continued)

Fair values are determined by extensive analysis which includes current and potential soil productivity of the land (the ability to produce crops and maintain livestock) projected margins derived from soil use, rental value obtained for soil use, if applicable, and other factors such as climate and location. Farmland ratings are established by considering such factors as soil texture and quality, yields, topography, drainage and rain levels. Farmland may contain farm outbuildings. A farm outbuilding is any improvement or structure that is used for farming operations. Outbuildings are valued based on their size, age and design.

Based on the factors described above, each farm property is assigned different soil classifications for the purposes of establishing a value. Soil classifications quantify the factors that contribute to the agricultural capability of the soil. Soil classifications range from the most productive to the least productive.

The first step to establishing an assessment for a farm property is a sales investigation that identifies the valid farm sales in the area where the farm is located.

A price per hectare is assigned for each soil class within each farm property. This price per hectare is determined based on the quantitative and qualitative analysis mainly described above.

The results are then tested against actual sales, if any, and current market conditions to ensure the values produced are accurate, consistent and fair.

The following table shows only the 11 CGUs (2014: 11 CGUs) where goodwill was allocated at each period end and the corresponding amount of goodwill allocated to each one:

| CGU / Operating segment / Country  | September 30,<br>2015 | September 30,<br>2014 |
|--|-----------------------|-----------------------|
| La Carolina / Crops / Argentina .....  | 64                    | 20                    |
| La Carolina / Cattle / Argentina .....   | 22                    | 76                    |
| El Orden / Crops / Argentina.....  | 97                    | 75                    |
| El Orden / Cattle / Argentina.....   | 8                     | 43                    |
| La Guarida / Crops / Argentina .....   | 658                   | 1,152                 |
| La Guarida / Cattle / Argentina .....  | 536                   | 182                   |
| Los Guayacanes / Crops / Argentina .....   | 830                   | 929                   |
| Doña Marina / Rice / Argentina .....   | 2,930                 | 3,275                 |
| Huelen / Crops / Argentina.....  | 3,283                 | 3,669                 |
| El Colorado / Crops / Argentina.....   | 1,446                 | 1,616                 |
| El Colorado / Cattle / Argentina.....  | 211                   | 236                   |
| <b>Closing net book value of goodwill allocated to CGUs tested (Note 8).....</b>   | <b>10,085</b>         | <b>11,273</b>         |
| Closing net book value of PPE items and other assets allocated to CGUs tested..... | 54,272                | 55,014                |
| <b>Total assets allocated to CGUs tested .....</b>                                 | <b>64,357</b>         | <b>66,287</b>         |

Based on the testing above, the Group determined that none of the CGUs, with allocated goodwill, were impaired at September 30, 2015 and 2014.

#### *CGUs tested based on a value-in-use model at September 30, 2015 and 2014:*

As of September 30, 2015, the Group identified 3 CGUs (2014: 3 CGUs) in Brazil to be tested base on this model (all CGUs with allocated goodwill). In performing the value-in-use calculation, the Group applied pre-tax rates to discount the future pre-tax cash flows. In each case, these key assumptions have been made by management reflecting past experience and are consistent with relevant external sources of information, such as appropriate market data. In calculating value-in-use, management may be assisted by the work of external advisors.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 4. Critical accounting estimates and judgments (continued)

The key assumptions used by management in the value-in-use calculations which are considered to be most sensitive to the calculation are:

| Key Assumptions            | September 30,<br>2015                           | September 30,<br>2014                           |
|----------------------------|---|---|
| Financial projections      | Covers 4 years for UMA<br>Cover 7 years for AVI | Covers 4 years for UMA<br>Cover 8 years for AVI |
| Yield average growth rates | 0-1%  | 0-3%  |
| Future pricing increases   | 1% per annum                                    | 3% per annum                                    |
| Future cost increases      | 1% per annum                                    | 3% per annum                                    |
| Discount rates             | 6.5%  | 7%  |
| Perpetuity growth rate     | 2%  | 4,5%  |

Discount rates are based on the risk-free rate for U. S. government bonds, adjusted for a risk premium to reflect the increased risk of investing in South America and Brazil in particular. The risk premium adjustment is assessed for factors specific to the respective CGUs and reflects the countries that the CGUs operate in.

The following table shows only the 3 CGUs where goodwill was allocated at each period end and the corresponding amount of goodwill allocated to each one:

| CGU/ Operating segment   | September 30,<br>2015 | September 30,<br>2014 |
|--|-----------------------|-----------------------|
| AVI / Sugar, Ethanol and Energy .....  | 3,997                 | 6,479                 |
| UMA / Sugar, Ethanol and Energy .....  | 1,499                 | 2,430                 |
| UMA (f.k.a. Alfenas Café Ltda.) / Coffee .   | 623                   | 913                   |
| <b>Closing net book value of goodwill<br/>allocated to CGUs tested (Note 8).....</b>   | <b>6,119</b>          | <b>9,822</b>          |
| Closing net book value of PPE items and<br>other assets allocated to CGUs tested ..... | 403,387               | 609,266               |
| <b>Total assets allocated to 3 CGUs tested...</b>                                      | <b>409,506</b>        | <b>619,088</b>        |

Based on the testing above, the Group determined that none of the CGUs, with allocated goodwill, were impaired at September 30, 2015 and 2014.

Management views these assumptions as conservative and does not believe that any reasonable change in the assumptions would cause the carrying value of these CGU's to exceed the recoverable amount.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 5. Segment information

IFRS 8 “Operating Segments” requires an entity to report financial and descriptive information about its reportable segments, which are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker (“CODM”) in deciding how to allocate resources and in assessing performance. The CODM evaluates the business based on the differences in the nature of its operations, products and services. The amount reported for each segment item is the measure reported to the CODM for these purposes.

The Group operates in three major lines of business, namely, Farming; Sugar, Ethanol and Energy; and Land Transformation.

- The Group’s **‘Farming’** line of business is further comprised of three reportable segments:
  - The Group’s **‘Crops’** Segment consists of planting, harvesting and sale of grains, oilseeds and fibers (including wheat, corn, soybeans, cotton and sunflowers, among others), and to a lesser extent the provision of grain warehousing/conditioning, handling and drying services to third parties, and the purchase and sale of crops produced by third parties crops. Each underlying crop in the Crops segment does not represent a separate operating segment. Management seeks to maximize the use of the land through the cultivation of one or more type of crops. Types and surface amount of crops cultivated may vary from harvest year to harvest year depending on several factors, some of them out of the Group’s control. Management is focused on the long-term performance of the productive land, and to that extent, the performance is assessed considering the aggregated combination, if any, of crops planted in the land. A single manager is responsible for the management of operating activity of all crops rather than for each individual crop.
  - The Group’s **‘Rice’** Segment consists of planting, harvesting, processing and marketing of rice;
  - The Group’s **‘Dairy’** Segment consists of the production and sale of raw milk and other dairy products;
  - The Group’s **‘All Other Segments’** column consists of the aggregation of the remaining non-reportable operating segments, which do not meet the quantitative thresholds for disclosure and for which the Group’s management does not consider them to be of continuing significance as from January 1, 2014, namely, Coffee and Cattle.
- The Group’s **‘Sugar, Ethanol and Energy’** Segment consists of cultivating sugarcane which is processed in owned sugar mills, transformed into ethanol, sugar and electricity and marketed;
- The Group’s **‘Land Transformation’** Segment comprises the (i) identification and acquisition of underdeveloped and undermanaged farmland businesses; and (ii) realization of value through the strategic disposition of assets (generating profits).

The measurement principles for the Group’s segment reporting structure are based on the IFRS principles adopted in the interim financial statements.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 5. Segment information (continued)

Total segment assets and liabilities are measured in a manner consistent with that of the condensed consolidated interim financial statements. These assets and liabilities are allocated based on the operations of the segment and the physical location of the asset. The Group's investment in the joint venture CHS S.A. is allocated to the 'Crops' segment.

The following table presents information with respect to the Group's reportable segments. Certain other activities of a holding function nature not allocable to the segments are disclosed in the column '**Corporate**'.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 5. Segment information (continued)

Segment analysis for the nine-month period ended September 30, 2015 (unaudited)

|   | <i>Farming</i> |               |               |                               | <i>Farming subtotal</i> | <i>Sugar,<br/>Ethanol and<br/>Energy</i> | <i>Land<br/>Transformation</i> | <i>Corporate</i> | <i>Total</i>   |
|---|----------------|---------------|---------------|-------------------------------|-------------------------|--|--------------------------------|------------------|----------------|
|   | <i>Crops</i>   | <i>Rice</i>   | <i>Dairy</i>  | <i>All Other<br/>Segments</i> |                         |  |                                |                  |                |
| Sales of manufactured products and services rendered.....   | 787            | 65,684        | 1,041         | 988                           | 68,500                  | 247,968                                  | -                              | -                | 316,468        |
| Cost of manufactured products sold and services rendered .....  | (438)          | (53,839)      | (1,108)       | (536)                         | (55,921)                | (155,165)                                | -                              | -                | (211,086)      |
| <b>Gross Profit / (loss) from Manufacturing Activities .....</b>  | <b>349</b>     | <b>11,845</b> | <b>(67)</b>   | <b>452</b>                    | <b>12,579</b>           | <b>92,803</b>                            | <b>-</b>                       | <b>-</b>         | <b>105,382</b> |
| Sales of agricultural produce and biological assets .....   | 114,487        | 342           | 24,349        | -                             | 139,178                 | -  | -                              | -                | 139,178        |
| Cost of agricultural produce sold and direct agricultural selling expenses.....                             | (114,487)      | (342)         | (24,349)      | -                             | (139,178)               | -  | -                              | -                | (139,178)      |
| Initial recognition and changes in fair value of biological assets and agricultural produce                 | 7,016          | 3,144         | 6,159         | (24)                          | 16,295                  | 3,384                                    | -                              | -                | 19,679         |
| Changes in net realizable value of agricultural produce after harvest .....                                 | 9,914          | -             | -             | -                             | 9,914                   | -  | -                              | -                | 9,914          |
| <b>Gross Profit / (loss) from Agricultural Activities.....</b>  | <b>16,930</b>  | <b>3,144</b>  | <b>6,159</b>  | <b>(24)</b>                   | <b>26,209</b>           | <b>3,384</b>                             | <b>-</b>                       | <b>-</b>         | <b>29,593</b>  |
| <b>Margin on Manufacturing and Agricultural Activities Before Operating Expenses ..</b>                     | <b>17,279</b>  | <b>14,989</b> | <b>6,092</b>  | <b>428</b>                    | <b>38,788</b>           | <b>96,187</b>                            | <b>-</b>                       | <b>-</b>         | <b>134,975</b> |
| General and administrative expenses .....   | (2,656)        | (2,366)       | (1,108)       | (55)                          | (6,185)                 | (14,499)                                 | -                              | (15,661)         | (36,345)       |
| Selling expenses.....   | (4,283)        | (9,489)       | (514)         | (25)                          | (14,311)                | (33,368)                                 | -                              | (546)            | (48,225)       |
| Other operating income / (loss), net .....  | 14,065         | 692           | (563)         | 6                             | 14,200                  | 16,816                                   | -                              | 251              | 31,267         |
| Share of loss of joint ventures .....   | (2,527)        | -             | -             | -                             | (2,527)                 | -  | -                              | -                | (2,527)        |
| <b>Profit / (loss) from Operations Before Financing and Taxation.....</b>                                   | <b>21,878</b>  | <b>3,826</b>  | <b>3,907</b>  | <b>354</b>                    | <b>29,965</b>           | <b>65,136</b>                            | <b>-</b>                       | <b>(15,956)</b>  | <b>79,145</b>  |
| Depreciation and amortization.....  | (1,428)        | (2,285)       | (1,114)       | (216)                         | (5,043)                 | (46,379)                                 | -                              | -                | (51,422)       |
| Initial recognition and changes in fair value of biological assets (unrealized) .....                       | (2,045)        | (362)         | -             | 171                           | (2,236)                 | 5,448                                    | -                              | -                | 3,212          |
| Initial recognition and changes in fair value of agricultural produce (unrealized).....                     | 1,750          | 1,261         | -             | (173)                         | 2,838                   | (839)                                    | -                              | -                | 1,999          |
| Initial recognition and changes in fair value of biological assets and agricultural produce (realized)..... | 7,311          | 2,245         | 6,159         | (22)                          | 15,693                  | (1,225)                                  | -                              | -                | 14,468         |
| Changes in net realizable value of agricultural produce after harvest (unrealized).....                     | 2,351          | -             | -             | -                             | 2,351                   | -  | -                              | -                | 2,351          |
| Changes in net realizable value of agricultural produce after harvest (realized) .....                      | 7,563          | -             | -             | -                             | 7,563                   | -  | -                              | -                | 7,563          |
| Farmlands and farmland improvements, net .....  | 100,783        | 20,130        | 414           | 6,922                         | 128,249                 | 21,555                                   | -                              | -                | 149,804        |
| Machinery, equipment and other fixed assets, net.....   | 4,733          | 18,350        | 12,636        | 772                           | 36,491                  | 365,332                                  | -                              | -                | 401,823        |
| Work in progress.....   | 2,197          | 8,386         | 704           | -                             | 11,287                  | 15,296                                   | -                              | -                | 26,583         |
| Investment property .....   | -              | -             | -             | 6,638                         | 6,638                   | -  | -                              | -                | 6,638          |
| Goodwill.....   | 6,378          | 2,930         | -             | 1,400                         | 10,708                  | 5,496                                    | -                              | -                | 16,204         |
| Biological assets.....  | 12,450         | 11,242        | 8,665         | 1,602                         | 33,959                  | 221,850                                  | -                              | -                | 255,809        |
| Investment in joint ventures .....  | 105            | -             | -             | -                             | 105                     | -  | -                              | -                | 105            |
| Inventories .....   | 44,665         | 31,116        | 2,728         | -                             | 78,509                  | 62,586                                   | -                              | -                | 141,095        |
| <b>Total segment assets.....</b>  | <b>171,311</b> | <b>92,154</b> | <b>25,147</b> | <b>17,334</b>                 | <b>305,946</b>          | <b>692,115</b>                           | <b>-</b>                       | <b>-</b>         | <b>998,061</b> |
| Borrowings.....   | 53,170         | 33,595        | 7,466         | 1,297                         | 95,528                  | 713,354                                  | -                              | -                | 808,882        |
| <b>Total segment liabilities.....</b>   | <b>53,170</b>  | <b>33,595</b> | <b>7,466</b>  | <b>1,297</b>                  | <b>95,528</b>           | <b>713,354</b>                           | <b>-</b>                       | <b>-</b>         | <b>808,882</b> |

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 5. Segment information (continued)

Segment analysis for the nine-month period ended September 30, 2014 (unaudited)

|   | <i>Farming</i> |               |               |                               | <i>Sugar,<br/>Ethanol and<br/>Energy</i> | <i>Land<br/>Transformation</i> | <i>Corporate</i> | <i>Total</i>    |                             |
|---|----------------|---------------|---------------|-------------------------------|--|--------------------------------|------------------|-----------------|-----------------------------|
|   | <i>Crops</i>   | <i>Rice</i>   | <i>Dairy</i>  | <i>All Other<br/>Segments</i> |  |                                |                  |                 | <i>Farming<br/>subtotal</i> |
| Sales of manufactured products and services rendered.....   | 141            | 73,183        | 2,493         | 1,137                         | <b>76,954</b>                            | 253,746                        | -                | -               | <b>330,700</b>              |
| Cost of manufactured products sold and services rendered .....  | -              | (57,421)      | (2,364)       | (615)                         | <b>(60,400)</b>                          | (161,502)                      | -                | -               | <b>(221,902)</b>            |
| <b>Gross Profit from Manufacturing Activities.....</b>  | <b>141</b>     | <b>15,762</b> | <b>129</b>    | <b>522</b>                    | <b>16,554</b>                            | <b>92,244</b>                  | -                | -               | <b>108,798</b>              |
| Sales of agricultural produce and biological assets .....   | 152,127        | 1,940         | 21,158        | -                             | <b>175,225</b>                           | -                              | -                | -               | <b>175,225</b>              |
| Cost of agricultural produce sold and direct agricultural selling expenses.....                             | (152,127)      | (1,940)       | (21,158)      | -                             | <b>(175,225)</b>                         | -                              | -                | -               | <b>(175,225)</b>            |
| Initial recognition and changes in fair value of biological assets and agricultural produce                 | 43,857         | 12,012        | 6,931         | (3)                           | <b>62,797</b>                            | (22,428)                       | -                | -               | <b>40,369</b>               |
| Changes in net realizable value of agricultural produce after harvest .....                                 | 1,210          | -             | -             | -                             | <b>1,210</b>                             | -                              | -                | -               | <b>1,210</b>                |
| <b>Gross Profit / (loss) from Agricultural Activities.....</b>  | <b>45,067</b>  | <b>12,012</b> | <b>6,931</b>  | <b>(3)</b>                    | <b>64,007</b>                            | <b>(22,428)</b>                | -                | -               | <b>41,579</b>               |
| <b>Margin on Manufacturing and Agricultural Activities Before Operating Expenses ..</b>                     | <b>45,208</b>  | <b>27,774</b> | <b>7,060</b>  | <b>519</b>                    | <b>80,561</b>                            | <b>69,816</b>                  | -                | -               | <b>150,377</b>              |
| General and administrative expenses .....   | (3,266)        | (2,370)       | (1,166)       | (136)                         | <b>(6,938)</b>                           | (16,771)                       | -                | (15,530)        | <b>(39,239)</b>             |
| Selling expenses.....   | (3,413)        | (11,393)      | (464)         | (24)                          | <b>(15,294)</b>                          | (35,348)                       | -                | (1,129)         | <b>(51,771)</b>             |
| Other operating (loss)/income, net.....   | 11,358         | (14)          | 80            | (13)                          | <b>11,411</b>                            | 3,495                          | -                | 145             | <b>15,051</b>               |
| Share of loss of joint ventures .....   | (462)          | -             | -             | -                             | <b>(462)</b>                             | -                              | -                | -               | <b>(462)</b>                |
| <b>Profit / (loss) from Operations Before Financing and Taxation.....</b>                                   | <b>49,425</b>  | <b>13,997</b> | <b>5,510</b>  | <b>346</b>                    | <b>69,278</b>                            | <b>21,192</b>                  | -                | <b>(16,514)</b> | <b>73,956</b>               |
| Reserve from the sale of non-controlling interests in subsidiaries .....                                    | -              | -             | -             | -                             | -  | -                              | 25,508           | -               | <b>25,508</b>               |
| Depreciation and amortization.....  | (1,493)        | (2,469)       | (1,162)       | (311)                         | <b>(5,435)</b>                           | (61,578)                       | -                | -               | <b>(67,013)</b>             |
| Initial recognition and changes in fair value of biological assets (unrealized) .....                       | (1,588)        | 17            | -             | -                             | <b>(1,571)</b>                           | (11,343)                       | -                | -               | <b>(12,914)</b>             |
| Initial recognition and changes in fair value of agricultural produce (unrealized).....                     | 11,484         | 3,918         | -             | -                             | <b>15,402</b>                            | (4,318)                        | -                | -               | <b>11,084</b>               |
| Initial recognition and changes in fair value of biological assets and agricultural produce (realized)..... | 33,961         | 8,077         | 6,931         | (3)                           | <b>48,966</b>                            | (6,767)                        | -                | -               | <b>42,199</b>               |
| Changes in net realizable value of agricultural produce after harvest (unrealized).....                     | (5,258)        | -             | -             | -                             | <b>(5,258)</b>                           | -                              | -                | -               | <b>(5,258)</b>              |
| Changes in net realizable value of agricultural produce after harvest (realized) .....                      | 6,468          | -             | -             | -                             | <b>6,468</b>                             | -                              | -                | -               | <b>6,468</b>                |
| <b>As of December 31, 2014:</b>   |                |               |               |                               |  |                                |                  |                 |                             |
| Farmlands and farmland improvements, net .....  | 116,628        | 22,066        | 396           | 8,619                         | <b>147,708</b>                           | 32,113                         | -                | -               | <b>179,821</b>              |
| Machinery, equipment and other fixed assets, net.....   | 5,478          | 20,339        | 14,599        | 1,169                         | <b>41,585</b>                            | 435,323                        | -                | -               | <b>476,908</b>              |
| Work in progress.....   | 1,693          | 3,859         | 652           | -                             | <b>6,203</b>                             | 113,973                        | -                | -               | <b>120,176</b>              |
| Investment property .....   | -              | -             | -             | 6,675                         | <b>6,675</b>                             | -                              | -                | -               | <b>6,675</b>                |
| Goodwill.....   | 7,241          | 3,228         | -             | 1,482                         | <b>11,951</b>                            | <b>8,221</b>                   | -                | -               | <b>20,172</b>               |
| Biological assets.....  | 31,012         | 23,875        | 9,182         | 2,193                         | <b>66,262</b>                            | <b>274,970</b>                 | -                | -               | <b>341,232</b>              |
| Investment in joint ventures .....  | 2,752          | -             | -             | -                             | <b>2,752</b>                             | -                              | -                | -               | <b>2,752</b>                |
| Inventories .....   | 37,056         | 11,077        | 2,619         | -                             | <b>50,752</b>                            | <b>54,167</b>                  | -                | -               | <b>104,919</b>              |
| <b>Total segment assets.....</b>  | <b>196,926</b> | <b>84,140</b> | <b>27,512</b> | <b>25,395</b>                 | <b>333,973</b>                           | <b>918,682</b>                 | -                | -               | <b>1,252,655</b>            |
| Borrowings.....   | 68,460         | 13,215        | 3,647         | 1,805                         | <b>87,127</b>                            | <b>611,379</b>                 | -                | -               | <b>698,506</b>              |
| <b>Total segment liabilities.....</b>   | <b>68,460</b>  | <b>13,215</b> | <b>3,647</b>  | <b>1,805</b>                  | <b>87,127</b>                            | <b>611,379</b>                 | -                | -               | <b>698,506</b>              |

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 6. Property, plant and equipment

Changes in the Group's property, plant and equipment in the nine-month periods ended September 30, 2015 and 2014 were as follows:

|  | Farmlands      | Farmland improvements | Buildings and facilities | Machinery, equipment, furniture and fittings | Computer equipment | Vehicles     | Work in progress | Total          |
|--|----------------|-----------------------|--------------------------|--|--------------------|--------------|------------------|----------------|
| <b>Nine-month period ended September 30, 2014</b>    |                |                       |                          |  |                    |              |                  |                |
| Opening net book amount, .....                       | 216,843        | 8,852                 | 206,462                  | 297,910                                      | 1,690              | 1,184        | 57,579           | 790,520        |
| Exchange differences .....                           | (37,626)       | (1,931)               | (15,171)                 | (15,814)                                     | (160)              | (244)        | (7,038)          | (77,984)       |
| Additions .....                                      | -              | -                     | 16,586                   | 60,661                                       | 1,444              | 241          | 83,049           | 161,981        |
| Transfers .....                                      | -              | 90                    | 17,285                   | 10,901                                       | 29                 | -            | (28,305)         | -              |
| Disposals .....                                      | -              | -                     | (10)                     | (703)  | (7)                | (29)         | -                | (749)          |
| Reclassification to non-income tax credits (*) ..... | -              | -                     | (251)                    | (969)  | -                  | -            | (1,452)          | (2,672)        |
| Reclassification from investment property            | 388            | -                     | -                        | -  | -                  | -            | -                | 388            |
| Depreciation (Note 23).....                          | -              | (1,212)               | (16,382)                 | (47,207)                                     | (676)              | (252)        | -                | (65,729)       |
| <b>Closing net book amount .....</b>                 | <b>179,605</b> | <b>5,799</b>          | <b>208,519</b>           | <b>304,779</b>                               | <b>2,320</b>       | <b>900</b>   | <b>103,833</b>   | <b>805,755</b> |
| <b>At September 30, 2014 (unaudited)</b>             |                |                       |                          |  |                    |              |                  |                |
| Cost .....   | 179,605        | 13,905                | 292,931                  | 552,723                                      | 6,680              | 4,313        | 103,833          | 1,153,990      |
| Accumulated depreciation.....                        | -              | (8,106)               | (84,412)                 | (247,944)                                    | (4,360)            | (3,413)      | -                | (348,235)      |
| Net book amount.....                                 | <b>179,605</b> | <b>5,799</b>          | <b>208,519</b>           | <b>304,779</b>                               | <b>2,320</b>       | <b>900</b>   | <b>103,833</b>   | <b>805,755</b> |
| <b>Nine-month period ended September 30, 2015</b>    |                |                       |                          |  |                    |              |                  |                |
| Opening net book amount .....                        | 174,420        | 5,401                 | 194,771                  | 277,586                                      | 3,371              | 1,180        | 120,176          | 776,905        |
| Exchange differences .....                           | (28,887)       | (527)                 | (68,416)                 | (107,603)                                    | (1,124)            | (178)        | (17,709)         | (224,444)      |
| Additions .....                                      | -              | 48                    | 8,789                    | 37,092                                       | 702                | 1,157        | 36,304           | 84,092         |
| Reclassification to investment property              | (580)          | -                     | -                        | -  | -                  | -            | -                | (580)          |
| Transfers .....                                      | -              | 894                   | 40,742                   | 65,844                                       | 391                | -            | (107,871)        | -              |
| Disposals.....                                       | -              | -                     | (209)                    | (655)  | (17)               | (40)         | -                | (921)          |
| Reclassification to non-income tax credits (*) ..... | -              | -                     | (803)                    | (737)  | -                  | -            | (4,317)          | (5,857)        |
| Depreciation (Note 23).....                          | -              | (965)                 | (7,014)                  | (41,919)                                     | (704)              | (383)        | -                | (50,985)       |
| <b>Closing net book amount .....</b>                 | <b>144,953</b> | <b>4,851</b>          | <b>167,860</b>           | <b>229,608</b>                               | <b>2,619</b>       | <b>1,736</b> | <b>26,583</b>    | <b>578,210</b> |
| <b>At September 30, 2015 (unaudited)</b>             |                |                       |                          |  |                    |              |                  |                |
| Cost.....  | 144,953        | 14,270                | 265,097                  | 535,341                                      | 8,012              | 5,622        | 26,583           | 999,878        |
| Accumulated depreciation.....                        | -              | (9,419)               | (97,237)                 | (305,733)                                    | (5,393)            | (3,886)      | -                | (421,668)      |
| Net book amount.....                                 | <b>144,953</b> | <b>4,851</b>          | <b>167,860</b>           | <b>229,608</b>                               | <b>2,619</b>       | <b>1,736</b> | <b>26,583</b>    | <b>578,210</b> |

(\*) Brazilian federal tax law allows entities to take a percentage of the total cost of the assets purchased as a tax credit. As of September 30, 2015, ICMS tax credits were reclassified to trade and other receivables.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 6. Property, plant and equipment (continued)

An amount of US\$ 46,981 and US\$ 60,367 of depreciation are included in “Cost of manufactured products sold and services rendered” for the nine-month periods ended September 30, 2015 and 2014, respectively. An amount US\$ 3,941 and US\$ 4,420 of depreciation are included in “General and administrative expenses” for the nine-month periods ended September 30, 2015 and 2014, respectively. An amount of US\$ 500 and US\$ 942 of depreciation are included in “Selling expenses” for the nine-month periods ended September 30, 2015 and 2014, respectively.

As of September 30, 2015, borrowing costs of US\$ 5,556 (September 30, 2014: US\$ 3,923) were capitalized as components of the cost of acquisition or construction of qualifying assets.

Certain of the Group’s assets have been pledged as collateral to secure the Group’s borrowings and other payables. The net book value of the pledged assets amounts to US\$ 557,944 as of September 30, 2015.

As of September 30, 2015 included within property, plant and equipment balances are US\$ 485 related to the net book value of assets under finance leases.

### 7. Investment property

Changes in the Group’s investment property in the nine-month periods ended September 30, 2015 and 2014 were as follows:

|  | <b>September<br/>30, 2015</b> | <b>September<br/>30, 2014</b> |
|--|-------------------------------|-------------------------------|
|  | (unaudited)                   |                               |
| <b>Beginning of the period.....</b>                    | <b>6,675</b>                  | <b>10,147</b>                 |
| Reclassification to property, plant and equipment..... | 580                           | (388)                         |
| Exchange differences .....                             | (617)                         | (2,298)                       |
| <b>End of the period .....</b>                         | <b>6,638</b>                  | <b>7,461</b>                  |
| Cost   | 6,638                         | 7,461                         |
| Accumulated depreciation                               | -                             | -                             |
| Net book amount  | <b>6,638</b>                  | <b>7,461</b>                  |

The following amounts have been recognized in the statement of income in the line “Sales of manufactured products and services rendered”:

|                     | <b>September<br/>30, 2015</b> | <b>September<br/>30, 2014</b> |
|---------------------|-------------------------------|-------------------------------|
|                     | (unaudited)                   |                               |
| Rental income ..... | 988                           | 1,134                         |

As of September 30, 2015, the fair value of investment property was US\$ 53 million (2014: US\$ 57 million).

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 8. Intangible assets

Changes in the Group's intangible assets in the nine-month periods ended September 30, 2015 and 2014 were as follows:

|  | <u>Goodwill</u>      | <u>Trademarks</u> | <u>Software</u>     | <u>Others</u>    | <u>Total</u>         |
|--|----------------------|-------------------|---------------------|------------------|----------------------|
| <b>Nine-month period ended</b>           |                      |                   |                     |                  |                      |
| <b>September 30, 2014</b>                |                      |                   |                     |                  |                      |
| Opening net book amount .....            | 24,869               | 1,129             | 1,343               | -                | 27,341               |
| Exchange differences .....               | (3,774)              | (26)              | (163)               | -                | (3,963)              |
| Additions .....                          | -                    | -                 | 766                 | 6                | 772                  |
| Amortization charge (i) (Note 23) ...    | -                    | (108)             | (223)               | (2)              | (333)                |
| <b>Closing net book amount .....</b>     | <b><u>21,095</u></b> | <b><u>995</u></b> | <b><u>1,723</u></b> | <b><u>4</u></b>  | <b><u>23,817</u></b> |
| <b>At September 30, 2014 (unaudited)</b> |                      |                   |                     |                  |                      |
| Cost .....                               | 21,095               | 2,500             | 2,855               | 135              | 26,585               |
| Accumulated amortization .....           | -                    | (1,505)           | (1,132)             | (131)            | (2,768)              |
| <b>Net book amount .....</b>             | <b><u>21,095</u></b> | <b><u>995</u></b> | <b><u>1,723</u></b> | <b><u>4</u></b>  | <b><u>23,817</u></b> |
| <b>Nine-month period ended</b>           |                      |                   |                     |                  |                      |
| <b>September 30, 2015</b>                |                      |                   |                     |                  |                      |
| Opening net book amount .....            | 20,172               | 959               | 2,634               | 13               | 23,778               |
| Exchange differences .....               | (3,968)              | (10)              | (860)               | (18)             | (4,856)              |
| Additions .....                          | -                    | -                 | 973                 | 41               | 1,014                |
| Amortization charge (ii) (Note 23) ..    | -                    | -                 | (429)               | (8)              | (437)                |
| <b>Closing net book amount .....</b>     | <b><u>16,204</u></b> | <b><u>949</u></b> | <b><u>2,318</u></b> | <b><u>28</u></b> | <b><u>19,499</u></b> |
| <b>At September 30, 2015 (unaudited)</b> |                      |                   |                     |                  |                      |
| Cost .....                               | 16,204               | 2,488             | 4,023               | 165              | 22,880               |
| Accumulated amortization .....           | -                    | (1,539)           | (1,705)             | (137)            | (3,381)              |
| <b>Net book amount .....</b>             | <b><u>16,204</u></b> | <b><u>949</u></b> | <b><u>2,318</u></b> | <b><u>28</u></b> | <b><u>19,499</u></b> |

(i) For the nine-month period ended September 30, 2014 an amount of US\$ 223 and US\$ 110 of amortization charges are included in "General and administrative expenses" and "Selling expenses", respectively. There were no impairment charges for any of the periods presented.

(ii) For the nine-month period ended September 30, 2015 an amount of US\$ 429 and US\$ 8 of amortization charges are included in "General and administrative expenses" and "Selling expenses", respectively. There were no impairment charges for any of the periods presented.

The Group tests annually whether goodwill has suffered any impairment. The last impairment test of goodwill was performed as of September 30, 2015 (see Note 4).

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 9. Biological assets

Changes in the Group's biological assets in the nine-month periods ended September 30, 2015 and 2014 were as follows:

|   | <b>September 30,<br/>2015</b> | <b>September 30,<br/>2014</b> |
|---|-------------------------------|-------------------------------|
|   | (unaudited)                   |                               |
| <b>Beginning of the period</b> .....  | <b>341,232</b>                | <b>292,144</b>                |
| Increase due to purchases .....   | 4                             | 526                           |
| Initial recognition and changes in fair value<br>of biological assets ..... | 19,679                        | 40,369                        |
| Decrease due to harvest .....   | (241,528)                     | (296,719)                     |
| Decrease due to disposals .....   | (2,728)                       | (1,868)                       |
| Decrease due to sales of agricultural<br>produce.....                       | (21,621)                      | (19,290)                      |
| Costs incurred during the period .....                                      | 262,927                       | 329,428                       |
| Exchange differences .....  | (102,156)                     | (28,396)                      |
| <b>End of the period</b> .....  | <b>255,809</b>                | <b>316,194</b>                |

Biological assets as of September 30, 2015 and December 31, 2014 were as follows:

|                                      | <b>September 30,<br/>2015</b> | <b>December 31,<br/>2014</b> |
|--------------------------------------|-------------------------------|------------------------------|
|                                      | (unaudited)                   |                              |
| <b>Non-current</b>                   |                               |                              |
| Cattle for dairy production .....    | 8,257                         | 8,856                        |
| Other cattle .....                   | 23                            | 25                           |
| Sown land – coffee .....             | 1,602                         | 2,193                        |
| Sown land – sugarcane .....          | 221,850                       | 274,970                      |
|                                      | <b>231,732</b>                | <b>286,044</b>               |
| <b>Current</b>                       |                               |                              |
| Other cattle .....                   | 385                           | 301                          |
| Sown land – crops .....              | 12,450                        | 31,012                       |
| Sown land – rice .....               | 11,242                        | 23,875                       |
|                                      | <b>24,077</b>                 | <b>55,188</b>                |
| <b>Total biological assets</b> ..... | <b>255,809</b>                | <b>341,232</b>               |

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 10. Financial instruments

As of September 30, 2015, the financial instruments recognized at fair value on the statement of financial position comprise derivative financial instruments.

In the case of Level 1, valuation is based on unadjusted quoted prices in active markets for identical financial assets that the Group can refer to at the date of the statement of financial position. A market is deemed active if transactions take place with sufficient frequency and in sufficient quantity for price information to be available on an ongoing basis. Since a quoted price in an active market is the most reliable indicator of fair value, this should always be used if available. The financial instruments the Group has allocated to this level mainly comprise crop futures and options traded on the stock market, In the case of securities, the Group allocates them to this level when either a stock market price is available or prices are provided by a price quotation on the basis of actual market transactions.

Derivatives not traded on the stock market allocated to Level 2 are valued using models based on observable market data. For this, the Group uses inputs directly or indirectly observable in the market, other than quoted prices. If the financial instrument concerned has a fixed contract period, the inputs used for valuation must be observable for the whole of this period. The financial instruments the Group has allocated to this level mainly comprise interest-rate swaps and foreign-currency interest-rate swaps.

In the case of Level 3, the Group uses valuation techniques not based on inputs observable in the market. This is only permissible insofar as no observable market data are available. The inputs used reflect the Group's assumptions regarding the factors, which market players would consider in their pricing. The Group uses the best available information for this, including internal company data. The Group does not have financial instruments allocated to this level for any of the periods presented.

The following tables present the Group's financial assets and financial liabilities that are measured at fair value as of September 30, 2015 and their allocation to the fair value hierarchy:

|  | 2015         |                 |          | Total           |
|--|--------------|-----------------|----------|-----------------|
|  | Level 1      | Level 2         | Level 3  |                 |
| <b>Assets</b>                          |              |                 |          |                 |
| Derivative financial instruments ..... | 5,640        | -               | -        | 5,640           |
| <b>Total assets</b> .....              | <b>5,640</b> | <b>-</b>        | <b>-</b> | <b>5,640</b>    |
| <b>Liabilities</b>                     |              |                 |          |                 |
| Derivative financial instruments ..... | (335)        | (19,442)        | -        | (19,777)        |
| <b>Total liabilities</b> .....         | <b>(335)</b> | <b>(19,442)</b> | <b>-</b> | <b>(19,777)</b> |

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 10. Financial instruments (continued)

When no quoted prices in an active market are available, fair values (particularly with derivatives) are based on recognized valuation methods. The Group uses a range of valuation models for this purpose, details of which may be obtained from the following table:

| Class                                | Pricing Method    | Parameters   | Pricing Model           | Level | Total                  |
|--------------------------------------|-------------------|--|-------------------------|-------|------------------------|
| Futures                              | Quoted price      | -  | -                       | 1     | 5,124                  |
| Options                              | Quoted price      | -  | -                       | 1     | 181                    |
| OTC                                  | Quoted price      | -  | -                       | 2     | (809)                  |
| Foreign-currency interest-rate swaps | Theoretical price | -  | -                       | 2     | (148)                  |
| Interest-rate swaps                  | Theoretical price | Swap curve;<br>Money market<br>interest-rate curve | Present value<br>method | 2     | (18,485)               |
|                                      |                   |  |                         |       | <u><u>(14,137)</u></u> |

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 11. Trade and other receivables, net

|   | September<br>30, 2015 | December<br>31, 2014 |
|---|-----------------------|----------------------|
|   | (unaudited)           |                      |
| <b>Non-current</b>                                  |                       |                      |
| Trade receivables .....                             | 2,382                 | 3,528                |
| <b>Trade receivables – net .....</b>                | <b>2,382</b>          | <b>3,528</b>         |
| Advances to suppliers .....                         | 7,734                 | 12,149               |
| Income tax credits .....                            | 7,846                 | 6,759                |
| Non-income tax credits (i) .....                    | 12,877                | 18,609               |
| Judicial deposits .....                             | 2,011                 | 2,545                |
| Receivable from disposal of subsidiary .....        | -                     | 3,997                |
| Other receivables.....                              | 1,077                 | 3,003                |
| <b>Non-current portion.....</b>                     | <b>33,927</b>         | <b>50,590</b>        |
| <b>Current</b>                                      |                       |                      |
| Trade receivables .....                             | 65,408                | 65,059               |
| Receivables from related parties (Note 28).....     | 8,112                 | 258                  |
| Less: Allowance for trade receivables .....         | (688)                 | (527)                |
| <b>Trade receivables – net .....</b>                | <b>72,832</b>         | <b>64,790</b>        |
| Prepaid expenses .....                              | 5,036                 | 6,884                |
| Advance to Suppliers .....                          | 24,461                | 11,717               |
| Income tax credits .....                            | 5,083                 | 6,492                |
| Non-income tax credits (i) .....                    | 33,513                | 42,685               |
| Cash collateral .....                               | 23                    | 6,329                |
| Receivable from disposal of subsidiary .....        | 2,863                 | 4,451                |
| Other receivables.....                              | 6,852                 | 21,178               |
| <b>Subtotal .....</b>                               | <b>77,831</b>         | <b>99,736</b>        |
| <b>Current portion .....</b>                        | <b>150,663</b>        | <b>164,526</b>       |
| <b>Total trade and other receivables, net .....</b> | <b>184,590</b>        | <b>215,116</b>       |

(i) Includes US\$ 4,489 for the nine-month period ended September 30, 2015 reclassified from property, plant and equipment (for the year ended December 31, 2014: US\$ 4,514).

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 11. Trade and other receivables, net (continued)

The fair values of current trade and other receivables approximate their respective carrying amounts due to their short-term nature. The fair values of non-current trade and other receivables approximate their carrying amount, as the impact of discounting is not significant.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies (expressed in US dollars):

|                       | <b>September 30,<br/>2015</b> | <b>December 31,<br/>2014</b> |
|-----------------------|-------------------------------|------------------------------|
|                       | (unaudited)                   |                              |
| <b>Currency</b>       |                               |                              |
| US Dollar .....       | 53,522                        | 45,341                       |
| Argentine Peso .....  | 46,198                        | 49,876                       |
| Uruguayan Peso .....  | 932                           | 8,385                        |
| Brazilian Reais ..... | 83,938                        | 111,514                      |
|                       | <b>184,590</b>                | <b>215,116</b>               |

As of September 30, 2015 trade receivables of US\$ 33,046 (December 31, 2014: US\$ 4,224) were past due but not impaired. The ageing analysis of these receivables indicates that 7,978 and 1,269 are over 6 months in September 30, 2015 and December 31, 2014, respectively.

The creation and release of allowance for trade receivables have been included in 'Selling expenses' in the statement of income. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The other classes within other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above.

### 12. Inventories

|                                    | <b>September 30,<br/>2015</b> | <b>December 31,<br/>2014</b> |
|------------------------------------|-------------------------------|------------------------------|
|                                    | (unaudited)                   |                              |
| Raw materials.....                 | 32,067                        | 35,662                       |
| Finished goods .....               | 101,287                       | 65,562                       |
| Stocks held by third parties ..... | 7,487                         | 3,395                        |
| Others .....                       | 254                           | 300                          |
|                                    | <b>141,095</b>                | <b>104,919</b>               |

The cost of inventories recognized as expense are included in 'Cost of manufactured products sold and services rendered' amounted to US\$ 211,086 for the nine-month period ended September 30, 2015. The cost of inventories recognized as expense and included in 'Cost of agricultural produce sold and direct agricultural selling expenses' amounted to US\$ 92,921 for the nine-month period ended September 30, 2015.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 13. Cash and cash equivalents

|                                | <b>September 30,<br/>2015</b> | <b>December 31,<br/>2014</b> |
|--------------------------------|-------------------------------|------------------------------|
|                                | (unaudited)                   |                              |
| Cash at bank and on hand ..... | 183,879                       | 104,132                      |
| Short-term bank deposits ..... | 40,470                        | 9,663                        |
|                                | <b>224,349</b>                | <b>113,795</b>               |

### 14. Disposals

*Sale of 49% of interest in Global Anceo S.L.U. and Global Hisingen S.L.U.*

In September, 2014, the Group sold 49% of its interest in Global Anceo S.L.U. and Global Hisingen S.L.U. The main underlying assets of such corporations are Guayacanes and La Guarida farms.

Sale price amounted US\$ 50.5 million and US\$ 49.4 million was collected as of the transaction's day. As the Company did not lose control of its subsidiaries, this operation is classified as an equity's transaction, and the margin of the operation was registered in Statement of Changes in Shareholders' Equity under the line item "Reserve from the sale of non-controlling interests in subsidiaries". The transaction resulted in an increase of equity attributable to owners of the Company of US\$ 25.6 million and also an increase in non-controlling interest of US\$ 8.0 million.

### 15. Shareholder's Contributions

|  | <b>Number of<br/>shares<br/>(thousands)</b> | <b>Share capital<br/>and share<br/>premium</b> |
|--|---|--|
| <b>At January 1, 2014</b> .....            | <b>122,382</b>                              | <b>1,122,645</b>                               |
| Employee share options exercised (Note 16) | -   | 844  |
| Restricted shares vested .....             | -   | 3,444  |
| Purchase of own shares .....               | -   | (10,424)                                       |
| <b>At September 30, 2014</b> .....         | <b>122,382</b>                              | <b>1,116,509</b>                               |
| <b>At January 1, 2015</b> .....            | <b>122,382</b>                              | <b>1,116,617</b>                               |
| Employee share options exercised (Note 16) | -   | 1,504  |
| Restricted shares vested .....             | -   | 3,103  |
| Purchase of own shares .....               | -   | (256)  |
| <b>At September 30, 2015</b> .....         | <b>122,382</b>                              | <b>1,120,968</b>                               |

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 15. Shareholder's Contributions

#### Share Repurchase Program

On September 24, 2013, the Board of Directors of the Company has authorized a share repurchase program for up to 5% of its outstanding shares. The repurchase program has commenced on September 24, 2013 and will be reviewed by the Board of Directors after a 12-month period: repurchases of shares under the program are made from time to time in open market transactions in compliance with the trading conditions of Rule 10b-18 under the U.S. Securities Exchange Act of 1934, as amended, and applicable rules and regulations. The share repurchase program does not require Adecoagro to acquire any specific number or amount of shares and may be modified, suspended, reinstated or terminated at any time in the Company's discretion and without prior notice. The size and the timing of repurchases will depend upon market conditions, applicable legal requirements and other factors. On August 15, 2015 the Board of directors decided to extend the program for a 12 month period.

### 16. Equity-settled share-based payments

The Group has set a "2004 Incentive Option Plan" and a "2007/2008 Equity Incentive Plan" (collectively referred to as "Option Schemes") under which the Group grants equity-settled options to senior managers and selected employees of the Group's subsidiaries. Additionally, in 2010 the Group has set a "Adecoagro Restricted Share and Restricted Stock Unit Plan" (referred to as "Restricted Share Plan") under which the Group grants restricted shares, or restricted stock units to senior and medium management and key employees of the Group's subsidiaries.

#### (a) Option Schemes

For the nine-month periods ended September 30, 2015 the Group incurred US\$ nil million (2014: US\$ 0.3 million), related to the options granted under the Option Schemes.

As of September 30, 2015 were exercised 183,007 options (2014: 122,828), and were forfeited 31,230 (2014: 26,946).

#### (b) Restricted Share and Restricted Stock Unit Plan

As of September 30, 2015, the Group recognized compensation expense US\$ 3.2 million related to the restricted shares granted under the Restricted Share Plan (2014: US\$ 2,6 million).

For the nine-month period ended September 30, 2015, 624,670 Restricted Stock Units were granted, (2014: 479,816), 432,204 vested, (2014: 405,931), and 32,217 were forfeited (2014: 24,589).

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 17. Trade and other payables

|  | September 30,<br>2015 | December 31,<br>2014 |
|--|-----------------------|----------------------|
|  | (unaudited)           |                      |
| <b>Non-current</b>   |                       |                      |
| Payable from acquisition of property, plant and equipment (i)..... | 1,563                 | 2,084                |
| Other payables .....   | 229                   | 307                  |
|  | <b>1,792</b>          | <b>2,391</b>         |
| <b>Current</b>   |                       |                      |
| Trade payables .....   | 46,932                | 70,269               |
| Advances from customers .....                                      | 2,316                 | 5,636                |
| Amounts due to related parties (Note 28) .....                     | 192                   | -                    |
| Taxes payable .....  | 2,105                 | 4,217                |
| Escrows arising on business combinations .....                     | -                     | 316                  |
| Other payables .....   | 1,273                 | 2,662                |
|  | <b>52,818</b>         | <b>83,100</b>        |
| <b>Total trade and other payables .....</b>                        | <b>54,610</b>         | <b>85,491</b>        |

(i) These trades payable are mainly collateralized by property, plant and equipment.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 18. Borrowings

|   | September 30,<br>2015 | December 31,<br>2014 |
|---|-----------------------|----------------------|
|   | (unaudited)           |                      |
| <b>Non-current</b>  |                       |                      |
| Votoratim .....   | -                     | 434                  |
| ABC Brazil Loan .....   | 9,164                 | 3,571                |
| Bradesco Loan (*) .....   | 2,351                 | 4,557                |
| BNDES Loan Facility(*) .....                                      | 104,318               | 163,009              |
| IDB Facility (*) .....  | 13,995                | 21,972               |
| Ciudad de Buenos Aires Loan .....                                 | 11,429                | 11,389               |
| Banco do Brazil Loan Facility (*) .....                           | 40,385                | 68,653               |
| Itaú BBA Facility (*) .....                                       | 17,050                | 30,654               |
| ING/ABN/Bladex(*) .....   | 17,753                | 28,000               |
| Rabobank, Syndicated Loan (*) .....                               | 47,158                | 71,562               |
| ING Bank N.V. Syndicated Loan (*) .....                           | 49,815                | 66,006               |
| ING/Rabobank/ABN/Crédit Agricole/HSBC/Caixa Geral/Galena(*) ..... | 123,369               | -                    |
| ING/Rabobank/Bladex/Crédit Agricole/Votoratim/ABN(*) .....        | 108,059               | -                    |
| Other bank borrowings .....                                       | 17,621                | 21,224               |
| Obligations under finance leases .....                            | 118                   | 293                  |
|   | <b>562,585</b>        | <b>491,324</b>       |
| <b>Current</b>  |                       |                      |
| Bank overdrafts .....   | 1,737                 | 7,789                |
| BNDES Loan Facility (*) .....                                     | 20,909                | 27,430               |
| IDB Facility (*) .....  | 16,407                | 15,827               |
| Ciudad de Buenos Aires Loan .....                                 | 8,976                 | 2,947                |
| Galicia Loan .....  | 450                   | 1,000                |
| Banco do Brazil Loan Facility (*) .....                           | 13,327                | 12,708               |
| Rabobank Loan (*) .....   | 21,688                | 38,665               |
| ITAU (*) .....  | 6,480                 | 27,319               |
| ABC Brazil Loan .....   | 43                    | 10,134               |
| Bradesco Loan (*) .....   | 4,017                 | 4,086                |
| Votoratim .....   | 1,055                 | 2,421                |
| ING/ABN/Bladex(*) .....   | 89                    | 4                    |
| Rabobank, Syndicated Loan (*) .....                               | 23,570                | 217                  |
| ING/HSBC/ICBC/BES/Bradesco/Hinduja/Bladex/BoC/Paschi(*) .....     | 34,515                | 32,606               |
| ING/Rabobank/ABN/Crédit Agricole/HSBC/Caixa Geral/Galena(*) ..... | 34,534                | -                    |
| Banco Macro .....   | 5,057                 | -                    |
| Other borrowings .....  | 28,030                | -                    |
| Other bank borrowings .....                                       | 25,190                | 23,742               |
| Obligations under finance leases .....                            | 223                   | 287                  |
|   | <b>246,297</b>        | <b>207,182</b>       |
| <b>Total borrowings .....</b>                                     | <b>808,882</b>        | <b>698,506</b>       |

(\*) The Group was in compliance with the related covenants under the respective loan agreements.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 18. Borrowings (continued)

#### New loan – ING Bank N.V. Syndicated Loan

In January and February 2015, Adecoagro Vale do Ivinhema entered into a US\$ 160.0 million loan with syndicate of banks, led by ING Bank N.V. and Rabobank, due 2018. This syndicate loan bears an interest of LIBOR 3 months + 4.40% per annum and contains certain customary financial covenants and restrictions which require us to meet pre-defined financial ratios, among other restrictions, as well as restrictions on the payment of dividends.

#### New loan – ING Bank N.V. and Rabobank Curaçao N.V. Syndicated Loan

In August 2015, Adecoagro Vale do Ivinhema entered into a US\$ 110.0 million loan with a syndicate of banks, led by ING Bank N.V. and Rabobank Curaçao N.V., due in 2019. This syndicate loan bears an interest of LIBOR 3 months + 4.65% per annum and contains certain customary financial covenants which require us to meet pre-defined financial ratios.

As of September 30, 2015, total bank borrowings include collateralized liabilities of US\$ 744,769 (December 31, 2014: US\$ 640,034). These loans are mainly collateralized by property, plant and equipment sugarcane plantations, sugar export contracts and shares of certain subsidiaries of the Group.

The maturity of the Group's borrowings (excluding obligations under finance leases) and the Group's exposure to fixed and variable interest rates is as follows:

|                             | <b>September 30,<br/>2015</b> | <b>December 31,<br/>2014</b> |
|-----------------------------|-------------------------------|------------------------------|
|                             | (unaudited)                   |                              |
| <b>Fixed rate:</b>          |                               |                              |
| Less than 1 year .....      | 110,079                       | 95,524                       |
| Between 1 and 2 years ..... | 32,406                        | 45,518                       |
| Between 2 and 3 years ..... | 26,664                        | 41,685                       |
| Between 3 and 4 years ..... | 23,449                        | 25,809                       |
| Between 4 and 5 years ..... | 22,217                        | 39,992                       |
| More than 5 years .....     | 37,754                        | 87,219                       |
|                             | <b>252,569</b>                | <b>335,747</b>               |
| <b>Variable rate:</b>       |                               |                              |
| Less than 1 year .....      | 135,995                       | 111,371                      |
| Between 1 and 2 years ..... | 149,076                       | 130,426                      |
| Between 2 and 3 years ..... | 138,150                       | 80,199                       |
| Between 3 and 4 years ..... | 85,650                        | 13,154                       |
| Between 4 and 5 years ..... | 34,231                        | 7,346                        |
| More than 5 years .....     | 12,870                        | 19,683                       |
|                             | <b>555,972</b>                | <b>362,179</b>               |
|                             | <b>808,541</b>                | <b>697,926</b>               |

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 18. Borrowings (continued)

The carrying amounts of the Group's borrowings are denominated in the following currencies (expressed in US dollars):

|                       | <b>September 30,<br/>2015</b> | <b>December 31,<br/>2014</b> |
|-----------------------|-------------------------------|------------------------------|
|                       | (unaudited)                   |                              |
| Currency              |                               |                              |
| US Dollar.....        | 590,115                       | 320,638                      |
| Brazilian Reais ..... | 213,351                       | 362,733                      |
| Argentine Peso .....  | 5,416                         | 15,135                       |
|                       | <b>808,882</b>                | <b>698,506</b>               |

### 19. Taxation

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

|                                | <b>September 30,<br/>2015</b> | <b>September 30,<br/>2014</b> |
|--------------------------------|-------------------------------|-------------------------------|
|                                | (unaudited)                   |                               |
| Current income tax .....       | (1,893)                       | (805)                         |
| Deferred income tax .....      | (2,628)                       | (4,856)                       |
| <b>Income tax expense.....</b> | <b>(4,521)</b>                | <b>(5,661)</b>                |

There has been no change in the statutory tax rates in the countries where the Group operates since December 31, 2014,

Argentine law includes a 10% withholding tax on dividend distributions made by Argentine companies to individuals and foreign beneficiaries. As of September 30, 2015, the Company did not record any liability on retain earnings at their Argentine subsidiaries due to its dividend policy which defines that the Company intends to retain any future earnings to finance operations and the expansion of their business and does not intend to distribute or pay any cash dividends on our common shares in the foreseeable future.

The gross movement on the deferred income tax account is as follows:

|  | <b>September 30,<br/>2015</b> | <b>September 30,<br/>2014</b> |
|--|-------------------------------|-------------------------------|
|  | (unaudited)                   |                               |
| Beginning of period asset/(liability) .....      | 5,963                         | (9,255)                       |
| Exchange differences .....                       | (15,520)                      | 10,258                        |
| Tax charge relating to cash flow hedge (i) ..... | 50,960                        | 9,764                         |
| Income tax expense .....                         | (2,628)                       | (4,856)                       |
| <b>End of period asset/(liability) .....</b>     | <b>38,775</b>                 | <b>5,911</b>                  |

- (i) Relates to the gain or loss before income tax of cash flow hedge recognized in other comprehensive income net of the amount reclassified from equity to profit and loss amounting to US\$ 14,838 loss for the nine-month period ended September 30, 2015.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 19. Taxation (continued)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities as follows:

|   | <b>September 30,<br/>2015</b> | <b>September 30,<br/>2014</b> |
|---|-------------------------------|-------------------------------|
|   | (unaudited)                   |                               |
| Tax calculated at the tax rates applicable to profits in the respective countries ..... | (7,161)                       | (6,184)                       |
| Non-deductible items .....  | (349)                         | (335)                         |
| Tax losses where no deferred tax asset was recognized .....                             | (461)                         | (952)                         |
| Non-taxable income .....  | 3,429                         | 2,322                         |
| Others expenses .....   | 21                            | (512)                         |
| <b>Income tax expense .....</b>   | <b>(4,521)</b>                | <b>(5,661)</b>                |

### 20. Payroll and social security liabilities

|  | <b>September 30,<br/>2015</b> | <b>December 31,<br/>2014</b> |
|--|-------------------------------|------------------------------|
|  | (unaudited)                   |                              |
| <b>Non-current</b>                                   |                               |                              |
| Social security payable .....                        | 1,457                         | 1,278                        |
|  | <b>1,457</b>                  | <b>1,278</b>                 |
| <b>Current</b>                                       |                               |                              |
| Salaries payable .....                               | 9,311                         | 6,322                        |
| Social security payable .....                        | 2,544                         | 3,898                        |
| Provision for vacations .....                        | 9,617                         | 12,364                       |
| Provision for bonuses.....                           | 4,485                         | 4,731                        |
|  | <b>25,957</b>                 | <b>27,315</b>                |
| <b>Total payroll and social security liabilities</b> | <b>27,414</b>                 | <b>28,593</b>                |

### 21. Provisions for other liabilities

The Group is subject to several laws, regulations and business practices of the countries where it operates. In the ordinary course of business, the Group is subject to certain contingent liabilities with respect to existing or potential claims, lawsuits and other proceedings, including those involving tax, labor and social security, administrative and civil and other matters. The Group accrues liabilities when it is probable that future costs will be incurred and it can reasonably estimate them. The Group bases its accruals on up-to-date developments, estimates of the outcomes of the matters and legal counsel experience in contesting, litigating and settling matters. As the scope of the liabilities becomes better defined or more information is available, the Group may be required to change its estimates of future costs, which could have a material effect on its results of operations and financial condition or liquidity. There have been no material changes to claimed amounts and current proceedings since December 31, 2014.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 22. Sales

|  | September 30,<br>2015 | September 30,<br>2014 |
|--|-----------------------|-----------------------|
|  | (unaudited)           |                       |
| <b>Sales of manufactured products and services rendered:</b> |                       |                       |
| Ethanol .....  | 100,332               | 101,713               |
| Sugar (*).....   | 109,205               | 111,710               |
| Rice (*) .....   | 64,580                | 71,668                |
| Energy .....   | 38,431                | 40,323                |
| Powder milk .....  | 1,041                 | 2,493                 |
| Operating leases .....                                       | 986                   | 1,213                 |
| Services .....   | 1,196                 | 1,562                 |
| Others .....   | 697                   | 18                    |
|  | <b>316,468</b>        | <b>330,700</b>        |
| <b>Sales of agricultural produce and biological assets:</b>  |                       |                       |
| Soybean (*) .....  | 63,021                | 71,039                |
| Cattle for dairy production .....                            | 2,728                 | 1,868                 |
| Corn (*).....  | 28,528                | 63,141                |
| Cotton.....  | 1,261                 | 3,689                 |
| Milk.....  | 21,621                | 19,290                |
| Wheat .....  | 9,831                 | 6,226                 |
| Chia.....  | 175                   | -                     |
| Peanut.....  | 691                   | -                     |
| Sunflower .....  | 9,906                 | 6,796                 |
| Barley .....   | 625                   | 1,049                 |
| Sorghum.....   | 110                   | 72                    |
| Seeds .....  | 385                   | 823                   |
| Others .....   | 296                   | 1232                  |
|  | <b>139,178</b>        | <b>175,225</b>        |
| <b>Total sales .....</b>                                     | <b>455,646</b>        | <b>505,925</b>        |

(\*) Includes sales of soybean, corn, rice, powder milk, sugar and energy produced by third parties for an amount of US\$ 1,042; US\$ 37; US\$ 7,394; US\$ 586, US\$ 21,910 and US\$ 2 respectively.

#### *Commitments to sell commodities at a future date*

The Group entered into contracts to sell non-financial instruments, mainly, sugar, soybean and corn through sales forward contracts. Those contracts are held for purposes of delivery the non-financial instrument in accordance with the Group's expected sales. Accordingly, as the own use exception criteria are met, those contracts are not recorded as derivatives.

The notional amount of these contracts is US\$ 92.0 million as of September 30, 2015 (September 30, 2014: US\$ 159.5 million) comprised primarily of 214,339 tons of sugar (US\$ 57.2 million), 13,749 m<sup>3</sup> of ethanol (US\$ 5.4 million), 138,473 mhw of energy (US\$ 8.8 million) and 40,023 tons of soybean (US\$ 9.8 million), 46,443 tons of corn (US\$ 6.0 million), 16,753 tons of wheat (US\$ 2.1 million), 366 tons of cotton (US\$ 0.4 million) and 5,870 tons of others crops (US\$ 2.3 million) which expire between October 2015 and December 2015.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 23. Expenses by nature

The following table provides the additional disclosure required on the nature of expenses and their relationship to the function within the Group:

|   | <b>September 30,<br/>2015</b> | <b>September 30,<br/>2014</b> |
|---|-------------------------------|-------------------------------|
|   | (unaudited)                   |                               |
| Cost of agricultural produce and biological assets sold.....        | 117,270                       | 154,322                       |
| Raw materials and consumables used in manufacturing activities..... | 128,778                       | 124,109                       |
| Services.....   | 7,809                         | 10,269                        |
| Salaries and social security expenses (Note 24)                     | 43,495                        | 45,586                        |
| Depreciation and amortization .....                                 | 51,422                        | 67,013                        |
| Taxes (*) .....   | 2,582                         | 2,796                         |
| Maintenance and repairs .....                                       | 7,432                         | 8,211                         |
| Lease expense and similar arrangements(**)                          | 1,201                         | 1,762                         |
| Freights .....  | 31,445                        | 33,671                        |
| Export taxes / selling taxes.....                                   | 22,616                        | 22,765                        |
| Fuel and lubricants .....   | 5,886                         | 6,425                         |
| Others.....   | 14,898                        | 11,208                        |
| <b>Total expenses by nature .....</b>                               | <b>434,834</b>                | <b>488,137</b>                |

(\*) Excludes export taxes and selling taxes.

(\*\*) Relates to various cancellable operating lease agreements for office and machinery equipment.

For the nine-month period ended September 30, 2015, an amount of US\$ 211,086 is included as “cost of manufactured products sold and services rendered” (September 30, 2014: 221,902); an amount of US\$ 139,178 is included as “cost of agricultural produce sold and direct agricultural selling expenses” (September 30, 2014: 175,225); an amount of US\$ 36,345 is included in “general and administrative expenses” (September 30, 2014: 39,239); and an amount of US\$ 48,225 is included in “selling expenses” as described above (September 30, 2014: 51,771).

### 24. Salaries and social security expenses

|   | <b>September 30,<br/>2015</b> | <b>September 30,<br/>2014</b> |
|---|-------------------------------|-------------------------------|
|   | (unaudited)                   |                               |
| Wages and salaries.....                     | 30,600                        | 32,500                        |
| Social security costs.....                  | 9,735                         | 10,158                        |
| Equity-settled share-based compensation ... | 3,160                         | 2,928                         |
|   | <b>43,495</b>                 | <b>45,586</b>                 |
| Number of employees .....                   | 8,326                         | 8,239                         |

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 25. Other operating (loss)/income, net

|   | September 30,<br>2015 | September 30,<br>2014 |
|---|-----------------------|-----------------------|
|   | (unaudited)           |                       |
| Gain/(Loss) from commodity derivative financial instruments ..... | 30,238                | 14,228                |
| Gain / (Loss) from onerous contracts – forwards .....             | 2                     | (176)                 |
| Gain from disposal of other property items                        | 909                   | 788                   |
| Others .....  | 118                   | 211                   |
|   | <b>31,267</b>         | <b>15,051</b>         |

### 26. Financial results, net

|  | September 30,<br>2015 | September 30,<br>2014 |
|--|-----------------------|-----------------------|
|  | (unaudited)           |                       |
| Finance income:  |                       |                       |
| - Interest income .....  | 6,820                 | 5,735                 |
| - Gain from interest rate/foreign exchange rate derivative financial instruments, net .... | -                     | 679                   |
| - Other income .....   | 414                   | 229                   |
| <b>Finance income</b> .....  | <b>7,234</b>          | <b>6,643</b>          |
| Finance costs:   |                       |                       |
| - Interest expense .....   | (36,961)              | (42,314)              |
| - Cash flow hedge – transfer from equity....   | (14,838)              | (5,062)               |
| - Loss from interest rate/foreign exchange rate derivative financial instruments .....     | (4,288)               | (863)                 |
| - Foreign exchange losses, net .....   | (3,110)               | (6,889)               |
| - Taxes .....  | (2,312)               | (3,003)               |
| - Other expenses .....   | (2,807)               | (1,513)               |
| <b>Finance costs</b> .....   | <b>(64,316)</b>       | <b>(59,644)</b>       |
| <b>Total financial results, net</b> .....  | <b>(57,082)</b>       | <b>(53,001)</b>       |

### 27. Disclosure of leases and similar arrangements

#### *The Group as lessor - Operating leases*

In September 2013, Marfrig Argentina S.A. (“Marfrig ARG”), an Argentine company subsidiary of the Brazilian company Marfrig Alimentos S.A. (today Marfrig Global Foods S.A.) (“Marfrig Brazil”) unilaterally early terminated the Master Agreement, including the lease agreements entered into with the Group on December 2009 for a ten-year term. Therefore, on April 21, 2014 the Group filed a lawsuit against Marfrig ARG and Marfrig Brazil claiming the indemnification set forth in the Master Agreement and unpaid invoices for aggregate of approximately US\$ 22.5 million. The lawsuit was filed with the Court of Arbitration of the Stock Exchange Chamber of the City of Buenos Aires.

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

# Adecoagro S.A.

## Notes to the Condensed Consolidated Interim Financial Statements (continued)

(All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

### 28. Related-party transactions

The following is a summary of the balances and transactions with related parties:

| Related party   | Relationship  | Description of transaction                                    | Income (loss) included in the statement of income |                    | Balance receivable (payable) |                   |
|---|---------------|---|---|--------------------|------------------------------|-------------------|
|   |               |   | September 30, 2015                                | September 30, 2014 | September 30, 2015           | December 31, 2014 |
|   |               |   | (unaudited)                                       | (unaudited)        | (unaudited)                  |                   |
| Mario Jorge de Lemos Vieira/ Cia Agropecuaria Monte Alegre/ Alfenas Agricola Ltda./ Marcelo Weyland Barbosa Vieira/ Paulo Albert Weyland Vieira | (i)           | Receivables (Note 11) .                                       | -   | -                  | -                            | 258               |
|   |               | Cost of manufactured products sold and services rendered (ii) | (195)   | (2,357)            | -                            | -                 |
|   |               | Payables (Note 17)  | -   | -                  | (192)                        | -                 |
| CHS Agro  | Joint venture | Services .....  | 42  | 31                 | -                            | -                 |
|   |               | Sales of goods.....   | 2,245   | 1,290              | -                            | -                 |
|   |               | Interest income.....  | 137   | 18                 | -                            | -                 |
|   |               | Receivables (Note 11).....                                    | -   | -                  | 8,112                        | -                 |
| Directors and senior management   | Employment    | Compensation selected employees .....                         | (5,670)   | (5,553)            | (15,639)                     | (16,876)          |

(i) Shareholder of the Company.

(ii) Relates to agriculture partnership agreements (“parceria”)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.