

**Adecoagro S.A.**

**Condensed Consolidated Interim Financial Statements as of  
March 31, 2015 and for the three-month periods ended March  
31, 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:** June 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 1,798,883 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 **March 31, 2015** and **December 31, 2014**

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

|  | Note | <b>March 31,<br/>2015</b> | <b>December 31,<br/>2014</b> |
|--|------|---------------------------|------------------------------|
|  |      | (unaudited)               |                              |
| <b>ASSETS</b>  |      |                           |                              |
| <b>Non-Current Assets</b>  |      |                           |                              |
| Property, plant and equipment.....                                       | 6    | 711,450                   | 776,905                      |
| Investment property.....   | 7    | 6,470                     | 6,675                        |
| Intangible assets .....  | 8    | 21,556                    | 23,778                       |
| Biological assets.....   | 9    | 261,823                   | 286,044                      |
| Investments in joint ventures.....                                       |      | 1,839                     | 2,752                        |
| Deferred income tax assets.....  | 18   | 54,224                    | 45,597                       |
| Trade and other receivables.....   | 11   | 44,417                    | 50,590                       |
| Other assets .....   |      | 498                       | 587                          |
| <b>Total Non-Current Assets.....</b>                                     |      | <b>1,102,277</b>          | <b>1,192,928</b>             |
| <b>Current Assets</b>  |      |                           |                              |
| Biological assets.....   | 9    | 47,712                    | 55,188                       |
| Inventories.....   | 12   | 97,240                    | 104,919                      |
| Trade and other receivables.....   | 11   | 129,997                   | 164,526                      |
| Derivative financial instruments.....                                    | 10   | 18,898                    | 7,966                        |
| Cash and cash equivalents.....   | 13   | 198,279                   | 113,795                      |
| <b>Total Current Assets.....</b>   |      | <b>492,126</b>            | <b>446,394</b>               |
| <b>TOTAL ASSETS.....</b>   |      | <b>1,594,403</b>          | <b>1,639,322</b>             |
| <b>SHAREHOLDERS EQUITY</b>   |      |                           |                              |
| <b>Capital and reserves attributable to equity holders of the parent</b> |      |                           |                              |
| Share capital .....  | 14   | 183,573                   | 183,573                      |
| Share premium .....  | 14   | 933,790                   | 933,044                      |
| Cumulative translation adjustment .....                                  |      | (473,654)                 | (395,804)                    |
| Equity-settled compensation.....   |      | 17,401                    | 16,735                       |
| Cash flow hedge.....   |      | (84,955)                  | (43,064)                     |
| Reserve from the sale of non-controlling interests in subsidiaries ..... |      | 25,508                    | 25,508                       |
| Treasury shares.....   |      | (2,699)                   | (2,840)                      |
| Retained earnings .....  |      | 58,471                    | 45,644                       |
| <b>Equity attributable to equity holders of the parent .....</b>         |      | <b>657,435</b>            | <b>762,796</b>               |
| Non-controlling interest .....   |      | 8,275                     | 7,589                        |
| <b>TOTAL SHAREHOLDERS EQUITY .....</b>                                   |      | <b>665,710</b>            | <b>770,385</b>               |
| <b>LIABILITIES</b>   |      |                           |                              |
| <b>Non-Current Liabilities</b>   |      |                           |                              |
| Trade and other payables.....  | 16   | 2,363                     | 2,391                        |
| Borrowings.....  | 17   | 584,696                   | 491,324                      |
| Deferred income tax liabilities .....                                    | 18   | 38,829                    | 39,635                       |
| Payroll and social security liabilities .....                            | 19   | 1,322                     | 1,278                        |
| Derivatives financial instruments .....                                  | 10   | 44                        | 39                           |
| Provisions for other liabilities .....                                   | 20   | 1,971                     | 2,013                        |
| <b>Total Non-Current Liabilities.....</b>                                |      | <b>629,225</b>            | <b>536,680</b>               |
| <b>Current Liabilities</b>   |      |                           |                              |
| Trade and other payables.....  | 16   | 65,684                    | 83,100                       |
| Current income tax liabilities .....                                     |      | 170                       | 76                           |
| Payroll and social security liabilities .....                            | 19   | 24,625                    | 27,315                       |
| Borrowings.....  | 17   | 193,141                   | 207,182                      |
| Derivative financial instruments.....                                    | 10   | 15,036                    | 13,860                       |
| Provisions for other liabilities.....                                    | 20   | 812                       | 724                          |
| <b>Total Current Liabilities.....</b>                                    |      | <b>299,468</b>            | <b>332,257</b>               |
| <b>TOTAL LIABILITIES .....</b>   |      | <b>928,693</b>            | <b>868,937</b>               |
| <b>TOTAL SHAREHOLDERS EQUITY AND LIABILITIES .....</b>                   |      | <b>1,594,403</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 three-month periods ended March 31, 2015 and 2014

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

|   | Note | March 31,<br>2015 | March 31,<br>2014 |
|---|------|-------------------|-------------------|
|   |      | (unaudited)       |                   |
| Sales of manufactured products and services rendered ....   | 21   | 84,480            | 68,811            |
| Cost of manufactured products sold and services rendered.....                                     | 22   | (60,234)          | (46,340)          |
| <b>Gross Profit from Manufacturing Activities .....</b>   |      | <b>24,246</b>     | <b>22,471</b>     |
| Sales of agricultural produce and biological assets .....   | 21   | 29,738            | 30,318            |
| Cost of agricultural produce sold and direct agricultural selling expenses.....                   | 22   | (29,738)          | (30,318)          |
| Initial recognition and changes in fair value of biological assets and agricultural produce ..... | 9    | 23,666            | 38,945            |
| Changes in net realizable value of agricultural produce after harvest .....                       |      | (162)             | 861               |
| <b>Gross Profit from Agricultural Activities.....</b>   |      | <b>23,504</b>     | <b>39,806</b>     |
| <b>Margin on Manufacturing and Agricultural Activities Before Operating Expenses.....</b>         |      | <b>47,750</b>     | <b>62,277</b>     |
| General and administrative expenses.....  | 22   | (12,018)          | (10,780)          |
| Selling expenses .....  | 22   | (13,255)          | (11,636)          |
| Other operating (expense)/ income, net.....   | 24   | 21,625            | (13,570)          |
| Share of loss of joint ventures .....   |      | (878)             | (225)             |
| <b>Profit from Operations Before Financing and Taxation .....</b>                                 |      | <b>43,224</b>     | <b>26,066</b>     |
| Finance income .....  | 25   | 3,291             | 2,165             |
| Finance costs .....   | 25   | (27,783)          | (18,338)          |
| Financial results, net.....   | 25   | (24,492)          | (16,173)          |
| <b>Profit Before Income Tax .....</b>   |      | <b>18,732</b>     | <b>9,893</b>      |
| Income tax expense .....  | 18   | (4,971)           | (7,297)           |
| <b>Profit for the Period .....</b>  |      | <b>13,761</b>     | <b>2,596</b>      |
| <b>Attributable to:</b>   |      |                   |                   |
| Equity holders of the parent .....  |      | 12,827            | 2,590             |
| Non-controlling interest .....  |      | 934               | 6                 |
| <b>Income per share attributable to the equity holders of the parent during the period:</b>       |      |                   |                   |
| Basic.....  |      | 0.106             | 0.021             |
| Diluted.....  |      | 0.105             | 0.021             |

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 three-month periods ended March 31, 2015 and 2014

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

|   | <b>March 31,<br/>2015</b> | <b>March 31,<br/>2014</b> |
|---|---------------------------|---------------------------|
|   | <u>(unaudited)</u>        |                           |
| Profit for the period .....                                     | 13,761                    | 2,596                     |
| <b>Other comprehensive income:</b>                              |                           |                           |
| Exchange differences on translating foreign<br>operations ..... | (78,097)                  | (13,785)                  |
| Cash flow hedge .....   | <u>(41,892)</u>           | <u>(4,382)</u>            |
| <b>Other comprehensive loss for the period .....</b>            | <u>(119,989)</u>          | <u>(18,167)</u>           |
| <b>Total comprehensive loss for the period .....</b>            | <u><b>(106,228)</b></u>   | <u><b>(15,571)</b></u>    |
| <b>Attributable to:</b>   |                           |                           |
| Equity holders of the parent.....                               | (106,914)                 | (15,565)                  |
| Non-controlling interest.....                                   | 686                       | (6)                       |

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 three-month periods ended March 31, 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 14) | Share Premium  | Cumulative<br>Translation<br>Adjustment | Equity-settled<br>Compensation | Cash flow<br>hedge<br>(*) | Other<br>reserves | Treasury<br>shares | Retained<br>Earnings | Subtotal       | Non-Controlling<br>Interest | Total<br>Shareholders'<br>Equity |
| <b>Balance at January 1, 2014</b> .....                             | 183,573                    | 939,072        | (311,807)                               | 17,352                         | (15,782)                  | (161)             | (961)              | 43,018               | 854,304        | 45                          | 854,349                          |
| Profit for the period .....   | -                          | -              | -                                       | -                              | -                         | -                 | -                  | 2,590                | 2,590          | 6                           | 2,596                            |
| Other comprehensive income:   |                            |                |   |                                |                           |                   |                    |                      |                |                             |                                  |
| - Items that may be reclassified<br>subsequently to profit or loss: |                            |                |   |                                |                           |                   |                    |                      |                |                             |                                  |
| Exchange differences on<br>translating foreign operations .....     | -                          | -              | (13,778)                                | -                              | -                         | -                 | -                  | -                    | (13,778)       | (7)                         | (13,785)                         |
| Cash flow hedge (*) .....   | -                          | -              | -                                       | -                              | (4,377)                   | -                 | -                  | -                    | (4,377)        | (5)                         | (4,382)                          |
| Other comprehensive income for<br>the period .....                  | -                          | -              | (13,778)                                | -                              | (4,377)                   | -                 | -                  | -                    | (18,155)       | (12)                        | (18,167)                         |
| Total comprehensive income for<br>the period .....                  | -                          | -              | (13,778)                                | -                              | (4,377)                   | -                 | -                  | 2,590                | (15,565)       | (6)                         | (15,571)                         |
| <br>Employee share options (Note 15)                                |                            |                |   |                                |                           |                   |                    |                      |                |                             |                                  |
| - Value of employee services .....                                  | -                          | -              | -                                       | 6                              | -                         | -                 | -                  | -                    | 6              | -                           | 6                                |
| - Exercised .....   | -                          | 518            | -                                       | (177)                          | -                         | -                 | 118                | -                    | 459            | -                           | 459                              |
| - Forfeited .....   | -                          | -              | -                                       | (31)                           | -                         | -                 | -                  | 31                   | -              | -                           | -                                |
| Restricted shares (Note 15):  |                            |                |   |                                |                           |                   |                    |                      |                |                             |                                  |
| - Value of employee services .....                                  | -                          | -              | -                                       | 792                            | -                         | -                 | -                  | -                    | 792            | -                           | 792                              |
| - Vested .....  | -                          | -              | -                                       | -                              | -                         | -                 | -                  | -                    | -              | -                           | -                                |
| - Forfeited .....   | -                          | -              | -                                       | -                              | -                         | 2                 | (2)                | -                    | -              | -                           | -                                |
| Purchase of own shares (Note 14)                                    | -                          | (10,424)       | -                                       | -                              | -                         | -                 | (2,534)            | -                    | (12,958)       | -                           | (12,958)                         |
| <b>Balance at March 31, 2014<br/>(unaudited)</b> .....              | <b>183,573</b>             | <b>929,166</b> | <b>(325,585)</b>                        | <b>17,942</b>                  | <b>(20,159)</b>           | <b>(159)</b>      | <b>(3,379)</b>     | <b>45,639</b>        | <b>827,038</b> | <b>39</b>                   | <b>827,077</b>                   |

(\*) Net of 2,448 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 three-month periods ended March 31, 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 14)                   | Share<br>Premium | Cumulative<br>Translation<br>Adjustment | Equity-settled<br>Compensation | Cash flow<br>hedge | Treasury<br>shares | Reserve<br>from the<br>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 .....   | -  | -                | -                                       | -                              | -                  | -                  | -  | 12,827               | 12,827         | 934                             | 13,761                           |
| Other comprehensive income:   |  |                  |   |                                |                    |                    |  |                      |                |                                 |                                  |
| - Items that may be reclassified<br>subsequently to profit or loss: |  |                  |   |                                |                    |                    |  |                      |                |                                 |                                  |
| Exchange differences on<br>translating foreign operations .....     | -  | -                | (77,850)                                | -                              | -                  | -                  | -  | (77,850)             | (247)          | (78,097)                        |                                  |
| Cash flow hedge (*) .....   | -  | -                | -                                       | -                              | (41,891)           | -                  | -  | (41,891)             | (1)            | (41,892)                        |                                  |
| Other comprehensive income for<br>the period .....                  | -  | -                | (77,850)                                | -                              | (41,891)           | -                  | -  | (119,741)            | (248)          | (119,989)                       |                                  |
| Total comprehensive income for<br>the period .....                  | -  | -                | (77,850)                                | -                              | (41,891)           | -                  | -  | 12,827               | (106,914)      | 686                             | (106,228)                        |
| <br>Employee share options (Note 15)                                |  |                  |   |                                |                    |                    |  |                      |                |                                 |                                  |
| - Value of employee services .....                                  | -  | -                | -                                       | -                              | -                  | -                  | -  | -                    | -              | -                               | -                                |
| - Exercised .....   | -  | 746              | -                                       | (253)                          | -                  | 141                | -  | -                    | 634            | -                               | 634                              |
| - Forfeited .....   | -  | -                | -                                       | -                              | -                  | -                  | -  | -                    | -              | -                               | -                                |
| Restricted shares (Note 15):  |  |                  |   |                                |                    |                    |  |                      |                |                                 |                                  |
| - Value of employee services .....                                  | -  | -                | -                                       | 919                            | -                  | -                  | -  | 919                  | -              | 919                             |                                  |
| - Vested .....  | -  | -                | -                                       | -                              | -                  | -                  | -  | -                    | -              | -                               |                                  |
| - Forfeited .....   | -  | -                | -                                       | -                              | -                  | -                  | -  | -                    | -              | -                               |                                  |
| <b>Balance at March 31, 2015<br/>(unaudited)</b> .....              | <b>183,573</b>                               | <b>933,790</b>   | <b>(473,654)</b>                        | <b>17,401</b>                  | <b>(84,955)</b>    | <b>(2,699)</b>     | <b>25,508</b>  | <b>58,471</b>        | <b>657,435</b> | <b>8,275</b>                    | <b>665,710</b>                   |

(\*) Net of 21,658 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 three-month periods ended March 31, 2015 and 2014

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

|   | Note   | March 31,<br>2015 | March 31,<br>2014 |
|---|--------|-------------------|-------------------|
|   |        | (unaudited)       |                   |
| <b>Cash flows from operating activities:</b>  |        |                   |                   |
| <b>Profit for the period</b>  |        | 13,761            | 2,596             |
| <i>Adjustments for:</i>   |        |                   |                   |
| Income tax expense .....  | 18     | 4,971             | 7,297             |
| Depreciation .....  | 22     | 4,742             | 5,186             |
| Amortization .....  | 22     | 135               | 101               |
| Gain from of disposal of other property items .....   | 24     | (393)             | (351)             |
| Equity settled share-based compensation granted .....   | 23     | 919               | 798               |
| (Gain)/loss from derivative financial instruments and forwards .....                                | 24, 25 | (21,316)          | 13,335            |
| Interest and other expense, net .....   | 25     | 10,783            | 12,075            |
| Initial recognition and changes in fair value of non harvested biological assets (unrealized) ..... |        | (20,065)          | (28,787)          |
| Changes in net realizable value of agricultural produce after harvest (unrealized) .....            |        | 157               | 191               |
| Provision and allowances .....  |        | 458               | 2,094             |
| Share of loss from joint venture .....  |        | 878               | 225               |
| Foreign exchange gains, net .....   | 25     | 13,694            | 3,702             |
| Cash flow hedge – transfer from equity .....  | 25     | (464)             | 245               |
| <b>Subtotal .....</b>   |        | <b>8,260</b>      | <b>18,707</b>     |
| <b>Changes in operating assets and liabilities:</b>   |        |                   |                   |
| Decrease in trade and other receivables .....   |        | 24,435            | 6,946             |
| Increase in inventories .....   |        | (891)             | (3,643)           |
| Decrease in biological assets .....   |        | 11,296            | 18,329            |
| Decrease in other assets .....  |        | 6                 | 17                |
| Decrease /(increase) in derivative financial .....  |        | 11,309            | (2,980)           |
| (Increase)/decrease in trade and other payables .....   |        | (13,027)          | 4,438             |
| Increase /(decrease) in payroll and social security liabilities .....                               |        | 486               | (1,095)           |
| Increase in provisions for other liabilities .....  |        | 19                | 281               |
| Net cash generated in operating activities before interest and taxes paid .....                     |        | <b>41,893</b>     | 41,000            |
| Income tax paid .....   |        | (90)              | (85)              |
| <b>Net cash generated from operating activities .....</b>   |        | <b>41,803</b>     | <b>40,915</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 three-month periods ended March 31, 2015 and 2014 (continued)**

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

|   | Note | <b>March 31,<br/>2015</b> | <b>March 31,<br/>2014</b> |
|---|------|---------------------------|---------------------------|
|   |      | (unaudited)               |                           |
| <b>Cash flows from investing activities:</b>                                |      |                           |                           |
| Purchases of property, plant and equipment .....                            |      | (51,284)                  | (87,963)                  |
| Purchases of intangible assets .....  | 8    | (195)                     | (238)                     |
| Purchase of cattle and non-current biological assets<br>planting cost ..... |      | (11,268)                  | (25,130)                  |
| Interest received .....   | 25   | 2,568                     | 1,477                     |
| Investments in joint ventures .....   |      | -                         | (1,372)                   |
| Proceeds from sale of property, plant and equipment                         |      | 127                       | 268                       |
| Loans to joint venture .....  |      | (561)                     | -                         |
| <b>Net cash used in investing activities .....</b>                          |      | <b><u>(60,613)</u></b>    | <b><u>(112,958)</u></b>   |
| <br><b>Cash flows from financing activities:</b>                            |      |                           |                           |
| Proceeds from equity settled share-based<br>compensation exercised .....    |      | 634                       | 459                       |
| Proceeds from long-term borrowings.....                                     |      | 160,746                   | 120,770                   |
| Payments of long-term borrowings .....                                      |      | (11,189)                  | (30,192)                  |
| Proceeds from short-term borrowings.....                                    |      | 5,216                     | 18,959                    |
| Payment of short-term borrowings.....                                       |      | (19,810)                  | (11,242)                  |
| Interest paid .....   |      | (9,718)                   | (10,201)                  |
| Purchase of own shares .....  |      | -                         | (12,992)                  |
| <b>Net cash generated from financing activities .....</b>                   |      | <b><u>125,879</u></b>     | <b><u>75,561</u></b>      |
| <br><b>Net decrease in cash and cash equivalents .....</b>                  |      | <b><u>107,069</u></b>     | <b><u>3,518</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 .....       |      | (22,585)                  | 11,766                    |
| <b>Cash and cash equivalents at end of period .....</b>                     |      | <b><u>198,279</u></b>     | <b><u>247,431</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 May 12, 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 March 31, 2015 and for the three-month periods ended March 31, 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 March 31, 2015, results of operations and cash flows for the three-month periods ended March 31, 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 31 December 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 three months ended March 31, 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 June, 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 June 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 three month period ended March 31, 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 March 31, 2015. All amounts are shown in US dollars.

| Net monetary position<br>(Liability)/ Asset | March 31, 2015<br>(unaudited) |                    |                   |               |                  |
|---|-------------------------------|--------------------|-------------------|---------------|------------------|
|   | Functional currency           |                    |                   |               |                  |
|   | Argentine<br>Peso             | Brazilian<br>Reais | Uruguayan<br>Peso | US Dollar     | Total            |
| Argentine Peso.....                         | (17,723)                      | -                  | -                 | -             | (17,723)         |
| Brazilian Reais.....                        | -                             | (232,840)          | -                 | -             | (232,840)        |
| US Dollar.....                              | (68,109)                      | (371,435)          | 38,233            | 84,795        | (316,516)        |
| Uruguayan Peso.....                         | -                             | -                  | (132)             | -             | (132)            |
| <b>Total.....</b>                           | <b>(85,832)</b>               | <b>(604,275)</b>   | <b>38,101</b>     | <b>84,795</b> | <b>(567,211)</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 March 31, 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   | March 31, 2015<br>(unaudited) |                    |                   |           |                 |
|---|-------------------------------|--------------------|-------------------|-----------|-----------------|
|   | Functional currency           |                    |                   |           |                 |
|   | Argentine<br>Peso             | Brazilian<br>Reais | Uruguayan<br>Peso | US Dollar | Total           |
| Argentine Peso.....   | -                             | -                  | -                 | -         | -               |
| Brazilian Reais.....  | -                             | -                  | -                 | -         | -               |
| US Dollar.....  | (6,811)                       | (37,144)           | 3,823             | -         | (40,132)        |
| Uruguayan Peso.....   | -                             | -                  | -                 | -         | -               |
| <b>(Decrease) or increase in<br/>Profit Before Income Tax ...</b> | <b>(6,811)</b>                | <b>(37,144)</b>    | <b>3,823</b>      | <b>-</b>  | <b>(40,132)</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 March 31, 2015, a total amount before income tax of US\$ 63,085 was recognized in other comprehensive income and an amount of US\$ 464 gain 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 March 31, 2015 (all amounts are shown in US dollars):

| Rate per currency denomination               | March 31, 2015<br>(unaudited) |                    |                   | Total          |
|--|-------------------------------|--------------------|-------------------|----------------|
|  | Functional currency           |                    |                   |                |
|  | Argentine<br>Peso             | Brazilian<br>Reais | Uruguayan<br>Peso |                |
| <b>Fixed rate:</b>                           |                               |                    |                   |                |
| Argentine Peso.....                          | 15,136                        | -                  | -                 | 15,136         |
| Brazilian Reais.....                         | -                             | 190,911            | -                 | 190,911        |
| US Dollar.....                               | 47,164                        | 32,260             | -                 | 79,424         |
| <b>Subtotal Fixed-rate borrowings.....</b>   | <b>62,300</b>                 | <b>223,171</b>     | <b>-</b>          | <b>285,471</b> |
| <b>Variable rate:</b>                        |                               |                    |                   |                |
| Brazilian Reais.....                         | -                             | 90,864             | -                 | 90,864         |
| US Dollar.....                               | 26,518                        | 374,545            | -                 | 401,063        |
| <b>Subtotal Variable-rate borrowings ..</b>  | <b>26,518</b>                 | <b>465,409</b>     | <b>-</b>          | <b>491,927</b> |
| <b>Total borrowings as per analysis ....</b> | <b>88,818</b>                 | <b>688,580</b>     | <b>-</b>          | <b>777,398</b> |
| Finance leases .....                         | 439                           | -                  | -                 | 439            |
| <b>Total borrowings at March 31, 2015</b>    | <b>89,257</b>                 | <b>688,580</b>     | <b>-</b>          | <b>777,837</b> |

3.

At March 31, 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                                      | March 31, 2015<br>(unaudited) |                    |                   | Total          |
|---|-------------------------------|--------------------|-------------------|----------------|
|   | Functional currency           |                    |                   |                |
|   | Argentine<br>Peso             | Brazilian<br>Reais | Uruguayan<br>Peso |                |
| <b>Variable rate:</b>   |                               |                    |                   |                |
| Brazilian Reais.....  | -                             | (909)              | -                 | (909)          |
| US Dollar.....  | (265)                         | (3,745)            | -                 | (4,010)        |
| <b>(Decrease) or increase in Profit<br/>Before Income Tax .....</b> | <b>(265)</b>                  | <b>(4,654)</b>     | <b>-</b>          | <b>(4,919)</b> |

- **Credit risk**

As of March 31, 2015, 4 banks accounted for more than 83% 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 March 31, 2015:

- **Futures / Options**

| Type of<br>derivative contract | March 31, 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 .....                     | 235                               | 35,126             | (147)  | 1,754                                 |
| Soybean .....                  | 221                               | 70,501             | 1,217  | 1,961                                 |
| Wheat.....                     | 4                                 | 581                | (109)  | (111)                                 |
| Sugar.....                     | 252                               | 81,403             | 12,677   | 10,443                                |
| Ethanol.....                   | 5                                 | 1,942              | 26   | 26                                    |
| <b>OTC:</b>                    |                                   |                    |  |                                       |
| Sugar.....                     | 55                                | 23,150             | 1,368  | (713)                                 |
| <b>Options:</b>                |                                   |                    |  |                                       |
| <b>Buy put</b>                 |                                   |                    |  |                                       |
| Corn .....                     | 17                                | 390                | 480  | 66                                    |
| Soybean .....                  | 10                                | 366                | 257  | (109)                                 |
| Sugar.....                     | 35                                | 182                | 941  | 941                                   |
| <b>Sell call</b>               |                                   |                    |  |                                       |
| Corn .....                     | 9                                 | (360)              | (171)  | 118                                   |
| Sugar.....                     | 30                                | 41                 | (130)  | -                                     |
| <b>Sell put</b>                |                                   |                    |  |                                       |
| Soybean .....                  | 4                                 | (152)              | (82)   | (70)                                  |
| Sugar.....                     | 36                                | 47                 | (151)  | (151)                                 |
| <b>Buy call</b>                |                                   |                    |  |                                       |
| Soybean .....                  | 2                                 | 5                  | -  | (5)                                   |
| Sugar.....                     | 30                                | 29                 | 298  | -                                     |
| <b>Total .....</b>             | <b>947</b>                        | <b>213,251</b>     | <b>16,474</b>  | <b>14,290</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.

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)

#### ▪ Other derivative financial instruments

As of March 31, 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 March 31, 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\$ 2.5 million. No contract of this kind was entered in 2015. Those contracts entered in 2014 had maturity dates ranging between March 2014 and June 2014. The outstanding contracts resulted in the recognition of a gain of US\$ 0.1 million in 2014. Gain and losses on currency forward contracts are included within “Financial results, net” in the statement of income.

During the period ended on March 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\$ 26.5 million. The currency forward contracts maturity date ranging between June 2015 and September 2015. The outstanding contracts resulted in the recognition of a gain amounting to US\$ 1.51million 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.

### 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 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)

- 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;
  - 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.

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 three-month period ended March 31, 2015 (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 .....  | 77             | 28,479        | 83            | 310                           | 28,949                      | 55,531                                   | -                              | -                | 84,480           |
| Cost of manufactured products sold and services rendered .....  | -              | (23,156)      | (168)         | (186)                         | (23,510)                    | (36,724)                                 | -                              | -                | (60,234)         |
| <b>Gross Profit from Manufacturing Activities</b> .....   | <b>77</b>      | <b>5,323</b>  | <b>(85)</b>   | <b>124</b>                    | <b>5,439</b>                | <b>18,807</b>                            | -                              | -                | <b>24,246</b>    |
| Sales of agricultural produce and biological assets .....   | 21,752         | 9             | 7,977         | -                             | 29,738                      | -  | -                              | -                | 29,738           |
| Cost of agricultural produce sold and direct agricultural selling<br>expenses .....                             | (21,752)       | (9)           | (7,977)       | -                             | (29,738)                    | -  | -                              | -                | (29,738)         |
| Initial recognition and changes in fair value of biological assets and<br>agricultural produce .....            | 9,004          | 4,717         | 1,955         | (1)                           | 15,675                      | 7,991                                    | -                              | -                | 23,666           |
| Changes in net realizable value of agricultural produce after harvest.....                                      | (162)          | -             | -             | -                             | (162)                       | -  | -                              | -                | (162)            |
| <b>Gross Profit / (loss) from Agricultural Activities</b> .....   | <b>8,842</b>   | <b>4,717</b>  | <b>1,955</b>  | <b>(1)</b>                    | <b>15,513</b>               | <b>7,991</b>                             | -                              | -                | <b>23,504</b>    |
| <b>Margin on Manufacturing and Agricultural Activities Before<br/>Operating Expenses</b> .....                  | <b>8,919</b>   | <b>10,040</b> | <b>1,870</b>  | <b>123</b>                    | <b>20,952</b>               | <b>26,798</b>                            | -                              | -                | <b>47,750</b>    |
| General and administrative expenses .....   | (1,403)        | (1,087)       | (370)         | (19)                          | (2,879)                     | (4,421)                                  | -                              | (4,718)          | (12,018)         |
| Selling expenses .....  | (802)          | (4,291)       | (165)         | (7)                           | (5,265)                     | (7,506)                                  | -                              | (484)            | (13,255)         |
| Other operating (loss)/income, net .....  | 8,962          | 479           | (28)          | 2                             | 9,415                       | 12,205                                   | -                              | 5                | 21,625           |
| Share of loss of joint ventures .....   | (878)          | -             | -             | -                             | (878)                       | -  | -                              | -                | (878)            |
| <b>Profit / (loss) from Operations Before Financing and Taxation</b> .....                                      | <b>14,798</b>  | <b>5,141</b>  | <b>1,307</b>  | <b>99</b>                     | <b>21,345</b>               | <b>27,076</b>                            | -                              | <b>(5,197)</b>   | <b>43,224</b>    |
| Depreciation and amortization .....   | (493)          | (795)         | (380)         | (78)                          | (1,746)                     | (3,131)                                  | -                              | -                | (4,877)          |
| Initial recognition and changes in fair value of biological assets<br>(unrealized) .....                        | 4,139          | 40            | -             | (1)                           | 4,178                       | 12,281                                   | -                              | -                | 16,459           |
| Initial recognition and changes in fair value of agricultural produce<br>(unrealized) .....                     | 3,817          | 3,084         | -             | -                             | 6,901                       | (3,295)                                  | -                              | -                | 3,606            |
| Initial recognition and changes in fair value of biological assets and<br>agricultural produce (realized) ..... | 1,048          | 1,593         | 1,955         | -                             | 4,596                       | (995)                                    | -                              | -                | 3,601            |
| Changes in net realizable value of agricultural produce after harvest<br>(unrealized) .....                     | (157)          | -             | -             | -                             | (157)                       | -  | -                              | -                | (157)            |
| Changes in net realizable value of agricultural produce after harvest<br>(realized) .....                       | (5)            | -             | -             | -                             | (5)                         | -  | -                              | -                | (5)              |
| Property, plant and equipment, net .....  | 113,015        | 45,833        | 15,229        | 13,538                        | 187,615                     | 523,835                                  | -                              | -                | 711,450          |
| Investment property .....   | -              | -             | -             | 6,470                         | 6,470                       | -  | -                              | -                | 6,470            |
| Goodwill.....   | 6,993          | 3,129         | -             | 608                           | 10,730                      | 7,541                                    | -                              | -                | 18,271           |
| Biological assets .....   | 43,460         | 3,834         | 9,126         | 1,872                         | 58,292                      | 251,243                                  | -                              | -                | 309,535          |
| Investment in joint ventures .....  | 1,839          | -             | -             | -                             | 1,839                       | -  | -                              | -                | 1,839            |
| Inventories.....  | 30,489         | 35,231        | 2,370         | -                             | 68,090                      | 29,150                                   | -                              | -                | 97,240           |
| <b>Total segment assets</b> .....   | <b>195,796</b> | <b>88,027</b> | <b>26,725</b> | <b>22,488</b>                 | <b>333,036</b>              | <b>811,769</b>                           | -                              | -                | <b>1,144,805</b> |
| Borrowings .....  | 70,123         | 30,229        | 7,754         | -                             | 108,106                     | 669,731                                  | -                              | -                | 777,837          |
| <b>Total segment liabilities</b> .....  | <b>70,123</b>  | <b>30,229</b> | <b>7,754</b>  | -                             | <b>108,106</b>              | <b>669,731</b>                           | -                              | -                | <b>777,837</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 three-month period ended March 31, 2014 (unaudited)

|   | Farming        |               |               |                       | Farming subtotal | Sugar,<br>Ethanol<br>and<br>Energy | Land<br>Transformation | Corporate      | Total            |
|---|----------------|---------------|---------------|-----------------------|------------------|------------------------------------|------------------------|----------------|------------------|
|   | Crops          | Rice          | Dairy         | All Other<br>Segments |                  |                                    |                        |                |                  |
| Sales of manufactured products and services rendered .....  | 84             | 15,340        | -             | 342                   | 15,766           | 53,045                             | -                      | -              | 68,811           |
| Cost of manufactured products sold and services rendered .....  | -              | (11,767)      | -             | (18)                  | (11,785)         | (34,555)                           | -                      | -              | (46,340)         |
| <b>Gross Profit from Manufacturing Activities</b> .....   | <b>84</b>      | <b>3,573</b>  | -             | <b>324</b>            | <b>3,981</b>     | <b>18,490</b>                      | -                      | -              | <b>22,471</b>    |
| Sales of agricultural produce and biological assets .....   | 22,097         | 1,146         | 7,075         | -                     | 30,318           | -                                  | -                      | -              | 30,318           |
| Cost of agricultural produce sold and direct agricultural selling expenses .....                                | (22,097)       | (1,146)       | (7,075)       | -                     | (30,318)         | -                                  | -                      | -              | (30,318)         |
| Initial recognition and changes in fair value of biological assets and<br>agricultural produce .....            | 34,089         | 12,515        | 1,932         | (278)                 | 48,258           | (9,313)                            | -                      | -              | 38,945           |
| Changes in net realizable value of agricultural produce after harvest .....                                     | 861            | -             | -             | -                     | 861              | -                                  | -                      | -              | 861              |
| <b>Gross Profit / (loss) from Agricultural Activities</b> .....   | <b>34,950</b>  | <b>12,515</b> | <b>1,932</b>  | <b>(278)</b>          | <b>49,119</b>    | <b>(9,313)</b>                     | -                      | -              | <b>39,806</b>    |
| <b>Margin on Manufacturing and Agricultural Activities Before<br/>Operating Expenses</b> .....                  | <b>35,034</b>  | <b>16,088</b> | <b>1,932</b>  | <b>46</b>             | <b>53,100</b>    | <b>9,177</b>                       | -                      | -              | <b>62,277</b>    |
| General and administrative expenses .....   | (980)          | (812)         | (394)         | (35)                  | (2,221)          | (3,710)                            | -                      | (4,849)        | (10,780)         |
| Selling expenses .....  | (722)          | (3,383)       | (155)         | (4)                   | (4,264)          | (7,155)                            | -                      | (217)          | (11,636)         |
| Other operating (loss)/income, net .....  | (12,503)       | 183           | 19            | (1)                   | (12,302)         | (1,366)                            | -                      | 98             | (13,570)         |
| Share of loss of joint ventures .....   | (225)          | -             | -             | -                     | (225)            | -                                  | -                      | -              | (225)            |
| <b>Profit / (loss) from Operations Before Financing and Taxation</b> .....                                      | <b>20,604</b>  | <b>12,076</b> | <b>1,402</b>  | <b>6</b>              | <b>34,088</b>    | <b>(3,054)</b>                     | -                      | <b>(4,968)</b> | <b>26,066</b>    |
| Profit from discontinued operations .....   | -              | -             | -             | -                     | -                | -                                  | -                      | -              | -                |
| Depreciation and amortization .....   | (446)          | (856)         | (394)         | (104)                 | (1,800)          | (3,487)                            | -                      | -              | (5,287)          |
| Initial recognition and changes in fair value of biological assets<br>(unrealized) .....                        | 25,270         | -             | -             | -                     | 25,270           | (3,379)                            | -                      | -              | 21,891           |
| Initial recognition and changes in fair value of agricultural produce<br>(unrealized) .....                     | 4,085          | 10,272        | -             | -                     | 14,357           | (7,461)                            | -                      | -              | 6,896            |
| Initial recognition and changes in fair value of biological assets and<br>agricultural produce (realized) ..... | 4,734          | 2,243         | 1,932         | (278)                 | 8,631            | 1,527                              | -                      | -              | 10,158           |
| Changes in net realizable value of agricultural produce after harvest<br>(unrealized) .....                     | (191)          | -             | -             | -                     | (191)            | -                                  | -                      | -              | (191)            |
| Changes in net realizable value of agricultural produce after harvest<br>(realized) .....                       | 1,052          | -             | -             | -                     | 1,052            | -                                  | -                      | -              | 1,052            |
| Property, plant and equipment, net .....  | 133,395        | 45,462        | 16,664        | 10,229                | 205,750          | 650,254                            | -                      | -              | 856,004          |
| Investment property .....   | -              | -             | -             | 8,269                 | 8,269            | -                                  | -                      | -              | 8,269            |
| Goodwill .....  | 8,115          | 3,450         | -             | 1,322                 | 12,887           | 9,641                              | -                      | -              | 22,528           |
| Biological assets .....   | 66,882         | 2,697         | 8,075         | 2,100                 | 79,754           | 244,966                            | -                      | -              | 324,720          |
| Investment in joint ventures .....  | -              | -             | -             | 3,713                 | 3,713            | -                                  | -                      | -              | 3,713            |
| Inventories .....   | 28,054         | 44,894        | 1,964         | 220                   | 75,132           | 32,232                             | -                      | -              | 107,364          |
| <b>Total segment assets</b> .....   | <b>236,446</b> | <b>96,503</b> | <b>26,703</b> | <b>25,853</b>         | <b>385,505</b>   | <b>937,093</b>                     | -                      | -              | <b>1,322,598</b> |
| Borrowings .....  | 79,409         | 49,559        | 12,390        | -                     | 141,358          | 648,740                            | -                      | -              | 790,098          |
| <b>Total segment liabilities</b> .....  | <b>79,409</b>  | <b>49,559</b> | <b>12,390</b> | -                     | <b>141,358</b>   | <b>648,740</b>                     | -                      | -              | <b>790,098</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 three-month periods ended March 31, 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>Three-month period ended March 31, 2014</b>       |                |                       |                          |  |                    |              |                  |                |
| Opening net book amount .....                        | 216,843        | 8,852                 | 206,462                  | 297,910                                      | 1,690              | 1,184        | 57,579           | 790,520        |
| Exchange differences .....                           | (26,152)       | (1,612)               | 222                      | 7,440  | 34                 | (203)        | 1,482            | (18,789)       |
| Additions .....                                      | -              | 1                     | 11,173                   | 39,225                                       | 617                | 74           | 38,138           | 89,228         |
| Transfers .....                                      | -              | -                     | 4,434                    | 1,308  | -                  | -            | (5,742)          | -              |
| Disposals .....                                      | -              | -                     | (7)                      | (135)  | (3)                | -            | -                | (145)          |
| Reclassification to non-income tax credits (*) ..... | -              | -                     | (76)                     | (217)  | -                  | -            | -                | (293)          |
| Depreciation (Note 22) .....                         | -              | (439)                 | (1,122)                  | (2,826)                                      | (40)               | (90)         | -                | (4,517)        |
| <b>Closing net book amount .....</b>                 | <b>190,691</b> | <b>6,802</b>          | <b>221,086</b>           | <b>342,705</b>                               | <b>2,298</b>       | <b>965</b>   | <b>91,457</b>    | <b>856,004</b> |
| <b>At March 31, 2014 (unaudited)</b>                 |                |                       |                          |  |                    |              |                  |                |
| Cost .....   | 190,691        | 14,135                | 290,239                  | 546,268                                      | 6,022              | 4,216        | 91,457           | 1,143,028      |
| Accumulated depreciation .....                       | -              | (7,333)               | (69,153)                 | (203,563)                                    | (3,724)            | (3,251)      | -                | (287,024)      |
| Net book amount .....                                | <b>190,691</b> | <b>6,802</b>          | <b>221,086</b>           | <b>342,705</b>                               | <b>2,298</b>       | <b>965</b>   | <b>91,457</b>    | <b>856,004</b> |
| <b>Three-month period ended March 31, 2015</b>       |                |                       |                          |  |                    |              |                  |                |
| Opening net book amount .....                        | 174,420        | 5,401                 | 194,771                  | 277,586                                      | 3,371              | 1,180        | 120,176          | 776,905        |
| Exchange differences .....                           | (12,771)       | (170)                 | (31,096)                 | (49,669)                                     | (544)              | (50)         | (19,339)         | (113,639)      |
| Additions .....                                      | -              | -                     | 6,610                    | 28,403                                       | 302                | 799          | 18,104           | 54,218         |
| Transfers .....                                      | -              | 83                    | 791                      | 2,406  | 44                 | -            | (3,324)          | -              |
| Disposals .....                                      | -              | -                     | (168)                    | (174)  | (2)                | (7)          | -                | (351)          |
| Reclassification to non-income tax credits (*) ..... | -              | -                     | (46)                     | (432)  | -                  | -            | (463)            | (941)          |
| Depreciation (Note 22) .....                         | -              | (338)                 | (1,652)                  | (2,389)                                      | (241)              | (122)        | -                | (4,742)        |
| <b>Closing net book amount .....</b>                 | <b>161,649</b> | <b>4,976</b>          | <b>169,210</b>           | <b>255,731</b>                               | <b>2,930</b>       | <b>1,800</b> | <b>115,154</b>   | <b>711,450</b> |
| <b>At March 31, 2015 (unaudited)</b>                 |                |                       |                          |  |                    |              |                  |                |
| Cost .....   | 161,649        | 12,647                | 240,015                  | 461,683                                      | 6,895              | 5,173        | 115,154          | 1,003,216      |
| Accumulated depreciation .....                       | -              | (7,671)               | (70,805)                 | (205,952)                                    | (3,965)            | (3,373)      | 0                | (291,766)      |
| Net book amount .....                                | <b>161,649</b> | <b>4,976</b>          | <b>169,210</b>           | <b>255,731</b>                               | <b>2,930</b>       | <b>1,800</b> | <b>115,154</b>   | <b>711,450</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 March 31, 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\$ 3,322 and US\$ 2,937 of depreciation are included in “Cost of manufactured products sold and services rendered” for the three-month periods ended March 31, 2015 and 2014, respectively. An amount US\$ 1,349 and US\$ 1,437 of depreciation are included in “General and administrative expenses” for the three-month periods ended March 31, 2015 and 2014, respectively. An amount of US\$ 206 and US\$ 143 of depreciation are included in “Selling expenses” for the three-month periods ended March 31, 2015 and 2014, respectively

As of March 31, 2015, borrowing costs of US\$ 2,728 (March 31, 2014: US\$ 1,137) 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\$ 483,337 as of March 31, 2015.

As of March 31, 2015 included within property, plant and equipment balances are US\$ 516 related to the net book value of assets under finance leases.

### 7. Investment property

Changes in the Group’s investment property in the three-month periods ended March 31, 2015 and 2014 were as follows:

|                                     | <b>March 31,<br/>2015</b> | <b>March<br/>31,2014</b> |
|-------------------------------------|---------------------------|--------------------------|
|                                     | (unaudited)               |                          |
| <b>Beginning of the period.....</b> | <b>6,675</b>              | <b>10,147</b>            |
| Exchange differences .....          | (205)                     | (1,878)                  |
| <b>End of the period .....</b>      | <b>6,470</b>              | <b>8,269</b>             |
| Cost                                | 6,470                     | 8,269                    |
| Accumulated depreciation            | -                         | -                        |
| Net book amount                     | <b>6,470</b>              | <b>8,269</b>             |

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

|                     | <b>March 31,<br/>2015</b> | <b>March 31,<br/>2014</b> |
|---------------------|---------------------------|---------------------------|
|                     | (unaudited)               |                           |
| Rental income ..... | 310                       | 340                       |

As of March 31, 2015, the fair value of investment property was US\$ 48 million (2014: US\$ 58 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 three-month periods ended March 31, 2015 and 2014 were as follows:

|  | <u>Goodwill</u>      | <u>Trademarks</u>   | <u>Software</u>     | <u>Others</u>   | <u>Total</u>         |
|--|----------------------|---------------------|---------------------|-----------------|----------------------|
| <b>Three-month period ended</b>        |                      |                     |                     |                 |                      |
| <b>March 31, 2014</b>                  |                      |                     |                     |                 |                      |
| Opening net book amount .....          | 24,869               | 1,129               | 1,343               | -               | 27,341               |
| Exchange differences .....             | (2,341)              | (14)                | (112)               | -               | (2,467)              |
| Additions .....                        | -                    | -                   | 238                 | -               | 238                  |
| Amortization charge (i) (Note 22) .... | -                    | (35)                | (66)                | -               | (101)                |
| <b>Closing net book amount .....</b>   | <b><u>22,528</u></b> | <b><u>1,080</u></b> | <b><u>1,403</u></b> | <b><u>-</u></b> | <b><u>25,011</u></b> |
| <b>At March 31, 2014 (unaudited)</b>   |                      |                     |                     |                 |                      |
| Cost .....                             | 22,528               | 2,512               | 2,378               | 129             | 27,547               |
| Accumulated amortization .....         | -                    | (1,432)             | (975)               | (129)           | (2,536)              |
| <b>Net book amount .....</b>           | <b><u>22,528</u></b> | <b><u>1,080</u></b> | <b><u>1,403</u></b> | <b><u>-</u></b> | <b><u>25,011</u></b> |
| <b>Three-month period ended</b>        |                      |                     |                     |                 |                      |
| <b>March 31, 2015</b>                  |                      |                     |                     |                 |                      |
| Opening net book amount .....          | 20,172               | 959                 | 2,634               | 13              | 23,778               |
| Exchange differences .....             | (1,901)              | (4)                 | (375)               | (2)             | (2,282)              |
| Additions .....                        | -                    | -                   | 195                 | -               | 195                  |
| Amortization charge (ii) (Note 22) ..  | -                    | -                   | (133)               | (2)             | (135)                |
| <b>Closing net book amount .....</b>   | <b><u>18,271</u></b> | <b><u>955</u></b>   | <b><u>2,321</u></b> | <b><u>9</u></b> | <b><u>21,556</u></b> |
| <b>At March 31, 2015 (unaudited)</b>   |                      |                     |                     |                 |                      |
| Cost .....                             | 18,271               | 2,494               | 3,730               | 140             | 24,635               |
| Accumulated amortization .....         | -                    | (1,539)             | (1,409)             | (131)           | (3,079)              |
| <b>Net book amount .....</b>           | <b><u>18,271</u></b> | <b><u>955</u></b>   | <b><u>2,321</u></b> | <b><u>9</u></b> | <b><u>21,556</u></b> |

(i) For the three-month period ended March 31, 2014 an amount of US\$ 66 and US\$ 35 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 three-month period ended March 31, 2015 an amount of US\$ 133 and US\$ 2 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, 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)

### 9. Biological assets

Changes in the Group's biological assets in the three-month periods ended March 31, 2015 and 2014 were as follows:

|   | <b>March 31,<br/>2015</b> | <b>March 31,<br/>2014</b> |
|---|---------------------------|---------------------------|
|   | (unaudited)               |                           |
| <b>Beginning of the period</b> .....  | <b>341,232</b>            | <b>292,144</b>            |
| Increase due to purchases .....   | -                         | 526                       |
| Initial recognition and changes in fair value<br>of biological assets (i) ..... | 23,666                    | 38,945                    |
| Decrease due to harvest .....   | (64,223)                  | (71,509)                  |
| Decrease due to disposals .....   | (721)                     | (455)                     |
| Decrease due to sales of agricultural<br>produce.....                           | (7,256)                   | (6,620)                   |
| Costs incurred during the period .....  | 67,586                    | 74,697                    |
| Exchange differences .....  | (50,749)                  | (3,008)                   |
| <b>End of the period</b> .....  | <b>309,535</b>            | <b>324,720</b>            |

(i) Biological asset with a production cycle of more than one year (that is, sugarcane, coffee, dairy and cattle) generated 'Initial recognition and changes in fair value of biological assets' amounting to US\$ 9,945 loss for the three-month period ended March 31, 2015 (2014: US\$ (7,659) loss). In 2015, an amount of US\$ 31,431 gain (2014: US\$ 31,660 gain) was attributable to price changes, and an amount of US\$ (21,486) loss (2014: US\$ (39,319) loss) was mainly attributable to physical changes.

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

|                                      | <b>March 31,<br/>2015</b> | <b>December 31,<br/>2014</b> |
|--------------------------------------|---------------------------|------------------------------|
|                                      | (unaudited)               |                              |
| <b>Non-current</b>                   |                           |                              |
| Cattle for dairy production .....    | 8,684                     | 8,856                        |
| Other cattle .....                   | 24                        | 25                           |
| Sown land – coffee .....             | 1,872                     | 2,193                        |
| Sown land – sugarcane .....          | 251,243                   | 274,970                      |
|                                      | <b>261,823</b>            | <b>286,044</b>               |
| <b>Current</b>                       |                           |                              |
| Other cattle .....                   | 418                       | 301                          |
| Sown land – crops .....              | 43,460                    | 31,012                       |
| Sown land – rice .....               | 3,834                     | 23,875                       |
|                                      | <b>47,712</b>             | <b>55,188</b>                |
| <b>Total biological assets</b> ..... | <b>309,535</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 March 31, 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 March 31, 2015 and their allocation to the fair value hierarchy:

|  | 2015          |                 |          | Total           |
|--|---------------|-----------------|----------|-----------------|
|  | Level 1       | Level 2         | Level 3  |                 |
| <b>Assets</b>                          |               |                 |          |                 |
| Derivative financial instruments ..... | 15,864        | 3,034           | -        | 18,898          |
| <b>Total assets</b> .....              | <b>15,864</b> | <b>3,034</b>    | <b>-</b> | <b>18,898</b>   |
| <b>Liabilities</b>                     |               |                 |          |                 |
| Derivative financial instruments ..... | (758)         | (14,322)        | -        | (15,080)        |
| <b>Total liabilities</b> .....         | <b>(758)</b>  | <b>(14,322)</b> | <b>-</b> | <b>(15,080)</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     | 13,664              |
| Options                              | Quoted price      | -  | -                       | 1     | 1,442               |
| Options/OTC                          | Quoted price      | -  | -                       | 1     | 1,368               |
| Foreign-currency interest-rate swaps | Theoretical price | -  | -                       | 2     | 1,666               |
| Interest-rate swaps                  | Theoretical price | Swap curve;<br>Money market<br>interest-rate curve | Present value<br>method | 2     | (14,322)            |
|                                      |                   |  |                         |       | <b><u>3,818</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)

### 11. Trade and other receivables, net

|   | <b>March 31,<br/>2015</b> | <b>December<br/>31, 2014</b> |
|---|---------------------------|------------------------------|
|   | (unaudited)               |                              |
| <b>Non current</b>                                  |                           |                              |
| Trade receivables .....                             | 3,169                     | 3,528                        |
| <b>Trade receivables – net .....</b>                | <b>3,169</b>              | <b>3,528</b>                 |
| Advances to suppliers .....                         | 10,028                    | 12,149                       |
| Income tax credits .....                            | 7,337                     | 6,759                        |
| Non-income tax credits (i) .....                    | 17,293                    | 18,609                       |
| Judicial deposits .....                             | 2,077                     | 2,545                        |
| Receivable from disposal of subsidiary .....        | 3,382                     | 3,997                        |
| Other receivables.....                              | 1,131                     | 3,003                        |
| <b>Non current portion .....</b>                    | <b>44,417</b>             | <b>50,590</b>                |
| <b>Current</b>                                      |                           |                              |
| Trade receivables .....                             | 36,344                    | 65,059                       |
| Receivables from related parties (Note 27).....     | 1,089                     | 258                          |
| Less: Allowance for trade receivables .....         | (497)                     | (527)                        |
| <b>Trade receivables – net .....</b>                | <b>36,936</b>             | <b>64,790</b>                |
| Prepaid expenses .....                              | 9,824                     | 6,884                        |
| Advance to Suppliers .....                          | 17,383                    | 11,717                       |
| Income tax credits .....                            | 5,977                     | 6,492                        |
| Non-income tax credits (i) .....                    | 33,806                    | 42,685                       |
| Cash collateral .....                               | 5,118                     | 6,329                        |
| Receivable from disposal of subsidiary .....        | 3,783                     | 4,451                        |
| Other receivables.....                              | 17,170                    | 21,178                       |
| <b>Subtotal .....</b>                               | <b>93,061</b>             | <b>99,736</b>                |
| <b>Current portion .....</b>                        | <b>129,997</b>            | <b>164,526</b>               |
| <b>Total trade and other receivables, net .....</b> | <b>174,414</b>            | <b>215,116</b>               |

(i) Includes US\$ 941 for the three month period ended March 31, 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>March 31,<br/>2015</b> | <b>December 31,<br/>2014</b> |
|-----------------------|---------------------------|------------------------------|
|                       | (unaudited)               |                              |
| <b>Currency</b>       |                           |                              |
| US Dollar .....       | 18,735                    | 45,341                       |
| Argentine Peso .....  | 51,311                    | 49,876                       |
| Uruguayan Peso .....  | 9,428                     | 8,385                        |
| Brazilian Reais ..... | 94,940                    | 111,514                      |
|                       | <b>174,414</b>            | <b>215,116</b>               |

As of March 31, 2015 trade receivables of US\$ 7,016 (December 31, 2014: US\$ 4,224) were past due but not impaired. The ageing analysis of these receivables indicates that 897 and 1,269 are over 6 months in March 31, 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>March 31,<br/>2015</b> | <b>December 31,<br/>2014</b> |
|------------------------------------|---------------------------|------------------------------|
|                                    | (unaudited)               |                              |
| Raw materials.....                 | 26,300                    | 35,662                       |
| Finished goods .....               | 69,518                    | 65,562                       |
| Stocks held by third parties ..... | 1,325                     | 3,395                        |
| Others .....                       | 97                        | 300                          |
|                                    | <b>97,240</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\$ 60,234 for the three-month period ended March 31, 2015. The cost of inventories recognized as expense and included in 'Cost of agricultural produce sold and direct agricultural selling expenses' amounted to US\$ 17,041 for the three-month period ended March 31, 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>March 31,<br/>2015</b> | <b>December 31,<br/>2014</b> |
|--------------------------------|---------------------------|------------------------------|
|                                | (unaudited)               |                              |
| Cash at bank and on hand ..... | 139,518                   | 104,132                      |
| Short-term bank deposits ..... | 58,761                    | 9,663                        |
|                                | <b>198,279</b>            | <b>113,795</b>               |

### 14. 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 15) | -   | 518  |
| Purchase of own shares .....               | -   | (10,424)                                       |
| <b>At March 31, 2014</b> .....             | <b>122,382</b>                              | <b>1,112,739</b>                               |
| <b>At January 1, 2015</b> .....            | <b>122,382</b>                              | <b>1,116,617</b>                               |
| Employee share options exercised (Note 15) | -   | 746  |
| <b>At March 31, 2015</b> .....             | <b>122,382</b>                              | <b>1,117,363</b>                               |

#### 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 12, 2014 the Board of directors decided to extend the program for a 12 month period.

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. 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 three-month periods ended March 31, 2015 and 2014 the Group incurred US\$ nil million for the both period, related to the options granted under the Option Schemes.

Movements in the number of equity-settled options outstanding and their related weighted average exercise prices under plans are as follows:

#### *2004 Incentive Option Plan*

|                          | March 31, 2015                   |                     | March 31, 2014                   |                     |
|--------------------------|----------------------------------|---------------------|----------------------------------|---------------------|
|                          | Average exercise price per share | Options (thousands) | Average exercise price per share | Options (thousands) |
| At January 1.....        | 6.71                             | 1,916               | 6.67                             | 2,061               |
| Exercised .....          | 6.76                             | (94)                | 5.83                             | (79)                |
| <b>At March 31 .....</b> | <b>6.71</b>                      | <b>1,822</b>        | <b>6.70</b>                      | <b>1,982</b>        |

#### *2007/2008 Equity Incentive Plan*

|                          | March 31, 2015                   |                     | March 31, 2014                   |                     |
|--------------------------|----------------------------------|---------------------|----------------------------------|---------------------|
|                          | Average exercise price per share | Options (thousands) | Average exercise price per share | Options (thousands) |
| At January 1.....        | 13.07                            | 1,729               | 13.07                            | 1,751               |
| Forfeited .....          | -                                | -                   | 13.40                            | (9)                 |
| <b>At March 31 .....</b> | <b>13.07</b>                     | <b>1,729</b>        | <b>13.07</b>                     | <b>1,742</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. Equity-settled share-based payments (continued)

Options outstanding under the plans have the following expiry date and exercise prices:

#### *2004 Incentive Option Plan*

| Expiry date (i):       | Exercise price per share | Shares (in thousands) |                |
|------------------------|--------------------------|-----------------------|----------------|
|                        |                          | March 31, 2015        | March 31, 2014 |
| May 1, 2024.....       | 5.83                     | 570                   | 597            |
| May 1, 2025.....       | 5.83                     | 517                   | 553            |
| May 1, 2026.....       | 5.83                     | 104                   | 153            |
| February 16, 2026..... | 7.11                     | 103                   | 110            |
| October 1, 2026.....   | 8.62                     | 529                   | 569            |

(i) On May 2014, the Board of directors decided to extend the expired date.

#### *2007/2008 Equity Incentive Plan*

| Expiry date:      | Exercise price per share | Shares (in thousands) |                |
|-------------------|--------------------------|-----------------------|----------------|
|                   |                          | March 31, 2015        | March 31, 2014 |
| Dec 1, 2017.....  | 12.82                    | 950                   | 963            |
| Jan 30, 2019..... | 13.40                    | 599                   | 599            |
| Nov 1, 2019.....  | 13.40                    | 8                     | 8              |
| Jan 30, 2020..... | 12.82                    | 26                    | 26             |
| Jan 30, 2020..... | 13.40                    | 65                    | 65             |
| Jun 30, 2020..... | 13.40                    | 22                    | 22             |
| Sep 1, 2020.....  | 13.40                    | 44                    | 44             |
| Sep 1, 2020.....  | 12.82                    | 15                    | 15             |

The following table shows the exercisable shares at period end under the Adecoagro/ IFH 2004 Incentive Option Plan and the Adecoagro/ IFH 2007/ 2008 Equity Incentive Plan:

|                      | Exercisable shares in thousands |
|----------------------|---------------------------------|
| March 31, 2015 ..... | 3,552                           |
| March 31, 2014.....  | 3,704                           |

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. Equity-settled share-based payments (continued)

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

The Restricted Share and Restricted Stock Unit Plan were effectively established in 2010 and amended in November 2011 and is administered by the Compensation Committee of the Company. Awards under this plan vest over a 3-year period from the date of grant at 33% on each anniversary of the grant date. Participants are entitled to receive one common share of the Company for each restricted share or restricted unit issued. For the Restricted Share Plan there are no performance requirements for the delivery of common shares, except that a participant's employment with the Group must not have been terminated prior to the relevant vesting date. If the participant ceases to be an employee for any reason, any unvested restricted share shall not be converted into common shares and the participant shall cease for all purposes to be a shareholder with respect to such shares.

On July 18, 2011, the Group issued and registered 427,293 restricted shares with a nominal value of US\$ 1.5 which were granted under the Restricted Share Plan. While the restricted shares are not vested, they are recognized in "Other reserves". Once they are vested, the reserve is reversed and a share premium is recognized. As of March 31, 2015, all the restricted shares were vested.

The restricted shares under the Restricted Share Plan were measured at fair value at the date of grant.

As of March 31, 2015, the Group recognized compensation expense US\$ 0.9 million related to the restricted shares granted under the Restricted Share Plan (2014: US\$ 0.8 million).

Key grant-date fair value and other assumptions under the Restricted Share and Restricted Stock Unit Plan are detailed below:

| Grant Date   | Apr 1,<br>2012 | May 15,<br>2012 | Apr 1,<br>2013 | May 15,<br>2013 | Apr 1,<br>2014 | May 15,<br>2014 |
|--|----------------|-----------------|----------------|-----------------|----------------|-----------------|
| Fair value .....                                       | 9.81           | 9.33            | 8.08           | 7.48            | 7.92           | 8.72            |
| Possibility of ceasing employment before vesting ..... | 3%             | 0%              | 5%             | 0%              | 5%             | 0%              |

Movements in the number of restricted shares outstanding under the Restricted Share and Restricted Stock Unit Plan are as follows:

|                          | Restricted shares<br>(thousands) | Restricted stock<br>units<br>(thousands) | Restricted shares<br>(thousands) | Restricted stock<br>units<br>(thousands) |
|--------------------------|----------------------------------|--|----------------------------------|--|
|                          | 2015                             | 2015                                     | 2014                             | 2014                                     |
| At January 1 .....       | -                                | 861                                      | 110                              | 699                                      |
| Granted .....            | -                                | -  | -                                | -  |
| Forfeited .....          | -                                | (2)                                      | (2)                              | (13)                                     |
| Vested .....             | -                                | -  | -                                | -  |
| <b>At March 31 .....</b> | <b>-</b>                         | <b>859</b>                               | <b>108</b>                       | <b>686</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)

### 16. Trade and other payables

|  | <b>March 31,<br/>2015</b> | <b>December 31,<br/>2014</b> |
|--|---------------------------|------------------------------|
|  | (unaudited)               |                              |
| <b>Non-current</b>   |                           |                              |
| Payable from acquisition of property, plant and equipment (i)..... | 2,084                     | 2,084                        |
| Other payables .....   | 279                       | 307                          |
|  | <b>2,363</b>              | <b>2,391</b>                 |
| <b>Current</b>   |                           |                              |
| Trade payables .....   | 58,490                    | 70,269                       |
| Advances from customers .....                                      | 3,582                     | 5,636                        |
| Amounts due to related parties (Note 27) .....                     | 19                        | -                            |
| Taxes payable .....  | 2,304                     | 4,217                        |
| Escrows arising on business combinations .....                     | 316                       | 316                          |
| Other payables .....   | 973                       | 2,662                        |
|  | <b>65,684</b>             | <b>83,100</b>                |
| <b>Total trade and other payables .....</b>                        | <b>68,047</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)

### 17. Borrowings

|   | <b>March 31,<br/>2015</b> | <b>December 31,<br/>2014</b> |
|---|---------------------------|------------------------------|
|   | (unaudited)               |                              |
| <b>Non-current</b>  |                           |                              |
| Votoratim .....   | 15                        | 434                          |
| ABC Brazil Loan .....   | 3,570                     | 3,571                        |
| Bradesco Loan (*) .....   | 4,516                     | 4,557                        |
| BNDES Loan Facility(*) .....                                      | 133,492                   | 163,009                      |
| IDB Facility (*) .....  | 22,004                    | 21,972                       |
| Ciudad de Buenos Aires Loan .....                                 | 11,429                    | 11,389                       |
| Banco do Brazil Loan Facility (*) .....                           | 54,568                    | 68,653                       |
| Itaú BBA Facility (*) .....                                       | 25,002                    | 30,654                       |
| ING/ABN/Bladex(*) .....   | 22,667                    | 28,000                       |
| Rabobank, Syndicated Loan (*) .....                               | 62,727                    | 71,562                       |
| ING Bank N,V, Syndicated Loan (*) .....                           | 66,232                    | 66,002                       |
| ING/Rabobank/ABN/Crédit Agricole/HSBC/Caixa Geral/Galena(*) ..... | 158,398                   | -                            |
| Other bank borrowings .....                                       | 19,891                    | 21,224                       |
| Obligations under finance leases .....                            | 185                       | 293                          |
|   | <b>584,696</b>            | <b>491,324</b>               |
| <b>Current</b>  |                           |                              |
| Bank overdrafts .....   | 10,217                    | 7,789                        |
| BNDES Loan Facility (*) .....                                     | 23,055                    | 27,430                       |
| IDB Facility (*) .....  | 16,425                    | 15,827                       |
| Ciudad de Buenos Aires Loan .....                                 | 5,963                     | 2,947                        |
| Galicia Loan .....  | 980                       | 1,000                        |
| Banco do Brazil Loan Facility (*) .....                           | 10,677                    | 12,708                       |
| Rabobank Loan (*) .....   | 34,687                    | 38,665                       |
| ITAU (*) .....  | 10,888                    | 27,319                       |
| ABC Brazil Loan .....   | 9,254                     | 10,134                       |
| Bradesco Loan (*) .....   | 4,106                     | 4,086                        |
| Votoratim .....   | 2,361                     | 2,421                        |
| ING/ABN/Bladex(*) .....   | 29                        | 4                            |
| Rabobank, Syndicated Loan (*) .....                               | 9,323                     | 217                          |
| ING/HSBC/ICBC/BES/Bradesco/Hinduja/Bladex/BoC/Paschi(*) .....     | 32,788                    | 32,606                       |
| Other bank borrowings .....                                       | 22,134                    | 23,742                       |
| Obligations under finance leases .....                            | 254                       | 287                          |
|   | <b>193,141</b>            | <b>207,182</b>               |
| <b>Total borrowings .....</b>                                     | <b>777,837</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)

### 17. 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. Certain covenants are measured on a combined basis aggregating the borrowing subsidiaries and others are measured on an individual basis. Certain covenants are measured on a combined basis aggregating the borrowing subsidiaries and others are measured on an individual basis.

#### Financial ratios:

|                         | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|-------------------------|-------------|-------------|-------------|
| Net Bank Debt / EBITDA  | [<] 4,5     | [<] 5       | [<] 4,5     |
| Solvency Ratio          | [>]40%      | [>]40%      | [>]40%      |
| Interest Coverage Ratio | [<] 2       | [<] 2       | [<] 2       |

As of March 31, 2015, total bank borrowings include collateralized liabilities of US\$ 719,234 (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:

|                             | <u>March 31,<br/>2015</u> | <u>December 31,<br/>2014</u> |
|-----------------------------|---------------------------|------------------------------|
|                             | (unaudited)               |                              |
| <b>Fixed rate:</b>          |                           |                              |
| Less than 1 year .....      | 94,680                    | 95,524                       |
| Between 1 and 2 years ..... | 42,394                    | 45,518                       |
| Between 2 and 3 years ..... | 31,831                    | 41,685                       |
| Between 3 and 4 years ..... | 30,282                    | 25,809                       |
| Between 4 and 5 years ..... | 26,580                    | 39,992                       |
| More than 5 years .....     | 59,704                    | 87,219                       |
|                             | <u>285,471</u>            | <u>335,747</u>               |
| <b>Variable rate:</b>       |                           |                              |
| Less than 1 year .....      | 98,207                    | 111,371                      |
| Between 1 and 2 years ..... | 173,344                   | 130,426                      |
| Between 2 and 3 years ..... | 133,418                   | 80,199                       |
| Between 3 and 4 years ..... | 63,158                    | 13,154                       |
| Between 4 and 5 years ..... | 6,323                     | 7,346                        |
| More than 5 years .....     | 17,477                    | 19,683                       |
|                             | <u>491,927</u>            | <u>362,179</u>               |
|                             | <u>777,398</u>            | <u>697,926</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)

### 17. Borrowings (continued)

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

|                       | <b>March 31,<br/>2015</b> | <b>December 31,<br/>2014</b> |
|-----------------------|---------------------------|------------------------------|
|                       | (unaudited)               |                              |
| Currency              |                           |                              |
| US Dollar.....        | 480,669                   | 320,638                      |
| Brazilian Reais ..... | 281,775                   | 362,733                      |
| Argentine Peso .....  | 15,393                    | 15,135                       |
|                       | <b>777,837</b>            | <b>698,506</b>               |

### 18. Taxation

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

|                                | <b>March 31,<br/>2015</b> | <b>March 31,<br/>2014</b> |
|--------------------------------|---------------------------|---------------------------|
|                                | (unaudited)               |                           |
| Current income tax .....       | (49)                      | (322)                     |
| Deferred income tax .....      | (4,922)                   | (6,975)                   |
| <b>Income tax expense.....</b> | <b>(4,971)</b>            | <b>(7,297)</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 March 31, 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>March 31,<br/>2015</b> | <b>March 31,<br/>2014</b> |
|--|---------------------------|---------------------------|
|  | (unaudited)               |                           |
| Beginning of period asset/(liability).....       | 5,964                     | (9,255)                   |
| Exchange differences .....                       | (7,305)                   | 11,665                    |
| Tax charge relating to cash flow hedge (i) ..... | 21,658                    | 2,448                     |
| Income tax expense .....                         | (4,922)                   | (6,975)                   |
| <b>End of period asset/(liability) .....</b>     | <b>15,395</b>             | <b>(2,117)</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\$ 464 gain for the three-month period ended March 31, 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)

### 18. 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:

|   | March 31,<br>2015 | March 31,<br>2014 |
|---|-------------------|-------------------|
|   | (unaudited)       |                   |
| Tax calculated at the tax rates applicable to profits in the respective countries ..... | (6,149)           | (4,634)           |
| Non-deductible items .....  | (532)             | (2,771)           |
| Unused tax losses, net .....  | (303)             | 24                |
| Non-taxable income .....  | 2,124             | 183               |
| Others expenses .....   | (111)             | (99)              |
| <b>Income tax expense .....</b>   | <b>(4,971)</b>    | <b>(7,297)</b>    |

### 19. Payroll and social security liabilities

|  | March 31,<br>2015 | December 31,<br>2014 |
|--|-------------------|----------------------|
|  | (unaudited)       |                      |
| <b>Non-current</b>                                   |                   |                      |
| Social security payable .....                        | 1,322             | 1,278                |
|  | <b>1,322</b>      | <b>1,278</b>         |
| <b>Current</b>                                       |                   |                      |
| Salaries payable .....                               | 7,540             | 6,322                |
| Social security payable .....                        | 2,695             | 3,898                |
| Provision for vacations .....                        | 8,404             | 12,364               |
| Provision for bonuses.....                           | 5,986             | 4,731                |
|  | <b>24,625</b>     | <b>27,315</b>        |
| <b>Total payroll and social security liabilities</b> | <b>25,947</b>     | <b>28,593</b>        |

### 20. 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)

### 21. Sales

|  | March 31,<br>2015 | March 31,<br>2014 |
|--|-------------------|-------------------|
|  | (unaudited)       |                   |
| <b>Sales of manufactured products and services rendered:</b> |                   |                   |
| Ethanol .....  | 39,647            | 36,482            |
| Sugar (*).....   | 13,955            | 13,069            |
| Rice (*) .....   | 28,121            | 14,704            |
| Energy .....   | 1,929             | 3,494             |
| Powder milk .....  | 83                | -                 |
| Operating leases .....                                       | 314               | 392               |
| Services .....   | 423               | 661               |
| Others .....   | 8                 | 9                 |
|  | <b>84,480</b>     | <b>68,811</b>     |
| <b>Sales of agricultural produce and biological assets:</b>  |                   |                   |
| Soybean (*) .....  | 5,217             | 2,185             |
| Cattle for dairy production .....                            | 721               | 455               |
| Corn (*).....  | 4,149             | 11,914            |
| Cotton.....  | 713               | 333               |
| Milk.....  | 7,256             | 6,620             |
| Wheat .....  | 6,258             | 4,557             |
| Sunflower .....  | 4,637             | 2,000             |
| Barley .....   | 603               | 816               |
| Seeds .....  | 9                 | 1,146             |
| Others .....   | 175               | 292               |
|  | <b>29,738</b>     | <b>30,318</b>     |
| <b>Total sales .....</b>                                     | <b>114,218</b>    | <b>99,129</b>     |

(\*) Includes sales of soybean, corn, rice, powder milk and sugar produced by third parties for an amount of 11,482; 13,121; 91; 119 and 11,243 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\$ 82.5 million as of March 31, 2015 (March 31, 2014: US\$ 65 million) comprised primarily of 9,718 m<sup>3</sup> of ethanol (US\$ 4.4 million), 405,101 mwh of energy (US\$ 32.5 million) and 109,034 tons of soybean (US\$ 31.3 million), 48,077 tons of corn (US\$ 6.6 million), 416 tons of wheat (US\$ 0.1 million), 500 tons of cotton (US\$ 0.8 million) and 17,619 of others crops (US\$ 6.8 million) which expire between August 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)

### 22. 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>March 31,<br/>2015</b> | <b>March 31,<br/>2014</b> |
|--|---------------------------|---------------------------|
|  | (unaudited)               |                           |
| Cost of agricultural produce and biological assets sold .....        | 25,018                    | 26,184                    |
| Raw materials and consumables used in manufacturing activities ..... | 36,837                    | 19,738                    |
| Services .....   | 3,511                     | 4,550                     |
| Salaries and social security expenses (Note 23) .....                | 17,636                    | 17,250                    |
| Depreciation and amortization .....                                  | 4,877                     | 5,287                     |
| Taxes (*) .....  | 690                       | 979                       |
| Maintenance and repairs .....  | 5,835                     | 6,689                     |
| Lease expense and similar arrangements(**) .....                     | 532                       | 836                       |
| Freights .....   | 6,811                     | 5,241                     |
| Export taxes / selling taxes .....                                   | 6,610                     | 6,700                     |
| Fuel and lubricants .....  | 1,953                     | 2,384                     |
| Others .....   | 4,935                     | 3,236                     |
| <b>Total expenses by nature .....</b>                                | <b>115,245</b>            | <b>99,074</b>             |

(\*) Excludes export taxes and selling taxes.

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

For the three-month period ended March 31, 2015, an amount of US\$ 60,234 is included as “cost of manufactured products sold and services rendered” (March 31, 2014: 46,340); an amount of US\$ 29,738 is included as “cost of agricultural produce sold and direct agricultural selling expenses” (March 31, 2014: 30,318); an amount of US\$ 12,018 is included in “general and administrative expenses” (March 31, 2014: 10,780); and an amount of US\$ 13,255 is included in “selling expenses” as described above (March 31, 2014: 11,636).

### 23. Salaries and social security expenses

|   | <b>March 31,<br/>2015</b> | <b>March 31,<br/>2014</b> |
|---|---------------------------|---------------------------|
|   | (unaudited)               |                           |
| Wages and salaries .....                    | 12,493                    | 11,803                    |
| Social security costs .....                 | 4,224                     | 4,649                     |
| Equity-settled share-based compensation ... | 919                       | 798                       |
|   | <b>17,636</b>             | <b>17,250</b>             |
| Number of employees .....                   | 8,448                     | 7,757                     |

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)

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

|   | March 31,<br>2015 | March 31,<br>2014 |
|---|-------------------|-------------------|
|   | (unaudited)       |                   |
| Gain/(Loss) from commodity derivative financial instruments ..... | 21,119            | (11,600)          |
| Loss from onerous contracts – forwards .....                      | (29)              | (2,327)           |
| Gain from disposal of other property items                        | 393               | 351               |
| Others .....  | 142               | 6                 |
|   | <b>21,625</b>     | <b>(13,570)</b>   |

### 25. Financial results, net

|  | March 31,<br>2015 | March 31,<br>2014 |
|--|-------------------|-------------------|
|  | (unaudited)       |                   |
| Finance income:  |                   |                   |
| - Interest income .....  | 2,568             | 1,477             |
| - Cash flow hedge – transfer from equity....   | 464               | -                 |
| - Gain from interest rate/foreign exchange rate derivative financial instruments ..... | 226               | 644               |
| - Other income .....   | 33                | 44                |
| <b>Finance income</b> .....  | <b>3,291</b>      | <b>2,165</b>      |
| Finance costs:   |                   |                   |
| - Interest expense .....   | (12,715)          | (12,693)          |
| - Cash flow hedge – transfer from equity....   | -                 | (245)             |
| - Foreign exchange losses, net .....   | (13,694)          | (3,702)           |
| - Loss from interest rate/foreign exchange rate derivative financial instruments ..... | -                 | (52)              |
| - Taxes .....  | (705)             | (743)             |
| - Other expenses.....  | (669)             | (903)             |
| <b>Finance costs</b> .....   | <b>(27,783)</b>   | <b>(18,338)</b>   |
| <b>Total financial results, net</b> .....  | <b>(24,492)</b>   | <b>(16,173)</b>   |

### 26. 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)

### 27. 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) |                   |
|--|---------------|-------------------------------------|---|----------------|------------------------------|-------------------|
|  |               |                                     | March 31, 2015                                    | March 31, 2014 | March 31, 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) .....         | -   | -              | 515                          | 258               |
|  |               | General and Administrative expenses | (91)  | -              | -                            | -                 |
|  |               | Payables (Note 16)                  | -   | -              | (19)                         | -                 |
| CHS Agro   | Joint venture | Services .....                      | 28  | -              | -                            | -                 |
|  |               | Sales of goods.....                 | -   | -              | -                            | -                 |
|  |               | Interest income .....               | -   | -              | -                            | -                 |
|  |               | Receivables (Note 11).....          | -   | -              | 574                          | -                 |
|  |               | Payables (Note 16) ...              | -   | -              | -                            | -                 |
| Directors and senior management  | Employment    | Compensation selected employees ... | (1,654)   | (1,512)        | (17,521)                     | (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.