

**Adecoagro S.A.**

**Condensed Consolidated Interim Financial Statements as of  
June 30, 2017 and for the six-month periods ended  
June 30, 2017 and 2016**

## 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 1,577,594 are treasury shares)

# Adecoagro S.A.

## Condensed Consolidated Interim Statements of Income for the six-month and three-month periods ended June 30, 2017 and 2016 (All amounts in US\$ thousands, except shares and per share data and as otherwise indicated)

	Note	Six-months ended June 30		Three-months ended June 30	
		2017	2016	2017	2016
		(unaudited)			
Sales of goods and services rendered .....	4	394,621	290,704	228,530	169,220
Cost of goods sold and services rendered.....	5	(335,309)	(238,428)	(195,947)	(139,405)
Initial recognition and changes in fair value of biological assets and agricultural produce.....	14	22,702	83,494	5,337	57,661
Changes in net realizable value of agricultural produce after harvest .....		3,193	(369)	3,420	(3,028)
<b>Margin on Manufacturing and Agricultural Activities Before Operating Expenses .....</b>		<b>85,207</b>	<b>135,401</b>	<b>41,340</b>	<b>84,448</b>
General and administrative expenses .....	6	(28,501)	(21,610)	(14,484)	(11,306)
Selling expenses .....	6	(37,077)	(27,165)	(21,063)	(16,129)
Other operating income / (loss), net .....	8	36,138	(34,161)	22,866	(34,219)
<b>Profit from Operations Before Financing and Taxation .....</b>		<b>55,767</b>	<b>52,465</b>	<b>28,659</b>	<b>22,794</b>
Finance income .....	9	5,222	5,071	3,110	926
Finance costs .....	9	(45,410)	(67,918)	(25,968)	(39,205)
Financial results, net .....	9	(40,188)	(62,847)	(22,858)	(38,279)
<b>Profit / (loss) Before Income Tax .....</b>		<b>15,579</b>	<b>(10,382)</b>	<b>5,801</b>	<b>(15,485)</b>
Income tax expense .....	10	(5,811)	(4,616)	(2,000)	(2,265)
<b>Profit / (loss) for the Period .....</b>		<b>9,768</b>	<b>(14,998)</b>	<b>3,801</b>	<b>(17,750)</b>
<b>Attributable to:</b>					
Equity holders of the parent .....		8,694	(16,385)	3,703	(17,985)
Non-controlling interest .....		1,074	1,387	98	235
<b>Earnings per share attributable to the equity holders of the parent during the period:</b>					
Basic .....		0.072	(0.135)	0.031	(0.148)
Diluted .....		0.071	(0.135)	0.030	(0.148)

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 six-month and three-month periods ended June 30, 2017 and 2016

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

	Six-months ended June 30		Three-months ended June 30	
	2017	2016	2017	2016
	(unaudited)			
Profit / (loss) for the period .....	9,768	(14,998)	3,801	(17,750)
<b>Other comprehensive income:</b>				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations .....	(8,474)	47,826	(23,191)	33,270
Cash flow hedge, net of tax (Note 2) .....	(2,508)	65,971	(13,900)	40,117
<b>Other comprehensive earnings for the period.....</b>	<b>(10,982)</b>	<b>113,797</b>	<b>(37,091)</b>	<b>73,387</b>
<b>Total comprehensive earnings for the period.</b>	<b>(1,214)</b>	<b>98,799</b>	<b>(33,290)</b>	<b>55,637</b>
 <b>Attributable to:</b>				
Equity holders of the parent.....	(1,966)	98,441	(32,851)	55,584
Non-controlling interest.....	752	358	(439)	53

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

# Adecoagro S.A.

## Condensed Consolidated Interim Statements of Financial Position

as of **June 30, 2017** and **December 31, 2016**

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

	Note	June 30, 2017 (unaudited)	December 31, 2016
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment .....	11	837,360	802,608
Investment property .....	12	2,547	2,666
Intangible assets .....	13	16,966	17,252
Biological assets .....	14	8,951	8,516
Deferred income tax assets .....	10	37,096	38,586
Trade and other receivables .....	16	18,002	17,412
Other assets .....		555	566
<b>Total Non-Current Assets .....</b>		<b>921,477</b>	<b>887,606</b>
<b>Current Assets</b>			
Biological assets .....	14	93,645	136,888
Inventories .....	17	151,052	111,754
Trade and other receivables .....	16	182,376	157,528
Derivative financial instruments .....	15	3,015	3,398
Other assets .....		42	24
Cash and cash equivalents .....	18	219,934	158,568
<b>Total Current Assets .....</b>		<b>650,064</b>	<b>568,160</b>
<b>TOTAL ASSETS .....</b>		<b>1,571,541</b>	<b>1,455,766</b>
<b>SHAREHOLDERS EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the parent</b>			
Share capital .....	19	183,573	183,573
Share premium .....	19	933,961	937,250
Cumulative translation adjustment .....		(535,516)	(527,364)
Equity-settled compensation .....		15,142	17,218
Cash flow hedge .....		(39,807)	(37,299)
Treasury shares .....		(2,368)	(1,859)
Reserve from the sale of non-controlling interests in subsidiaries .....		41,574	41,574
Retained earnings .....		59,692	50,998
<b>Equity attributable to equity holders of the parent .....</b>		<b>656,251</b>	<b>664,091</b>
Non-controlling interest .....		6,670	7,582
<b>TOTAL SHAREHOLDERS EQUITY .....</b>		<b>662,921</b>	<b>671,673</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Trade and other payables .....	21	892	1,427
Borrowings .....	22	537,484	430,304
Deferred income tax liabilities .....	10	14,491	14,689
Payroll and social security liabilities .....	23	1,070	1,235
Derivatives financial instruments .....	15	1,439	662
Provisions for other liabilities .....		3,175	3,299
<b>Total Non-Current Liabilities .....</b>		<b>558,551</b>	<b>451,616</b>
<b>Current Liabilities</b>			
Trade and other payables .....	21	61,774	92,158
Current income tax liabilities .....		2,461	1,387
Payroll and social security liabilities .....	23	28,024	26,844
Borrowings .....	22	256,795	205,092
Derivative financial instruments .....	15	372	6,406
Provisions for other liabilities .....		643	590
<b>Total Current Liabilities .....</b>		<b>350,069</b>	<b>332,477</b>
<b>TOTAL LIABILITIES .....</b>		<b>908,620</b>	<b>784,093</b>
<b>TOTAL SHAREHOLDERS EQUITY AND LIABILITIES .....</b>		<b>1,571,541</b>	<b>1,455,766</b>

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 six-month periods ended June 30, 2017 and 2016 (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 (Note 19)	Share Premium	Cumulative Translation Adjustment	Equity-settled Compensation	Cash flow hedge	Treasury shares	Reserve from the sale of non- controlling interests in subsidiaries	Retained Earnings	Subtotal	Non- Controlling Interest	Total Shareholders' Equity
<b>Balance at January 1, 2016.....</b>	<b>183,573</b>	<b>937,674</b>	<b>(568,316)</b>	<b>16,631</b>	<b>(137,911)</b>	<b>(1,936)</b>	<b>41,574</b>	<b>48,795</b>	<b>520,084</b>	<b>7,335</b>	<b>527,419</b>
Loss for the period .....	-	-	-	-	-	-	-	(16,385)	(16,385)	1,387	(14,998)
Other comprehensive income:											
- Items that may be reclassified subsequently to profit or loss:											
Exchange differences on translating foreign operations.....	-	-	48,855	-	-	-	-	-	48,855	(1,029)	47,826
Cash flow hedge (*).....	-	-	-	-	65,971	-	-	-	65,971	-	65,971
Other comprehensive income for the period.....	-	-	48,855	-	65,971	-	-	-	114,826	(1,029)	113,797
Total comprehensive income for the period.....	-	-	48,855	-	65,971	-	-	(16,385)	98,441	358	98,799
 Employee share options (Note 20)											
- Exercised.....	-	323	-	(102)	-	55	-	-	276	-	276
- Forfeited.....	-	-	-	(98)	-	-	-	98	-	-	-
Restricted shares (Note 20):											
- Value of employee services.....	-	-	-	2,545	-	-	-	-	2,545	-	2,545
- Vested .....	-	3,225	-	(3,905)	-	680	-	-	-	-	-
 <b>Balance at June 30, 2016 (unaudited).....</b>	<b>183,573</b>	<b>941,222</b>	<b>(519,461)</b>	<b>15,071</b>	<b>(71,940)</b>	<b>(1,201)</b>	<b>41,574</b>	<b>32,508</b>	<b>621,346</b>	<b>7,693</b>	<b>629,039</b>

(\*) Net of 34,145 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 six-month periods ended June 30, 2017 and 2016 (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 (Note 19)	Share Premium	Cumulative Translation Adjustment	Equity-settled Compensation	Cash flow hedge	Treasury shares	Reserve from the sale of non- controlling interests in subsidiaries	Retained Earnings	Subtotal	Non- Controlling Interest	Total Shareholders' Equity
<b>Balance at January 1, 2017</b> .....	183,573	937,250	(527,364)	17,218	(37,299)	(1,859)	41,574	50,998	664,091	7,582	671,673
Profit for the period.....	-	-	-	-	-	-	-	8,694	8,694	1,074	9,768
Other comprehensive loss:											
- Items that may be reclassified subsequently to profit or loss:											
Exchange differences on translating foreign operations.....	-	-	(8,152)	-	-	-	-	-	(8,152)	(322)	( 8,474)
Cash flow hedge (*).....	-	-	-	-	(2,508)	-	-	-	(2,508)	-	(2,508)
Other comprehensive income for the period.....	-	-	(8,152)	-	(2,508)	-	-	-	(10,660)	(322)	(10,982)
Total comprehensive income for the period.....	-	-	(8,152)	-	(2,508)	-	-	8,694	(1,966)	752	(1,214)
Restricted shares (Note 20):											
- Value of employee services.....	-	-	-	2,807	-	-	-	-	2,807	-	2,807
- Vested.....	-	4,149	-	(4,883)	-	734	-	-	-	-	-
- Purchase of own shares.....	-	(7,438)	-	-	-	(1,243)	-	-	(8,681)	-	(8,681)
- Dividends.....	-	-	-	-	-	-	-	-	(1,664)	-	(1,664)
<b>Balance at June 30, 2017 (unaudited)</b> .....	<b>183,573</b>	<b>933,961</b>	<b>(535,516)</b>	<b>15,142</b>	<b>(39,807)</b>	<b>(2,368)</b>	<b>41,574</b>	<b>59,692</b>	<b>656,251</b>	<b>6,670</b>	<b>662,921</b>

(\*) Net of 1,291 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 six-month periods ended June 30, 2017 and 2016

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

	Note	June 30, 2017	June 30, 2016
		(unaudited)	
<b>Cash flows from operating activities:</b>			
<b>Profit for the period</b>		9,768	(14,998)
<i>Adjustments for:</i>			
Income tax expense.....	10	5,811	4,616
Depreciation .....	11	55,750	41,592
Amortization.....	13	416	313
Loss / (Gain) from disposal of other property items ...	8	618	(181)
Equity settled share-based compensation granted .....	7, 20	2,807	2,545
(Gain) / loss from derivative financial instruments ....	8, 9	(36,558)	41,121
Interest and other expense, net.....	9	21,188	18,940
Initial recognition and changes in fair value of non harvested biological assets (unrealized).....		2,441	(49,592)
Changes in net realizable value of agricultural produce after harvest (unrealized).....		(616)	1,542
Provision and allowances .....		298	48
Foreign exchange losses, net.....	9	11,883	12,276
Cash flow hedge – transfer from equity .....	9	3,320	23,594
<b>Subtotal.....</b>		<b>77,126</b>	<b>81,816</b>
<b>Changes in operating assets and liabilities:</b>			
Increase in trade and other receivables .....		(29,055)	(43,937)
Increase in inventories .....		(29,724)	(37,455)
Decrease in biological assets .....		25,671	15,538
Decrease / (Increase) in other assets .....		24	(60)
Decrease / (increase) in derivative financial instruments.....		40,010	(19,623)
(Decrease) / increase in trade and other payables .....		(32,990)	11,511
Increase in payroll and social security liabilities .....		1,578	1,243
(Decrease) / Increase in provisions for other liabilities .....		(88)	1,640
Net cash generated in operating activities before taxes paid .....		<b>52,552</b>	<b>10,673</b>
Income tax paid .....		(1,653)	(911)
<b>Net cash generated from operating activities .....</b>		<b>50,899</b>	<b>9,762</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 six-month periods ended June 30, 2017 and 2016 (continued)

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

	Note	<u>June 30, 2017</u>	<u>June 30, 2016</u>
(unaudited)			
<b>Cash flows from investing activities:</b>			
Purchases of property, plant and equipment.....	11	(106,053)	(60,034)
Purchases of cattle.....		(581)	-
Purchases of intangible assets.....	13	(576)	(804)
Interest received .....	9	5,021	4,621
Proceeds from sale of property, plant and equipment		798	754
<b>Net cash used in investing activities .....</b>		<b><u>(101,391)</u></b>	<b><u>(55,463)</u></b>
 <b>Cash flows from financing activities:</b>			
Proceeds from equity settled share-based compensation exercise .....		-	276
Proceeds from long-term borrowings.....		189,769	42,701
Payments of long-term borrowings .....		(103,724)	(69,514)
Proceeds from short-term borrowings.....		84,595	147,496
Payment of short-term borrowings.....		(9,531)	(94,929)
Payment of derivatives financial instruments.....		(9,419)	(1,213)
Interest paid .....		(22,540)	(20,504)
Purchase of own shares.....		(8,681)	-
Dividends paid to non-controlling interest.....	25	(1,506)	-
<b>Net cash generated from financing activities.....</b>		<b><u>118,963</u></b>	<b><u>4,313</u></b>
<b>Net decrease in cash and cash equivalents.....</b>		<b><u>68,471</u></b>	<b><u>(41,388)</u></b>
Cash and cash equivalents at beginning of period.....		158,568	198,894
Effect of exchange rate changes on cash and cash equivalents .....		(7,105)	10,081
<b>Cash and cash equivalents at end of period .....</b>		<b><u>219,934</u></b>	<b><u>167,587</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 3 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 August 11, 2017.

### 2. 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 2 to the annual financial statements. There have been no changes to the Group's exposure and risk management principles and processes since December 31, 2016 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 six month period ended June 30, 2017. 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)

### 2. 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 June 30, 2017. All amounts are shown in US dollars.

Net monetary position (Liability)/ Asset	June 30, 2017 (unaudited)				
	Functional currency				
	Argentine Peso	Brazilian Reais	Uruguayan Peso	US Dollar	Total
Argentine Peso.....	12,119	-	-	-	<b>12,119</b>
Brazilian Reais.....	-	(108,567)	-	-	<b>(108,567)</b>
US Dollar.....	(96,128)	(415,299)	22,688	69,560	<b>(419,179)</b>
Uruguayan Peso.....	-	-	(860)	-	<b>(860)</b>
<b>Total.....</b>	<b>(84,009)</b>	<b>(523,866)</b>	<b>21,828</b>	<b>69,560</b>	<b>(516,487)</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 June 30, 2017 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	June 30, 2017 (unaudited)				
	Functional currency				
	Argentine Peso	Brazilian Reais	Uruguayan Peso	US Dollar	Total
US Dollar.....	(9,613)	(41,530)	2,269	-	(48,874)
<b>(Decrease) or increase in Profit Before Income Tax ...</b>	<b>(9,613)</b>	<b>(41,530)</b>	<b>2,269</b>	<b>-</b>	<b>(48,874)</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 Group expects that the cash flows will occur and affect profit or loss between 2017 and 2020.

For the period ended June 30, 2017, a total amount before income tax of US\$ 2,508 loss was recognized in other comprehensive income and an amount of US\$ 3,320 loss was reclassified from equity to profit or loss within "Financial results, net".

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

# Adecoagro S.A.

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

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

### 2. 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 June 30, 2017 (all amounts are shown in US dollars):

Rate per currency denomination	June 30, 2017 (unaudited)			Total
	Functional currency			
	Argentine Peso	Brazilian Reais	Uruguayan Peso	
<b>Fixed rate:</b>				
Argentine Peso.....	7,747	-	-	7,747
Brazilian Reais.....	-	127,706	-	127,706
US Dollar.....	85,486	36,568	27,990	150,044
<b>Subtotal Fixed-rate borrowings.....</b>	<b>93,233</b>	<b>164,274</b>	<b>27,990</b>	<b>285,497</b>
<b>Variable rate:</b>				
Brazilian Reais.....	-	62,430	-	62,430
US Dollar.....	49,835	396,393	-	446,228
<b>Subtotal Variable-rate borrowings ..</b>	<b>49,835</b>	<b>458,823</b>	<b>-</b>	<b>508,658</b>
<b>Total borrowings as per analysis ....</b>	<b>143,068</b>	<b>623,097</b>	<b>27,990</b>	<b>794,155</b>
Finance leases .....	124	-	-	124
<b>Total borrowings at June 30, 2017 ...</b>	<b>143,192</b>	<b>623,097</b>	<b>27,990</b>	<b>794,279</b>

At June 30, 2017, if interest rates on floating-rate borrowings had been 1% higher (or lower) with all other variables held constant, **Profit Before Income Tax** for the period would decrease as follows:

Rate per currency denomination	June 30, 2017 (unaudited)			Total
	Functional currency			
	Argentine Peso	Brazilian Reais	Uruguayan Peso	
<b>Variable rate:</b>				
Brazilian Reais.....	-	(624)	-	(624)
US Dollar.....	(498)	(3,964)	-	(4,462)
<b>Decrease in Profit Before Income Tax .....</b>	<b>(498)</b>	<b>(4,588)</b>	<b>-</b>	<b>(5,086)</b>

- **Credit risk**

As of June 30, 2017, seven banks accounted for more than 83% of the total cash deposited (Banco do Brasil, Banco Votoratim, Banco Itau, Banco Santander, HSBC, JP Morgan and Galicia).

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# 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. Financial risk management (continued)

- **Derivative financial instruments**

The following table shows the outstanding positions for each type of derivative contract as of June 30, 2017:

- **Futures / Options**

Type of derivative contract	June 30, 2017			
	Quantities (thousands) (**)	Notional amount	Market Value Asset/ (Liability) (unaudited)	Profit / (Loss) (* (unaudited)
<b>Futures:</b>				
<b>Sale</b>				
Corn .....	120	19,008	(80)	(16)
Soybean .....	4	(418)	192	(274)
Sugar .....	147,646	48,357	(3,720)	6,087
<b>Options:</b>				
<b>Buy put</b>				
Sugar .....	68,999	(2,896)	8,686	6,312
<b>Sell call</b>				
Sugar .....	876	1,907	(34)	2,058
<b>Sell put</b>				
Sugar .....	32,042	504	(2,704)	(2,287)
<b>Buy call</b>				
Soybean .....	(2)	36	48	12
<b>Sale</b>				
Ethanol .....	1,500	(25,467)	44	44
<b>Total .....</b>	<b>251,185</b>	<b>41,031</b>	<b>2,432</b>	<b>11,936</b>

(\* ) Included in line "Gain from commodity derivative financial instruments" Note 8.

(\*\* ) 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)

### 2. Financial risk management (continued)

#### ▪ Other derivative financial instruments

As of June 30, 2017, 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, 2016.

During the period ended June 30, 2016, 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\$ 42.5 million. No contract of this kind was entered in 2015. Those contracts entered in 2016 have maturity dates ranging between March 2016 and April 2017. The outstanding contracts resulted in the recognition of a loss of US\$ 7 million in 2016.

During the period ended on June 30, 2017 and 2016, the Group entered into several currency forward contracts in order to hedge the fluctuation of the US Dollar against Euro for a total notional amount of US\$ 15.37 million and US\$ 15.7 million, respectively. The currency forward contracts maturity date are between September 2017, and September 2016, respectively. The outstanding contracts resulted in the recognition of a loss of US\$ 0.25 and US\$ 0.1 million, respectively.

Gain and losses on currency forward contracts are included within “Financial results, net” in the statement of income.

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. Segment information

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

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

- The Group’s **‘Farming’** line of business is further comprised of three reportable segments:
  - The Group’s **‘Crops’** Segment consists of planting, harvesting and sale of grains, oilseeds and fibers (including wheat, corn, soybeans, cotton and sunflowers, among others), and to a lesser extent the provision of grain warehousing/conditioning, handling and drying services to third parties, and the purchase and sale of crops produced by third parties crops. Each underlying crop in the Crops segment does not represent a separate operating segment. Management seeks to maximize the use of the land through the cultivation of one or more type of crops. Types and surface amount of crops cultivated may vary from harvest year to harvest year depending on several factors, some of them out of the Group’s control. Management is focused on the long-term performance of the productive land, and to that extent, the performance is assessed considering the aggregated combination, if any, of crops planted in the land. A single manager is responsible for the management of operating activity of all crops rather than for each individual crop.
  - The Group’s **‘Rice’** Segment consists of planting, harvesting, processing and marketing of rice;
  - The Group’s **‘Dairy’** Segment consists of the production and sale of raw milk;
  - 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 significance 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)

### 3. Segment information (continued)

Segment analysis for the six-month period ended June 30, 2017 (unaudited)

	<i>Farming</i>				<i>Sugar, Ethanol and Energy</i>	<i>Land Transformation</i>	<i>Corporate</i>	<i>Total</i>	
	<i>Crops</i>	<i>Rice</i>	<i>Dairy</i>	<i>All Other Segments</i>					<i>Farming subtotal</i>
Sales of goods and services rendered.....	84,896	43,278	19,322	438	147,934	246,687	-	-	<b>394,621</b>
Cost of goods sold and services rendered.....	(84,692)	(37,702)	(18,988)	(175)	(141,557)	(193,752)	-	-	<b>(335,309)</b>
Initial recognition and changes in fair value of biological assets and agricultural produce.....	17,343	5,796	4,528	163	27,830	(5,128)	-	-	<b>22,702</b>
Changes in net realizable value of agricultural produce after harvest.....	3,193	-	-	-	3,193	-	-	-	<b>3,193</b>
<b>Margin on Manufacturing and Agricultural Activities Before Operating Expenses.....</b>	<b>20,740</b>	<b>11,372</b>	<b>4,862</b>	<b>426</b>	<b>37,400</b>	<b>47,807</b>	-	-	<b>85,207</b>
General and administrative expenses.....	(1,401)	(2,279)	(496)	(88)	(4,264)	(13,984)	-	(10,253)	<b>(28,501)</b>
Selling expenses.....	(2,946)	(6,401)	(468)	(53)	(9,868)	(27,150)	-	(59)	<b>(37,077)</b>
Other operating (loss)/income, net.....	3,339	637	422	(161)	4,237	31,919	-	(18)	<b>36,138</b>
<b>Profit / (loss) from Operations Before Financing and Taxation.....</b>	<b>19,732</b>	<b>3,329</b>	<b>4,320</b>	<b>124</b>	<b>27,505</b>	<b>38,592</b>	-	<b>(10,330)</b>	<b>55,767</b>
Depreciation and amortization.....	(692)	(1,886)	(494)	(60)	<b>(3,132)</b>	(53,034)	-	-	<b>(56,166)</b>
Initial recognition and changes in fair value of biological assets and agricultural produce (unrealized).....	9,880	4,369	508	163	<b>14,920</b>	(17,361)	-	-	<b>(2,441)</b>
Initial recognition and changes in fair value of biological assets and agricultural produce (realized).....	7,463	1,427	4,020	-	<b>12,910</b>	12,233	-	-	<b>25,143</b>
Changes in net realizable value of agricultural produce after harvest (unrealized) ...	616	-	-	-	<b>616</b>	-	-	-	<b>616</b>
Changes in net realizable value of agricultural produce after harvest (realized).....	2,577	-	-	-	<b>2,577</b>	-	-	-	<b>2,577</b>
Farmlands and farmland improvements, net.....	64,011	14,543	127	10,325	<b>89,006</b>	26,342	-	-	<b>115,348</b>
Machinery, equipment, building and facilities, and other fixed assets, net.....	4,231	15,286	7,447	415	<b>27,379</b>	438,276	-	-	<b>465,655</b>
Bearer plants, net.....	-	-	-	1,832	<b>1,832</b>	225,805	-	-	<b>227,637</b>
Work in progress.....	1,037	3,739	5,234	-	<b>10,010</b>	18,710	-	-	<b>28,720</b>
Investment property.....	-	-	-	2,547	<b>2,547</b>	-	-	-	<b>2,547</b>
Goodwill.....	3,614	1,660	-	1,157	<b>6,431</b>	6,600	-	-	<b>13,031</b>
Biological assets.....	15,836	4,898	7,479	3,366	<b>31,579</b>	71,017	-	-	<b>102,596</b>
Finished goods.....	57,805	6,757	-	-	<b>64,562</b>	31,288	-	-	<b>95,850</b>
Raw materials, Stocks held by third parties and others.....	6,802	29,383	3,365	-	<b>39,550</b>	15,652	-	-	<b>55,202</b>
<b>Total segment assets.....</b>	<b>153,336</b>	<b>76,266</b>	<b>23,652</b>	<b>19,642</b>	<b>272,896</b>	<b>833,690</b>	-	-	<b>1,106,586</b>
Borrowings.....	89,729	81,473	852	3,727	<b>175,781</b>	618,498	-	-	794,279
<b>Total segment liabilities.....</b>	<b>89,729</b>	<b>81,473</b>	<b>852</b>	<b>3,727</b>	<b>175,781</b>	<b>618,498</b>	-	-	<b>794,279</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)

### 3. Segment information (continued)

Segment analysis for the six-month period ended June 30, 2016 (unaudited)

	<i>Farming</i>					<i>Sugar, Ethanol and Energy</i>	<i>Land Transformation</i>	<i>Corporate</i>	<i>Total</i>
	<i>Crops</i>	<i>Rice</i>	<i>Dairy</i>	<i>All Other Segments</i>	<i>Farming subtotal</i>				
Sales of goods and services rendered.....	68,097	45,556	12,029	545	126,227	164,477	-	-	290,704
Cost of goods sold and services rendered.....	(68,009)	(40,673)	(11,995)	(96)	(120,773)	(117,655)	-	-	(238,428)
Initial recognition and changes in fair value of biological assets and agricultural produce.....	45,657	9,458	1,625	90	56,830	26,664	-	-	83,494
Changes in net realizable value of agricultural produce after harvest.....	(369)	-	-	-	(369)	-	-	-	(369)
<b>Margin on Manufacturing and Agricultural Activities Before Operating Expenses.....</b>	<b>45,376</b>	<b>14,341</b>	<b>1,659</b>	<b>539</b>	<b>61,915</b>	<b>73,486</b>	-	-	<b>135,401</b>
General and administrative expenses.....	(1,315)	(1,433)	(505)	(141)	(3,394)	(8,541)	-	(9,675)	(21,610)
Selling expenses.....	(2,440)	(5,260)	(341)	(19)	(8,060)	(19,080)	-	(25)	(27,165)
Other operating (loss)/income, net.....	(21,941)	193	116	1	(21,631)	(12,593)	-	63	(34,161)
<b>Profit / (loss) from Operations Before Financing and Taxation .....</b>	<b>19,680</b>	<b>7,841</b>	<b>929</b>	<b>380</b>	<b>28,830</b>	<b>33,272</b>	-	<b>(9,637)</b>	<b>52,465</b>
Depreciation and amortization.....	(676)	(1,173)	(490)	(110)	(2,449)	(39,456)	-	-	(41,905)
Initial recognition and changes in fair value of biological assets and agricultural produce (unrealized).....	24,534	6,752	-	-	31,286	18,306	-	-	49,592
Initial recognition and changes in fair value of biological assets and agricultural produce (realized).....	21,123	2,706	1,625	90	25,544	8,358	-	-	33,902
Changes in net realizable value of agricultural produce after harvest (unrealized) ...	(1,542)	-	-	-	(1,542)	-	-	-	(1,542)
Changes in net realizable value of agricultural produce after harvest (realized) .....	1,173	-	-	-	1,173	-	-	-	1,173
<b>As of December 31, 2016:</b>									
Farmlands and farmland improvements, net .....	68,224	18,868	168	5,504	92,764	26,734	-	-	119,498
Machinery, equipment, building and facilities, and other fixed assets, net.....	3,892	14,949	7,449	467	26,757	418,543	-	-	445,300
Bearer plants, net.....	-	-	-	1,860	1,860	214,309	-	-	216,169
Work in progress.....	1,100	3,274	2,727	-	7,101	14,540	-	-	21,641
Investment property .....	-	-	-	2,666	2,666	-	-	-	2,666
Goodwill.....	3,782	1,737	-	1,186	6,705	6,700	-	-	13,405
Biological assets.....	28,189	25,575	6,827	2,433	63,024	82,380	-	-	145,404
Finished goods .....	13,415	5,474	-	-	18,889	49,302	-	-	68,191
Raw materials, Stocks held by third parties and others.....	16,147	6,628	2,060	-	24,835	18,728	-	-	43,563
<b>Total segment assets.....</b>	<b>134,749</b>	<b>76,505</b>	<b>19,231</b>	<b>14,116</b>	<b>244,601</b>	<b>831,236</b>	-	-	<b>1,075,837</b>
Borrowings .....	43,878	47,156	616	10,449	102,099	533,297	-	-	635,396
<b>Total segment liabilities .....</b>	<b>43,878</b>	<b>47,156</b>	<b>616</b>	<b>10,449</b>	<b>102,099</b>	<b>533,297</b>	-	-	<b>635,396</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)

## 4. Sales

	<b>June 30, 2017</b>	<b>June 30, 2016</b>
	(unaudited)	
<b>Sales of manufactured products and services rendered:</b>		
Ethanol (*).....	104,966	69,414
Sugar (*).....	121,801	81,517
Rice (*).....	42,592	44,353
Energy .....	19,875	13,503
Powder milk .....	2,660	380
Operating leases .....	381	554
Services .....	735	390
Others .....	796	703
	<b>293,806</b>	<b>210,814</b>
<b>Sales of agricultural produce and biological assets:</b>		
Soybean (*).....	40,764	39,358
Cattle for dairy production .....	1,490	1,305
Corn.....	31,297	15,816
Pop Corn .....	215	287
Rice .....	-	892
Cotton.....	46	1,118
Milk.....	14,956	10,183
Wheat.....	8,996	5,017
Sunflower.....	438	5,245
Peanut.....	711	-
Barley.....	1,527	625
Seeds .....	87	15
Others (*) .....	288	29
	<b>100,815</b>	<b>79,890</b>
<b>Total sales .....</b>	<b>394,621</b>	<b>290,704</b>

(\*) Includes sales of soybean, corn, rice, powder milk, sugar, wheat, sunflower and others produced by third parties for an amount of US\$ 11.2, US\$ 24.1 million; US\$ 3.0 million; US\$ 2.7 million; US\$ 35.1 million; US\$ 4.7 million; US\$ 0.2 million and US\$ 0.1 million 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\$ 83.6 million as of June 30, 2017 (June 30, 2016: US\$ 137.9 million) comprised primarily of 125,147 tons of sugar (US\$ 49.9), 14,414 m<sup>3</sup> of ethanol (US\$ 2.5 million), 297,803 mhw of energy (US\$ 18.5 million), 15,613 tons of soybean (US\$ 2.2 million), 50,610 tons of corn (US\$ 7.6 million), and 17,659 tons of wheat (US\$ 2.9 million) which expire between July 2017 and December 2017.

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. Cost of goods sold and services rendered

As of June 30, 2017:

	June 30, 2017					Total
	Crops	Rice	Dairy	All other segments	Sugar, Ethanol and Energy	
<b>Finished goods at the beginning of 2017 (Note 17)</b> .....	13,117	5,473	-	-	49,601	68,191
Cost of production of manufactured products (Note 6) .....	309	35,331	-	101	144,919	180,660
Purchases.....	46,258	4,050	2,616	-	41,785	94,709
Agricultural produce .....	76,921	-	16,372	74	-	93,367
Transfer to raw material.....	(4,577)	-	-	-	-	(4,577)
Direct agricultural selling expenses.....	9,900	-	-	-	-	9,900
Tax recoveries (i).....	-	-	-	-	(12,023)	(12,023)
Changes in net realizable value of agricultural produce after harvest.....	3,193	-	-	-	-	3,193
Finished goods at the end of June 30, 2017 (Note 17).....	(57,804)	(6,757)	-	-	(31,289)	(95,850)
Exchange differences .....	(2,625)	(395)	-	-	759	(2,261)
<b>Cost of goods sold and services rendered, and direct agricultural selling expenses</b> .....	<b>84,692</b>	<b>37,702</b>	<b>18,988</b>	<b>175</b>	<b>193,752</b>	<b>335,309</b>

(i): Correspond to the presumed credit of ICMS over the sale values.

As of June 30, 2016:

	June 30, 2016					Total
	Crops	Rice	Dairy	All other segments	Sugar, Ethanol and Energy	
<b>Finished goods at the beginning of 2016</b> .....	16,034	6,904	55	-	24,631	47,624
Cost of production of manufactured products (Note 6).....	320	28,207	-	96	112,043	140,666
Purchases.....	13,221	11,595	459	-	26,457	51,732
Agricultural produce .....	79,189	-	11,489	-	-	90,678
Transfer to raw material.....	(3,416)	-	-	-	-	(3,416)
Direct agricultural selling expenses.....	7,754	-	-	-	-	7,754
Tax recoveries (i).....	-	-	-	-	(8,033)	(8,033)
Changes in net realizable value of agricultural produce after harvest .....	(369)	-	-	-	-	(369)
Finished goods at the end of June 30, 2016.....	(41,518)	(4,998)	-	-	(42,009)	(88,525)
Exchange differences .....	(3,206)	(1,035)	(8)	-	4,566	317
<b>Cost of goods sold and services rendered, and direct agricultural selling expenses</b> .....	<b>68,009</b>	<b>40,673</b>	<b>11,995</b>	<b>96</b>	<b>117,655</b>	<b>238,428</b>

(i): Correspond to the presumed credit of ICMS over the sale values.

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. 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:

Expenses by nature for the year ended June 30, 2017:

	Cost of production of manufactured products (Note 5)					General and Administrative Expenses	Selling Expenses	Total	
	Crops	Rice	Dairy	All other segments	Sugar, Ethanol and Energy				Total
Salaries, social security expenses and employee benefits.....	-	3,962	-	96	20,029	24,087	17,181	3,250	44,518
Raw materials and consumables.....	306	2,039	-	-	3,350	5,695	-	-	5,695
Depreciation and amortization.....	-	409	-	5	43,807	44,221	2,970	361	47,552
Fuel, lubricants and others .....	-	56	-	-	10,754	10,810	248	126	11,184
Maintenance and repairs.....	-	739	-	-	5,879	6,618	511	275	7,404
Freights.....	-	3,369	-	-	224	3,593	-	11,187	14,780
Export taxes / selling taxes .....	-	-	-	-	-	-	-	14,024	14,024
Export expenses .....	-	-	-	-	-	-	-	1,448	1,448
Contractors and services .....	-	-	-	-	2,594	2,594	-	-	2,594
Energy transmission .....	-	-	-	-	-	-	-	1,576	1,576
Energy power .....	-	782	-	-	754	1,536	91	29	1,656
Professional fees .....	-	20	-	-	154	174	3,699	784	4,657
Other taxes .....	-	44	-	-	77	121	433	-	554
Contingencies .....	-	-	-	-	-	-	947	-	947
Lease expense and similar arrangements .....	-	121	-	-	-	121	701	32	854
Third parties raw materials .....	-	4,127	-	-	9,088	13,215	-	-	13,215
Tax recoveries .....	-	-	-	-	(14)	(14)	-	-	(14)
Others .....	3	386	-	-	2,557	2,946	1,720	3,985	8,651
<b>Subtotal .....</b>	<b>309</b>	<b>16,054</b>	<b>-</b>	<b>101</b>	<b>99,253</b>	<b>115,717</b>	<b>28,501</b>	<b>37,077</b>	<b>181,295</b>
Own agricultural produce consumed .....	-	19,277	-	-	45,666	64,943	-	-	64,943
<b>Total .....</b>	<b>309</b>	<b>35,331</b>	<b>-</b>	<b>101</b>	<b>144,919</b>	<b>180,660</b>	<b>28,501</b>	<b>37,077</b>	<b>246,238</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. Expenses by nature (continued)

Expenses by nature for the year ended June 30, 2016:

	Cost of production of manufactured products (Note 5)					Total	General and Administrative Expenses	Selling Expenses	Total
	Crops	Rice	Dairy	All other segments	Sugar, Ethanol and Energy				
Salaries, social security expenses and employee benefits .....	-	2,744	-	81	20,530	23,355	13,096	2,614	39,065
Raw materials and consumables .....	176	1,366	-	-	2,549	4,091	-	-	4,091
Depreciation and amortization .....	-	443	-	15	32,111	32,569	2,181	339	35,089
Fuel, lubricants and others .....	-	40	-	-	9,367	9,407	187	58	9,652
Maintenance and repairs .....	-	591	-	-	6,726	7,317	425	186	7,928
Freights .....	9	2,329	-	-	-	2,338	-	8,391	10,729
Export taxes / selling taxes .....	-	-	-	-	124	124	-	9,501	9,625
Export expenses .....	-	-	-	-	-	-	-	1,642	1,642
Contractors and services .....	129	-	-	-	1,447	1,576	-	-	1,576
Energy transmission .....	-	-	-	-	-	-	-	1,287	1,287
Energy power .....	-	537	-	-	480	1,017	74	22	1,113
Professional fees .....	6	42	-	-	145	193	3,123	439	3,755
Other taxes .....	-	32	-	-	795	827	375	-	1,202
Contingencies .....	-	-	-	-	-	-	273	-	273
Lease expense and similar arrangements .....	-	39	-	-	-	39	573	24	636
Third parties raw materials .....	-	1,604	-	-	5,244	6,848	-	-	6,848
Tax recoveries .....	-	-	-	-	(4,872)	(4,872)	-	-	(4,872)
Others .....	-	380	-	-	2,721	3,101	1,303	2,662	7,066
<b>Subtotal .....</b>	<b>320</b>	<b>10,147</b>	<b>-</b>	<b>96</b>	<b>77,367</b>	<b>87,930</b>	<b>21,610</b>	<b>27,165</b>	<b>136,705</b>
Own agricultural produce consumed .....	-	18,060	-	-	34,676	52,736	-	-	52,736
<b>Total .....</b>	<b>320</b>	<b>28,207</b>	<b>-</b>	<b>96</b>	<b>112,043</b>	<b>140,666</b>	<b>21,610</b>	<b>27,165</b>	<b>189,441</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)

## 7. Salaries and social security expenses

	<b>June 30, 2017</b>	<b>June 30, 2016</b>
	(unaudited)	
Wages and salaries .....	64,851	52,608
Social security costs .....	16,824	13,145
Equity-settled share-based compensation ...	2,807	2,545
	<b>84,482</b>	<b>68,298</b>
Number of employees .....	<b>8,092</b>	<b>8,229</b>

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

	<b>June 30, 2017</b>	<b>June 30, 2016</b>
	(unaudited)	
Gain/(Loss) from commodity derivative financial instruments .....	38,753	(33,159)
(Loss) from disposal of other property items .....	(618)	181
Losses related to energy business.....	(3,247)	-
Others .....	1,250	(1,183)
	<b>36,138</b>	<b>(34,161)</b>

## 9. Financial results, net

	<b>June 30, 2017</b>	<b>June 30, 2016</b>
	(unaudited)	
Finance income:		
- Interest income .....	5,021	4,621
- Other income .....	201	450
<b>Finance income</b> .....	<b>5,222</b>	<b>5,071</b>
Finance costs:		
- Interest expense .....	(25,798)	(22,029)
- Cash flow hedge – transfer from equity....	(3,320)	(23,594)
- Foreign exchange losses, net .....	(11,883)	(12,276)
- Taxes.....	(1,304)	(1,231)
- Loss from interest rate/foreign exchange rate derivative financial.....	(2,195)	(6,806)
- Other expenses.....	(910)	(1,982)
<b>Finance costs</b> .....	<b>(45,410)</b>	<b>(67,918)</b>
<b>Total financial results, net</b> .....	<b>(40,188)</b>	<b>(62,847)</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. Taxation

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

	<b>June 30, 2017</b>	<b>June 30, 2016</b>
	(unaudited)	
Current income tax .....	(2,865)	(2,551)
Deferred income tax .....	(2,946)	(2,065)
<b>Income tax expense</b> .....	<b>(5,811)</b>	<b>(4,616)</b>

There has been no change in the statutory tax rates in the countries where the Group operates since December 31, 2016.

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

	<b>June 30, 2017</b>	<b>June 30, 2016</b>
	(unaudited)	
Beginning of period asset .....	23,897	53,108
Exchange differences .....	363	10,868
Tax charge relating to cash flow hedge (i) .....	1,291	(34,145)
Income tax expense .....	(2,946)	(2,065)
<b>End of period asset</b> .....	<b>22,605</b>	<b>27,766</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\$ 7,119 loss for the six-month period ended June 30, 2017.

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

	<b>June 30, 2017</b>	<b>June 30, 2016</b>
	(unaudited)	
Tax calculated at the tax rates applicable to profits in the respective countries .....	(4,929)	2,362
Non-deductible items .....	(750)	(5,115)
Non-deductible items – Change in estimates or previous year .....	-	(1,180)
Tax losses where no deferred tax asset was recognized .....	-	(100)
Others .....	(132)	(583)
<b>Income tax expense</b> .....	<b>(5,811)</b>	<b>(4,616)</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. Property, plant and equipment

Changes in the Group's property, plant and equipment in the six-month periods ended June 30, 2017 and 2016 were as follows:

	Farmlands	Farmland improvements	Buildings and facilities	Machinery, equipment, furniture and Fittings	Bearer plants	Others	Work in progress	Total
<b>Six-month period ended June 30, 2016</b>								
Opening net book amount .....	114,527	5,141	167,468	226,049	156,671	3,920	23,113	696,889
Exchange differences .....	(2,149)	(670)	30,126	50,795	36,332	88	(154)	114,368
Additions .....	-	-	4,771	20,960	27,872	886	8,200	62,689
Transfers .....	-	3,866	2,287	5,957	-	-	(12,110)	-
Disposals .....	-	-	-	(961)	-	(24)	-	(985)
Reclassification to non-income tax credits (*) ...	-	-	(655)	(110)	-	-	(39)	(804)
Reclassification to Investment property (Note 12)	-	-	-	140	-	-	-	140
Depreciation (Note 6).....	-	(611)	(4,427)	(24,974)	(10,964)	(616)	-	(41,592)
<b>Closing net book amount.....</b>	<b>112,378</b>	<b>7,726</b>	<b>199,570</b>	<b>277,856</b>	<b>209,911</b>	<b>4,254</b>	<b>19,010</b>	<b>830,705</b>
<b>At June 30, 2016 (unaudited)</b>								
Cost .....	112,378	18,085	304,002	624,818	399,881	14,494	19,010	1,492,668
Accumulated depreciation.....	-	(10,359)	(104,432)	(346,962)	(189,970)	(10,240)	-	(661,963)
Net book amount .....	<b>112,378</b>	<b>7,726</b>	<b>199,570</b>	<b>277,856</b>	<b>209,911</b>	<b>4,254</b>	<b>19,010</b>	<b>830,705</b>
<b>Six-month period ended June 30, 2017</b>								
Opening net book amount .....	109,858	9,640	190,055	251,310	216,169	3,935	21,641	802,608
Exchange differences .....	(3,176)	(373)	(3,318)	(5,924)	(3,889)	(144)	(796)	(17,620)
Additions .....	-	-	7,764	47,650	36,828	1,555	16,809	110,606
Transfers .....	-	429	2,700	5,709	-	-	(8,838)	-
Disposals .....	-	-	(102)	(1,753)	-	(4)	-	(1,859)
Reclassification to non-income tax credits (*) ...	-	-	(82)	(447)	-	-	(96)	(625)
Reclassification to Investment property (Note 12)	-	-	-	-	-	-	-	-
Depreciation (Note 6).....	-	(1,030)	(6,896)	(25,554)	(21,471)	(799)	-	(55,750)
<b>Closing net book amount.....</b>	<b>106,682</b>	<b>8,666</b>	<b>190,121</b>	<b>270,991</b>	<b>227,637</b>	<b>4,543</b>	<b>28,720</b>	<b>837,360</b>
<b>At June 30, 2017 (unaudited)</b>								
Cost.....	106,682	20,055	301,449	643,507	439,078	15,582	28,720	1,555,073
Accumulated depreciation.....	-	(11,389)	(111,328)	(372,516)	(211,441)	(11,039)	-	(717,713)
Net book amount .....	<b>106,682</b>	<b>8,666</b>	<b>190,121</b>	<b>270,991</b>	<b>227,637</b>	<b>4,543</b>	<b>28,720</b>	<b>837,360</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 June 30, 2017, 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)

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

Depreciation charges are included in “Cost of production of Biological Assets”, “Cost of production of manufactures products”, “General and administrative expenses”, “Selling expenses” and capitalized in “Property, plant and equipment” for the period ended June 30, 2017 and 2016, respectively.

As of June 30, 2017, borrowing costs of US\$ 1,391 (June 30, 2016: US\$ 1,538) 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\$ 577,397 as of June 30, 2017.

As of June 30, 2017 included within property, plant and equipment balances are US\$ 320 related to the net book value of assets under finance leases.

### 12. Investment property

Changes in the Group’s investment property in the six-month periods ended June 30, 2017 and 2016 were as follows:

	<b>June 30, 2017</b>	<b>June 30, 2016</b>
	(unaudited)	
<b>Beginning of the period.....</b>	<b>2,666</b>	<b>4,796</b>
Reclassification from Property, plant and equipment.....	-	-
Exchange differences .....	(119)	(638)
<b>End of the period .....</b>	<b>2,547</b>	<b>4,158</b>
Cost	2,547	4,158
Net book amount	<b>2,547</b>	<b>4,158</b>

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

	<b>June 30, 2017</b>	<b>June 30, 2016</b>
	(unaudited)	
Rental income .....	370	545

As of June 30, 2017, the fair value of investment property was US\$ 45 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)

### 13. Intangible assets

Changes in the Group's intangible assets in the six-month periods ended June 30, 2017 and 2016 were as follows:

	<u>Goodwill</u>	<u>Software</u>	<u>Others</u>	<u>Total</u>
<b>Six-month period ended June 30, 2016</b>				
Opening net book amount .....	13,510	2,200	951	16,661
Exchange differences .....	345	284	(3)	626
Additions.....	-	785	19	804
Amortization charge (i) (Note 6) .....	-	(292)	(21)	(313)
<b>Closing net book amount.....</b>	<b><u>13,855</u></b>	<b><u>2,977</u></b>	<b><u>946</u></b>	<b><u>17,778</u></b>
<b>At June 30, 2016 (unaudited)</b>				
Cost .....	13,855	5,113	2,652	21,620
Accumulated amortization .....	-	(2,136)	(1,706)	(3,842)
<b>Net book amount.....</b>	<b><u>13,855</u></b>	<b><u>2,977</u></b>	<b><u>946</u></b>	<b><u>17,778</u></b>
<b>Six-month period ended June 30, 2017</b>				
Opening net book amount .....	13,405	2,901	946	17,252
Exchange differences .....	(374)	(70)	(2)	(446)
Additions.....	-	561	15	576
Amortization charge (i) (Note 6) .....	-	(393)	(23)	(416)
<b>Closing net book amount.....</b>	<b><u>13,031</u></b>	<b><u>2,999</u></b>	<b><u>936</u></b>	<b><u>16,966</u></b>
<b>At June 30, 2017 (unaudited)</b>				
Cost .....	13,031	5,898	2,684	21,613
Accumulated amortization .....	-	(2,899)	(1,748)	(4,647)
<b>Net book amount.....</b>	<b><u>13,031</u></b>	<b><u>2,999</u></b>	<b><u>936</u></b>	<b><u>16,966</u></b>

(i) Amortization charges are included in "General and administrative expenses" and "Selling expenses" for the period ended June 30, 2017 and 2016, respectively.

The Group tests annually whether goodwill has suffered any impairment. The last impairment test of goodwill was performed as of September 30, 2016.

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)

### 14. Biological assets

Changes in the Group's biological assets in the six-month periods ended June 30, 2017 and 2016 were as follows:

	June 30, 2017					Total
	Crops (i)	Rice (i)	Dairy	All other segments	Sugarcane (i)	
<b>Beginning of the year</b> .....	<b>28,189</b>	<b>25,575</b>	<b>6,827</b>	<b>2,433</b>	<b>82,380</b>	<b>145,404</b>
Increase due to purchases .....	-	-	-	581	-	<b>581</b>
Initial recognition and changes in fair value of biological assets .....	17,343	5,796	4,528	163	(5,128)	<b>22,702</b>
Decrease due to harvest / disposals .....	(76,924)	(43,858)	(1,418)	(75)	(47,650)	<b>(169,925)</b>
Decrease due to sales of agricultural produce.....	-	-	(14,956)	-	-	<b>(14,956)</b>
Costs incurred during the year .....	47,704	17,100	12,846	457	42,412	<b>120,519</b>
Exchange differences .....	(476)	285	(348)	(193)	(997)	<b>(1,729)</b>
<b>End of the period</b> .....	<b>15,836</b>	<b>4,898</b>	<b>7,479</b>	<b>3,366</b>	<b>71,017</b>	<b>102,596</b>

  

	June 30, 2016					Total
	Crops (i)	Rice (i)	Dairy	All other segments	Sugarcane (i)	
<b>Beginning of the year</b> .....	<b>22,536</b>	<b>23,131</b>	<b>6,786</b>	<b>288</b>	<b>59,077</b>	<b>111,818</b>
Increase due to purchases .....	-	-	-	1,132	-	<b>1,132</b>
Initial recognition and changes in fair value of biological assets .....	45,657	9,458	1,625	90	26,664	<b>83,494</b>
Decrease due to harvest / disposals .....	(79,303)	(38,548)	(1,306)	-	(35,868)	<b>(155,025)</b>
Decrease due to sales of agricultural produce .....	-	-	(10,183)	-	-	<b>(10,183)</b>
Costs incurred during the year .....	31,150	13,165	10,860	388	37,479	<b>93,042</b>
Exchange differences .....	(1,542)	(2,476)	(949)	(102)	15,357	<b>10,288</b>
<b>End of the period</b> .....	<b>18,498</b>	<b>4,730</b>	<b>6,833</b>	<b>1,796</b>	<b>102,709</b>	<b>134,566</b>

(i) Biological assets that are measured at fair value within level 3 of the hierarchy.

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)

### 14. Biological assets (continued)

Cost of production as of June 30, 2017:

	<b>June 30, 2017</b>					
	<b>Crops</b>	<b>Rice</b>	<b>Dairy</b>	<b>All other segments</b>	<b>Sugar, Ethanol and Energy</b>	<b>Total</b>
Salaries, social security expenses and employee benefits.....	2,091	4,307	2,440	156	4,884	<b>13,878</b>
Depreciation and amortization .....	203	-	-	-	1,936	<b>2,139</b>
Fertilizers, agrochemicals and seeds .....	16,733	970	-	-	15,343	<b>33,046</b>
Fuel, lubricants and others .....	539	386	355	25	1,322	<b>2,627</b>
Maintenance and repairs.....	787	1,109	895	91	747	<b>3,629</b>
Freights .....	74	357	56	17	-	<b>504</b>
Contractors and services .....	14,861	7,944	-	8	2,298	<b>25,111</b>
Feeding expenses.....	-	-	4,784	11	-	<b>4,795</b>
Veterinary expenses.....	-	-	918	58	-	<b>976</b>
Energy power .....	49	850	390	-	-	<b>1,289</b>
Professional fees .....	90	37	68	7	43	<b>245</b>
Other taxes .....	1,019	72	3	72	54	<b>1,220</b>
Lease expense and similar arrangements .....	9,155	187	-	-	15,291	<b>24,633</b>
Others .....	2,103	881	196	12	494	<b>3,686</b>
<b>Subtotal .....</b>	<b>47,704</b>	<b>17,100</b>	<b>10,105</b>	<b>457</b>	<b>42,412</b>	<b>117,778</b>
Own agricultural produce consumed.....	-	-	2,741	-	-	<b>2,741</b>
<b>Total .....</b>	<b>47,704</b>	<b>17,100</b>	<b>12,846</b>	<b>457</b>	<b>42,412</b>	<b>120,519</b>

Cost of production as of June 30, 2016:

	<b>June 30, 2016</b>					
	<b>Crops</b>	<b>Rice</b>	<b>Dairy</b>	<b>All other segments</b>	<b>Sugar, Ethanol and Energy</b>	<b>Total</b>
Salaries, social security expenses and employee benefits.....	2,339	3,196	1,779	63	4,977	<b>12,354</b>
Depreciation and amortization .....	188	-	-	-	2,232	<b>2,420</b>
Fertilizers, agrochemicals and seeds .....	8,010	117	94	-	10,466	<b>18,687</b>
Fuel, lubricants and others .....	699	475	384	7	1,308	<b>2,873</b>
Maintenance and repairs.....	391	1,185	849	34	915	<b>3,374</b>
Freights .....	578	355	53	5	-	<b>991</b>
Contractors and services .....	11,261	6,687	-	-	1,344	<b>19,292</b>
Feeding expenses.....	-	-	3,844	5	-	<b>3,849</b>
Veterinary expenses.....	-	-	845	21	-	<b>866</b>
Energy power .....	54	356	243	-	-	<b>653</b>
Professional fees .....	94	39	70	-	57	<b>260</b>
Other taxes .....	732	66	5	49	50	<b>902</b>
Lease expense and similar arrangements .....	5,040	222	3	-	15,666	<b>20,931</b>
Others .....	1,764	467	214	204	464	<b>3,113</b>
<b>Subtotal .....</b>	<b>31,150</b>	<b>13,165</b>	<b>8,383</b>	<b>388</b>	<b>37,479</b>	<b>90,565</b>
Own agricultural produce consumed.....	-	-	2,477	-	-	<b>2,477</b>
<b>Total .....</b>	<b>31,150</b>	<b>13,165</b>	<b>10,860</b>	<b>388</b>	<b>37,479</b>	<b>93,042</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)

### 14. Biological assets (continued)

Biological assets as of June 30, 2017 and December 31, 2016 were as follows:

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	(unaudited)	
<b>Non-current</b>		
Cattle for dairy production .....	7,061	6,584
Breeding cattle .....	1,527	1,533
Other cattle .....	363	399
	<b>8,951</b>	<b>8,516</b>
<b>Current</b>		
Breeding cattle .....	1,476	501
Other cattle .....	418	243
Sown land – crops .....	15,836	28,189
Sown land – rice .....	4,898	25,575
Sown land – sugarcane .....	71,017	82,380
	<b>93,645</b>	<b>136,888</b>
<b>Total biological assets .....</b>	<b>102,596</b>	<b>145,404</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. Financial instruments

As of June 30, 2017, 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 June 30, 2017 and their allocation to the fair value hierarchy:

	2017		
	Level 1	Level 2	Total
<b>Assets</b>			
Derivative financial instruments .....	2,510	505	3,015
<b>Total assets</b> .....	<b>2,510</b>	<b>505</b>	<b>3,015</b>
<b>Liabilities</b>			
Derivative financial instruments .....	(122)	(1,689)	(1,811)
<b>Total liabilities</b> .....	<b>(122)</b>	<b>(1,689)</b>	<b>(1,811)</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. 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	(3,608)
Options	Quoted price	-	-	1	5,996
Foreign-currency interest-rate swaps	Theoretical price	Swap curve	Present value method	2	256
Interest-rate swaps		Swap curve; Money market interest-rate curve	Present value method	2	(1,440)
					<b><u><u>1,204</u></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)

### 16. Trade and other receivables, net

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	(unaudited)	
<b>Non current</b>		
Trade receivables .....	1,759	1,802
<b>Trade receivables – net .....</b>	<b>1,759</b>	<b>1,802</b>
Advances to suppliers .....	1,635	1,930
Income tax credits .....	7,264	7,472
Non-income tax credits (i) .....	2,457	1,853
Judicial deposits .....	3,345	3,280
Other receivables.....	1,542	1,075
<b>Non current portion .....</b>	<b>18,002</b>	<b>17,412</b>
<b>Current</b>		
Trade receivables .....	68,458	61,546
Receivables from related parties (Note 25).....	8,313	8,114
Less: Allowance for trade receivables .....	(708)	(643)
<b>Trade receivables – net .....</b>	<b>76,063</b>	<b>69,017</b>
Prepaid expenses .....	8,821	8,302
Advance to suppliers.....	41,611	21,451
Income tax credits .....	5,838	7,116
Non-income tax credits (i) .....	42,901	43,572
Cash collateral .....	1,179	3,546
Receivables from related parties (Note 25).....	1,228	172
Other receivables.....	4,735	4,352
<b>Subtotal .....</b>	<b>106,313</b>	<b>88,511</b>
<b>Current portion .....</b>	<b>182,376</b>	<b>157,528</b>
<b>Total trade and other receivables, net.....</b>	<b>200,378</b>	<b>174,940</b>

(i) Includes US\$ 625 for the six month period ended June 30, 2017 reclassified from property, plant and equipment (for the year ended December 31, 2016: US\$ 1,499).

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 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>June 30, 2017</b>	<b>December 31, 2016</b>
	(unaudited)	
<b>Currency</b>		
US Dollar .....	65,267	54,012
Argentine Peso .....	44,945	45,641
Uruguayan Peso .....	128	762
Brazilian Reais .....	90,038	74,525
	<b>200,378</b>	<b>174,940</b>

As of June 30, 2017 trade receivables of US\$ 21,055 (December 31, 2016: US\$ 14,641) were past due but not impaired. The ageing analysis of these receivables indicates that US\$ 4,787 and US\$ 5,264 are over 6 months in June 30, 2017 and December 31, 2016, 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.

### 17. Inventories

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	(unaudited)	
Raw materials.....	54,945	42,108
Finished goods .....	95,850	68,191
Stocks held by third parties .....	82	1,308
Others .....	175	147
	<b>151,052</b>	<b>111,754</b>

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

# Adecoagro S.A.

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

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

### 18. Cash and cash equivalents

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	(unaudited)	
Cash at bank and on hand .....	122,325	130,001
Short-term bank deposits .....	97,609	28,567
	<b>219,934</b>	<b>158,568</b>

### 19. Shareholder's Contributions

	<b>Number of shares (thousands)</b>	<b>Share capital and share premium</b>
<b>At January 1, 2016</b> .....	<b>122,382</b>	<b>1,121,247</b>
Employee share options exercised (Note 20)	-	323
Restricted share vested .....	-	3,225
<b>At June 30, 2016</b> .....	<b>122,382</b>	<b>1,124,795</b>
<b>At January 1, 2017</b> .....	<b>122,382</b>	<b>1,120,823</b>
Restricted share vested .....	-	4,149
Purchase of own shares .....	-	(7,438)
<b>At June 30, 2017</b> .....	<b>122,382</b>	<b>1,117,534</b>

### Share Repurchase Program

On September 24, 2013, the Board of Directors of the Company authorized a share repurchase program for up to 5% of its outstanding shares. The repurchase program has been renewed by the Board of Directors after each 12-month period. On August 11, 2017, the Board of Directors approved the extension of the program for an additional twelve-month period ending on September 23, 2018.

Repurchases of shares under the program may be made from time to time (i) 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; and (ii) through privately negotiated transactions. 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.

As of June 30, 2017, the Company repurchased an aggregate of 3,669,516 shares under the program, of which 2,091,922 have been utilized to cover the exercise of the Company's employee stock option plan and restricted stock units plan.

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)

### 20. 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

No expense was accrued for both periods under the Options Schemes.

As of June 30, 2017 nil options (June 30, 2016: 36,768) were exercised, and nil (June 30, 2016: 40,100) were forfeited.

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

As of June 30, 2017, the Group recognized compensation expense US\$ 2.8 million related to the restricted shares granted under the Restricted Share Plan (June 30, 2016: US\$ 2.5 million). For the six-month period ended June 30, 2017, 484,098 Restricted Stock Units were granted, (June 30, 2016: 464,139), 489,415 vested, (June 30, 2016: 453,001), and 6,140 were forfeited (June 30, 2016: 17,505).

### 21. Trade and other payables

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	(unaudited)	
<b>Non-current</b>		
Payable from acquisition of property, plant and equipment (i).....	521	1,042
Other payables .....	371	385
	<b>892</b>	<b>1,427</b>
<b>Current</b>		
Trade payables .....	51,023	77,325
Advances from customers.....	7,070	7,758
Amounts due to related parties (Note 25) .....	230	1,152
Taxes payable .....	2,642	4,685
Payables from acquisition of property, plant and equipment - Non Current.....	523	-
Other payables .....	286	1,238
	<b>61,774</b>	<b>92,158</b>
<b>Total trade and other payables .....</b>	<b>62,666</b>	<b>93,585</b>

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

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

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. Borrowings

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	(unaudited)	
<b>Non-current</b>		
Bank borrowings (*) .....	537,413	430,202
Obligations under finance leases .....	71	102
	<b>537,484</b>	<b>430,304</b>
<b>Current</b>		
Bank overdrafts .....	7,171	90
Bank borrowings (*) .....	249,571	204,923
Obligations under finance leases.....	53	79
	<b>256,795</b>	<b>205,092</b>
<b>Total borrowings.....</b>	<b>794,279</b>	<b>635,396</b>

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

As of June 30, 2017, total bank borrowings include collateralized liabilities of US\$ 638,143 (December 31, 2016: US\$ 525,663). These loans are mainly collateralized by property, plant and equipment sugarcane plantations, sugar export contracts and shares of certain subsidiaries of the Group.

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. Borrowings (continued)

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

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	<u>(unaudited)</u>	
<b>Fixed rate:</b>		
Less than 1 year .....	154,118	67,682
Between 1 and 2 years .....	41,525	43,630
Between 2 and 3 years .....	33,171	40,047
Between 3 and 4 years .....	22,784	21,857
Between 4 and 5 years .....	22,477	21,116
More than 5 years .....	11,422	20,239
	<u><b>285,497</b></u>	<u><b>214,571</b></u>
<b>Variable rate:</b>		
Less than 1 year .....	102,624	137,331
Between 1 and 2 years .....	134,795	150,517
Between 2 and 3 years .....	90,564	81,947
Between 3 and 4 years .....	92,433	18,457
Between 4 and 5 years .....	74,953	18,309
More than 5 years .....	13,289	14,083
	<u><b>508,658</b></u>	<u><b>420,644</b></u>
	<u><b>794,155</b></u>	<u><b>635,215</b></u>

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

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	<u>(unaudited)</u>	
Currency		
US Dollar.....	596,272	437,307
Brazilian Reais .....	190,136	196,903
Argentine Peso .....	7,871	1,186
	<u><b>794,279</b></u>	<u><b>635,396</b></u>

The carrying amount of short-term borrowings is approximate its fair value due to the short-term maturity. Long term borrowings subject to variable rate approximate their fair value. The fair value of long-term subject to fix rate do not significant differ from their fair value.

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

# Adecoagro S.A.

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

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

### 23. Payroll and social security liabilities

	<b>June 30, 2017</b>	<b>December 31, 2016</b>
	(unaudited)	
<b>Non-current</b>		
Social security payable .....	1,070	1,235
	<b>1,070</b>	<b>1,235</b>
<b>Current</b>		
Salaries payable .....	10,094	7,351
Social security payable .....	3,478	3,063
Provision for vacations .....	11,238	12,109
Provision for bonuses.....	3,214	4,321
	<b>28,024</b>	<b>26,844</b>
<b>Total payroll and social security liabilities</b>	<b>29,094</b>	<b>28,079</b>

### 24. 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, 2016.

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

# Adecoagro S.A.

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

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

### 25. 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)	
			June 30, 2017	June 30, 2016	June 30, 2017	December 31, 2016
			(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 16).	-	-	1,228	172
		Payables (Note 21) .....	-	-	(15)	(701)
CHS Agro	Joint venture	Services .....	48	45	-	-
		Sales of good.....	-	366	-	-
		Payables (Note 21) .....	-	-	(215)	(451)
		Interest income.....	163	163	-	-
Directors and senior management	Employment	Receivables (Note 16) ...	-	-	8,313	8,114
		Compensation selected employees .....	(2,046)	(2,352)	(15,279)	(17,355)

(i) Shareholder of the Company.

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)

### 26. Basis of preparation and presentation

The information presented in the accompanying condensed consolidated interim financial statements (“interim financial statements”) as of June 30, 2017 and for the six-month periods ended June 30, 2017 and 2016 is unaudited and in the opinion of management reflect all adjustments necessary to present fairly the financial position of the Group as of June 30, 2017, results of operations and cash flows for the six-month periods ended June 30, 2017 and 2016. All such adjustments are of a normal recurring nature. In preparing these accompanying interim financial statements, management has made certain estimates and assumptions that affect reported amounts in the financial statements and disclosures of contingencies. Actual results may differ from those estimates. The results for interim periods are not necessarily indicative of annual results.

These interim financial statements have been prepared in accordance with IAS 34, ‘Interim financial reporting’ and they should be read in conjunction with the annual financial statements for the year ended December 31, 2016, which have been prepared in accordance with IFRSs.

In order to facilitate the understanding of our Consolidated Financial Statements, we have changed the format of the presentation of our income statement. During the fourth quarter of 2016, we aggregate our sales in a single line item titled “Sales of goods and services rendered”. Likewise, the corresponding cost has also been aggregated and presented as a single line item titled “Cost of goods sold and services rendered”. The breakdown of sales is now included in Note 4 to the Consolidated Financial Statements. The comparative figures have been retroactively changed accordingly.

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, 2016.

A complete list of standards, amendments and interpretations to existing standards published but not yet effective for the Group is described in Note 32.1 to the annual financial statements.

Below is a description of the standards, amendments and interpretations issued by the IASB to existing standards that have been issued and are mandatory for the Group with closer adoption:

In May 2014, the IASB issued IFRS 15, “Revenue from contracts with customers”, which deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 ‘Revenue’ and IAS 11 ‘Construction contracts’ and related interpretations. The standard is effective for annual periods beginning on or after January 1, 2018 and earlier application is permitted.

In July 2014 the IASB published the final version of IFRS 9 Financial Instrument which replaces earlier versions of IFRS 9 and completes the IASB’s project to replace IAS 39 Financial Instruments: Recognition and Measurement. It includes requirements on the classification and measurement of financial assets and liabilities, as well as an expected credit losses model that replaces the current incurred loss impairment model. The standard is effective for accounting periods beginning on or after January 1, 2018. Early adoption is permitted.

In January 2016, the IASB finished its long-standing project on lease accounting and published IFRS 16, ‘Leases’, which replaces the current guidance in IAS 17. This will require far-reaching changes in accounting by lessees in particular. The standard applies to annual periods beginning on or after 1 January 2019, with earlier application permitted if IFRS 15, ‘Revenue from Contracts with Customers’, is also applied.

We are currently evaluating the impact of our pending adoption of the new standard on our consolidated financial statements.

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

# Adecoagro S.A.

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

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

### 26. 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.

### 27. 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, 2016 described in Note 32.

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