



**LOUIS DREYFUS COMPANY B.V.**  
*(incorporated in The Netherlands with limited liability)*

**EUR 400,000,000**

**4.00 per cent. Bonds due 2022**

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**Issue Price 99.445 per cent.**

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The 4.00 per cent. Bonds due 2022 (the "**Bonds**") will be issued in an initial aggregate principal amount of EUR 400,000,000 by Louis Dreyfus Company B.V., a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*), incorporated under the laws of The Netherlands (the "**Issuer**" or "**LDC**") on 7 February 2017 (the "**Issue Date**"). Interest on the Bonds is payable annually in arrear on 7 February in each year commencing on 7 February 2018. Payments on the Bonds will be made without deduction for or on account of taxes of the Relevant Taxing Jurisdiction (as defined hereinafter) to the extent described under "Terms and Conditions of the Bonds – Taxation".

The Bonds mature on 7 February 2022 but may be redeemed in whole, but not in part, at the option of the Issuer upon the occurrence of a Withholding Tax Event (as defined and described in "Terms and Conditions of the Bonds – Redemption and Purchase") at their principal amount together with interest accrued to the date fixed for redemption. In the event of a Change of Control of the Issuer (as defined herein), each Bondholder will have the right to request the Issuer to redeem or purchase (or procure the purchase of) all or part of its Bonds at their principal amount together with accrued interest (or, in the case of purchase, an amount equal to accrued interest) to the date fixed for redemption or purchase. The Issuer may, at its option, on giving not less than 15 nor more than 30 days' notice to the Bondholders, at any time and from time to time redeem the Bonds in whole or in part prior to the Maturity Date and in accordance with the provisions set out in "Terms and Conditions of the Bonds – Make-Whole Redemption by the Issuer".

The Bonds will constitute direct, unsecured and unsubordinated obligations of the Issuer. See "Terms and Conditions of the Bonds – Status".

Application has been made to the *Commission de Surveillance du Secteur Financier* (the "**CSSF**") in its capacity as competent authority under the Luxembourg Act dated 10 July 2005, as amended, relating to prospectuses for securities, for the approval of this Prospectus (the "**Prospectus**") for the purposes of Article 5.3 of Directive 2003/71/EC, as amended (the "**Prospectus Directive**"). Application has also been made to the Luxembourg Stock Exchange for the Bonds to be admitted to the official list of the Luxembourg Stock Exchange (the "**Official List**") and to be admitted to trading on the Luxembourg Stock Exchange's regulated market as of the Issue Date. References in this Prospectus to the Bonds being "listed" (and all related references) shall mean that the Bonds have been admitted to the Official List and admitted to trading on the Luxembourg Stock Exchange's regulated market. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. By approving this Prospectus, the CSSF gives no undertaking as to the economic and financial soundness of the transaction or the solvency of the Issuer in line with the provisions of article 7(7) of the Luxembourg Law on prospectuses for securities.

The denominations of the Bonds are EUR 100,000 and integral multiples of EUR 1,000 in excess thereof, up to and including EUR 199,000.

The Bonds will initially be represented by a Temporary Global Bond, without interest coupons, which will be deposited with a common depository on behalf of Clearstream, Luxembourg Banking, S.A. ("**Clearstream, Luxembourg**") and Euroclear SA/NV ("**Euroclear**") on or about the Issue Date. The Temporary Global Bond will be exchangeable for interests in a Global Bond, without interest coupons, on or after a date which is expected to be 40 days after the Issue Date, upon certification as to non-U.S. beneficial ownership. The Global Bond will be exchangeable for definitive Bonds in bearer form with coupons attached not less than 60 days, or, in the case of exchange following principal in respect of any Bonds not being paid when due and payable, 30 days, following the request of the Issuer or the holder in the limited circumstances set out in it. No definitive Bonds will be issued with a denomination above EUR 199,000. See "Summary of Provisions relating to the Bonds while in Global Form".

The Bonds have not been, and are not intended to be, rated.

**An investment in the Bonds involves certain risks. Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Prospectus.**

**JOINT LEAD MANAGERS**

**BNP Paribas**

**Crédit Agricole CIB**

**Credit Suisse**

**HSBC**

This Prospectus has been prepared for the purpose of giving information with regard to the Issuer and its consolidated subsidiaries taken as a whole (the “**Group**”) and the Bonds which, according to the particular nature of the Issuer and the Bonds, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial condition, profit and losses and prospects of the Issuer.

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is correct in all material respects and does not omit anything likely to affect the import of such information.

Neither the Joint Lead Managers (as defined in “Subscription and Sale”) nor any of their respective affiliates have independently verified the information contained herein or authorized the whole or any part of this Prospectus. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers or any of their respective affiliates as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the offering of the Bonds. No Joint Lead Manager or any of its affiliates accepts any liability in relation to the information contained in this Prospectus or any other information provided by the Issuer in connection with the offering of the Bonds or their distribution.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Joint Lead Managers or any of their respective affiliates to subscribe or purchase, any of the Bonds. The distribution of this Prospectus and the offering of the Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions.

For a description of further restrictions on offers and sales of Bonds and distribution of this Prospectus, see “Subscription and Sale”.

No person is authorized to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of the Issuer, the Joint Lead Managers or any of their respective affiliates. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial condition of the Issuer since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Bonds is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The Bonds have not been and will not be registered under the U.S. Securities Act of 1933 (the “**Securities Act**”) and are subject to U.S. tax law requirements. Subject to certain exceptions, Bonds may not be offered, sold or delivered within the United States or to or for the account or benefit of U.S. persons.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Bonds in any jurisdiction or to any person to whom it is unlawful to make an offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offering, sale and delivery of Bonds in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Joint Lead Managers or any of their respective affiliates to inform themselves about and to observe any such restrictions. In particular, there are restrictions on the

distribution of this Prospectus and the offer and sale of the Bonds in the United States, the United Kingdom, France, The Netherlands, Singapore, Hong Kong and Switzerland.

**In connection with the issue of the Bonds, BNP Paribas (the “Stabilizing Manager”) (or any person acting on its behalf) may over-allot Bonds or effect transactions with a view to supporting the market price of the Bonds at a level higher than that which might otherwise prevail. However, stabilization may not necessarily occur. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Bonds is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Bonds and 60 days after the date of the allotment of the Bonds. Any stabilization action or over- allotment must be conducted by the Stabilizing Manager (or any person acting on behalf of the Stabilizing Manager) in accordance with all applicable laws and rules.**

**Neither the Joint Lead Managers nor any of their respective affiliates have separately verified the information contained in this Prospectus. None of the Joint Lead Managers or any of their respective affiliates makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Joint Lead Managers or any of their respective affiliates that any recipient of this Prospectus should subscribe for or purchase the Bonds. In making an investment decision regarding the Bonds, prospective investors must rely on their own independent investigation and appraisal of the Issuer, its business and the terms of the offering, including the merits and risks involved. For further details, see “Risk Factors” herein. The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should subscribe for or consult its own advisers as to legal, tax, financial, credit and related aspects of an investment in the Bonds. None of the Joint Lead Managers or any of their respective affiliates undertakes to review the financial condition or affairs of the Issuer or the Group during the life of the Bonds nor to advise any investor or potential investor in the Bonds of any information coming to the attention of any of the Joint Lead Managers or any of their respective affiliates.**

## FORWARD-LOOKING STATEMENTS

This Prospectus contains statements that are, or may be deemed to be, “forward-looking statements”. All statements other than statements of historical facts included in this Prospectus may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as “may”, “will”, “expect”, “project”, “plan”, “schedule”, “intend”, “estimate”, “anticipate”, “believe”, “continue”, “could”, “should”, “would” or similar words or expressions. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance or achievements of the Issuer and the Group to differ materially from those expressed or implied by such forward-looking statements. These factors include those set forth in the section of this Prospectus entitled “Risk Factors”. Such forward-looking statements are based on numerous assumptions regarding the Group’s present and future business strategies and the environment in which the Group will operate in the future. The risks described in this Prospectus are not the only risks investors should consider. New risk factors emerge from time to time and it is not possible for the Issuer to predict all risk factors on their business and that of the Group or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place any undue reliance on forward-looking statements as a prediction of actual results, performance or achievements. The Issuer undertakes no obligation to update the forward-looking statements contained in this Prospectus or any other forward-looking statements it may make. All subsequent written and forward-looking statements attributable to the Issuer or persons acting on its behalf are expressly qualified in their entirety by such cautionary statements. These forward looking statements do not constitute profit forecasts or estimates under the Regulation (EC) 809/2004, as amended.

## INFORMATION REGARDING THE GROUP’S MARKETS AND INDUSTRY

Market data and certain industry forecasts used throughout this Prospectus have been obtained from internal surveys, market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified, and neither the Issuer, the Joint Lead Managers nor any of their respective affiliates make any representation as to the accuracy of that information.

Substantially all the information contained in this Prospectus concerning the Group’s position by comparison with its competitors is based on internal analyses derived from publicly available information. The Issuer believes that these sources and estimates are reliable, but the Issuer has not independently verified them. Any discussion of matters relating in this Prospectus to competitive position is, therefore, subject to uncertainty due to concerns about the completeness or reliability of available official and public information.

## CURRENCY INFORMATION, ROUNDING AND OTHER FINANCIAL INFORMATION

In this Prospectus, unless otherwise specified or the context otherwise requires, all references to “**Singapore**” are references to the Republic of Singapore, all references to the “**U.S.**”, “**U.S.A.**” or “**United States**” are references to the United States of America and all references to the “**UK**” are references to the United Kingdom. All references to “**U.S. dollars**” or “**U.S.\$**” are to the lawful currency of the United States of America, and all references to “**Euro**” or “**€**” are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

Certain monetary amounts in this Prospectus have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them. References herein to “**billions**” are to thousands of millions.

## PRESENTATION OF CERTAIN FINANCIAL INFORMATION

### General

The Group maintains its books of account and prepares its accounts for regulatory purposes in accordance with International Financial Reporting Standards (“**IFRS**”).

The financial information of the Issuer set forth herein, has, unless otherwise indicated, been extracted from (i) the audited consolidated statements of financial position as at 31 December 2014 and 2015 and consolidated income statements and consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2014 and 2015 (the “**Audited Financial Statements**”) and (ii) the unaudited condensed interim consolidated statements of financial position as at 2016 and the related condensed interim consolidated income statements and condensed interim consolidated statements of comprehensive income, changes in equity and cash flows for the six months ended 30 June 2016 (the “**Interim Financial Statements**”).

### Segmental Composition

During the first half of 2016, the Group implemented changes in the composition of its two operating Segments (as defined hereinafter). The Sugar and Rice Platforms, previously part of the Merchandizing Segment, were moved across to report into the Value Chain Segment (the “**Platform Transfer**”).

The Interim Financial Statements contain financial information as at, and for the six month period ended, 30 June 2016, which includes the new segmental composition following the Platform Transfer, and comparative information as at 31 December 2015 and for the six month period ended 30 June 2015, in each case restated to retroactively apply the new segmental composition as if it existed at that date or during that period. References in this Prospectus to “**restated**” or “**restatement**” refer to this restatement.

Since the Platform Transfer occurred after the publication of the Audited Financial Statements, the Audited Financial Statements contain information as at and for the periods ended 31 December 2014 and 2015 reflecting the segmental breakdown as it was at the relevant balance sheet dates, or during the relevant periods, but not restated to reflect the Platform Transfer.

Consequently:

1. Segmental breakdown information as at 31 December 2015 is not presented identically in the Interim Financial Statements and the Audited Financial Statements: in the Interim Financial Statements it appears in its restated form; in the Audited Financial Statements it appears in its non-restated form.
2. Segmental breakdown information for the period ended 30 June 2015 appearing in the Interim Financial Statements has been restated and is not identical to information presented in the financial statements of the Group as at, and for the period ended, 30 June 2015 previously published by the Group.

In the body of this Prospectus, excluding pages F-1 *et seq.*, certain segmental breakdown information as at particular dates or for particular periods has been presented in both its non-restated form and its restated form, and investors should pay particular attention to the introductions to each table presented herein (in particular on pages 56 to 64, 71) to ascertain whether the restated or non-restated data are being presented.

The restatement affects only certain financial information relating to results and financial position of the Group’s two Segments. Since the Platform Transfer was an internal reclassification only, the Group’s overall results and financial position are not affected by the Platform Transfer or the restatement.

### Certain non-IFRS measures

The Group uses certain non-IFRS measures throughout the Prospectus in addition to the financial performance measures prepared under IFRS. A non-IFRS financial measure is defined as one that measures historical or future financial performance, financial position or cash flows but which excludes or includes amounts that would not be so adjusted in the most comparable IFRS measure. These measures include Gross Debt, Net Debt, Adjusted Net Debt and Liquidity.

The reconciliation between Gross Debt, Net Debt, Adjusted net debt and the IFRS equivalent figures is presented below:

	As at 31 December		As at 30 June
<i>U.S.\$ millions</i>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Long term debt ....	2,939	2,691	3,076
Bank loans, acceptances and commercial paper .....	4,966	5,432	5,852
Financial advances from related parties .....	1,188	347	306
- Repurchase agreements .....	(196)	(100)	(80)
- Securities short position .....	-	(19)	-
<b>Gross debt .....</b>	<b>8,897</b>	<b>8,351</b>	<b>9,154</b>
Financial advances to related parties .....	17	17	19
Available-for-sale financial assets .....	30	23	24
Other financial assets at fair value through profit and loss ...	396	315	363
Cash and cash equivalents .....	608	901	549
- Financial assets held for trading purpose .....	(287)	(228)	(258)
- Reverse repurchase agreement loan.....	-	(18)	-
<b>Current financial assets, excluding items considered in Working Capital Usage .....</b>	<b>764</b>	<b>1,010</b>	<b>697</b>
<b>Net debt .....</b>	<b>8,133</b>	<b>7,341</b>	<b>8,457</b>
- Readily Marketable Inventories (RMI) <sup>1</sup> .....	(4,763)	(4,123)	(4,825)
<b>Adjusted net debt (net debt less RMI) .....</b>	<b>3,370</b>	<b>3,218</b>	<b>3,632</b>

The reconciliation between liquidity and the IFRS equivalent figures is presented below:

	As at 31 December		As at 30 June
<i>U.S.\$ millions</i>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Cash and cash equivalents .....	608	901	549
Financial advances to related parties .....	17	17	19
Available-for-sale financial assets .....	30	23	24
Other financial assets at fair value through profit and loss ....	396	315	363
Readily Marketable Inventories (RMI) <sup>1</sup> .....	4,763	4,123	4,825
Undrawn committed bank lines .....	3,127	3,086	2,884
<b>Liquidity .....</b>	<b>8,941</b>	<b>8,465</b>	<b>8,664</b>

<sup>1</sup> In line with industry practice, certain agricultural inventories are treated as Readily Marketable Inventories (“RMI”) due to their highly liquid nature. RMIs are readily convertible into cash because of widely available markets and international pricing mechanisms. The Group considers that trading inventories with less than three months’ liquidity horizon qualify as RMI. For information on the maturity dates of trading in inventories, see Note 10 (under “Liquidity Risk”) to the Interim Financial Statements and Note 11 (under “Liquidity Risk”) to the Audited Financial Statements.

Non-IFRS measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with IFRS. Non-IFRS measures as reported by the Group may not be comparable to similarly titled amounts reported by other companies. The non-IFRS measures discussed in the Prospectus are used in the internal management of the Group, along with the most directly comparable IFRS financial measures, in evaluating operating performance, financial position and cash flows. The Group's management believes that these non-IFRS measures, when considered in conjunction with IFRS measures, accurately reflect the Group's economic performance and enhance investors' and management's overall understanding of the Group's performance.

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## Overview of the Bonds

*The following overview is qualified in its entirety by the remainder of this Prospectus.*

<b>Issuer:</b>	Louis Dreyfus Company B.V.
<b>Bonds:</b>	EUR 400,000,000 4.00 per cent. Bonds due 2022.
<b>Fiscal Agent, Paying Agent and Calculation Agent:</b>	BNP Paribas Securities Services, Luxembourg Branch
<b>Issue Date:</b>	7 February 2017.
<b>Issue Price:</b>	99.445 per cent.
<b>Form of Bonds, Initial Delivery of Bonds and Clearing Systems:</b>	The Bonds are issued in bearer form and will initially be represented by a Temporary Global Bond, without interest coupons, which will be deposited with a common depository on behalf of Clearstream, Luxembourg and Euroclear on or about 7 February 2017. The Temporary Global Bond will be exchangeable for interests in a Global Bond, without interest coupons, on or after a date which is expected to be 40 days after the Issue Date, upon certification as to non-U.S. beneficial ownership. The Global Bond will be exchangeable for definitive Bonds in bearer form in certain limited circumstances. See also "Summary of Provisions while in Global Form".
<b>Denominations:</b>	EUR 100,000 and integral multiples of EUR 1,000 in excess thereof, up to and including EUR 199,000.
<b>Status of the Bonds:</b>	The Bonds will constitute direct, unsecured and unsubordinated obligations of the Issuer as described in "Terms and Conditions of the Bonds – Status".
<b>Interest:</b>	<p>The Bonds bear interest from, and including the Issue Date at the rate of 4.00 per cent. per annum.</p> <p>Interest on the Bonds is payable annually in arrear on 7 February in each year with the first payment being made on 7 February 2018. See "Terms and Conditions of the Bonds – Interest".</p>
<b>Redemption:</b>	The Bonds will mature on 7 February 2022.
<b>Early Redemption for Taxation Reasons:</b>	The Bonds may be redeemed in whole, but not in part, at the option of the Issuer upon the occurrence of a Withholding Tax Event at their principal amount together with interest accrued to the date fixed for redemption (See "Terms and Conditions of the Bonds – Redemption and Purchase").
<b>Redemption at the option of the Bondholders in the event of a Change of Control:</b>	In the event of a Change of Control of the Issuer, each Bondholder will have the right to request the Issuer to redeem or purchase (or procure the purchase of) all or part of its Bonds at their principal amount together with interest accrued (or, in the case of purchase, an amount equal to

accrued interest) to the date fixed for redemption or purchase. See “Terms and Conditions of the Bonds – Redemption and Purchase”.

**Make-whole Redemption:**

The Issuer may, on giving not less than 15 or no more than 30 calendar days’ irrevocable notice to the Bondholders, redeem the Bonds, in whole or in part at the Make-Whole Redemption Amount, at any time or from time to time, prior to their Maturity Date. See “Terms and Conditions of the Bonds - Make-Whole Redemption by the Issuer”.

**Purchases:**

The Issuer and its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price. All Bonds so purchased by, or for the account of the Issuer, may, at its sole discretion be held and resold or be cancelled, in accordance with applicable laws and regulations.

**Events of Default and Negative Pledge:**

The Terms and Conditions of the Bonds contain certain events of default and a negative pledge. See “Terms and Conditions of the Bonds – Events of Default” and “Terms and Conditions of the Bonds – Negative Pledge”.

**Taxation:**

All payments of principal and interest in respect of the Bonds will be made free and clear of withholding taxes of the Relevant Taxing Jurisdiction subject to applicable law and customary exceptions unless such withholding or reduction is required by applicable law, all as described in “Terms and Conditions of the Bonds – Taxation”.

**Substitution:**

The Issuer shall be entitled, subject to certain conditions, to substitute itself as obligor under the Bonds with another entity, See “Terms and Conditions of Bonds – Meetings of Bondholders, Modification, Waiver and Substitution”.

**Governing Law:**

English law.

**No Ratings:**

The Bonds have not been and are not intended to be rated.

**Listing and Admission to Trading:**

Application has been made to the Luxembourg Stock Exchange for the Bonds to be admitted to the official list of the Luxembourg Stock Exchange and to be admitted to trading on the Luxembourg Stock Exchange’s regulated market as of the Issue Date.

**Selling Restrictions:**

The United States, the United Kingdom, France, The Netherlands, Singapore, Hong Kong and Switzerland. See “Subscription and Sale”.

The Issuer is Category 2 for the purposes of Regulation S under the U.S. Securities Act of 1933, as amended.

**Risk Factors:**

There are certain factors that may affect the Issuer’s ability to fulfil its obligations under the Bonds. These include various risks relating to the Issuer’s and the Group’s business. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Bonds. These include the fact that the

Bonds may not be a suitable investment for all investors and certain market risks. See “Risk Factors”.

**Use of Proceeds:**

The net proceeds of the issue of the Bonds will be applied by the Issuer for general corporate purposes of the Group, investments in accordance with the Group’s investment strategy and refinancing of existing indebtedness.

**ISIN:**

XS1560991637

**Common Code:**

156099163

## Risk Factors

*The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Bonds. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with the Bonds are also described below.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in Bonds, but the Issuer may be unable to pay interest, principal or other amounts on or in connection with the Bonds for other reasons, and the Issuer does not represent that the statements below regarding the risks of holding the Bonds are exhaustive. The order in which the following risk factors are listed is not an indication of the likelihood that they will occur or the extent of their commercial consequences. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

*References herein to “Conditions” shall be to the Terms and Conditions of the Bonds.*

### **Risks relating to the Group and its Business**

#### **Market risks**

#### ***The volume and price of products that the Group merchandizes are affected by supply and demand conditions which are beyond the Group’s control***

The Group is primarily a merchandizer of agricultural products and metals. It also produces commodities at its own industrial operations, or those of its industrial associates. Earnings from production and merchandizing of commodities are influenced to a large extent by movements in supply and demand conditions, which change constantly affecting their pricing. Under volatile or uncertain market conditions, or when there is depressed demand or oversupply, the volume and price of physical goods merchandized may fluctuate significantly or may be depressed for long periods. There can be no assurance that prices of commodities produced and/or merchandized by the Group will not evolve in the future, in a manner that would adversely affect its financial results.

During the recent period, the agri-commodities market has been characterized by surpluses caused by the growth rate in supply exceeding the growth rate in demand for most agri-commodities, which has in turn led to fewer market disruptions requiring agri-commodity merchants’ risk management expertise.

A number of factors have affected and are continuing to affect the volume and pricing of products that the Group merchandizes. These include:

Stocks and supply: Several commodities have experienced oversupply in recent periods – this is particularly the case with grains, cotton, coffee, metals, dairy and freight. When commodities stocks are high, whether resulting from favourable harvests, release of government stocks (such as was the case with Chinese cotton stocks and Thai rice stocks in 2015), or otherwise, this has the effect of depressing prices of those commodities.

Weather conditions: Weather conditions have historically caused volatility in the agricultural commodity industry and consequently, in the Group’s operating results, by causing crop failures or significantly reduced harvests in bad years or bumper harvests in good years. This can significantly affect the supply and pricing of the agricultural commodities that the Group sells and uses in its business and negatively affect the creditworthiness of its customers and suppliers to the extent that such customers or suppliers are reliant on good harvests to ensure cash-flow.

Oil and gas prices: Although the Group does not directly merchandize oil or gas, fluctuations in oil and gas prices can affect the Group in a number of ways. The price of oil has been particularly volatile in recent years, reaching a peak in March 2012 and significantly decreasing in the second half of 2014 from U.S.\$112.36 per barrel of Brent Crude oil on 30 June 2014 to U.S.\$55.27 per barrel on 31 December 2014, and continuing to decrease in 2015 reaching U.S.\$37.28 per barrel on 31 December 2015. The price of Brent Crude oil was U.S.\$48.05 per barrel on 30 June 2016 and continues to be volatile and unstable. On the demand side, future volatility in oil prices globally may adversely affect the economic growth and stability of certain countries in which the Group operates, especially those which have an oil-based economy and, as a result, may reduce the ability of consumers to purchase the Group's products. A low oil price environment means that production costs are generally reduced resulting in a decrease in pricing on the supply side. Moreover, demand for biodiesel and ethanol, which the Group merchandizes and which is an alternative to oil and gas, may be significantly affected.

General and regional slowdowns in growth: Among other factors, the prices of commodities produced, purchased and sold by the Group are subject to primary drivers of demand such as urbanization and changes in dietary habits, which could themselves be subject to the general worldwide economic environment. Any downturn in the global economy or in regions material to it could indirectly adversely affect the Group's business, results of operations and/or financial condition. There has been a general trend in recent years of slowing GDP growth in a number of the jurisdictions where the Group has operations. These include countries in Latin America, South America and Black Sea regions and, to a certain extent, China (see "*The Group's business depends significantly on the market conditions in China*"). In the event that growth in these regions continues to slacken or becomes negative, this could indirectly influence the level of demand for the commodities merchandized by the Group.

Currency devaluations: A number of countries in which the Group operates have experienced significant currency devaluations during 2014, 2015 and 2016. These include Argentina, Brazil, Egypt, Mexico, Russia, Ukraine and a number of other countries in the Central and South American region where the Group has operations. The depreciations of the local currency against the U.S. dollar have had the effect of reducing the buying power of consumers in these jurisdictions as well as reducing production costs in U.S. dollar terms and thus rendering local exports more competitive. If the opposite were to happen and local currencies appreciate against the U.S. dollar, then this would negatively impact commercial and administrative expenses.

Consumer habits: Demand for commodities is influenced by changing consumer habits. For example, during the period from 2014 to the date of this Prospectus, fruit juice, which is one of the Group's commodities, experienced declining demand due, partly, to consumers switching to innovative new products and partly to adverse publicity highlighting the high carbohydrate content of fruit juice.

Other factors: The availability and price of agricultural commodities are also subject to other unpredictable factors such as planting, government farm programmes and policies (see "–Government Regulations and Policies"), price volatility as a result of increased participation by non-commercial market participants in commodity markets and changes in global demand resulting from population growth, changes in standards of living and increased food, and particularly meat, consumption.

If any of these factors subsists or is aggravated by further developments, or if new factors arise affecting supply and demand conditions, this could affect the Group in a number of ways, including, but not limited to, the following:

- The Group may not be able to sell its products or may be forced to sell them at reduced prices which will result in the Group's profit margins being reduced.
- The inability of the Group to sell its products will prolong the Group's exposure to price risks.
- The Group may find itself in a position where it cannot source commodities.
- Cash flow problems might arise, especially when the time limits for the sale and purchase of the

Group's products as agreed with the Group's banking counterparties are exceeded. This in turn may lead to banks recalling or refusing to extend the loans of the Group.

- In respect of commodities which the Group produces, the lead time required to build a processing plant can make it difficult to time capacity additions to coincide with market demand for the Group's products. When additional processing capacity becomes operational, a temporary imbalance between the supply and demand for processing capacity might exist, which, until the supply/demand balance is restored, negatively impacts processing margins.

As a result, the business, results of operations and/or financial condition of the Group may be adversely affected.

***The instability of the global economy and financial markets and the Eurozone crisis could have a material adverse effect on the Group's business, liquidity and financial condition***

The global markets have faced significant volatility, dislocation and liquidity constraints during the most recent global economic crisis. Volatility and market disruption in the global financial markets continued through 2012 to 2015 for many reasons, including the European sovereign debt crisis, affecting, amongst others, Greece, Ireland, Portugal, Spain and Italy, and leading to concerns over the stability of the European monetary system, as well as the sovereign rating downgrades of, amongst others, the United States, the United Kingdom, France and Austria. Although global financial markets generally showed recovery during 2013 and the first half of 2014, they were characterized by periods of instability and uncertainty in the second half of 2014 and 2015 resulting from various factors, including a renewed sovereign debt crisis in Greece and its potential exit from the EU as well as significant declines in the Chinese stock markets in the summer of 2015. In June 2016, the United Kingdom elected to withdraw from the European Union, and the result of the referendum has created significant uncertainty about the future relationship between the United Kingdom and the European Union as well as giving rise to calls for the governments of other European Union member states to consider withdrawal. These developments or the perception that any of them could occur, have had and may continue to have a material adverse effect on global economic conditions and the stability of global markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain markets.

Moreover, the large sovereign debts and/or fiscal deficits of a number of countries have raised concerns regarding the financial condition of financial institutions, insurers and other corporates (i) located in these countries; (ii) that have direct or indirect exposure to these countries; and/or (iii) whose banks, counterparties, custodians, customers, service providers, sources of funding and/or suppliers have direct or indirect exposure to these countries. The default, or a significant decline in the credit rating, of one or more sovereigns or financial institutions could cause severe stress in the financial system generally and could adversely affect the markets in which the Group operates and the businesses and economic condition and prospects of the Group's counterparties, customers, suppliers or creditors, directly or indirectly, in ways which it is difficult to predict. The impact of these conditions could be detrimental to the Group and could adversely affect its business, operations and profitability; its solvency and the solvency of its counterparties, custodians, customers and service providers; the value and liquidity of its assets and liabilities; the value and liquidity of the Bonds and/or the ability of the Issuer to meet its obligations under the Bonds and under its debt obligations more generally.

Prospective investors should ensure that they have sufficient knowledge and awareness of the Eurozone crisis, global financial crisis and the economic situation and outlook as they consider necessary to enable them to make their own evaluation of the risks and merits of an investment in the Bonds. In particular, prospective investors should take into account the considerable uncertainty as to how the Eurozone crisis, the global financial crisis and the wider economic situation will develop over time.

## **Treasury, access to capital, debt, currency exchange and interest rates**

### ***There are risks associated with the Group's current debt financings***

The Group is highly dependent on debt financing in the form of short-term debt to fund the Group's working capital requirements.

Since all of the Group's loans have a limited tenure, the Group needs sufficient liquidity to meet the Group's loan repayment obligations. Adverse market conditions which hamper the liquidation of stocks or delay the recovery of credit may affect the Group's loan repayment schedules and this may in turn result in the banks withdrawing or requiring early repayment of the facilities granted to the Group. This might pose a solvency risk for the Group even though the Group may be profitable.

As the Group obtains loans of longer tenures, it may be exposed to risk of interest rate fluctuations. These may adversely affect the Group's business, results of operations and/or financial condition.

### ***The Group may experience limited availability of funds***

The Group may require additional financing to fund working capital requirements, to support the future growth of its business and/or to refinance existing debt obligations. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to the Group or that any additional financing will not be dilutive to its shareholders.

Factors that could affect the Group's ability to procure financing include the cyclical nature of the agricultural products and food ingredients market and market disruption risks which could adversely affect the liquidity, interest rates and availability of funding sources. In addition, consolidation in the banking industry in any market in which the Group procures financing may also reduce the availability of credit as the merged banks seek to reduce their combined exposure to one company or sector. Furthermore, further regulatory developments in the banking sector, including changes to the standards promulgated by the Basel Committee on Banking Supervision, may lead to an increase in banks' funding costs. As these costs are generally passed on to the banks' clients, this may render it more expensive in the future for the Group to borrow money and to maintain the availability of funds which it needs to operate its business.

During recent years, credit markets worldwide have experienced significant volatility, including a reduction in liquidity levels, increasing costs for credit protection and a general decline in lending activity between financial institutions and in commercial lending markets worldwide. These developments may result in the Group incurring increasing financing costs associated with the Group's significant levels of debt.

Furthermore, there can be no assurance that the Group will be able to raise financing on favourable terms or at all, which could have a material adverse effect on the Group. Moreover, the Group's future credit facilities may contain covenants that limit its operating and financing activities and require the creation of security interests over its assets. The Group's ability to meet its payment obligations and to fund planned capital expenditures will depend on the success of the Group's business strategy and the Group's ability to generate sufficient revenues to satisfy its obligations, which are subject to many uncertainties and contingencies beyond the Group's control (See "Description of Business – Funding and Liquidity")

### ***Margin calls on futures contracts or other derivative instruments***

The Group uses derivative instruments such as commodity futures, forward currency contracts and interest rate contracts to hedge its risks associated with commodity price, foreign currency and interest rate fluctuations.

Excessive movements in commodity prices, foreign currency exchange rates or interest rates could result in margin calls being made on the Group by the relevant futures exchange or calls for posting of additional cash or non-cash collateral being made on the Group by its other derivatives counterparties. Such margin calls in turn result in sudden cash flow requirements which the Group may not be able to meet.

In the event that the Group fails to meet any margin calls, the relevant futures exchange or other derivatives counterparty could terminate the outstanding derivatives position, which could result in losses being suffered by the Group.

***Foreign exchange rate fluctuations could adversely affect the Group's financial results***

Due to the international nature of its business, the Group is exposed to currency exchange rate fluctuations as a significant portion of its net sales and expenses are denominated currencies other than the U.S. dollar. Changes in exchange rates between the U.S. dollar and other currencies, particularly the Brazilian real, the Argentine peso, the Euro and certain Eastern European and Asian currencies, affect the Group's revenues and expenses that are denominated in local currencies.

Where possible and as a matter of policy, the Group uses forward contracts such as cash-settled forwards to hedge the Group's foreign currency exchange exposures arising from the purchase and sale of products in currencies other than U.S. dollars. Where such instruments are not available, the Group will also attempt to create natural hedging arrangements by matching the value of sales and purchases to and from the same geographic market. Should the Group be unable to hedge the Group's currency exposures, the Group's business, results of operations and/or financial condition may be adversely affected.

***The use of futures contracts or other derivative instruments may not fully hedge the risks of price fluctuations and the Group may not be able to effectively hedge the Group's risk of price fluctuations for some of the products the Group merchandizes***

Liquid derivatives markets exist for the majority of the key commodities that the Group merchandizes, for example CME CBOT (Chicago), Euronext MATIF (Paris), ICE U.S. and ICE Europe (former LIFFE) and CME NYMEX (New York); and consequently for products such as cotton, sugar, coffee, grains, oilseeds, juice, metals, freight, rice, fertilizers and dairy, the Group uses derivative instruments to hedge the risks of adverse price fluctuations. Additionally, the Group's operations in developing markets require it to participate in futures exchanges in these markets such as the Dalian Commodity Exchange (DCE) and the Zhengzhou Commodity Exchange (ZCE).

However, the use of such derivative instruments as a means of hedging its exposures may not be fully effective under certain circumstances such as:

- where the prices of the physical products and the corresponding futures prices do not move in the same direction and/or by the same magnitude for periods of time which could be prolonged due, for instance, to speculative activity in the futures market;
- where the product the Group merchandizes does not correspond exactly to the futures market in terms of grade, type, market and quantity; and/or
- where the Group's hedging arrangements have to be rolled forward due to the Group's remaining in physical possession of the products beyond the period contemplated by the initial hedging transaction, thereby exposing the Group to price differences between the contract periods.

If any of the above risks should materialize, the Group's business, results of operations and/or financial condition may be adversely affected.

Moreover, for some of the products which the Group merchandizes, there are no futures markets and, as such, there are no derivative instruments available for the Group to hedge the risks of adverse price



fluctuations. Under such circumstances, the Group is partially or fully exposed to price risks until the Group has sold the products that the Group has purchased or has bought the products that the Group has contracted to sell. If the price of the products that the Group sells is lower than the price at which they were procured, the Group's profitability may be adversely affected.

#### **Credit and country (political) risks**

##### ***The Group operates in many developing countries and the Group is subject to risks relating to conducting business in such countries***

The Group has significant operations in emerging markets such as Asia, the CIS region, the Middle East, Africa, South and West Latin America and North Latin America (in particular, Brazil) and other developing countries, including certain African countries. The Group believes that the Group has a significant customer and supplier base in these developing countries. In conducting the Group's business, the Group is subject to political, economic, legal, operational and other risks arising from operating in these countries. These risks may include, amongst others:

- civil unrest, military conflict, terrorism, change in political climate and general security concerns;
- default by government bodies who may be the only authorized trading counterparties in certain regulated markets;
- relatively less developed legal systems and business practices which may give rise to difficulties in enforcement of agreements entered into with counterparties;
- changes in duties payable and taxation rates;
- imposition of restrictions on currency conversion or the transfer of funds;
- fluctuation in the currency values;
- limitations and/or bans on imports and exports;
- expropriation or nationalization of private enterprises or confiscation of private property or assets;
- reversal or change of laws, regulations or policies;
- relatively less developed business and communication infrastructure which may hamper the Group's efficiency and internal controls; and
- reinstatement of commodity boards or state monopolies for any of the Group's products.

Should any of the aforementioned risks materialize and they either exceed the coverage of, or are not covered by, the Group's insurance policies, the Group's business, results of operations and/or financial condition may be adversely affected.

##### ***The Group may be adversely affected by the actions of the Group's counterparties***

The counterparty risks that the Group may face include, amongst others, the following:

###### *Performance risks*

The Group faces the risk that the Group's contractual counterparties, such as customers, suppliers and service providers, fail to honour their contractual obligations to the Group. This may result in the Group not being able to net off the Group's positions and hence reduce the effectiveness of the Group's hedging arrangements.

Non-execution of contracts by counterparties may lead to the Group in turn not being able to honour its contractual obligations to third parties. This may subject the Group to, *inter alia*, legal claims and penalties.

The Group may also be subject to legal claims and penalties if the products which the Group has contracted to sell to its customers suffer losses in weight or quality during shipment and transportation by third parties. As a result, the Group's business, results of operations and/or financial condition may be adversely affected.

#### *Credit risks*

The Group's counterparties may default on credit which the Group grants them. Credit default may arise due to the failure of the Group's internal credit exposure monitoring system or mechanism, improper judgement or incomplete information on the trading risks of the Group's counterparties. In the countries from which the Group procures its products, the Group may make advances to, amongst others, farmers, agents, co-operatives and other suppliers. These advances may not be recoverable in the event of volatile price movements, disruptions or a sudden end to the crop season. The Group may also make advances to established suppliers or sell on credit to established customers, where it is commercially advantageous to do so. In all these situations, counterparty default on advances will adversely affect the Group's financial performance. Where loans are secured with collateral, the Group may not be able to recover the full value of the loan by liquidating the collateral. As a result, the Group's business, results of operations and/or financial condition may be adversely affected.

#### ***The Group's business depends significantly on market conditions in China***

A significant proportion of the Group's revenues comes from sales destined for China. Any further economic downturn in China or in any of the regional markets where the Group generates significant revenues could materially and adversely affect the Group's financial condition. In addition, the Chinese government may from time to time adjust its monetary and fiscal policies to manage the rate of growth of the Chinese economy, and such economic adjustments may negatively affect the world economy, and consequently negatively affect the Group's results.

#### **Industrial risk and logistics disruptions**

##### ***The Group's business is dependent on its processing and logistics facilities and the Group is subject to risks affecting operations at such facilities***

The Group currently operates processing and logistics facilities in various countries such as Argentina, Brazil, Canada, China, Germany, India, Indonesia, Paraguay, Russia, Ukraine and U.S.A. (See "Description of Business – Description of Main Activities – Fixed Asset and Logistics Operator" and "Description of Business – Description of Assets"). These facilities are subject to operating risks, such as industrial accidents, which could cause personal injury or loss of human life and cause third party damages to become payable; the breakdown or failure of equipment, power supplies or processes; performance below expected levels of output or efficiency; obsolescence; labour disputes; natural disasters and the need to comply with new directives of relevant government authorities.

The Group needs to carry out planned shutdowns of its various plants for routine maintenance, statutory inspections and testing and may need, from time to time, to shut down its various plants for capacity expansions and equipment upgrades.

In addition, due to the nature of its business and despite compliance with requisite safety requirements and standards, the Group's production process is still subject to operating risks, including discharges or releases of hazardous substances, exposure to particulates and the operation of mobile equipment and manufacturing machinery.

These operating risks may cause personal injury or loss of human life and third party damages and could result in the imposition of civil and criminal penalties. The occurrence of any of these events could have a material adverse effect on the productivity and profitability of a particular processing facility and on the Group's business, results of operations and/or financial condition (See "Description of Business – Health and Safety" and "Description of Business – Environment").

***The Group is subject to risks relating to the processing, storage and transportation of its commodities***

The Group relies on a network of processing, transportation and storage facilities that are subject to numerous risks and hazards. If any of these risks materializes, the Group's business, results of operations and/or financial condition could be materially adversely affected.

The Group's processing and storage facilities are subject to risks and hazards, including accidental environmental damage, technical failure, theft, vandalism and terrorism. In addition, the Group also depends upon seaborne freight, rail, trucking, pipeline, overland conveyor and other systems to deliver its commodities to market. Disruption of these transport services due to weather-related problems, key equipment or infrastructure failures, strikes, maritime disaster or other events could temporarily impair the Group's ability to supply its commodities to its customers and could thus adversely affect the Group's operations.

Transportation and storage of certain commodities involve significant hazards that could result in fires, explosions, spills, maritime disasters and other unexpected or dangerous conditions. The occurrence of any of these events could result in a material adverse effect, either directly or indirectly, through resulting damages, claims and awards, remediation costs or adverse publicity on the Group's business. Commodity storage entails significant risks associated with the storage environment, including temperature, humidity levels, pests, parasites and diseases (See "– Industrial risk and logistics disruptions – the value of the Group's physical products may deteriorate across various stages of its supply chain"). Excessively high or low levels of moisture, temperature or humidity may result in damage to stored crops and seeds. An event that destroys or results in all or part of a silo complex or terminal being taken out of service could result in the loss of stored crops and require the Group to find alternative storage arrangements. The Group may also be subject to the loss of stored crops as a result of catastrophic events, such as fires, explosions or natural disasters. Moreover, the volume of inventories that needs to be stored in warehouses can be significant, and, despite the Group's procedures to limit this exposure and insurance cover, there is thus an increased risk that pilfering and misappropriation could occur.

In addition, the vessels the Group charters to transport its products may be exposed to a variety of natural calamities during operations, including violent storms, tidal waves, rogue waves and tsunamis. Any of these natural calamities could result in such vessels grounding, sinking, or colliding with other vessels or property, or the loss of life. If one of the vessels suffers damage, in addition to the potential loss of its cargo, it would need to be repaired, and the costs relating to such losses or repairs may not be covered (either in part or in whole) by the insurance policies that are in place. The costs of such repairs are unpredictable and could be substantial. In addition, vessels will require general repair and maintenance from time to time. The loss of earnings while the vessels are being repaired and repositioned, the cost of arranging for alternative transport, as well as the actual cost of such repairs, could adversely affect the Group's business and results of operations. Furthermore, the vessels used by the Group to transport its products may be exposed to piracy, smuggling, terrorist attacks and other events beyond its control. These events could result in adverse effects to the Group's business as a result of seizure of its cargoes and disruption to its customers' or suppliers' business as well as reputational damage. While the Group has procured insurance for its operations against these types of risks, no insurance can compensate for all potential losses and there can be no assurance that the insurance coverage that the Group has will be adequate or that its insurers will pay a particular claim. In the event of damage to, or the loss of, a vessel or vessels and/or their cargoes, or cases of personal injury or fatalities among personnel, lack of adequate insurance coverage or indemnities may have a material adverse effect on the Group's business and results of operations.

### ***The Group is subject to volatility in shipping and logistics costs***

Although the Group has its own Freight Platform which provides shipping services to support the Group's operations, most of the Group's shipments are made using third-party land and sea transport providers. Consequently, the Group is subject to fluctuations in the prices of shipping and logistics costs, which may in turn have an impact on the Group's results of operations. Shipping and logistics costs for commodities are usually market-driven and are highly cyclical. Shipping rates fluctuate in response to the level of demand for vessels and the availability of vessels to satisfy that demand. The level of demand is influenced by many factors, including general economic conditions, global trading volumes and port usage. Shipping rates are the most variable element of expense in relation to a particular shipment and are relevant to the Group's results to the extent that they affect the pricing and profit margin of the services provided by the Group.

Changes in shipping rates affect the shipping industry as a whole, and the Group normally mitigates the effect by passing on a proportion of such changes to its customers. However, it may not always be possible for the Group to immediately offset a freight contract with a corresponding charter party or sufficiently hedge against all changes in shipping costs. During certain periods, depending on market conditions, prevailing rates may be subject to change and should rates increase, the profitability and financial results of the Group may be adversely affected even if such rates increases have a positive effect on the profitability and financial results of the chartering division of the Group. In addition, other factors, such as port congestion, increases in fuel costs and piracy, could materially adversely affect the ability of the Group to carry on its operations in a timely or cost-effective manner.

### ***The Group is exposed to infrastructure risks***

Certain of the Group's industrial assets are located in sparsely populated regions to which there is limited access. Key infrastructure such as roads, other transport infrastructure, power sources and water supplies are essential if the Group is to conduct its operations in these regions. In addition, the availability and cost of these utilities and infrastructure affect the Group's capital and operating costs and consequently its ability to maintain production levels and results of operations. Unusual weather or other natural phenomena, sabotage to or other interference in the maintenance or provision of this infrastructure could impact the development of the Group's projects; reduce the Group's production volumes; or increase the cost or time of transportation of commodities to the Group's customers.

Any such issues arising in respect of the infrastructure supporting or on the Group's sites could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. The Group's merchandising activities entail shipments of commodities in large quantities, often by sea. The Group often competes with other producers, purchasers or merchandizers for limited storage and berthing facilities at ports and freight terminals, which can result in delays in loading or unloading the Group's products and expose the Group to significant delivery interruptions. Limitations or interruptions in rail, shipping or port capacity could impede the Group's ability to deliver its products on time. In addition, increases in the costs of freight could adversely affect the Group's business, results of operations or financial condition.

### ***The value of the Group's physical products may deteriorate across various stages of its supply chain***

The actual value of the products which the Group delivers may differ from that assessed by the Group for the following principal reasons:

#### ***Quality deterioration***

The Group's products are subject to deterioration in quality during storage and transit. Each of the Group's products has different physical characteristics and requires different kinds of storage, handling and transportation. For example, some products are sensitive to the external environment and their quality may deteriorate considerably during storage. The realizable value of the Group's products falls with quality deterioration through bad or inadequate quality management.

### *Weight loss*

Weight loss constitutes a major operational risk. All the Group's products tend to lose some weight or volume due to natural causes. Pilferage and theft also contribute to weight loss during storage or transit. The Issuer's financial performance will be adversely affected if there are weight or volume losses to products, which are not otherwise assumed and factored into the pricing of such products.

### *Variation in yield*

Some of the Group's products undergo processing operations, which require estimates to be made regarding the amount of raw material input needed to produce the required output. Such processing output is estimated at the time of buying the various products. Actual output may, however, deviate from the estimate. If such deviation occurs, the Group's results of operations may be adversely affected.

### ***The Group may inadvertently deliver genetically modified organisms ("GMOs") to those customers that request GMO-free products***

The use of GMOs in food and in animal feed has been met with varying degrees of acceptance in the different markets in which the Group operates. The United States and Argentina, for example, have approved the use of GMOs in food products and animal feed, and GMO and non-GMO grain is produced and frequently commingled during the grain sourcing process.

However, adverse publicity about genetically modified food has led to governmental regulation that limits or prevents sales of GMO products in some of the markets in which the Group sells its products, including the European Union and its constituent nations. It is possible that new restrictions on GMO products will be imposed in major markets for the Group's products or that the Group's customers will decide to purchase lower levels of GMO products or not to buy GMO products.

The Group may not always be able to verify all aspects of how and where the agricultural products that the Group sources are produced and under what conditions they are so produced and it is therefore possible that the Group may inadvertently deliver products that contain GMOs to those customers that request GMO-free products. As a result, the Group could lose customers and may incur liability. The Group may also incur significant expenses related to upgrading its procedures and facilities. GMO products that have not received regulatory approval may also enter the food chain. If the Group encounters incidents of this type, they can be costly and time-consuming to rectify, may damage the Group's reputation and may subject the Group to litigation. If regulators in the countries that restrict or prohibit the sale of GMO products or customers who request GMO-free products do not have confidence in the Group's products, the Group could lose customers and could be prohibited from selling its products in those countries, which could, in turn, affect the Group's business, results of operations and/or financial condition.

### **Government regulations and policies**

#### ***The Group is subject to a significant number of laws and regulations***

The Group's activities are subject to extensive laws and regulations governing various matters. These include laws and regulations relating to the commodities markets, taxation, anti-trust, bribery and corruption environmental protection, management and use of hazardous substances, management of natural resources, development of projects, production and post-closure reclamation, labour and occupational health and safety standards (including biosecurity). Additionally, in many of the developing countries where the Group operates, the legal systems may not be mature and legal practice may not be developed, such that, in certain cases, there may be significant uncertainty as to the correct legal position as well as the possibility of laws changing or new laws and regulations being enacted, which has the potential to increase risk and compliance costs.

These laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damage to property and injury to persons resulting from the environmental, health and safety and other impacts of the Group's past and current operations, and could lead to the imposition of substantial fines, penalties, other civil or criminal sanctions, the curtailment or cessation of operations, orders to pay compensation, orders to remedy the effects of violations and/or orders to take preventative steps against possible future violations. Moreover, the costs associated with compliance with these laws and regulations are substantial. More stringent enforcement or restrictive interpretation of current laws and regulations by governmental authorities or rulings or clearances obtained from such governmental authorities could cause additional expenditure (including capital expenditure) to be incurred or impose restrictions on or suspensions of the Group's operations and delays in the development of its properties.

In addition, the enactment of new laws and regulations and changes to existing laws and regulations compliance with which could be expensive or onerous, could also have a material adverse impact on the Group's business.

In particular, in the wake of the recent worldwide financial crisis, both the U.S.A. and European states have sought to increase regulation of the financial markets, including the commodities markets in which the Group operates, through implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act and other legislation in the U.S.A. and similar initiatives in Europe. These new regulations may subject large users of derivatives, such as the Group, to extensive new oversight and regulation which could potentially result in significant additional costs on the Group, including operating and compliance costs, and could materially affect the availability, as well as the cost and terms, of certain transactions. Though the implementation certain of these initiatives is still subject to uncertainty, they could, in particular, have an impact on the Group's ability to hedge its merchandising activities (for instance, by imposing limits on positions in the commodity exchanges and/or requiring increased transparency with respect to volumes transacted).

Future governmental policies, regulations or actions affecting the industries in which the Group operates may adversely affect the supply of, demand for and prices of the Group's products, restrict its ability to do business and cause its financial results to suffer.

#### **Government policies and regulations affecting the agricultural sector and related industries could adversely affect the Group's operations and profitability**

Agricultural production and trade flows are significantly affected by government policies and regulations. Governmental policies affecting the agricultural industry (such as taxes, tariffs, duties, subsidies and import and export restrictions on agricultural commodities and commodity products) can influence industry profitability, the planting of certain crops versus other uses of agricultural resources, the location and size of crop production, whether unprocessed or processed commodity products are merchandized, and the volume and types of imports and exports.

In addition, international trade disputes can adversely affect agricultural commodity trade flows by limiting or disrupting trade between countries or regions. Rising commodity prices have historically prompted governments in several countries to introduce export bans on key agricultural commodities and commodity products.

There is no assurance that such export bans may not become more prevalent, whether across countries or products. Future government policies may adversely affect the supply, demand for and prices of the Group's products, restrict the Group's ability to do business in the Group's existing and target markets and could adversely affect the Group's financial condition.

### ***The Group is subject to regulation by various regulatory bodies***

The Group is subject to the rules and practices of various regulatory bodies, exchanges and trade associations which regulate and organize the terms and conditions of trade in some of the Group's products. Such organizations include, amongst others: the Commodity Futures Trading Commission (CFTC); the *Autorité des Marchés Financiers* (AMF); the Financial Conduct Authority (FCA); the European Securities and Markets Authority (ESMA); exchanges such as CME CBOT, CME US, Europe and LME; the International Cotton Association (formerly known as the Liverpool Cotton Association ); Grain and Feed Trade Association; Association for international trading in oils, fats and oilseeds; and the China Futures Association.

These associations help to facilitate dispute resolution through a recognized forum and allow trade participants to regulate, promote and develop best practices as an industry.

If the Group is found to be in breach of any rules or regulations of such trade associations or regulatory bodies, the Group may be subject to fines, penalties or other sanctions. This may adversely affect the Group's business, results of operations and/or financial condition (See "Description of Business – Compliance").

### ***The Group is subject to the laws of various countries imposing sanctions for conducting business with certain persons***

Certain countries in which the Group currently does business, or may consider doing business in the future, are or may become subject to various trade sanctions including, but not limited to, sanctions administered by the United States Treasury Department's Office of Foreign Assets Control (OFAC), and European Union and United Nations Sanctions programmes. While the Group employs dedicated resources (see "Description of Business – Compliance") to ensure that it is in compliance, no guarantee can be given that the Group will not in the future enter into transactions that breach these sanctions. Non-compliance with applicable sanctions could result in imposition of significant fines, as well as negative publicity and reputational damage. Any of the foregoing could result in a material adverse effect on the Group's business, results of operations and/or financial condition.

### ***Environmental regulation imposes additional costs and may affect the results of the Group's operations***

Costs and liabilities related to compliance with applicable environmental laws and regulations are an inherent part of the Group's business. Particularly in respect of the Group's processing activities, the Group is subject to various national, provincial and municipal environmental laws and regulations, concerning issues such as damage caused by air emissions, noise emissions, waste-water discharges, solid and hazardous waste handling and disposal, and the investigation and remediation of contamination.

These laws can impose liability for non-compliance with the regulations or clean up liability in respect of the generation of hazardous waste and other substances that are disposed of either on or off-site, regardless of fault or the legality of the disposal activities. Other laws may require the Group to investigate and remedy contamination at its properties or where it conducts its operations, including contamination that was caused in whole or in part by previous owners of its properties. Moreover, these laws and regulations are becoming increasingly more stringent and may in future create substantial environmental legislation and regulatory requirements. It is possible that such compliance may prove restrictive and/or costly.

In addition to clean-up liability, the Group may become subject to monetary fines and penalties for violation of applicable laws, regulations or administrative orders. This may also result in closure or temporary suspension or adverse restrictions on its operations. The Group may also, in the future,

become involved in proceedings with various regulatory authorities that may require it to pay fines, comply with more rigorous standards or other requirements or incur capital and operating expenses for environmental compliance.

In addition, third parties may sue the Group for damages and costs resulting from environmental contamination emanating from its properties and/or production facilities. Although there are no material outstanding claims that the Group's properties and production facilities are not in compliance in all material respects with all applicable environmental laws, unidentified environmental liabilities could arise which could have an adverse effect on the Group's business, results of operations and/or financial condition (See "Description of Business – Environment").

***The Group may not be able to maintain or obtain statutory and regulatory licences, permits and approvals required for its business***

The Group requires certain statutory and regulatory licences, permits and approvals, which may be subject to certain conditions. While the Group has historically been able to maintain or obtain such licences, permits and approvals as and when required, there can be no assurance that the relevant authorities will in the future issue or extend any such licences, permits or approvals in a timely manner, at all or on terms that are acceptable to the Group. The loss of any of its licences, a temporary suspension thereof, a breach of the terms of a licence by the Group or failure to obtain any further required licences in the future for whatever reason could have a material adverse effect on the Group's business, results of operations and/or financial condition. (See "Description of Business – Compliance").

**Competition and market data**

***The Group faces competition in the Group's various product and geographic markets***

The Group faces competition in its various product and geographic markets. The Group's competitors range from global trade houses to local distributors and buying agents.

The Group also faces additional competition from its existing customers who are becoming more involved in sourcing their own products. In some of the developing economies where the Group operates, government controls on trade are gradually being relaxed and trade is being opened up to new participants. As such, there are potential threats of new competitors entering the markets in which the Group operates. Increased competition may reduce the growth in customer base, reduce the profit margin and the market share that the Group currently has, and result in higher selling and marketing expenses. There can be no assurance that other competitors will not surpass the Group's performance in the future. In the event that the Group fails to sustain its competitive advantages, the Group's business, results of operations and/or financial condition may be adversely affected.

The Group also faces the risk of disintermediation as some of its existing market counterparties at different stages of the agri-commodities value chain may, in the future, use their resources to broaden into some or all of the markets in which the Group operates and therefore provide further competition for the Group. These competitors may also expand and diversify their commodity sourcing, processing or marketing or merchandising operations to increase competitive pressure on the Group, and the Group's business, results of operations and/or financial condition may be adversely affected.

In most of the countries in which the Group operates, the Group's operations are also subject to various licensing requirements. Complete deregulation or the removal of licensing requirements in the countries from which the Group procures its products may lead to increased competition. This may have an adverse effect on the Group's business operations in these countries. As a result, the Group's business, results of operations and/or financial condition may be adversely affected. (See "Description of Business – Competition").



***The Group is often unable to obtain accurate third-party data to corroborate the Group's market assumptions***

To meet the demands of the Group's customers in the developed world, the Group sources agricultural products and food ingredients from the point of collection from suppliers in numerous developing countries. As such, the Group is exposed to inefficient markets where the Group relies on its own employees to overcome any lack of political, legal and financial infrastructure to obtain accurate, reliable and available data. If, as a result of inaccurate or unreliable data or lack of available data, the Group's assumptions with respect to any of the markets in which it operates prove to be erroneous, the Group's business, results of operations and/or financial condition may be adversely affected.

**Other Risk Factors**

***The Group may face uncertainties associated with its expansion plans***

Since its establishment in its current form in 2006, the Group had undertaken certain expansion initiatives through the acquisition of various companies and the establishment of joint ventures; as part of its strategy, the Group intends to leverage its existing asset footprint and pursue targeted expansions in selected geographies when strategic opportunities arise (See "Description of Business – Strategy – Consolidating the Group's leading position through Focusing on its Core Merchant Activities in a Selection of Core Geographies").

The Group's expansion initiatives involve numerous risks, including but not limited to, the financial costs of investment in machinery and equipment, construction of new facilities and working capital requirements. Moreover, mergers and acquisitions involve risks, including: unforeseen contingent risks or latent liabilities relating to these businesses that may only become apparent after the merger or acquisition is finalized; potential difficulties in the integration and management of the operations and systems; potential difficulties in the retention of select personnel; potential difficulties in the co-ordination of sales and marketing efforts; and diversion of the Group's management's attention from other ongoing business concerns.

The success of the Group's acquisition and investment strategy depends on a number of factors, including:

- the Group's ability to identify suitable opportunities for investment or acquisition;
- whether the Group is able to complete an acquisition or investment agreement on terms that are satisfactory;
- the extent to which the Group is able to exercise control over the acquired company or business;
- the economic, business or other strategic objectives and goals of the acquired company or business compared to those of the Group; and
- the Group's ability to successfully integrate the acquired company or business with the Group.

In addition, there is no assurance that the initiatives undertaken will result in increased revenues or cost-cutting or other synergies commensurate with the investment costs. If the Group is unable to do so or cannot manage its costs, its business and profitability will be adversely affected as the Group will not be able to recover the costs of its investment.

***Risks relating to litigation***

The Group is involved in certain number of contentious proceedings (see "Description of Business – Litigation").

There can be no guarantee that new disputes will not arise. The Group is not in a position to foresee the outcome of such proceedings and cannot rule out being ordered to pay significant amounts as a result of unfavorable decisions which could have a material adverse effect on the Group's business, financial position, results of operations or prospects.

***Terrorist attacks, other acts of violence or war and adverse political developments may affect the business and results of operations of the Group***

The Group operates in over 100 countries around the world, including large presences in Asia, the Middle East, Africa and Latin America.

Many of the countries in which it operates have experienced terrorist attacks in the past. Terrorist activities could materially and adversely affect international financial markets and economies and may adversely affect the operations, revenues and profitability of the Group. The consequences of any of these terrorist attacks or armed conflicts are unpredictable, and the Group may not be able to foresee events that could have an adverse effect on the Group's business, results of operations and/or financial condition.

The Group has significant grain and oilseed assets in Ukraine. Recent instability and unrest in Ukraine and related events have had and may continue to have an adverse effect on the economy in Russia, which could have a "contagion effect" on economies in the region. In connection with such instability and unrest in Ukraine, the EU and the United States have imposed sanctions on certain individuals and companies in Russia, and Russia has imposed trade sanctions on certain goods and services originating in the EU and the United States. If the instability in Ukraine continues, tensions between Russia and Ukraine escalate further or new tensions between Russia and other countries emerge, or if further economic or other sanctions, such as further limitations on trade, are imposed in response to such instability and tensions, this could have a further adverse effect on the economies in the region, as on companies and banks active in the region, including the Group.

***The outbreak of an infectious disease or any other serious public health concerns in Asia and elsewhere could adversely impact the Group's business, results of operations and/or financial condition***

The outbreak of an infectious disease in Asia and elsewhere, together with any resulting restrictions on travel and/or imposition of quarantines, could have a negative impact on the economy and business activities in Asia or elsewhere and adversely impact the revenues and results of the Group. In 2003, there was an outbreak of Severe Acute Respiratory Syndrome ("**SARS**") in Hong Kong, China and other places. The SARS outbreak had a significant adverse impact on the economies of the affected countries. The spread of Influenza A H1N1 in 2009 also affected many areas of the world and there were reported cases of New Delhi Metallo-beta-lactamase-1 (NDM-1) in many countries and regions. There were also reported cases of avian influenza (bird flu) in several countries including Hong Kong, China and Indonesia. In 2015, the Group's shipping operations in West Africa were affected by the outbreak of Ebola. Although historically the Group's results have not been significantly affected by outbreaks of infectious disease, there can be no assurance that there will not be another significant global outbreak of a severe communicable disease such as avian influenza, SARS or Ebola or that any precautionary measures taken against infectious diseases would be effective. A future outbreak of an infectious disease or any other serious public health concern in Asia, Africa or elsewhere could adversely affect the Group's business.

***The Group's insurance policies may not adequately cover all potential losses and the Group or its key personnel might face liability in case of major incident***

The Group's insurance policies cover various risks, including, but not limited to, general and specific liabilities, property damage, fire, theft, civil disturbance, riots, inland transit and marine risks. While the Group considers that it currently has sufficient insurance coverage in place, the Group's insurance policies may not adequately compensate it for any and every type of loss that the Group may incur. Any

such loss not otherwise compensated may adversely affect the Group's business, results of operations and/or financial condition.

The Group's liability in the case of a major incident, such as pollution caused by a cargo, destruction of freight infrastructures, product recall or poisoning, is covered under various insurance policies, up to a certain limit. However, the Group might not be able to fully protect itself against the financial, reputational or commercial consequences of such an event, and this might adversely affect the Group's business, results of operations and/or financial condition.

***The Group is dependent on its internal systems for the Group's operations***

The Group's operations rely on its ability to process a substantial number of complex transactions involving different markets, countries and currencies. Consequently, the Group is dependent on the Group's risk management systems, operational systems, other data processing systems and the Group's financial accounting systems. Although most of the Group's information technology infrastructure is housed in secured data-centres (see "Description of Business – Information Technology"), if any of these systems do not operate properly or are disabled, the Group may suffer disruption to the Group's business operations, financial loss and/or damage to the Group's reputation.

In addition, the Group's systems may not detect illegal, unauthorized or fraudulent activities by the Group's employees. The Group's present systems may also not be able to cope with the Group's growth and expansion. As a result, the Group's business, results of operations and/or financial condition may be adversely affected.

***The Group's information technology systems and processes may suffer a significant breach or disruption that may adversely affect the Group's ability to conduct business***

The Group's information technology system, some of which are dependent on services provided by third parties, provide critical data and services for internal and external users, including procurement and inventory management, transaction processing, financial, commercial and operational data, human resources management, legal and tax compliance information and other information and processes necessary to operate and manage the Group's business. The Group's information technology and infrastructure may experience attacks by hackers, breaches or other failures or disruptions that could compromise the Group's systems and the information stored there. While the Group has implemented security measures designed to protect the security and continuity of its networks and critical systems, these measures may not adequately prevent adverse events such as breaches or failures from occurring or mitigate their severity if they do occur. If the Group's information technology systems are breached, damaged, fail to function properly due to any number of causes, such as security breaches or cyber attacks, systems implementation difficulties, catastrophic events or power outages, and its security, contingency or disaster recovery plans do not effectively mitigate these occurrences on a timely basis, the Group may experience a material disruption in its ability to ensure privacy or guard personal information. This may adversely impact the Group's business, results of operations and financial condition, as well as its competitive position.

***Due to the nature of its operations, the Group may be exposed to the risk of fraud***

As a diversified Group conducting complex transactions globally, the Group is exposed to the risk of fraud. The Group's operations are large in scale which make fraudulent or accidental transactions difficult to detect. While the Group has put in place internal policies, procedures and controls, there can however be no assurance that such policies, procedures and controls will adequately protect the Group's business, reputation, results of operations, financial condition and/or prospects.

***The Group is dependent on key personnel for the Group's operations and profitability***

One of the key reasons for the Group's growth and success has been the Group's ability to retain a talented and motivated team of senior professional managers (See "Description of Business – Competitive Strengths – Experienced Management Team and Stable Shareholder Structure"). The Group's continued success will depend on the Group's ability to retain key management staff and train new employees. If members of the Group's senior management team are unable or unwilling to continue in their present positions, the Group's business, results of operations and/or financial condition may be adversely affected.

Moreover, the process of hiring employees with the required combination of skills and attributes may be time-consuming and competitive. The Group may not be able to attract additional qualified personnel for overseas postings in developing economies. This will further constrain the Group's growth in those places. As a result, the Group's business, results of operations and/or financial condition may be adversely affected.

If the demand among competitors for professional managers and skilled employees continues to increase, such increase in demand is likely to lead to increases in remuneration costs, and as a result, the Group's business, results of operations and/or financial condition may be adversely affected.

***The Group's profitability may be affected by changes in tax laws and regulations or their interpretation in the countries where it operates***

The Group's operations in various countries are subject to different tax laws and regulations. Changes in local tax laws and regulations, or the interpretation thereof, might adversely affect the Group's business, results of operations and/or financial condition. For a discussion of certain tax contingencies, see Note 27 to the Interim Financial Statements (page F-40) included in this Prospectus.

***The Issuer is a holding company***

The Issuer's principal business is to act as the holding company of the Group and virtually all of the Issuer's assets are shareholdings in its subsidiaries and associated companies. Investors will not have any direct claims on the cash flows or the assets of such subsidiaries and associated companies, and such entities have no obligation, contingent or otherwise, to pay amounts due under the Bonds or to make funds available to the Issuer for these payments. In order to satisfy its payment obligations, the Issuer will rely on dividends and other payments received from its subsidiaries and associated companies. Both the timing and ability of certain subsidiaries and associated companies to pay dividends is limited by applicable laws as well as their financial performance and may be limited by conditions contained in certain of their agreements such as dividend restrictions and obligations to maintain debt/equity ratios (see "Description of Business – Funding and Liquidity").

***Substantial shareholders could significantly influence the outcome of corporate actions in a manner which may conflict with the Group's interests and the interests of other shareholders***

The Group (including its predecessor companies) is, and has been for over 165 years, a family-owned company and the Issuer's substantial shareholders can significantly influence most matters requiring approval by the Issuer's shareholders. No assurance can be given that the Issuer's substantial shareholders' objectives will not conflict with the Issuer's business goals and activities.

***The Group holds a small number of its industrial/ processing assets through non-controlling stakes or joint ventures and strategic partnerships arrangements and could enter into further arrangements in the future***

The Group does not control a small number of its industrial assets investments. Although the Group has various structures in place which seek to protect its position where it does not exercise control, the board of these companies may:

- have economic or business interests or goals that are inconsistent with or opposed to those of the Group;
- exercise veto rights or take shareholder decisions so as to block actions that the Group believes to be in its best interest and/or in the best interest of all shareholders;
- take action contrary to the Group's policies or objectives with respect to its investments or commercial arrangements; or
- as a result of financial or other difficulties, be unable or unwilling to fulfil their obligations under any joint venture or other agreement, such as contributing capital to expansion or maintenance projects.

Where projects and operations are controlled and managed by the Group's co-investors or where control is shared on an equal basis, the Group may provide expertise and advice, but has limited or restricted ability to mandate compliance with its policies and objectives. Improper management or ineffective policies, procedures or controls of a non-controlled entity could adversely affect the business, results of operations and financial condition of the relevant investment and, therefore, of the Group.

***The Group is subject to its obligations relative to its Employee Participation Plan and related contractual arrangements***

The Group has set up an Employee Participation Plan ("**EPP**") at the level of its indirect parent company, Louis Dreyfus Company Holdings B.V. ("**LDCH BV**"), designed to ensure that certain key employees benefit from the Group's success and growth. In connection with this plan, the Issuer has certain contractual obligations. The Group and LDCH BV have entered into reimbursement agreements under which certain subsidiaries of the Group will reimburse LDCH BV for the benefit attributed to their employees pursuant to the EPP. For further details of the Group's financial obligations under the EPP, see Note 29 to the Audited Financial Statements as set out on pages F-1 et seq. of this Prospectus. The Group's obligations under the EPP may impose constraints on its financial results and might affect them adversely, without any relation with the Group's economic or commercial performance.

**Risks related to the Bonds**

***The Bonds may not be a suitable investment for all investors***

Each of the risks highlighted below could adversely affect the trading price of the Bonds or the rights of investors under any Bonds and, as a result, investors could lose some or all of their investment. Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- a) have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Prospectus;
- b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- d) understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

### ***Potential Conflicts of Interest***

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer or its affiliates consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Bonds issued. Any such short positions could adversely affect future trading prices of Bonds issued. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Potential conflicts of interest may arise between the Calculation Agent and the Bondholders, including with respect to certain discretionary determinations and judgments that such Calculation Agent may make pursuant to the Conditions that may influence the amount receivable upon redemption of the Bonds.

### ***The Issuer may raise other funds which affect the price of the Bonds***

The Issuer may raise additional funds through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Bonds. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Holders on a winding-up of the Issuer. The issue of any such securities or the incurrence of any such other liabilities might also have an adverse impact on the trading price of the Bonds and/or the ability of Bondholders to sell their Bonds.

### ***No obligation of subsidiaries or associated companies to pay amounts under the Bonds***

The Issuer's principal business is to act as the holding company of the Group, and virtually all of the Issuer's assets are shareholdings in its subsidiaries and associated companies. Investors will not have any direct claims on the cash flows or the assets of the other entities of the Group, and such entities have no obligation, contingent or otherwise, to pay amounts due under the Bonds or to make funds available to the Issuer for these payments.

### ***Neither the Issuer nor the Bonds are rated***

Investors should not assume or infer that any rating ascribed to the Issuer or any of its indebtedness or credit would apply to the Bonds. The Issuer does not currently benefit from, and has not applied to any ratings agency for, either a corporate rating or a rating of the Bonds, and does not currently intend to apply for any such rating. One or more credit rating agencies may assign credit ratings to the Issuer and/or the Bonds on an unsolicited basis. The rating granted by any rating agency to the Issuer and/or the Bonds may not reflect the potential impact of all risks related to structure, market and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

## ***Taxation***

Payments of interest on the Bonds, or profits realized by a Bondholder upon the sale or repayment of the Bonds, may be subject to taxation or other documentary charges or duties in its home jurisdiction or in any other jurisdiction in which it is required to pay taxes. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for financial instruments such as the Bonds. Potential investors are advised not to rely upon the tax summary contained in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Bonds. Only these advisers are in a position to duly consider the specific situation of each potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus (see "Taxation"). All investors should contact their own tax advisors for advice on the tax impact of an investment in the Bonds.

A Holder's effective yield on the Bonds may be diminished by the tax impact on that Bondholder of its investment in the Bonds.

## ***Modification and waivers***

The Conditions contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Holders including Holders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

## ***Integral multiples of less than EUR 100,000***

The denomination of the Bonds is EUR 100,000 and integral multiples of EUR 1,000 in excess thereof. Therefore, it is possible that the Bonds may be traded in amounts in excess of EUR 100,000 that are not integral multiples of EUR 100,000. In such a case, a Bondholder who, as a result of trading such amounts, holds a principal amount of less than EUR 100,000 will not receive a definitive Bond in respect of such holding (should definitive Bonds be printed) and would need to purchase a principal amount of Bonds such that it holds an amount equal to one or more denominations.

## ***Change of control – Put option***

In the event of a Change of Control of the Issuer (as defined in Condition 5(c) of the Terms and Conditions of the Bonds), each Bondholder will have the right to request that the Issuer redeem or purchase (or procure purchase of) all or part of its Bonds at their principal amount, together with any accrued interest thereon (or, in the case of purchase, an amount equal to such accrued interest). In such case, any trading market in respect of those Bonds in respect of which such redemption right is not exercised may become illiquid. Investors may not be able to reinvest the moneys they receive upon such early redemption in securities with the same yield as the redeemed Bonds.

## ***Early redemption by the Issuer***

The Issuer has the option to redeem all or any of the outstanding Bonds at any time under a make-whole call option as provided in Condition 5(d), which may be expected to be exercised when prevailing interest rates may be relatively low.

During a period when the Issuer may elect to redeem Bonds, such Bonds may feature a market value not above the price at which they can be redeemed. In the event that the Issuer chooses to redeem some only of the outstanding Bonds under the make-whole call option described above, any trading market in respect of those Bonds in respect of which such call option is not exercised may become illiquid.

## **Change of law**

The terms and conditions of the Bonds are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change as to English law or administrative practice after the date of this Prospectus.

## ***Insolvency laws of The Netherlands may preclude Holders from recovering payments due on the Bonds or the Coupons***

The Issuer is organized under the laws of The Netherlands and has its statutory seat (*statutaire zetel*) in The Netherlands, and is likely to have its centre of main interests (within the meaning of the EU Insolvency Regulation) in The Netherlands. Consequently, the main insolvency proceedings in respect of the Issuer would likely be initiated in The Netherlands while secondary proceedings could be initiated in one or more EU jurisdictions (with the exception of Denmark) in which the Issuer has an establishment. Dutch insolvency laws may make it difficult or impossible to effect a restructuring which may limit the ability of the Holders to enforce their rights under the Bonds or the Coupons.

There are two insolvency regimes under Dutch law in relation to corporations. The first, suspension of payments (*surseance van betaling*), is intended to facilitate the reorganization of a debtor's debts and enable the debtor to continue as a going concern. The second, bankruptcy (*faillissement*), is primarily designed to liquidate the assets of a debtor and distribute the proceeds thereof to its creditors.

A request for a suspension of payments can only be filed by the debtor itself if it foresees that it will not be able to continue to pay its debts as they fall due in the future. Upon commencement of suspension of payments proceedings, the court will immediately (*dadelijk*) grant a provisional suspension of payments, and will appoint an administrator (*bewindvoerder*). A definitive suspension will generally be granted in a creditors' meeting called for that purpose, unless a qualified minority (more than one-quarter in amount of claims held by creditors represented at the creditors' meeting or one-third in number of creditors represented at such creditors' meeting) of the unsecured and non-preferential creditors (including subordinated creditors) withholds its consent or if there is no prospect that the debtor will in the future be able to pay its debts as they fall due (in which case the debtor will generally be declared bankrupt). During a suspension of payments, unsecured and non-preferential creditors (including subordinated creditors) will be precluded from attempting to recover their claims existing at the moment of the commencement of the suspension of payments from the assets of the debtor. A suspension of payments is subject to exceptions, the most important of which excludes secured creditors and (subject to certain limitations) preferential creditors (such as tax and social security authorities and employees) from the application of the suspension. This implies that during suspension of payments proceedings secured creditors may proceed to take recourse against the assets that secure their claims to satisfy their claims, and preferential creditors are also not barred from seeking to recover their claims. However, a competent Dutch court may order a "cooling down period" for a maximum period of two times two months during which enforcement actions by secured creditors and preferential creditors are barred, unless such creditors have obtained leave for enforcement from the court or the supervisory judge (*rechter-commissaris*).

In a suspension of payments, a composition (*akkoord*) may be proposed by the debtor to its creditors. Such a composition will be binding on all unsecured and non-preferential creditors (including subordinated creditors), irrespective of whether they voted in favour or against it or whether they were represented at the creditor's meeting called for the purpose of voting on the composition, if (i) it is approved by a simple majority of the recognized and admitted creditors present or represented at the relevant meeting, representing at least 50 per cent. of the amount of the recognized and admitted claims and (ii) it is subsequently ratified (*gehomologeerd*) by the court. Consequently, Dutch insolvency laws could reduce the recovery of Holders in a Dutch suspension of payments applicable to the Issuer.



Bankruptcy can be applied for either by the debtor itself or by a creditor if the debtor has ceased to pay its debts as they fall due. This is deemed to be the case if the debtor has at least two creditors (at least one of which has a claim that is due and payable). Simultaneously with the opening of the bankruptcy, a liquidator in bankruptcy will be appointed. Under Dutch bankruptcy proceedings, the assets of an insolvent debtor are generally liquidated and the proceeds distributed to the debtor's creditors in accordance with the ranking and priority of their respective claims. The general principle of Dutch bankruptcy law is the so-called *paritas creditorum* (principle of equal treatment) which means that the net proceeds of the liquidation of the debtor's assets in bankruptcy proceedings shall be distributed to the unsecured and non-preferential creditors in proportion to the size of their claims and in priority to any subordinated creditors. Subordinated creditors will only receive payment if the net proceeds of the debtor's assets exceed the claims of the unsubordinated creditors. Certain creditors (such as secured creditors and preferential creditors) have special rights that may adversely affect the interests of Holders. For example, a Dutch bankruptcy in principle does not prohibit secured creditors from taking recourse against the encumbered assets of the bankrupt debtor to satisfy their claims.

Consequently, Dutch insolvency laws could reduce the potential recovery of a Holder in Dutch bankruptcy proceedings. As a general rule, to obtain payment on unsecured and non-preferential claims (including subordinated claims), such claims need to be submitted to the liquidator in bankruptcy in order to be recognized. The liquidator in bankruptcy determines whether a claim can be provisionally recognized for the purpose of the distribution of the proceeds, and at what value and ranking. The valuation of claims that do not by their terms become payable at the time of the commencement of the bankruptcy proceedings may be based on their net present value. Interest payments that fall due after the date of the bankruptcy will not be recognized. At a creditors' meeting (*verificatievergadering*) the liquidator in bankruptcy, the insolvent debtor and all relevant creditors may contest the provisional recognition of claims of other creditors. Creditors whose claims or part thereof are disputed in the creditors' meeting will be referred to separate court proceedings (*renvooiprocedure*). This procedure could result in Holders receiving a right to recover less than the principal amount of their Bonds or Coupons. In addition, in a Dutch bankruptcy in practice usually no or little funds remain available for the payment of unsecured and non-preferential creditors or subordinated creditors.

As in suspension of payments proceedings, in a bankruptcy, a composition (*akkoord*) may be offered to the unsecured and non-preferential creditors, including subordinated creditors. Such a composition will be binding upon all unsecured and non-preferential creditors (including subordinated creditors), if (i) it is approved by a simple majority of unsecured non-preferential creditors (including subordinated creditors) with recognized and provisionally admitted claims representing at least 50 per cent. of the total amount of the recognized and provisionally admitted unsecured non-preferential claims (including subordinated claims) and (ii) it is subsequently ratified (*gehomologeerd*) by the court.

Secured creditors may, in a Dutch bankruptcy, enforce their rights against the assets of the debtor which are subject to their security rights, to satisfy their claims as if there were no bankruptcy. As in suspension of payments proceedings, the competent Dutch court or the supervisory judge may order a "cooling down period" for a maximum of two times two months during which enforcement actions by those creditors are barred unless they have obtained leave for enforcement from the supervisory judge. Under Dutch law, as soon as a debtor is declared bankrupt, all pending enforcements of judgments against such debtor terminate by operation of law and all attachments on the debtor's assets lapse by operation of law. Litigation against a debtor which is pending on the date on which that debtor is declared bankrupt and which concerns a claim against that debtor which must be satisfied from the proceeds of the liquidation in bankruptcy is automatically stayed.

### **Financial Transaction Tax**

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common financial transaction tax (the "**FTT**") in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**Participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Bonds (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are exempt.

Under the Commission's Proposal, the FTT could apply in certain circumstances to persons both within and outside of the Participating Member States. Generally, it would apply to certain dealings in the Bonds where at least one party is a financial institution, and at least one party is established in a Participating Member State. A financial institution may be, or be deemed to be, "established" in a Participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a Participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a Participating Member State.

However, the Commission's Proposal is still being discussed by the Participating Member States. It may therefore be modified at any time prior to implementation, the timing of which remains uncertain. Additional EU Member States may decide to participate and/or certain Participating Member States may decide to withdraw. The ECOFIN Council held in June 2016 indicated that work on the FTT would continue during the second half of 2016.

Prospective holders of the Bonds are advised to seek their own professional advice in relation to the FTT.

### ***The secondary market generally***

There is currently no existing market for the Bonds and, although application has been made for the listing and quotation of the Bonds on the Luxembourg Stock Exchange, the Bonds may have no established trading market when issued, and one may never develop. If a market does develop, it may not be maintained or be liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Illiquidity may have a severely adverse effect on the market value of Bonds.

### ***Exchange rate risks and exchange controls***

The Issuer will pay principal and interest on the Bonds in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency unit (the "**Investor's Currency**") other than the Euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (1) the Investor's Currency equivalent yield on the Bonds, (2) the Investor's Currency equivalent value of the principal payable on the Bonds and (3) the Investor's Currency equivalent market value of the Bonds.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

### ***Interest rate risks***

Investment in the Bonds (which bear interest at a fixed rate) involves the risk that subsequent changes in market interest rates may adversely affect the value of the Bonds.

### ***Transaction costs***

When Bonds are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Bonds. For instance, credit institutions as a rule charge their clients for own commissions which are either fixed minimum commissions or pro rata

commissions depending on the order value. To the extent that additional — domestic or foreign — parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Bondholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs).

In addition to such costs directly related to the purchase of securities (direct costs), Bondholders must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Bonds before investing in the Bonds.

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Bonds are legal investments for it, (2) the Bonds can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Bonds under any applicable risk-based capital or similar rules.

## Terms and Conditions of the Bonds

The following are the terms and conditions substantially in the form in which they will be endorsed on the Bonds:

The issue of the Bonds was authorized by the managing board (*bestuur*) of the Issuer in a resolution adopted on 21 October 2016. An agency agreement dated 7 February 2017 (as amended from time to time, the “**Agency Agreement**”) has been entered into in relation to the Bonds between the Issuer and BNP Paribas Securities Services, Luxembourg Branch, as principal paying agent, fiscal agent and calculation agent”. The fiscal agent the paying agents and the calculation agent] for the time being (including any successor agents appointed from time to time in connection with the Bonds) are referred to below respectively as the “**Fiscal Agent**”, the “**Paying Agent**” (which expression shall include the Fiscal Agent) and the “**Calculation Agent**” and together, the “**Agents**”. The Agency Agreement includes the form of the Bonds and the coupons relating to them (the “**Coupons**”). Copies of the Agency Agreement are available for inspection during normal business hours at the specified offices of the Paying Agents (specified below in accordance with Condition 6(e)). The holders of the Bonds (the “**Bondholders**”) and the holders of the Coupons (whether or not attached to the relevant Bonds) (the “**Couponholders**”) are deemed to have notice of all the provisions of the Agency Agreement applicable to them. References to “**Holders**” shall include both Bondholders and Couponholders.

References below to “**Conditions**” are, unless the context requires otherwise, to the numbered paragraphs below.

### 1. Form, Denomination and Title

- a) **Form and denomination:** The Bonds are serially numbered and in bearer form in the denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof, up to and including EUR 199,000, each with Coupons attached on issue. No definitive Bonds will be issued with a denomination above EUR 199,000. Bonds of one denomination may not be exchanged for Bonds of any other denomination.
- b) **Title:** Title to the Bonds and Coupons passes by delivery. The holder of any Bond or Coupon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

### 2. Status

The Bonds and Coupons constitute unsubordinated (subject to Condition 3) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Bonds and the Coupons shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 3, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations, save for such obligations which may be preferred by applicable law.

### 3. Negative Pledge

So long as any Bond or Coupon remains outstanding (as defined below), the Issuer will not, and will ensure that none of its Material Subsidiaries will, create, any mortgage, charge, lien, pledge or other security interest, upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) (“**Security**”) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Bonds and the Coupons the same security as is created to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by an Extraordinary Resolution of the Bondholders passed in accordance with the provisions for meetings of Bondholders set forth in Annex 3 of the Agency Agreement.

In these Conditions:

- (i) “**Consolidated Group**” means the Issuer and its consolidated Subsidiaries from time to time;
- (ii) “**Material Subsidiary**” means, at any time, a Subsidiary:
  - (a) whose revenues (excluding intra-Consolidated Group items) then account for at least 10 per cent. of the consolidated revenues of the Consolidated Group; or
  - (b) whose assets (excluding intra-Consolidated Group items) then account for at least 10 per cent. of the consolidated assets of the Consolidated Group.

For this purpose:

- (a) the revenues or assets of a Subsidiary of the Issuer will be determined from the contribution which it makes to the assets and revenues, as applicable, of the Consolidated Group based on the latest audited financial statements of the Consolidated Group;
  - (b) if a Subsidiary of the Issuer becomes a member of the Consolidated Group after the date on which the latest audited financial statements of the Consolidated Group have been prepared, the revenues or assets of that Subsidiary will be determined from its latest financial statements;
  - (c) the revenues or assets of the Consolidated Group will be determined from its latest audited annual financial statements; and
  - (d) if a Material Subsidiary disposes of all or substantially all of its assets to another Subsidiary of the Issuer, it will immediately cease to be a Material Subsidiary and the other Subsidiary (if it is not already) will immediately become a Material Subsidiary; the subsequent audited annual financial statements of those Subsidiaries and the Consolidated Group will be used to determine whether those Subsidiaries are Material Subsidiaries or not.
- (iii) “**outstanding**” means, in relation to the Bonds, all the Bonds issued except (a) those which have been redeemed in accordance with these Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Bonds to the date for such redemption and any interest payable under the Conditions after such date) have been duly paid to the Fiscal Agent as provided in the Agency Agreement, and remain available for payment against presentation and surrender of Bonds and/or Coupons, as the case may be, (c) those in respect of which claims have become void, (d) those which have been purchased and cancelled as provided in these Conditions, (e) those mutilated or defaced Bonds which have been surrendered in exchange for replacement Bonds and (f) (for the purpose only of determining how many Bonds are outstanding and without prejudice to their status for any other purpose) those Bonds alleged to have been lost, stolen or destroyed and in respect of which replacement Bonds have been issued; provided that for the purposes of (1) ascertaining the right to attend and vote at any meeting of the Bondholders and (2) the determination of how many Bonds are outstanding for the purposes of the meetings of Bondholders (provisions of which are further described in Annex 3 of the Agency Agreement) those Bonds which are beneficially held by, or are held on behalf of, the Issuer or any of its Subsidiaries and not cancelled shall (unless and until ceasing to be so held) be deemed not to remain outstanding;
  - (iv) “**Relevant Indebtedness**” means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market; and

- (v) “**Subsidiary**” means any entity whose financial statements at any time are required by law or in accordance with generally accepted accounting principles to be fully consolidated with those of the Issuer.

#### 4. **Interest**

The Bonds bear interest from and including 7 February 2017 at the rate of 4.00 per cent. per annum, payable annually in arrear in equal instalments of EUR 40.00 per Calculation Amount (as defined below) on 7 February in each year (each an “**Interest Payment Date**”). Each Bond will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused. In such event it shall continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (b) the day seven days after the Fiscal Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

Where interest is to be calculated in respect of a period which is equal to or shorter than an Interest Period (as defined below), the day-count fraction used will be the number of days in the relevant period, from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by the number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last).

In these Conditions, the period beginning on and including 7 February 2017 and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an “**Interest Period**”.

Interest in respect of any Bond shall be calculated per EUR 1,000 in principal amount of the Bonds (the “**Calculation Amount**”). The amount of interest payable per Calculation Amount for any period save as provided above in relation to equal instalments for a complete Interest Period shall be equal to the product of 4.00 per cent., the Calculation Amount and the day-count fraction described above for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

#### 5. **Redemption and Purchase**

- (a) **Redemption Date:** To the extent they have not previously been redeemed or repurchased and cancelled, the Bonds will be redeemed at their principal amount plus accrued interest on 7 February 2022 (the “**Maturity Date**”).
- (b) **Redemption for withholding taxation reasons:** The Issuer may redeem the Bonds in whole, but not in part, at any time on giving not less than 30 nor more than 60 days’ notice to the Holders in accordance with Condition 14 and the Fiscal Agent (which notice shall be irrevocable), at their principal amount together with interest accrued to the date fixed for redemption, if the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any actual or proposed change in, or amendment to, the laws or regulations of the jurisdiction of the Issuer or any Substitute appointed pursuant to Condition 11 (the “**Relevant Taxing Jurisdiction**”) (including a decision or ruling of any court or tribunal) or any political subdivision or any authority thereof or therein having power to tax, or any actual or proposed change in the official application or official interpretation of such laws or regulations (including any interpretation or pronouncement by any relevant tax authority), which change or amendment becomes effective on or after the Issue Date, (a “**Withholding Tax Event**”), provided that (i) such Withholding Tax Event cannot be avoided by the Issuer or any Substitute taking reasonable measures available to it and (ii) no such notice of redemption shall be given earlier than 90 days prior to the

earliest date on which the Issuer or any Substitute would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(b), the Issuer shall deliver to the Fiscal Agent a certificate signed by two authorized representatives of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognized standing (which may include legal advisers of the Issuer and/or who have advised in connection with the original issue of the Bonds) to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

(c) **Redemption at the option of the Bondholders in the event of a Change of Control:**

A Change of Control Put Event will be deemed to occur if a Change of Control occurs (a **"Change of Control Put Event"**).

If a Change of Control Put Event occurs, each Bondholder will have the option (the **"Change of Control Put Option"**) (unless, prior to the giving of the relevant Change of Control Put Event Notice (as defined below), the Issuer has given notice to redeem the Bonds in accordance with Conditions 5(b), 5(d) and 5(e)) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) the Bonds held by it on the Change of Control Put Date at their principal amount together with (or, where purchased, together with an amount equal to) interest (if any) accrued to but excluding the Change of Control Put Date.

Promptly upon a Change of Control Put Event having occurred, the Issuer shall give notice (a **"Change of Control Put Event Notice"**) to the Bondholders in accordance with Condition 14 specifying the nature of the Change of Control Put Event and the circumstances giving rise to it, the procedure for exercising the Change of Control Put Option and the Change of Control Put Date.

In order to exercise the Change of Control Put Option, the holder of the Bond must deposit such Bond with the Principal Paying Agent at its specified office at any time during normal business hours of the Principal Paying Agent, accompanied by a duly signed and completed option exercise notice in the form (for the time being current) available from the specified office of the Principal Paying Agent (a **"Change of Control Put Notice"**) within the period (the **"Change of Control Put Period"**) of 45 days after a Change of Control Put Event Notice is given. No Bond so deposited and option so exercised may be revoked or withdrawn without the prior approval of the Issuer.

The Bonds should be delivered together with all Coupons relating to them maturing after the Change of Control Put Date, failing which the amount of any such missing unmatured Coupon will be deducted from the sum due for payment in the manner provided in Condition 6(d). The Principal Paying Agent will issue to the Bondholder concerned a non-transferable receipt in respect of all Bonds so delivered. Payment in respect of any Bond so delivered will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made, on the Change of Control Put Date, by transfer to that bank account and, in every other case, on or after the Change of Control Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office the Principal Paying Agent. For the purposes of these Conditions, receipts issued pursuant thereto shall be treated as if they were Bonds.

The Issuer shall redeem or purchase (or procure the purchase of) the relevant Bonds on the Change of Control Put Date unless previously redeemed (or purchased) and cancelled.

For the purposes of this Condition 5(c):

A "**Change of Control**" shall be deemed to have occurred each time that any Third Person or Third Persons acting in concert come(s) to own or acquire(s) directly or indirectly (i) more than 50 per cent. of the issued share capital of the Issuer or (ii) such number of shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights exercisable at a general meeting of the Issuer.

"**Change of Control Put Date**" is the seventh calendar day after the last day of the Change of Control Put Period.

"**Permitted Holding Company**" means each and any company or other legal entity which is directly or indirectly controlled or co-controlled by a Relevant Person, whether through ownership of voting capital, by contract or otherwise.

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organization, state or agency of a state or other entity, whether or not having separate legal personality.

"**Related Persons**" with respect to the Relevant Person means:

- (i) in the case of any individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof;
- (ii) any trust, corporation, partnership or other Person for which one or more of the Relevant Persons and other Related Persons, directly or indirectly constitute the whole or entire stockholders, beneficiaries, partners or owners thereof, or persons beneficially holding in the aggregate the whole or entire controlling interest therein; or
- (iii) any investment fund or vehicle managed, sponsored or advised by such Relevant Person on its behalf or any successor thereto.

"**Relevant Person**" means any Person who, as at 7 February 2017, controls the Issuer.

"**Third Person**" means any Person who fulfils all of the following criteria:

- (i) is not as at 7 February 2017 a direct or indirect holder of shares of the Issuer;
- (ii) is not a Related Person of the Relevant Person; and
- (iii) is not a Permitted Holding Company.

(d) **Make-Whole Redemption by the Issuer:**

- (i) The Issuer may on giving not less than 15 nor more than 30 calendar days' irrevocable notice in accordance with Condition 14 to the Bondholders, redeem the Bonds, in whole or in part, at any time or from time to time, prior to their Maturity Date (a "**Make-Whole Redemption Date**"). Any such redemption of Bonds shall be made on the Make-Whole Redemption Date at their Make-Whole Redemption Amount (as defined below).
- (ii) For the purposes of this Condition 5(d):

"**Make-Whole Redemption Amount**" means, in respect of any Bond subject to redemption pursuant to Condition 5(d), an amount in Euros determined by the Calculation Agent, equal to the greater of (x) 100 per cent. of the principal amount of such Bond and (y) the sum of the then present values of the remaining scheduled payments of principal and interest on such Bond (excluding any interest accrued on such Bond to, but excluding, the relevant Make-Whole Redemption Date) discounted to such Make-Whole Redemption Date on an



annual basis at the Make-Whole Redemption Rate plus a Make-Whole Redemption Margin, plus, in each case, any interest accrued on such Bond to, but excluding, such Make-Whole Redemption Date.

**“Make-Whole Redemption Margin”** means 0.50 per cent.

**“Make-Whole Redemption Rate”** means, in respect of any redemption of Bonds pursuant to this Condition 5(d), the average, calculated by the Calculation Agent, of the four quotations obtained by the Calculation Agent from the Reference Banks of the mid-market annual yield to maturity of the Reference Security on the fourth business day in Luxembourg preceding the relevant Make-Whole Redemption Date at 11:00 a.m. (Central European time (CET)). If the Reference Security is no longer outstanding, a Similar Security will be chosen by the Calculation Agent in its reasonable judgment, at 11:00 a.m. (Central European time (CET)) on the fourth business day in Luxembourg preceding the relevant Make-Whole Redemption Date, quoted in writing by the Calculation Agent to the Issuer and notified in accordance with Condition 14. The Make-Whole Redemption Rate will be notified by the Issuer in accordance with Condition 14.

**“Reference Security”** means the 2.00 per cent Federal Government Bund of the Bundesrepublik Deutschland due 4 January 2022 with reference code DE0001135465.

**“Reference Bank”** means each of the four banks that may have been selected by the Calculation Agent (excluding the Calculation Agent and any of its affiliates) which are primary government security dealers, and their respective successors, or market makers in pricing corporate bond issues.

**“Similar Security”** means a reference bond or reference bonds issued by the German Federal Government having an actual or interpolated maturity comparable with the remaining term of the Bonds that would be used, at the time of financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Bonds.

- (e) **Notice of redemption and drawings:** All Bonds in respect of which any notice of redemption is given under this Condition shall be redeemed on the date specified in such notice in accordance with this Condition. In the case of a partial redemption the notice shall also contain the serial numbers of the Bonds to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.
- (f) **Purchase:** The Issuer and its Subsidiaries may at any time purchase Bonds in the open market or otherwise at any price (provided that all unmatured Coupons relating thereto are attached thereto or surrendered therewith). The Bonds so purchased may be resold but, while held by or on behalf of the Issuer or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Bondholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Bondholders or for the purposes of Condition 11(a).
- (g) **Cancellation:** Bonds redeemed or purchased for cancellation purposes will be cancelled. Bonds so cancelled may not be re-issued or re-sold.

## 6. Payments

- (a) **Method of Payment:** Payments of principal and interest will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of Bonds or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent. Payments of interest due in respect of any Bond other than on presentation and surrender or endorsement of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Bond.
- (b) **Payments subject to laws:** All payments are subject in all cases to any applicable laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7. No commissions or expenses shall be charged to the Bondholders or Couponholders in respect of such payments.
- (c) **Surrender of unmatured Coupons:** Each Bond should be presented for redemption together with all unmatured Coupons relating to it, failing which the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon not later than 10 years after the Relevant Date (as defined in Condition 7) for the relevant payment of principal.
- (d) **Payments on business days:** A Bond or Coupon may only be presented for payment on a day which is a business day in the place of presentation. No further interest or other payment will be made as a consequence of the day on which the relevant Bond or Coupon may be presented for payment under this Condition 6 falling after the due date. In this Condition “**business day**” means a day on which commercial banks and foreign exchange markets are open in the relevant city.
- (e) **Agents:** The initial Paying Agents and their initial specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, or vary or terminate the appointment of the Fiscal Agent or the Calculation Agent provided that it will maintain a Fiscal Agent and a Calculation Agent having a specified office in a European City. Notice of any change in the Paying Agents or their specified offices will promptly be given to the Bondholders.

### **Fiscal Agent, Principal Paying Agent and Calculation Agent**

#### **BNP Paribas Securities Services, Luxembourg Branch**

60 avenue J.F. Kennedy  
L-1855 Luxembourg  
Grand Duchy of Luxembourg

## 7. Taxation

All payments of principal and interest by or on behalf of the Issuer in respect of the Bonds and the Coupons shall be made free and clear of, and without withholding or deduction for or on account of, any taxes present or future, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of or within the Relevant Taxing Jurisdiction or any political subdivision thereof or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer shall pay such additional amounts as will result in receipt by the Holders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Bond or Coupon presented for payment:

- (a) **Other connection:** by or on behalf of a Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Bond or Coupon by reason of his having some connection with the Relevant Taxing Jurisdiction other than the mere holding of the Bond or Coupon;
- (b) **Presentation more than 30 days after the Relevant Date:** more than 30 days after the Relevant Date except to the extent that the Holder of it would have been entitled to such additional amounts on presenting such Bond or Coupon for payment on the last day of such period of 30 days;
- (c) **Avoidable deduction:** by or on behalf of a Holder if such withholding or deduction would have been avoided by such Holder complying with any statutory requirement or making a declaration of residence or non-residence or other similar claim from exemption to the relevant tax authority and such Holder fails to do so; or
- (d) **Beneficial owners:** by or on behalf of a Holder that is a partnership, or a Holder that is not the sole beneficial owner of the Bond or which holds the Bond in a fiduciary capacity, to the extent that any of the members of the partnership, the beneficial owner or the settler or beneficiary with respect to the fiduciary would not have been entitled to the payment of an additional amount had each of the members of the partnership, the beneficial owner, settler or beneficiary (as the case may be) received directly his beneficial or distributive share of the payment.

“**Relevant Date**” means whichever is the later of (i) the date on which such payment first becomes due and (ii) if the full amount payable has not been received by the Principal Paying Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect shall have been given to the Holders. Any reference in these Conditions to principal and/or interest shall be deemed to include any additional amounts which may be payable under this Condition.

## 8. Events of Default

If any of the following events occurs and is continuing:

- (a) **Non-Payment:** the Issuer fails to pay the principal of or any interest on any of the Bonds when due and such failure continues for a period of 15 days in the case of principal or interest; or
- (b) **Breach of Other Obligations:** the Issuer does not perform or comply with any one or more of its other obligations in the Bonds which default is not remedied within 30 days after notice of such default shall have been given to the Fiscal Agent at its specified office by any Bondholder; or
- (c) **Cross-Default:** (i) any other present or future indebtedness of the Issuer or any of its Material Subsidiaries for moneys borrowed becomes due and payable prior to its stated maturity as a result of any event of default (howsoever described) or (ii) any such indebtedness is otherwise not paid when due following the expiry of any applicable grace period, or (iii) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed after the expiration of any applicable grace period, unless (in the case of (i) only, and only in relation to an event of default referred to in (i) which is not a payment default) the Issuer or the relevant Material Subsidiary, as the case may be, is contesting in good faith and by appropriate proceedings that such indebtedness was due, and provided (in the case of (i), (ii) and (iii)) that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this Condition 8(c) have occurred equals or exceeds €50,000,000 or its equivalent (on

the basis of the middle spot rate for the relevant currency against the Euro as quoted by any leading bank on the day on which this Condition 8(c) operates); or

- (d) **Insolvency:** the Issuer or any of its Material Subsidiaries is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of such debts or a moratorium is agreed or declared in respect of or affecting such debts; or
- (e) **Winding-up:** an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer, or the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by a reconstruction, amalgamation, reorganization, merger or consolidation where all the obligations of the Issuer under the Bonds are assumed by the resulting or remaining entity,

then any Bond may, by notice in writing given to the Fiscal Agent at its specified office by the holder, be declared immediately due and payable whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further formality unless such event of default shall have been remedied prior to the receipt of such notice by the Fiscal Agent.

## 9. Prescription

Claims in respect of principal and interest will become void unless presentation for payment is made within a period of 10 years in the case of principal and five years in the case of interest from the appropriate Relevant Date.

## 10. Replacement of Bonds and Coupons

If any Bond or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent or any Paying Agent subject to all applicable laws and stock exchange or other relevant authority requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Bonds or Coupons must be surrendered before replacements will be issued.

## 11. Meetings of Bondholders, Modification, Waiver and Substitution

- (a) **Meetings of Bondholders:** The Agency Agreement contains provisions for convening meetings of Bondholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Bondholders holding not less than 10 per cent. in principal amount of the Bonds for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing a clear majority in principal amount of the Bonds for the time being outstanding, or at any adjourned meeting two or more persons being or representing Bondholders whatever the principal amount of the Bonds held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to modify the dates on which interest is payable in respect of the Bonds, (ii) to reduce or cancel the principal amount of, or interest on, or to vary the method of calculating the rate of interest on, the Bonds, (iii) to change the currency of payment of the Bonds or the Coupons, or (iv) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in

principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Bondholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Bonds outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

- (b) **Modification of Agency Agreement:** The Issuer shall only permit any modification of, or any waiver or authorization of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Bondholders and/or the Couponholders.
- (c) **Substitution:** The Issuer, or any previous substituted company, may at any time, without the consent of the Holders, substitute for itself as principal debtor under the Bonds and the Coupons, any Subsidiary or Affiliate of the Issuer (the “**Substitute**”), provided that no payment in respect of the Bonds or the Coupons is at the relevant time overdue or in default. The substitution shall be made by a deed poll (the “**Deed Poll**”), to be substantially in the form scheduled to the Agency Agreement, and may take place only if: (i) the Substitute shall, by means of the Deed Poll, agree to indemnify and hold harmless each Holder against any tax, duty, assessment or governmental charge which is or may be imposed on, incurred by or levied on it by (or by any authority in or of) the jurisdiction of the country of the Substitute’s residence for tax purposes and, if different, of its incorporation with respect to any Bond or Coupon and which would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any liability, charge, cost or expense, in connection with the substitution; (ii) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents or approvals) to ensure that the Deed Poll, the Bonds and Coupons represent valid, legally binding and enforceable obligations of the Substitute and in the case of the Deed Poll of Louis Dreyfus Company B.V. have been taken, fulfilled and done and are in full force and effect; (iii) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it; (iv) the obligations of the Substitute (including any previous Substituted Company) under the Bonds and the Coupons shall be unconditionally and irrevocably guaranteed by Louis Dreyfus Company B.V. by means of the Deed Poll; (v) legal opinions, dated not more than five Business Days prior to the date of substitution, addressed to the Holders shall have been delivered to them (care of the Fiscal Agent) from independent legal advisers of recognized standing (which may include legal advisers of the Issuer and/or who have advised in connection with the original issue of the Bonds) in each jurisdiction referred to in (i) above, the jurisdiction of the Issuer (if different) and in England as to the fulfilment of the preceding conditions of this Condition 11 and the other matters specified in the Deed Poll; and (vi) the Issuer shall have given at least 14 days’ prior notice of such substitution to the Bondholders in accordance with Condition 14, stating that copies, and pending execution the agreed text, of all documents in relation to the substitution which are referred to above, or which might otherwise reasonably be regarded as material to Bondholders, will be available for inspection at the specified office of each of the Paying Agents. The Issuer will notify Bondholders as soon as reasonably practicable following a substitution in accordance with Condition 14 and such substitution shall become effective upon the publication of such notice.

In this Condition “**Affiliate**” means a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified.

## 12. Further Issues

The Issuer may from time to time without the consent of the Holders create and issue further Bonds either having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds. References in these Conditions to the Bonds include (unless the context requires otherwise) any other Bonds issued pursuant to this Condition and forming a single series with the Bonds.

## 13. Provision of Financial Information

For so long as any Bonds are outstanding the Issuer will deliver to the Fiscal Agent within 105 days of the end of each financial year of the Issuer, beginning with the financial year ending 31 December 2016, a copy in the English language of financial statements consisting of an audited consolidated balance sheet of the Issuer as at the end of the most recent financial year and prior financial year and audited consolidated statements of income, comprehensive income, changes in equity and cash flow of the Issuer for the most recent financial year with a comparison against the prior-year period, together with complete notes to such financial statements and a report of the independent auditors of the Issuer on such financial statements; and procure that copies of the same are made available (A) on the website of the Luxembourg Stock Exchange’s regulated market and (B) for inspection by Holders in accordance with the Agency Agreement at the specified office of each of the Paying Agents as soon as practicable thereafter. The financial statements referred to in this paragraph shall be prepared in accordance with International Financial Reporting Standards as adopted by the European Union (or any other internationally recognized set of accounting standards deemed equivalent to IFRS by the Committee of European Securities Regulators from time to time) and with a level of detail that is substantially comparable to that set out on pages F-46 et seq. of the Prospectus relating to the Bonds dated 3 February 2017 (the “**Prospectus**”).

In addition, for so long as any Bonds are outstanding, the Issuer will deliver to the Fiscal Agent within 105 days of the end of the first six months in each financial year of the Issuer, beginning with the six months ended 30 June 2017, a copy in the English language of half-yearly financial statements consisting of an unaudited consolidated balance sheet as at the end of such six months and the immediately preceding financial year-end and unaudited statements of income, comprehensive income, changes in equity and cash flow for the six months ending on the date of the unaudited balance sheet, and the comparable prior year period for the Issuer, together with condensed notes to such financial statements and a limited review or other report of the independent auditors of the Issuer on such financial statements and procure that copies of the same are made available (A) on the website of the Luxembourg Stock Exchange’s regulated market and (B) for inspection by Holders in accordance with the Agency Agreement at the specified office of each of the Paying Agents as soon as practicable thereafter. The interim condensed financial statements referred to in this paragraph shall be prepared in accordance with International Financial Reporting Standards as adopted by the European Union (or any other internationally recognized set of accounting standards deemed equivalent to IFRS by the Committee of European Securities Regulators from time to time) in accordance with a level at least equivalent to IAS34 “Interim Financial Reporting” and with a level of detail that is substantially comparable to that set out on pages F-2 et seq. of the Prospectus.

#### 14. Notices

Notices to Bondholders will be valid if published in a leading newspaper having general circulation in London (which is expected to be the Financial Times) and (so long as the Bonds are listed on the Luxembourg Stock Exchange and the rules of that Stock Exchange so require) published either on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or, if such publication shall not be practicable, in an English language newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Bondholders in accordance with this Condition.

#### 15. Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999.

#### 16. Governing Law

- (a) **Governing Law:** The Agency Agreement, the Bonds and the Coupons and any non-contractual obligations arising out of or in connection with them are governed by and shall be construed in accordance with English law.
- (b) **Jurisdiction:** The courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Bonds or the Coupons and accordingly any legal action or proceedings arising out of or in connection with the Bonds or the Coupons (including a dispute relating to any non-contractual obligations arising out of or in connection with the Bonds or Coupons) ("Proceedings") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in any such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This Condition is for the benefit of each of the Holders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).
- (c) **Agent for Service of Process:** The Issuer irrevocably appoints Mills & Co. of Milburn House, Dean Street, Newcastle upon Tyne, NE1 1LE as its agent in England to receive service of process in any Proceedings in England based on any of the Bonds or the Coupons. If for any reason the Issuer does not have such an agent in England, it will promptly appoint a substitute process agent and immediately notify the Holders of such appointment in accordance with Condition 14. Nothing herein shall affect the right of any Holder to serve process in any other manner permitted by law.

## Summary of Provisions while in Global Form

*The Agency Agreement, the Temporary Global Bond and the Global Bond contain provisions which apply to the Bonds while they are in global form, some of which modify the effect of the terms and conditions of the Bonds set out in this document. The following is a summary of certain of those provisions:*

### 1. Exchange

The Temporary Global Bond is exchangeable in whole or in part for interests in the Global Bond on or after a date which is expected to be 40 days after the Issue Date, upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Bond. The Global Bond is exchangeable in whole but not, except as provided in the next paragraph, in part (free of charge to the holder) for the Definitive Bonds described below (i) if the Global Bond is held on behalf of a clearing system and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (ii) if principal in respect of any Bonds is not paid when due and payable. Thereupon, the holder may give notice to the Fiscal Agent of its intention to exchange the Global Bond for Definitive Bonds on or after the Exchange Date specified in the notice.

If principal in respect of any Bonds is not paid when due and payable, the holder of the Global Bond may, by notice to the Fiscal Agent (which may but need not be the default notice referred to in “– Default” below), require the exchange of a specified principal amount of the Global Bond (which may be equal to or (provided that, if the Global Bond is held by or on behalf of a clearing system, that clearing system agrees) less than the outstanding principal amount of Bonds represented thereby) for Definitive Bonds on or after the Exchange Date (as defined below) specified in such notice.

On or after the Exchange Date, the holder of the Global Bond may surrender the Global Bond or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for the Global Bond, or on endorsement in respect of the part thereof to be exchanged, the Issuer shall deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Bonds (having attached to them all Coupons in respect of interest which has not already been paid on the Global Bond), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 1 to the Agency Agreement. On exchange in full of the Global Bond, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with any relevant Definitive Bonds.

“**Exchange Date**” means a day falling not less than 60 days or, in the case of exchange pursuant to (ii) above, 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and, except in the case of exchange pursuant to (i) above, in the cities in which the relevant clearing system is located.

### 2. Payments

No payment will be made on the Temporary Global Bond unless exchange for an interest in the Global Bond is improperly withheld or refused. Payments of principal and interest in respect of Bonds represented by the Global Bond will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Bonds, surrender of the Global Bond to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Bondholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to the Global Bond, which endorsement will be prima facie evidence that



such payment has been made in respect of the Bonds. For the purpose of any payments made in respect of a Global Bond, the relevant place of presentation shall be disregarded in the definition of “**business day**” set out in Condition 6(d).

### **3. Notices**

So long as the Bonds are represented by the Global Bond and the Global Bond is held on behalf of a clearing system, notices to Bondholders may be given by delivery of the relevant notice to that clearing system for communication by it to the entitled accountholders in substitution for publication as required by the Conditions except that, so long as the Bonds are listed on the Luxembourg Stock Exchange’s regulated market and the rules of that Exchange so require, notices shall also be published either on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)) or in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*).

### **4. Prescription**

Claims against the Issuer in respect of principal and interest on the Bonds while the Bonds are represented by the Global Bond will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 7).

### **5. Meetings**

The holder of the Global Bond shall (unless the Global Bond represents only one Bond) be treated as being two persons for the purposes of any quorum requirements of a meeting of Bondholders and, at any such meeting, as having one vote in respect of each EUR 1,000 in principal amount of Bonds.

### **6. Purchase and Cancellation**

Cancellation of any Bond required by the Conditions to be cancelled following its purchase will be effected by reduction in the principal amount of the Global Bond.

### **7. Default**

The Global Bond provides that the holder may cause the Global Bond or a portion of it to become due and payable in the circumstances described in Condition 8 by stating in the notice to the Fiscal Agent the principal amount of Bonds which is being declared due and payable. If principal in respect of any Bond is not paid when due and payable, the holder of the Global Bond may elect that the Global Bond becomes void as to a specified portion and that the persons entitled to such portion, as accountholders with a clearing system, acquire direct enforcement rights against the Issuer under further provisions of the Global Bond executed by the Issuer as a deed poll.

### **8. Put Option**

The Bondholders’ put option in Condition 5(c) may be exercised by the holder of the Global Bond, giving notice to the Fiscal Agent of the principal amount of Bonds in respect of which the option is exercised and presenting the Global Bond for endorsement of exercise within the time limits specified in Condition 5(c).

### **9. Issuer’s Option**

The Issuer’s call option provided for in Condition 5(d) shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by the relevant Conditions. The rights of accountholders will be governed by the standard procedures of Euroclear and Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion).

## 10. Electronic Consent and Written Resolution

While any Global Bond is held on behalf of a relevant clearing system, then:

- (a) approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Bonds outstanding (an “**Electronic Consent**” as defined in the Agency Agreement) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Bondholders duly convened and held, and shall be binding on all Bondholders and holders of Coupons whether or not they participated in such Electronic Consent; and
- (b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Agency Agreement) has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer by accountholders in the clearing system with entitlements to such Global Bond or, where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person for whom such entitlement is ultimately beneficially held, whether such beneficiary holds directly with the accountholder or via one or more intermediaries and provided that, in each case, the Issuer obtained commercially reasonable evidence to ascertain the validity of such holding and have taken reasonable steps to ensure that such holding does not alter following the giving of such consent or instruction and prior to the effecting of such amendment. Any resolution passed in such manner shall be binding on all Bondholders and Couponholders, even if the relevant consent or instruction proves to be defective. As used in this paragraph, “**commercially reasonable evidence**” includes any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system, or issued by an accountholder of them or an intermediary in a holding chain, in relation to the holding of interests in the Bonds. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream, Luxembourg’s Creation Online system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Bonds is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

## 11. Outstanding Bonds

The definition of “outstanding” in Condition 3 of the Terms and Conditions of the Bonds shall not include the Temporary Global Bond to the extent that it shall have been exchanged for the Global Bond pursuant to its provisions and the Global Bond to the extent that it shall have been exchanged for definitive Bonds pursuant to its provisions.

## Description of Business

### Overview of LDC

Louis Dreyfus Company B.V. (“**LDC**” and, together with its consolidated subsidiaries, the “**Group**”), formerly (before 21 March 2016) known as Louis Dreyfus Commodities B.V., was incorporated in The Netherlands as a private limited liability company (*besloten vennootschap*) on 28 December 2004 for an unlimited term with registration number 24 37 12 19 and operates under Dutch law. Its principal business is to act as a holding company of the Group. Its legal and commercial name is Louis Dreyfus Company B.V. As a holding company, LDC centralizes and oversees the day-to-day global management of the Group. Its registered office is at Westblaak 92, 3012KM Rotterdam, The Netherlands and its telephone number is +31 10 206 2440. As at 30 June 2016, the share capital of LDC amounted to U.S.\$1 million (at a historical conversion rate of €1.00 equalling U.S.\$1.438) consisting of 100,000,000 ordinary shares of Euro 0.01 nominal value each fully issued and paid up. Neither the shares of LDC nor those of any of its direct or indirect subsidiaries are listed on any stock exchange. For further information on LDC’s shareholding structure, please refer to “Management and Shareholders”.

### Overview of the Group

The Group is a leading global integrated commodities group<sup>2</sup>, with worldwide activities in the merchandizing of agricultural products and metals and their production, sourcing, processing, storage and transport. The Group focuses predominantly on a single asset class – agricultural commodities – but does so in a highly diversified manner, covering all of the main categories within this single asset class such as: grains, oilseeds, rice, cotton, coffee, sugar, fruit juices, fertilizers and dairy.

The Group’s business model consists of a globally managed, diversified portfolio of merchandizing activities supported in key production and consumption centres by strategically located production, processing and logistics assets: in particular, the Group sources and produces a large range of agricultural commodities; processes and refines products and materials; stores and transports commodities for export or domestic consumption; and merchandizes, customizes and distributes to a wide range of industrial and commercial consumers, including in the food, textile and fuel processing industries. The Group takes advantage of its extensive and long-standing product sourcing capacities in the Americas, supported by its global logistics and processing network to supply its large distribution networks in the growing markets of Asia. The Group also provides financing, logistics and other services to producers and consumers within the commodities markets in which the Group operates.

The Group believes that it has global market leading positions in a number of areas in which it operates<sup>3</sup>. It believes that it is:

- one of the world’s largest merchandizers of raw cotton by volume;
- one of the world’s leading rice merchandizers by volume;
- one of the world’s leading orange juice processors by volume;
- one of the world’s largest merchandizers of oilseeds and their by-products (vegetable oils, meals and biodiesel) by volume;
- among the world’s leading merchandizers of wheat, barley and corn by volume;
- among the world’s largest merchandizers of green coffee by volume; and

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<sup>2</sup> For information regarding the basis for statements relating to the Group’s competitive position, please refer to the section entitled “Information Regarding the Group’s Markets and Industry” on page iv above.

<sup>3</sup> For information regarding the basis for statements relating to the Group’s competitive position, please refer to the section entitled “Information Regarding the Group’s Markets and Industry” on page iv above.

- among the world's leading sugar merchandizers by volume.

The Group conducts its operations in two business segments (each a “**Segment**”): Value Chain and Merchandizing. Each of the Group's business Segments focuses on a range of distinct product lines (each a “**Platform**”), as follows:

- The Value Chain includes the Oilseeds, Grains, Juice, Rice, Sugar and Fertilizers and Inputs Platforms supported by the Freight Platform; and
- The Merchandizing Segment includes the Cotton, Coffee, Dairy, Metals and Finance Platforms.

Division of Platforms between the two segments is based on how vertically integrated the platform is, with the Merchandizing Platforms being less processing-orientated than those of the Value Chain Segment. During the first half of 2016, the Group implemented certain changes in the composition of its two Segments. The Sugar and the Rice Platforms, previously part of the Merchandizing Segment, were moved across to report into the Value Chain Segment. See “Presentation of Certain Financial Information”.

Each Platform is responsible for the integrated management, marketing, sourcing, hedging, logistics and fixed asset operations, as well as the global strategy, relating to the commodities or the activities which the Platform covers.

Set out below are certain key consolidated financial data for the Group as at, or for the six month periods ended, 30 June 2015 and 2016, and as at, or for the years ended, 31 December 2014 and 2015 (presented in U.S.\$ millions (after rounding)):

	<b>For the year ended 31 December</b>		<b>For the six months ended 30 June</b>	
	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
Net Sales.....	64,719	55,733	26,393	23,527
Operating result <sup>1, 2</sup> .....	1,781	1,356	638	546
Net Income attributable to Owners of the Company <sup>2</sup> .....	648	211	130	135

Notes:

1. Operating result is gross margin plus share of profit (loss) in investments in associates and joint ventures, net.
2. Operating result and Net Income attributable to Owners of the Company for the year ended 31 December 2014 have not been restated following the application of IAS16 and IAS41 “Bearer Plants” amendments beginning in 2016. See Note 1 to the Interim Financial Statements.

	As at 31 December		As at 30 June
	<u>2014</u>	<u>2015</u>	<u>2016</u>
Fixed Assets <sup>1</sup> and Investments in associates and joint ventures .....	4,061	4,063	4,082
Equity attributable to Owners of the Company .....	4,919	4,849	4,954

Notes:

1. Fixed Assets mean Property, Plant and Equipment and Intangible assets. Biological Assets were previously classified as non-current assets and were consequently included within Fixed Assets. Following the implementation of amendments to IAS 16 and IAS 41, the bearer plant portion of Biological Assets is now classified on the balance sheet as Property, Plant and Equipment (and thus continues to be included within Fixed Assets), whereas the produce growing from bearer plants, while still classified under biological assets, is now recorded on the balance sheet as a current asset and is consequently not included within Fixed Assets. See Note 1 and Note 9 to the Interim Financial Statements. The figures appearing in this table as at 31 December 2014 reflect the previous classification. The figure as at 30 June 2016 reflects, and the figure as at 31 December 2015 has been restated to reflect, the new classification.

## History

The Group traces its history back to 1851, when Léopold Louis-Dreyfus, the 18-year-old son of a farmer from Sierentz, in France's Alsace region, entered the grain business by buying wheat from local Alsatian farmers and selling it in the commercial centre of Basel in Switzerland. Over the next half-century, Louis Dreyfus expanded to become an international grain merchant (also trading in futures), with operations serving Europe, North and South America, South Africa and Asia.

During the first part of the twentieth century, Louis Dreyfus expanded its business in North and South America as an exporter of corn, wheat, barley, oats and oilseeds to worldwide customers. By the end of the Second World War, Louis Dreyfus had achieved a global footprint with offices in Europe, North and South America, South Africa, India, Indo-China, China, Australia and Russia.

In the 1970s and 1980s, Louis Dreyfus extended its agricultural activities to cotton, sugar, citrus and coffee.

In the 1990s, Louis Dreyfus focused on commodity sourcing activities to complement the existing merchandizing activities, buying processing operations in citrus and oilseeds. In the early years of the present century, Louis Dreyfus further expanded with the purchase of sugar production operations in Brazil and entered into the metals business.

In 2006, Robert Louis-Dreyfus (the great-grandson of Léopold Louis-Dreyfus) took control of the family business. He restructured Louis Dreyfus' different activities into autonomous subsidiaries, resulting in the creation of the Group as it exists today. At the same time, Philippe Louis-Dreyfus (another great-grandson of Leopold Louis-Dreyfus) acquired 100 per cent. of Louis Dreyfus Armateurs, the ship-owning arm of the Louis Dreyfus family business.

In recent years, the Group has consolidated and expanded its businesses in the commodities markets in which it currently operates, entered into new markets such as palm oil, fertilizer, apple juice concentrate and dairy and managed a successful expansion into new geographical areas such as Indonesia, Vietnam and certain countries in the Middle East and Africa. It has also expanded through numerous significant acquisitions and transactions, including the following:

2006: construction of the Timbues crushing plant in Argentina commences;

2007: acquisition of an oilseed crushing plant in China; creation of Calyx Agro;

2008: acquisition of an edible-oil refinery in India; construction of a biodiesel line in the General Lagos crushing plant in Argentina;

2009: acquisition of a rapeseed crushing plant in Germany;

2010: acquisition of a deep-sea port in Lampung, Indonesia; signing of a long-term off-take contract to operate a grains and oilseeds terminal at the port of Santos (Brazil); and signing of an agreement with partners for the construction of a soybean crushing plant in Paraguay;

2011: acquisition of SCPA-Sivex International, a leading fertilizer, crop protection and chemical products manufacturer and distributor in West and Central Africa; and acquisition of *Macrofertil Industria e Comercio de Fertilizantes Ltda* in Brazil, a fertilizer manufacturer and distributor in several Brazilian states.

2012: acquisition of Imperial Sugar Company (a U.S. company formerly listed on NASDAQ) allowing the Group to expand its industrial base, add a new consumer product to its offering in the sugar sector and reinforce its presence in North America; acquisition of Ecoval Holding B.V., a leading international dairy trading company; inaugural issuance by LDC B.V. of U.S.\$350 million, 8.25 per cent. hybrid capital securities listed on the Singapore Stock Exchange; construction of a second biodiesel line in General Lagos in Argentina; construction of the Bahia Blanca port in Argentina; reorganization of the Group leading to the up-streaming of the Group's 65.9 per cent. owned sugar cane production and processing subsidiary BIOSEV, from the Group to a newly formed intermediary holding, leading to BIOSEV becoming a sister company of the Issuer and ceasing to be a subsidiary of the Group.

2013: new joint ventures in cotton (Australia) and rice (South Africa); issuance of a €400 million and a €500 million Eurobond each listed on the Luxembourg Stock Exchange; inauguration of a grain and oilseeds export elevator at the Port of Greater Baton Rouge, Louisiana, U.S.A.

2014: purchase of the shares of Ilomar Holdings N.V., a leading commodities supply chain company based in Belgium; acquisition of Kowalski Alimentos S.A., one of Brazil's largest corn milling operators; continuing development of the North American grains and oilseeds origination network with a number of investments in in-land logistics along the Mississippi River; exit from the Group's joint venture in Green Eagle Plantations Pte Ltd (an Indonesian palm plantation company).

2015: selected investments and capital expenditure with a focus on logistics assets. Highlights include the commissioning of several rail-to-barge and truck-to-barge facilities in the United States; the finalization of construction of elevators in Paraguay and Uruguay and the ongoing construction of a new trans-shipment terminal at Miritituba in Para State, Brazil as part of the North Corridor export project<sup>4</sup>.

2016: announcement of the change of name from Louis Dreyfus Commodities B.V. to Louis Dreyfus Company B.V.; first capital injection into the newly created joint venture to operate a berth in the solid bulk terminal located at the port of Santos (Brazil).

## **Competitive Strengths**

The Group believes that its success is built upon the following combination of key competitive strengths:

### ***Leading global market positions in a wide range of commodity areas***

The Group is among the market leaders in many of the areas in which it operates. For example, it believes that it is: one of the world's largest merchandizers of raw cotton; a world leader in rice merchandizing by volume, one of the world's leading orange juice processors by volume; one of the world's largest merchandizers of oilseeds and their by-products (vegetable oils, meals and biodiesel) by volume; among the world's leading merchandizers of wheat and corn and barley by volume; among the world's largest merchandizers of green coffee by volume; and among the world's leading sugar merchandizers by volume.

These market-leading positions benefit the Group in a number of ways, including by: (i) allowing it to benefit from economies of scale leading to more competitive pricing; (ii) helping it to develop trusted

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<sup>4</sup> The North Corridor Project is the creation of a new logistics route for grains and oilseeds in Brazil and involves investment in, *inter alia*, ports and silos. See "Results of Operations and Financial Position – Capital Expenditure – The Value Chain Segment".

relationships with market counterparties, including suppliers, customers and farmers globally; and (iii) fostering partnerships with financial institutions (it has relationships with over 160 banks in more than 40 countries and 5 regions) which in turn provides increased and cheaper access to liquidity.

### ***Diversity in Product Range and Geographical Spread***

The Group focuses predominantly on a single asset class – agricultural commodities – but does so in a highly diversified manner covering all of the main categories within this field. Its commodities offering covers many of the world's most traded agricultural commodities such as: grains, oilseeds, rice, cotton, coffee, fruit juices, fertilizers and dairy. The Group is also involved in metals (including copper and zinc concentrates, as well as copper cathodes), in the ocean freight market and the financial markets of certain emerging countries.

The Group also has a high level of geographical diversity. For over 165 years, the Group's and its predecessor entities' strategy has been to be as close as possible to the world's production and consumption regions. Today it operates in five global regions: North America, North Latin America, South and West Latin America, Europe Middle East and Africa<sup>5</sup>, and Asia, and is active in more than 100 countries. Its activities are particularly developed in the Southern Hemisphere, and the Group takes advantage of its extensive and long-standing product sourcing capacities in the Americas to supply its large distribution networks in the growing markets of Asia and the Middle East and Africa (though it also sources directly in Asia). The Group believes that its diversity in terms of both product offering and geography is a key strength allowing it to improve access to evolving global commodity flows while helping to mitigate regional risks. In particular, the Group considers that this diversify results in a number of advantages including:

#### *Logistic Synergies*

The Group has generated and continues to build economies of scale by drawing on complementary crop harvesting cycles (both in terms of harvesting different crops in the same region and the same crop in different regions). This results in a more efficient use of logistical facilities and working capital, as well as synergies among support and administrative functions. Moreover, maximizing volumes leads to increased optimization of the Group's ocean freight chartering activities both in bulk and containers.

#### *Pooling Expertise*

The Group's emphasis on enhancing information flows and leveraging its expertise enables it to apply similar arbitrage strategies across a diverse range of commodities.

#### *Local Market Knowledge*

The Group's significant involvement at the local agri-business level in different geographical regions affords it insights into macro-drivers such as foreign exchange fluctuations, farming activities, weather and government policies.

#### *Risk Management*

The diversity of the Group's commodity offerings contributes to de-concentrating risk, both on the market side and in terms of spreading credit risk among a wider base of market counterparties. Geographical diversity further helps to mitigate against regional risk, for example enabling the Group to guarantee supply regardless of adverse climate conditions or biosecurity issues relating to the crops themselves.

#### *Platform for Local Expansion*

The Group's presence and local know-how in one Platform in a particular region facilitate its expansion into other Platforms in the same region.

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<sup>5</sup> From 2016, the Group's Europe and Black Sea and Middle East and Africa geographical areas were merged into a single operational unit.

### ***Merchandizer Building Links Across the Value chain***

The Group's merchandizing activities are supported by a base of logistical and production assets integrated into the areas of its core commodities. Through significant investment in assets worldwide, the Group has built links across the value chain: from sourcing and production, through processing and refining and transport and storage, to research, merchandizing, customization and distribution. The Group currently operates over 300 facilities across the world, with a fixed asset base<sup>6</sup> (including investments in associates and joint ventures) with a value of U.S.\$4.1 billion as at 30 June 2016.

Integration of assets allows the Group to benefit from synergies and economies of scale in relation to all key transaction components, including commodity purchases and sales and their associated financing, storage, transportation and risk management activities, resulting in increased efficiencies at every stage of the value chain. It also gives the Group increased control over physical flows in the supply chain thus helping to protect against supply risk and gather local intelligence to improve merchandizing.

### ***In-Depth Market Understanding Supported By Dedicated Research Teams***

The Group's merchandizing operations are supported by dedicated research teams that continually produce real-time and in-depth market intelligence. In this, the Group employs principles developed and tested by 165 years of experience in the markets, enhanced by the latest technology, including an extensive data base for performance tracking and validation. Real-time data analysis allows harvests on the ground to be evaluated by local offices and experts, and the results processed centrally and directed to the Platforms and merchandizing business worldwide. The Group believes that its diversified global presence brings a comprehensive knowledge of local markets and their specific characteristics and opportunities.

The Group also believes that it has an in-depth market understanding, and that this is a significant strength because it helps to inform the Platforms' hedging and merchandizing decisions and allows them to identify and implement new business opportunities globally by accessing 'on the ground' knowledge and information about local markets on a 'real-time' basis.

### ***Risk Management Capabilities***

The Group believes that the ability to manage risk is one of its key strengths. Risk management is a core function under the supervision of the Group's senior leadership structure – the Global Head of Risk reports to the Chief Financial Officer. Risk is also a crucial consideration in the Group's overall merchandizing strategy, which is based on bulk sourcing and merchandizing, capturing margins coming from the high volumes merchandized and value chain integration, with profits relatively isolated from large market fluctuations thanks to proactive and prudent risk management. Risk policies are determined centrally and administered regionally by a team of dedicated specialists. Exposures are monitored on a daily basis. Risk procedures and monitoring systems are designed to be clear and prudent while seeking to allow optimal deployment of risk capital. Compliance procedures are continuously reviewed and updated to reflect the constantly evolving regulatory environment. (See "Risk Management").

The Group believes that its sound risk management policies have contributed to its positive performance through the volatile market environment over recent years and helped to mitigate earnings volatility.

### ***Experienced Management Team and Stable Shareholder Structure***

LDC's management team has a proven track record of developing and growing the business. Members of the LDC's senior leadership have collectively accumulated over 150 years of experience in the merchandizing of agricultural commodities, of which more than 130 years has been spent within the Group. Since the creation of the Group in its current form in 2006, the management has overseen the consolidation and expansion of the Group's business in the commodities markets in which it had existing

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<sup>6</sup> Fixed asset base means intangible assets plus property, plant and equipment plus investments in associates and joint ventures



operations and managed its expansion into new markets as well as into new geographical areas such as Indonesia, Vietnam and certain countries in the Middle East and Africa. The management team has also overseen numerous acquisitions and other transactions (See “History”).

LDC believes that its current ownership structure fosters a culture of excellence, teamwork and accountability. Key management and employees are incentivized through the Group’s employee participation plan, which involves equity participation at the Louis Dreyfus Company Holdings B.V. level and helps to align interests of shareholders, management and employees. LDC employees held an economic interest of approximately 10 per cent. in Louis Dreyfus Company Holdings B.V. as at 31 December 2015.

Moreover, Louis Dreyfus is, and has been for over 165 years, a family-owned business. This shareholder structure has historically provided stability, and is conducive to the Group’s long-term business consolidation, development and expansion.

### ***Well-Managed and Flexible Financial Model***

The Group has developed a mixed and diversified funding model, combining local debt lines arranged by regional subsidiaries, and debt originated at the Group level and allocated to regions.

LDC’s historical funding model has been based on its regional subsidiaries maintaining lending relationships with local banks, which has provided significant diversification both in terms of sources of funding and geographies, and allowed the Group to expand while managing its liquidity position. Currently, funding is provided by a diverse range of both regional and international banks – as at 30 June 2016, the Group had access to a pool of over 160 different relationship banks.

In recent years, debt capital markets have been playing an increasing role in the Group’s diversification of financing. After having entered the debt capital markets in September 2012 with an inaugural U.S.\$350 million hybrid perpetual security listed on the Singapore Exchange, on 30 July 2013, LDC completed the issuance of a €400 million, 5-year, 3.875 per cent. Luxembourg-listed Eurobond, followed in December 2013 by the issuance of a €500 million, 7-year, 4.00 per cent. Luxembourg-listed Eurobond. As a result, 32 per cent. of long term debt as at 30 June 2016 came from the debt capital markets. The issue of Bonds described in this Prospectus is further testament of the Group sourcing financing through the international debt capital markets.

At the same time, the Group believes that it has successfully managed its liquidity position, including throughout the volatile commodities environment of recent years with increasing long-term debt and short-term debt balanced by current assets. As at 30 June 2016, the Group’s consolidated gross debt<sup>7</sup> stood at U.S.\$9.2 billion, U.S.\$3.1 billion being long-term debt, with 4.4 years of average maturity. As at 30 June 2016, short-term debt was U.S.\$6.1 billion, 88 per cent. covered by cash and cash equivalents and RMI<sup>8</sup> totalling respectively U.S.\$0.5 billion and U.S.\$4.8 billion (85 per cent. of total inventories). As at 30 June 2016, the Group’s adjusted gross debt<sup>9</sup> stood at U.S.\$4.3 billion. Current financial assets stood at U.S.\$0.7 billion, leading to an adjusted net debt (net of RMI) of U.S.\$3.6 billion. At the same date, adjusted net gearing<sup>10</sup> was 0.73. As of 30 June 2016, available liquidity was U.S.\$8.7 billion, representing 143 per cent. of the Group’s short term debt and 43 per cent. of total assets.

LDC believes that its sound liquidity position and access to diverse funding sources has significantly contributed to its global expansion and business growth and has allowed it to remain flexible and resilient over the years.

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<sup>7</sup> Gross debt includes long-term and short-term bank loans and acceptances, commercial paper, financial advances from related parties, less repurchase agreements and securities short positions

<sup>8</sup> Due to their highly liquid nature, certain agricultural inventories are treated as Readily Marketable Inventories (“RMI”). RMIs are readily convertible into cash because of widely available markets and international pricing mechanisms. LDC considers that trading inventories with less than three months’ liquidity horizon qualify as RMI.

<sup>9</sup> Adjusted gross debt is long-term debt plus short-term debt less RMIs.

<sup>10</sup> Adjusted net gearing is adjusted net debt/equity

## Strategy

In 2015, in order to address a changing environment in the commodity sector, the Group launched a ten-year strategic roadmap whose aim is to position the Group as the leading global merchant across all major agri-commodities. The Group believes that its strategy will support its ambition to source, transform, transport and supply agri-commodities to an ever-growing population through continuing commodities cycles and changing market conditions.

The strategic roadmap is built around following elements: (i) consolidating the Group's leading position through focussing on its core merchant activities in a selection of core geographies, (ii) ensuring that the Group is optimally structured to capture efficiency of operations and best use of resources; (iii) using technology and innovation to generate value and capitalize on current advantages; (iv) deepening the Group's customer-centric approach; (v) investing in talent for permanent skills and leadership, and (vi) maintaining a conservative financial profile and diversifying funding sources to support measured growth.

### ***Consolidating the Group's Leading Position through Focusing on its Core Merchant Activities in a Selection of Core Geographies***

Through significant investment in assets worldwide, the Group has built links across the value chain: from sourcing and production, through processing and refining and transport and storage, to research, merchandizing, customization and distribution. The Group currently operates over 300 facilities across the world, and is present in over 100 countries, with a fixed asset base<sup>11</sup> (including investments in associates and joint ventures) of U.S\$4.1 billion as at 30 June 2016.

The Group aims to strengthen its leading position by focusing its effort on core activities in selected core geographies, and in this respect plans to continue pursuing a measured expansion through investments in selected assets with a view to enhancing profitable growth. As the Group's capital expenditure plan is predominantly composed of discretionary investments, the plan remains highly flexible. For example, the Group is currently building and developing a barge fleet in Brazil, on top of a new trans-shipment terminal at Miritituba in Para State, as part of the North Corridor export project. These investments are expected to increase the Group's export capacity, consolidate flows and allow the Group to develop strong relationships with key local partners in regions in the Grains and Oilseeds Platforms.

The Group believes that this strategy will result in increased processed and merchandized volumes and associated sales, will allow it to consolidate physical flows in the supply chain and will strengthen its presence at key locations thus helping to protect against supply risks while enabling it to gather local market insight.

### ***Ensuring that the Group is optimally structured to capture efficiency of operations and best use of resources***

The Group has engaged in an ambitious plan to optimize its resource usage and to make the best of available resources. This involves an effort to (i) locate its Platforms and operations in optimal locations, particularly in the growth markets; (ii) operate efficiently to ensure that each Platform is organized in the way that best suits its strategy; and (iii) launch enabling initiatives to create the best operational set-up globally.

Initiatives introduced as part of this strategy include (i) the merging of the Group's Europe and Black Sea and Middle East and Africa regions into a single operational unit to capitalize on synergies (ii) launching regional shared service centers in Europe, Asia and Latin America to pool resources in execution, accounting and IT (iii) the re-alignment of the Group's Juice operations in North America by the divestment of the frozen juice business in May 2016.

The Group is also implementing a strategy of ringfencing certain of its businesses to ensure optimal efficiency. The Metals Platform was the first Platform to be moved into its own subsidiary. While LDC

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<sup>11</sup> Fixed assets base means intangible assets plus property, plant and equipment plus investments in associates and joint ventures

continues to define the rules within which the Platform is allowed to evolve (for example hiring authorizations, capital expenditure, indebtedness and credit policy), the Platform has responsibility and control over its operations and business, within the limits allowed by the Board. The Group has also initiated the ringfencing of the Fertilizers & Inputs Platform and is currently contemplating doing the same for its Dairy and Juice businesses. Ringfencing is expected to provide flexibility in terms of reaching the right strategic position, and will enable and empower the Platforms to develop their own strategies. In addition, it will allow capital-intensive businesses such as the Metals Platform to adopt a tailor-made approach to their specific needs in terms of corporate and balance sheet structure. Finally, it will allow the Group to explore strategic opportunities including joint-ventures, partnerships and other investment structures to allow it to further develop the potential of these businesses, while focusing on the Group's core activities, and at the same time providing a potential source of deleveraging.

### ***Using Technology and Innovation to Generate New Value and Capitalize on Current Advantages***

The commodities industry faces new challenges in terms of technology and innovation. To address these challenges, the Group's approach will comprise several work streams organized around three critical innovation areas: (i) agri-technology and supply side research with the objective of delivering ever higher levels of service to the Group's suppliers, leveraging technology and innovation to add value at every step of the chain, and integrating new tools to exploit the immense potential of the digital and real-time world; (ii) logistics, processing and process with a view to operating with cutting edge logistics to align efficiency and cost savings, and using technology and innovation to foster lean processes, like energy saving in order to achieve lower costs of operation, and develop innovative specialty products aligned with the Group's current business; and (iii) consumer and demand side improvements, by identifying future trends to supply clients with products adapted to their evolving needs, and by strengthening the Group's offering of traceable and sustainable products. Multiple innovation initiatives are underway including: (i) the introduction of a new web portal in September 2016 with native mobile applications to handle transactions and communications with the North American farmers with whom the Group works; and (ii) creating state-of-the-art production and refining facilities such as the food grade lecithin production unit in Wittenberg Germany, which came on line in March 2016, and the food-grade glycerin refinery in Claypool, U.S.A., which opened in September 2016.

### ***Deepening the Group's Customer-Centric Approach***

Building aligned, sustainable and long-term relationships with its customers will be critical for the Group in implementing its strategy. This means ensuring all Platforms are perfectly aligned in terms of objectives with customers, enhancing flexibility, in order to be even more responsive with what the Group offers and delivers, and improving efficiency by proposing strategic and tailored services to answer customers' specific needs in a competitive manner.

The Group intends to refine and enhance its methods by constantly sharing best practices and tools while providing tailor-made solutions. The Group has installed a dedicated section on its intranet designed to promote best practice sharing for customer service and will be putting in place inter-Platform initiatives to share marketing plans. A module dedicated to customer management will be integrated into the Group's Trading Academy (See – *Investing in Talent for Permanent Skills and Leadership*”).

Another pillar of this strategy is ensuring the Group's management are drawn from profiles with a deep understanding of the Group and its customers: all recent Regional CEOs, appointed by the Group since 2015 have been taken from the ranks of Platform heads or senior Platform executives to ensure that this customer-centric approach is carried through to every level of the business.

### ***Investing in Talent for Permanent Skills and Leadership***

Nurturing the Group's internal commercial talent is integral to ensuring its sustainable growth and developing future leadership. The Group is putting in place a long-term training and development framework. Its central focus will be a new Trading Academy, launched in June 2016 and designed to support and accelerate the development of the Group's traders. Training will be tailored for different

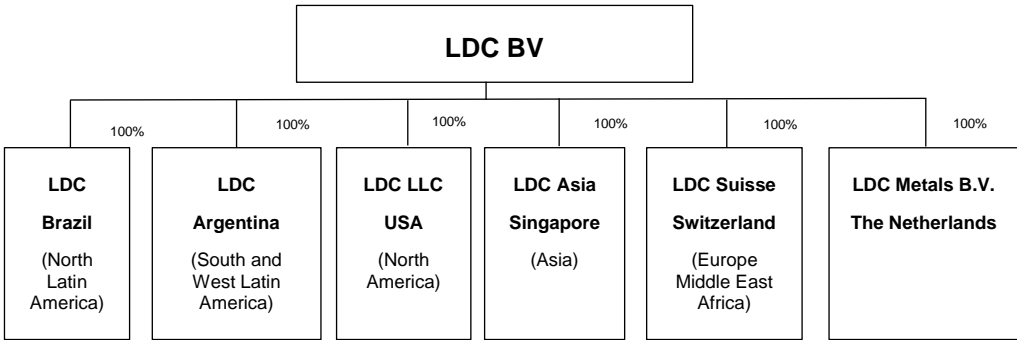
levels of the organisation and integrated within individual development plans. Individual performance and development plans are supported by an incentive structure to attract and retain the best people. The Group is performing a comprehensive review of this structure to ensure it optimally reinforces a strong, entrepreneurial, sustainable set of behaviours and positions the Group as competitively as possible in the talent market.

**Maintaining a Conservative Financial Profile and Diversify Funding Sources to Support Measured Growth**

The Group’s financing structure has historically been based on a local funding model, with its regional subsidiaries maintaining lending relationships with local banks. This has provided significant diversification both in terms of sources of funding and geographies, allowing the Group to expand while successfully managing its liquidity position, as has been demonstrated through the global financial crisis and in the volatile commodities environment of recent years. The Group intends to continue to pursue this financial model by focusing in the near to medium-term on maintaining: (i) an appropriate level of committed facilities; (ii) a balanced debt maturity profile; and (iii) diversification of funding sources.

**Corporate Structure**

Set out below is a simplified diagram showing Louis Dreyfus Company B.V. and those of the Group’s principal subsidiaries which are wholly controlled, directly or indirectly, by Louis Dreyfus Company B.V.:



**Description of Main Activities**

**Merchandizing**

The core business of the Group consists of merchandizing commodities. The Group and its predecessor entities have over 165 years of experience as a physical commodities merchant. This has allowed it to develop and build upon its expertise in the diversified commodities portfolios which it merchandizes and to cultivate long-term relationships with a supplier and customer base across diverse industries and in several geographic regions. The Group sources a diversified range of physical commodities from third party suppliers and from industrial assets in which the Group has full or part ownership interests. These commodities are sold, often with value added services such as freight, insurance, financing and/or storage, to a broad range of consumers and industrial commodity end users, with many of whom the Group enjoys long-term commercial relationships.

The Group focuses on maximizing returns from the entire supply chain, taking into account its extensive and global third party supply base, its logistics, risk management and working capital financing capabilities, extensive market insight, business optionality, wide customer base, strong market position and penetration in most commodities, and economies of scale.

Merchandizing can occur at every step of the value chain, from raw (sometimes prior to harvest) to processed commodities and the distribution of finished products, some of which are sold under brands owned by the Group. Determining which products to merchandize and at what stage of the production process is an important element of the Group's arbitrage policy and the Group believes that its diverse asset base and flexible sourcing structure allow it to take advantage of market opportunities and effectively address demand and supply imbalances.

With a presence in the whole value chain in several commodities markets, the Group regularly does business with a wide variety of counterparties in a large number of geographic locations. Counterparties vary to some extent depending on the particular commodity, but generally include:

- on the product sourcing side: farmers, farming co-operatives and traders;
- in the area of processing: raw commodities suppliers such as farming co-operatives, individual farms, multinationals, distributors, wholesalers and end-users;
- in the field of logistics: processing plants, warehouses, silos, tanks for liquids, local exporters, freight companies, forwarders, logistics providers; and
- in its merchandizing activities: multinationals, global merchants, state bodies, end-users and wholesalers.

All the counterparties above may generate a credit and performance risk. The Group operates principally with short-term transactions but also has some longer-term contracts, both on fixed and variable pricing terms. (For a description of how the various risks involved in transactions with counterparties are managed, see "Risk Management").

Payment terms are usually secured and, where applicable and possible, the remaining risk is laid off to third parties such as banks or insurers (for example COFACE).

The Group estimates that, at any one time, it has over 10,000 active counterparties in the main production areas (such as Africa, South America, Black Sea and North America) and the main destination areas (such as North America, Europe, the Middle-East, Africa and Asia). In line with the industry in which the Group operates, the customer base is fragmented and there is no significant customer concentration in any of the areas in which it operates. No third-party counterparty accounts for more than 2 per cent. of total exposure (in nominal terms including a variety of potential risks associated with that counterparty). The majority of the Group's counterparties have contracts for one product line only, and crossover between the Group's customer base and its supplier base is limited.

Additionally, the Group is a significant user of futures exchanges (CME CBOT, CME NYMEX, ICE U.S. and Europe (formerly Liffe), Euronext Matif, DCE, the Shanghai Futures Exchange and ZCE) for the purpose of hedging its price risk on physical transactions.

### ***Fixed Asset and Logistics Operator***

The Group's merchandizing operations are supported by a base of production, processing and logistics fixed assets integrated into the areas of the core commodities which it merchandizes. In particular, the Group operates over 300 industrial facilities (including processing plants, ports, terminals and storage facilities).

### ***Farming***

The Group's major farm products consist of orange groves. These activities enable the Group to secure the sourcing of specific products, gain access to valuable information on expected crop yields and foster closer relationships with other producers in the various geographical regions in which it operates.

## *Processing*

The Group also operates over 80 processing plants. As well as being stand-alone sales generators in their own right, the 'on-the-ground' presence of these assets contributes significant regional market insight and technical know-how and helps to mitigate against supply risk, while providing an integrated value chain which enhances cost efficiency. See "Description of Assets" below.

Whether commodities are sourced internally from farming and industrial assets or externally from third-party suppliers is dependent on relevant market conditions and arbitrage strategy. If, for example, a certain product can be sold at a particular time at its raw stage more profitably than the finished product (production and other costs taken into account), then the Group may choose not to use such a product for processing but rather to sell it directly and to supply the Group's processing plants or end customers with externally-sourced products.

## *Logistics*

The Group's products are transported by road, rail and sea. Transportation is carried out both internally at every stage of the sourcing and production process and externally to end-customers. The ability to transport products efficiently and cost-effectively using both third-party freight companies and the Group's own Freight Platform (for shipping by sea) provides a value-added service which the Group believes enhances its product offering. Integration of the Freight Platform also allows the Group to control transport costs more effectively, protect against supply risks and enhance synergies within the value-chain. The ability to move products quickly and efficiently from one place to another further enables the Group to optimize geographical arbitrage activities – for example, by supplying a particular product in one location by sourcing it from another, thus allowing the Group to capitalize on favorable market opportunities to ensure optimal pricing. See "Value Chain Segment – Freight".

In the geographical areas in which it operates, the Group has access to ports, terminals and storage assets – these include those which it owns and controls and those which are leased from third parties. Its own storage assets include warehouses and silos in a number of key locations. Integration allows the Group to control costs, protect against non-availability risks and enhance synergies within the value-chain. The ability to access both proprietary and third-party facilities over a wide geographical area also enables the Group to maximize arbitrage opportunities by being able to store goods for further processing or on-sale to exploit future price differentials. See "Description of Assets".

## **Market Intelligence**

The Group believes that its success in merchandizing derives from a long-standing and deeply entrenched knowledge of the markets in which it operates. As a global business, supported by regional know-how over a wide geographical area and diverse product ranges, the Group draws on its own comprehensive knowledge of local markets and their specific characteristics to inform its merchandizing and risk management strategies. The Group is assisted in this by its diverse and geographically widespread asset base and supporting operations providing 'on the ground' knowledge to enable it to effectively arbitrate, obtain critical information, build and maintain sales volumes, secure the value chain end-to-end, answer specific client needs (such as pricing guidance, "just-in-time" supply and product traceability) and address increasingly complex market and regulatory environments. This integration also leads to significant synergies between the Group's sourcing and production facilities, mainly in the Americas and Asia, and its sales and marketing capabilities, as well as enhanced risk management capabilities.

A team of researchers based across the Group's offices in Europe, Asia, the Americas and Africa provides the Platforms with in-depth market research including analysis of external reports and other data, and supply and demand projections. This research is used by the merchandizing team to assist with their arbitrating and marketing activities. The merchandizing team is made up of over 1,400 experts worldwide whose role is to continuously monitor the markets and conduct market research to ensure that 'on the ground' know-how is effectively exploited. They also ensure that arbitrage opportunities are maximized to secure the value chain. The team evaluates harvests on the ground, gathers information

from the Group's offices and experts in every country and analyzes external reports, data and supply and demand prospects. Real-time information flow means more accurate estimates and enables the Group to alert the appropriate teams, who can immediately make adjustments and optimize their activities. The Group's market intelligence is supported by extensive databases. See "Information Technology".

### **Operating Segments**

The Group operates its business under two Segments: Value Chain and Merchandizing. These Segments, in turn, are divided as follows:

1. The **Value Chain** business Segment focuses on the following Platforms: grains (including corn, wheat, sorghum, rye, oats and barley and their by-products, for example flour and corn ethanol), oilseeds (including soybeans, canola, sunflower seeds, palm and their by-products, for example meals, crude and refined vegetable oils, biodiesel, lecithin and glycerin), juice (including orange, lime, grapefruit and apple juices and their oils and by-products), sugar (including raw and refined sugar and sugar ethanol), rice (including paddy, brown and milled rice), fertilizers and inputs (including a range of chemical products such as fertilizers and crop protection) and a support Platform: freight.
2. The **Merchandizing** business Segment focuses on the following Platforms: cotton, coffee (including Arabica and Robusta coffee beans), dairy (including fluid milk and milk powders), finance and metals (including copper and zinc concentrates as well as copper cathodes and refined products).

Each Platform operates in an integrated manner and is responsible for sourcing, hedging, logistics and fixed asset operations, as well as the global strategy relating to the commodities or the activities which the Platform covers. This global competence helps to ensure worldwide consistency, high reactivity and efficiency for each Platform.

Activities of each of the Group's business Segments are supported by ownership interests in fixed assets and may include farming operations and storage, handling and processing facilities in strategic locations.

Set out below are selected financial data of the Group as at, or for the years ended, 31 December 2014 and 2015, in each case broken down by Segment as they appear in the Audited Financial Statements (non-restated).

Operating result and additions to fixed assets for the year ended 31 December 2014 have not been restated following the application of IAS16 and IAS41 "Bearer Plants" amendments starting in 2016. See Note 1 to the Interim Financial Statements.

In each case presentation is in U.S.\$ millions or percentages (after rounding).

	For the year ended 31 December	
	<u>2014</u>	<u>2015</u>
<b>Net Sales</b>		
Value Chain .....	39,976	34,540
<i>Value Chain (% of total for Segments)</i> .....	61.8	62.0
Merchandizing .....	24,743	21,193
<i>Merchandizing (% of total for Segments)</i> .....	38.2	38.0
<b>Sales (total for Segments)</b> .....	<b>64,719</b>	<b>55,733</b>
<b>Operating result<sup>1</sup></b>		
Value Chain .....	1,046	836
<i>Value Chain (% of total for Segments)</i> .....	58.7	61.7
Merchandizing .....	735	520
<i>Merchandizing (% of total for Segments)</i> .....	41.3	38.3
<b>Operating result<sup>1</sup> (total for Segments)</b> .....	<b>1,781</b>	<b>1,356</b>
<b>Share of gain (loss) in investments in associates and joint ventures, net</b>		
Value Chain .....	(14)	12
<i>Value Chain (% of total for Segments)</i> .....	73.7	-171.4
Merchandizing .....	(5)	(19)
<i>Merchandizing (% of total for Segments)</i> .....	26.3	271.4
<b>Share of gain (loss) in investments in associates and joint ventures, net (total for Segments)</b> .....	<b>(19)</b>	<b>(7)</b>
	<b>As at 31 December</b>	
	<u>2014</u>	<u>2015</u>
<b>Segment assets<sup>2</sup></b>		
Value Chain .....	9,954	9,294
<i>Value Chain (% of total for Segments)</i> .....	57.0	56.9
Merchandizing .....	7,507	7,051
<i>Merchandizing (% of total for Segments)</i> .....	43.0	43.1
<b>Segment assets (total for Segments)</b> .....	<b>17,461</b>	<b>16,345</b>
<b>Segment liabilities<sup>3</sup></b>		
Value Chain .....	(2,766)	(2,469)
<i>Value Chain (% of total for Segments)</i> .....	60.5	55.4
Merchandizing .....	(1,808)	(1,987)
<i>Merchandizing (% of total for Segments)</i> .....	39.5	44.6
<b>Segment liabilities (total for Segments)</b> .....	<b>(4,574)</b>	<b>(4,456)</b>
<b>Additions to fixed assets</b>		
Value Chain .....	467	347
<i>Value Chain (% of total for Segments)</i> .....	78.9	82.6
Merchandizing .....	125	73
<i>Merchandizing (% of total for Segments)</i> .....	21.1	17.4
<b>Additions to fixed assets (total for Segments)</b> .....	<b>592</b>	<b>420</b>

Notes:

1. Operating results is gross margin plus share profit (loss) in investments in associates and joint ventures, net.
2. Segment assets are intangible assets plus property, plant and equipment plus biological assets plus investments in associates and joint ventures plus inventories plus trade and other receivables plus derivative assets plus margin deposits plus financial advances to related parties plus non-current assets held-for-sale.
3. Segment liabilities are current liabilities: accounts payables and accrued expenses plus derivative liabilities.

For comparison purposes, set out below are selected financial data of the Group as at, or for the six month periods ended 30 June 2015 and 2016, and as at, or for the years ended, 31 December 2014 and 2015, in each case broken down by Segment according to the segmental composition as at 30 June 2016. Information as at, and for the periods ended, 31 December 2015 and 2014 and for the period



ended 30 June 2015 has been restated to reflect the Platform Transfer as if it had already taken place at the relevant balance sheet date or for the period under consideration. See “Presentation of Certain Financial Information”.

Presentation is in U.S.\$ millions or percentages (after rounding).

	For the year ended		For the six months	
	31 December		ended 30 June	
	<u>2014</u>	<u>2015</u>	<u>2015</u>	<u>2016</u>
<b>Net Sales</b>				
Value Chain .....	45,617	39,735	17,768	16,162
<i>Value Chain (% of total for Segments)</i> .....	70.5	71.3	67.3	68.7
Merchandizing .....	19,102	15,998	8,625	7,365
<i>Merchandizing (% of total for Segments)</i> .....	29.5	28.7	32.7	31.3
<b>Net Sales (total for Segments)</b> .....	<b>64,719</b>	<b>55,733</b>	<b>26,393</b>	<b>23,527</b>
<b>Operating result<sup>1</sup></b>				
Value Chain .....	1,140	900	405	351
<i>Value Chain (% of total for Segments)</i> .....	64.0	66.4	63.5	64.3
Merchandizing .....	641	456	233	195
<i>Merchandizing (% of total for Segments)</i> .....	36.0	33.6	36.5	35.7
<b>Operating result<sup>1</sup> (total for Segments)</b> .....	<b>1,781</b>	<b>1,356</b>	<b>638</b>	<b>546</b>
<b>Share of gain (loss) in investments in associates and joint ventures, net</b>				
Value Chain .....	(23)	13	5	8
<i>Value Chain (% of total for Segments)</i> .....	121.1	-185.7	-38.5	80.0
Merchandizing .....	4	(20)	(18)	2
<i>Merchandizing (% of total for Segments)</i> .....	-21.1	285.7	138.5	20.0
Share of gain (loss) in investments in associates and joint ventures, net (total for Segments) .....	(19)	(7)	(13)	10

Note:

1. Operating result is gross margin plus share of profit (loss) in investments in associates and joint ventures, net.

	As at 31 December		As at 30 June
	<u>2014</u>	<u>2015</u>	<u>2016</u>
<b>Segment assets<sup>1</sup></b>			
Value Chain .....	11,819	11,027	13,087
<i>Value Chain (% of total for Segments)</i> .....	67.7	67.5	73.0
Merchandizing .....	5,642	5,318	4,832
<i>Merchandizing (% of total for Segments)</i> .....	32.3	32.5	27.0
<b>Segment assets (total for Segments)</b> .....	<b>17,461</b>	<b>16,345</b>	<b>17,919</b>
<b>Segment liabilities<sup>2</sup></b>			
Value Chain .....	(3,213)	(2,892)	(3,909)
<i>Value Chain (% of total for Segments)</i> .....	70.2	64.9	73.8
Merchandizing .....	(1,361)	(1,564)	(1,389)
<i>Merchandizing (% of total for Segments)</i> .....	29.8	35.1	26.2
<b>Segment liabilities<sup>3</sup> (total for Segments)</b> .....	<b>(4,574)</b>	<b>(4,456)</b>	<b>(5,298)</b>
<b>Additions to fixed assets</b>			
Value Chain .....	511	372	120
<i>Value Chain (% of total for Segments)</i> .....	86.3	88.6	90.9
Merchandizing .....	81	48	12
<i>Merchandizing (% of total for Segments)</i> .....	13.7	11.4	9.1
<b>Additions to fixed assets (total for Segments)</b> .....	<b>592</b>	<b>420</b>	<b>132</b>

Notes:

1. Segment assets are intangible assets plus property, plant and equipment plus biological assets plus investments in associates and joint ventures plus inventories plus trade and other receivables plus derivative assets plus margin deposits plus financial advances to related parties plus non-current assets held-for-sale.
2. Segment liabilities are current liabilities: accounts payables and accrued expenses plus derivative liabilities.

Although managed globally, each Platform receives the support of the five regional organizations (North Latin America; South and West Latin America; North America; Europe Middle East and Africa; and Asia) which assist with financing, accounting, controlling and reporting and risk management.

This matrix is designed to ensure that business operations leverage each other's strengths and benefit from cross-region and cross-Segment knowledge-sharing and expertise.

Set out below are selected financial data of the Group as at, or for the six month periods ended 30 June 2015 and 2016, and as at, or for the years ended, 31 December 2014 and 2015, broken down by geographical region (presented in U.S.\$ millions (after rounding)):

Net sales by geographical destination	For the year ended		For the six months	
	31 December		ended 30 June	
	<u>2014</u>	<u>2015</u>	<u>2015</u>	<u>2016</u>
Asia.....	25,452	24,103	11,869	10,810
North Latin America.....	2,798	3,692	1,339	1,329
South & West Latin America.....	6,346	2,727	1,362	1,603
Middle East & Africa.....	6,345	5,256	2,817	2,462
Europe & Black Sea.....	17,968	14,173	6,000	4,549
North America.....	5,810	5,782	3,006	2,774
<b>Total.....</b>	<b>64,719</b>	<b>55,733</b>	<b>26,393</b>	<b>23,527</b>

Fixed assets <sup>1</sup> by geographical area	As at 31 December		As at 30 June
	<u>2014</u>	<u>2015</u>	<u>2016</u>
Asia.....	293	278	279
North Latin America <sup>2</sup> .....	1,251	1,205	1,197
South & West Latin America.....	613	639	637
Middle East & Africa.....	44	49	-
Europe & Black Sea <sup>3</sup> .....	326	335	396
North America.....	1,320	1,367	1,353
<b>Total.....</b>	<b>3,847</b>	<b>3,873</b>	<b>3,862</b>

Notes:

- Fixed Assets mean Property, Plant and Equipment and Intangible assets. Biological Assets were previously classified as non-current assets and were consequently included within Fixed Assets. Following the implementation of amendments to IAS 16 and IAS 41, the bearer plant portion of Biological Assets is now classified on the balance sheet as Property, Plant and Equipment (and thus continues to be included within Fixed Assets), whereas the produce growing from bearer plants, while still classified under biological assets, is now recorded on the balance sheet as a current asset and is consequently not included within Fixed Assets. See Note 1 and Note 9 to the Interim Financial Statements. The figures appearing in this table as at 31 December 2014 reflect the previous classification. The figures as at 30 June 2016 reflect, and the figures as at 31 December 2015 have been restated to reflect, the new classification.
- The Group owns biological assets (orange groves) in Brazil, a country which forms part of the North Latin America Region. The decrease in the fixed assets of this region between 31 December 2014 and 31 December 2015 is mainly due to the reclassification of Biological Assets pursuant to the amendments to IAS 16 and IAS 41. See footnote 1 to this table above.
- Europe, Middle East and Africa as at 30 June 2016. At the beginning of 2016, the Group's Europe and Black Sea and Middle East and Africa geographical areas were merged into a single "Europe, Middle East and Africa" operational unit.

### Value Chain Segment

The Value Chain Platforms have a fully integrated asset network ranging from production to distribution.

Among them, the Grains and Oilseeds Platforms are the Group's longest-standing businesses, dating back to 1851 when Léopold Louis-Dreyfus created the original business by merchandizing wheat from Alsace (France) to Switzerland. Since then, the Group has expanded its expertise into the corn and soybean markets, establishing an international presence over time.

The Value Chain Segment includes commodities for both human and animal consumption (soybeans, soymeal, soy oil, palm oil, wheat, grains, juice, sugar and rice). It also includes the Freight Platform, which supports the Group's business units and, in particular, the Grains and Oilseeds Platforms, using an international presence to cover major commodity flows. The last Platform is fertilizers and inputs, whose primary business is importing and distributing fertilizers.

Set out below are selected financial data of the Value Chain Segment as at, or for the years ended, 31 December 2014 and 2015 as they appear in the Audited Financial Statements (non-restated). Presentation is in U.S.\$ millions or percentages (after rounding).

	For the year ended 31 December	
	<u>2014</u>	<u>2015</u>
Net Sales.....	39,976	34,540
Operating result <sup>1,2</sup> .....	1,046	836
Share of gain (loss) in investments in associates and joint ventures, net.....	14	12
	As at 31 December	
	<u>2014</u>	<u>2015</u>
Segment assets <sup>3</sup> .....	9,954	9,294
Segment liabilities <sup>4</sup> .....	2,766	2,469

Notes:

- Operating result is gross margin plus share of profit (loss) in investments in associates and joint ventures, net.
- Operating result for the year ended 31 December 2014 has not been restated following the application of IAS16 and IAS41 "Bearer Plants" amendments starting in 2016. See note 1 to the Interim Financial Statements.
- Segment assets are intangible assets plus property, plant and equipment plus biological assets plus investments in associates and joint ventures plus inventories plus trade and other receivables plus derivative assets plus margin deposits plus financial advances to related parties plus non-current assets held-for-sale.
- Segments liabilities are current liabilities : accounts payables and accrued expenses plus derivative liabilities.

For comparison purposes, set out below are selected financial data of the Value Chain Segment as at, or for the six month periods ended, 30 June 2015 and 2016 and as at, or for the years ended, 31 December 2014 and 2015, in each case according to the segmental composition as at 30 June 2016. Information as at, and for the periods ended, 31 December 2015 and 2014 and for the period ended 30 June 2015 has been restated to reflect the Platform Transfer as if it had already taken place at the relevant balance sheet date or for the period under consideration. See “Presentation of Certain Financial Information”.

Presentation is in U.S.\$ millions or percentages (after rounding).

	For the year ended 31 December		For the six months ended 30 June	
	<u>2014</u>	<u>2015</u>	<u>2015</u>	<u>2016</u>
Net Sales.....	45,617	39,735	17,768	16,162
Operating result <sup>1,2</sup> .....	1,140	900	405	351
Share of gain (loss) in investments in associates and joint ventures, net.....	(23)	13	5	8

	As at 31 December		As at 30 June
	<u>2014</u>	<u>2015</u>	<u>2016</u>
Segment assets <sup>3</sup> .....	11,819	11,027	13,087
Segment liabilities <sup>4</sup> .....	(3,213)	(2,892)	(3,909)

Notes:

1. Operating result is gross margin plus share of profit (loss) in investments in associates and joint ventures, net.
2. Operating result for the year ended 31 December 2014 has not been restated following the application of IAS16 and IAS41 “Bearer Plants” amendments starting in 2016. See Note 1 to the Interim Financial Statements.
3. Segment assets are intangible assets plus property, plant and equipment plus biological assets plus investments in associates and joint ventures plus inventories plus trade and other receivables plus derivative assets plus margin deposits plus financial advances to related parties plus non-current assets held-for-sale.
4. Segment liabilities are current liabilities: accounts payables and accrued expenses plus derivative liabilities.

For a description of the Value Chain Segment’s processing assets, see “Description of Assets”.

### *Oilseeds*

The Group has long-standing experience in the oilseeds market. Today the Group believes it is one of the largest global merchants of oilseeds and oilseeds by-products by volume.

The oilseeds complex covers a large number of commodities. Most oilseeds are crushed to produce protein meals and vegetable oils for direct consumption or further processing. Oilseeds meals are mainly used in the animal feed industry as a protein ingredient, soybean meal being the most widely used. Vegetable oils are mainly used in human food consumption (cooking oils and food processing), industrial applications (plastics, cosmetics, paints) and energy (biodiesel).

The Group merchandizes a wide spectrum of oilseeds and oilseeds by-products, including soybeans, soybean meal, soybean oil (crude and refined), soy-methyl-ester, palm-methyl-ester and rape-methyl-ester, rapeseed/canola, rapeseed/canola meal, rapeseed/canola oil (crude and refined), sunflower oil, cottonseeds, cottonseed oil, cottonseed meal, palm oil (crude and refined), olein, stearin, vanaspati, lecithin and glycerin. The Group’s activities span the entire oilseeds value chain from origination to downstream. The Group also markets refined oils under its proprietary brands, such as VILA VELHA in Brazil.

The Oilseeds Platform operates in approximately 40 countries around the world. Major customers are wholesalers and other merchandizers, food, feed or industrial corporations, and multi-nationals and governmental entities.

The merchandizing activities of the Oilseeds Platform are supported by proprietary operations at a global network of every level of the value chain, from sourcing through to storage, transformation and transport. The Group operates a global network of processing assets and logistics assets, including elevators, barges, warehouses, tanks, ports and terminals, which are owned or leased. Over 4,700 people work for the Oilseeds Platform.

Logistical support is provided by the Group's Freight Platform for sea transport.

### *Grains*

Grains is the Group's longest-standing business. The Group believes that it ranks globally among the leading merchandizers in terms of volumes merchandized for wheat, corn and barley<sup>12</sup>.

The Grains Platform includes wheat, corn, sorghum, barley, rye, oats, DDGs (dried distillers grains), flour, corn-based ethanol. It has also recently developed corn and wheat milling activities.

The Group sources grain products from all of the world's major grain producing regions (the U.S.A, South America, Australia and Eastern Europe, including in particular the countries of the former Soviet Union) from farmers and other suppliers. It is involved in processing and refining grains and grain by-products. It also manages a large import and distribution network in key consumption regions such as Europe, Asia, Africa, the Middle East and the Black Sea countries.

The main sales destinations of the Grains Platform are Asia, the Middle East and Africa.

The Group owns and operates processing, warehousing and export facilities globally.

Logistical support is provided by the Group's Freight Platform for sea transport.

### *Juice*

The Juice Platform produces and merchandizes orange, lime, lemon and apple juice, each with their oils and other by-products. The Group (including its predecessor companies) has over 25 years of experience in the juice business and operates in over 70 countries. Primary customers are beverage bottlers (either branded or private-label), consumer product companies and flavour, fragrance and pectin companies.

The Platform is involved in the entire value chain of juice processing, from farming to distributing packaged juice. It produces both Frozen Concentrate ("FC") orange, lemon and apple juice and not-from-concentrate orange juice ("NFC"). The Group believes it is one of the leading orange juice processors by volume worldwide.<sup>13</sup>

The Group entered the apple juice concentrate processing business with the acquisition of a controlling interest in a Chinese company, the Shaanxi Sanchuan Juice Company Ltd, in 2010.

To answer a continued tightening of juice consumption in key markets, the Platform has implemented a strategy of optimization of inventory levels and asset utilization, with an enhanced customer focus and product diversification. The sale to Peace River Citrus Products Inc. of the Group's frozen juice products business in the U.S. in May 2016 is part of that strategy.

On the sourcing side, the Group farms orange and lemon groves in Brazil (either on an ownership or a leasing basis). The Group also has long term partnerships with key Brazilian growers.

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<sup>12</sup> For information regarding the basis for statements relating to the Group's competitive position, please refer to the section entitled "Information Regarding the Group's Markets and Industry" on page iv above

<sup>13</sup> For information regarding the basis for statements relating to the Group's competitive position, please refer to the section entitled "Information Regarding the Group's Markets and Industry" on page iv above

In addition, the Group operates processing assets. Logistical support is provided by assets which are capable of handling both FC and NFC in bulk and drums in Brazil, U.S.A and Europe.

### *Sugar*

The core activity of the Sugar Platform is the sourcing and merchandizing of raw and white sugar and ethanol.

The Sugar Platform has a global presence with merchandizing centres including Geneva, Wilton, Singapore, São Paulo, Delhi and Beijing and distribution activities in Russia, Dubai and Mexico. The Group sources raw and white sugar mainly from Brazil, Thailand and Central America and merchandizes principally in the Middle East, South East Asia, East European countries and West Africa.

The Group believes it is one of the top five sugar merchandizers worldwide by volume.<sup>14</sup>

The Group has equity stakes in green field sugar refineries in Indonesia and China. In June 2012, the Group made an investment in the U.S.A through the purchase of Imperial Sugar and its basket of brands.

### *Rice*

Rice can be merchandized at various stages: from paddy rice, which has come from the field after harvest and has a hard husk protecting the kernel inside; through to brown rice, which has had the husk removed but which retains a bran layer; to milled rice (or white rice), which has had the husk and bran removed.

The Rice Platform is involved in merchandizing, supported by sourcing activities in the Mississippi Delta, U.S.A and in Asia, where it sources high-quality Indian, Thai, Vietnamese, Pakistani and Chinese milled rice for consumers within Asia and for export. It also buys rice for domestic and export markets in Mercosur, and in West Africa where it has built long-term partnerships and is one of the market leaders in rice merchandizing by volume. In Asia as well as in North and South and West Latin America, the Group has developed strong distribution networks. The Group buys paddy, brown and milled rice mainly from Asia and South America. The Group's main rice suppliers are local merchants who buy products from rice millers. Its main customers are wholesalers and merchants selling to wholesalers who operate in their own domestic markets.

The Platform sources and processes rice from 10 countries and is present in over 60 destination markets.

The Group believes that it is a world leader in rice merchandizing.<sup>15</sup>

### *Fertilizers and inputs*

The Group started its expansion into the fertilizers market in 2007 as a side-business, given its long-standing expertise in soft commodities, the natural synergies with other Platforms and its global reputation and network. In 2011, the Group expanded its presence in West Africa via the acquisition of SCPA-Sivex International and in Brazil via the acquisition of *Macrofertil Industria e Comercio de Fertilizantes Ltda*. In 2013, three new fertilizer warehouses in Western Australia were purchased from Ravensdown as well as their commercial operations in Eastern Australia through Direct Fertilizers Inputs.

The Fertilizers and Inputs Platform's primary business is importing and distributing fertilizers. The Platform is involved in clearing the goods through customs and storing, blending, bagging and transporting them to customers. The Platform merchandizes nitrogen, phosphates, potash fertilizers and crop protection products to large farms, co-operatives and government associations, as well as food,

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<sup>14</sup> For information regarding the basis for statements relating to the Group's competitive position, please refer to the section entitled "Information Regarding the Group's Markets and Industry" on page iv above

<sup>15</sup> For information regarding the basis for statements relating to the Group's competitive position, please refer to the section entitled "Information Regarding the Group's Markets and Industry" on page iv above

mining and industrial firms. It sources products from the world's largest suppliers and producers. The Group owns fertilizer blending plants and logistical assets.

The Group also operates a seeds distribution business in Latin America and Africa as well as Chemicals distribution business in Africa.

The Group is currently contemplating different strategic options for this platform, including a joint-venture or disposal of all or part of its Fertilizers business. In particular, it has launched a sale process for certain of its African-based business lines within the Platform.

### *Freight*

The Group has many years of experience in chartering, having been involved in all aspects of the bulk ocean freight industry. The Freight Platform provides critical supply chain links to support the Group's worldwide commodity activities (in particular the Oilseeds and Grains, Rice and Sugar Platforms). To a lesser extent, it also operates as a stand-alone profit center providing freight services to third party merchandizers.

The Freight Platform is involved in all aspects of ocean transport activity, and is fully globalized with four main chartering offices covering all time zones. The Platform's activity includes time-chartering (leasing vessels on a daily basis) as well as voyage-chartering (chartering vessels on a lump-sum or per metric rate). The Platform operated a chartered fleet of approximately 175 vessels as at 30 June 2016. The Platform does not own the vessels which it operates.

### ***Merchandizing Segment***

The cotton, coffee, dairy, metals and Finance Platforms together make up the Merchandizing Segment.

Merchandizing can occur at every step of the value chain, from raw to processed commodities as well as the distribution of finished products, some of which are sold under brands owned by the Group.

International global reach, logistic capabilities and the ability to provide integrated solutions to its customers are the key competitive advantages of the Merchandizing Segment.

Set out below are selected financial data of the Merchandizing Segment as at, or for the years ended, 31 December 2014 and 2015 as they appear in the Audited Financial Statements (non-restated). Presentation is in U.S.\$ millions or percentages (after rounding).

	<b>For the year ended 31 December</b>	
	<b><u>2014</u></b>	<b><u>2015</u></b>
Net Sales.....	24,743	21,193
Operating result <sup>1</sup> .....	735	520
Share of gain (loss) in investments in associates and joint ventures, net.....	(5)	(19)

**As at 31 December**

	<u>2014</u>	<u>2015</u>
Segment assets <sup>2</sup> .....	7,507	7,051
Segment liabilities <sup>3</sup> .....	(1,808)	(1,987)

Notes:

1. Operating result is gross margin plus share of profit (loss) in investments in associates and joint ventures, net.
2. Segment assets are intangible assets plus property, plant and equipment plus biological assets plus investments in associates and joint ventures plus inventories plus trade and other receivables plus derivative assets plus margin deposits plus financial advances to related parties plus non-current assets held-for-sale.
3. Segment liabilities are current liabilities accounts payables and accrued expenses plus derivative liabilities.

For comparison purposes, set out below are selected financial data of the Merchandizing Segment as at, or for the six month periods ended, 30 June 2015 and 2016 and as at, for the years ended, 31 December 2014 and 2015, in each case according to the segmental composition as at 30 June 2016. Information as at, and for the periods ended, 31 December 2015 and 2014 and for the period ended 30 June 2015 has been restated to reflect the Platform Transfer as if it had already taken place at the relevant balance sheet date or for the period under consideration. See "Presentation of Certain Financial Information".

Presentation is in U.S.\$ millions or percentages (after rounding).

	For the year ended 31 December		For the six month period ended 30 June	
	<u>2014</u>	<u>2015</u>	<u>2015</u>	<u>2016</u>
	Net Sales.....	19,102	15,998	8,625
Operating result <sup>1</sup> .....	641	456	233	195
Share of gain (loss) in investments in associates and joint ventures, net.....	4	(20)	(18)	2

	As at 31 December		As at 30 June
	<u>2014</u>	<u>2015</u>	<u>2016</u>
	Segment assets <sup>2</sup> .....	5,642	5,318
Segment liabilities <sup>3</sup> .....	(1,361)	(1,564)	(1,389)

Notes:

1. Operating result is gross margin plus share of profit (loss) in investments in associates and joint ventures, net.
2. Segment assets are intangible assets plus property, plant and equipment plus biological assets plus investments in associates and joint ventures plus inventories plus trade and other receivables plus derivative assets plus margin deposits plus financial advances to related parties plus non-current assets held-for-sale.
3. Segment liabilities are current liabilities accounts payables and accrued expenses plus derivative liabilities.

For a description of the Merchandizing Segment's processing assets see "Description of Assets".

*Cotton*

The cotton Platform conducts operations in all major world markets, including sourcing in the key production regions of the U.S.A, China, Brazil, West Africa, India, Pakistan and Australia. It also serves all major consumption markets and prides itself on its strong business relationships with both suppliers and customers, developed through domestic presence in key markets, especially in the U.S.A., Brazil, and Asia. The Group promotes sustainability programmes such the 'Better Cotton Initiative', which encourages conservation of resources and improved production practices to meet the global need for



cotton produced in a sustainable manner.

The Group believes that it is one of the global leaders in cotton merchandizing and one of the largest merchandizers of raw cotton in the world by volume.<sup>16</sup>

In order to support its cotton operations, the Group has developed and maintains a state-of-the-art proprietary research department, equipped with facilities for gathering weather and news reports, statistical data, intelligence material and academic analysis from around the world.

Logistical support is provided by extensive warehouse operations in the U.S.A., Argentina, Brazil and Australia. The Group also operates intermodal loading operations in the U.S.A.

### *Coffee*

The Coffee Platform operates an integrated global supply chain managing the flow of coffee from source to destination. The Group merchandizes all major Arabica and Robusta varieties and serves a diversified range of customers, from specialist roasters to multinational food companies across the globe.

The Group believes it is one of the top three coffee merchandizers in the world by volume.<sup>17</sup>

The Platform has an upstream sourcing footprint in all of the world's major producing countries including Brazil, Colombia, Honduras, Peru, Mexico, Vietnam, Indonesia, India, China, Uganda, Ethiopia and Kenya. These activities are supported by a network of marketing offices in regional merchandizing centres, which include Geneva, Madrid, São Paulo, Bogota, Wilton, Singapore and New Orleans (for speciality coffee). The coffee activities are supported by investments at all major stages of the coffee value chain, from sourcing and processing to destination warehousing, blending and value-added services.

The Group has invested and continues to make investments to address the growing demand for sustainable and traceable coffee, and is a member of the Common Code for the Coffee Community (4C) Association as well as being an approved and active supplier under most of the major codes of conduct found in the sector: Rainforest Alliance, UTZ Certified, Fairtrade, Organic coffee and customer-specific sustainability programmes.

Logistical support is provided by warehouse operations.

### *Dairy*

The Dairy Platform sources, produces, stores, transports and merchandizes milk powders, milk fats, whey and milk concentrates, and other dairy ingredients.

Leveraging on the acquisition of Ecoval in 2012 and on its network of sourcing and marketing offices in Argentina, U.S.A., Australia, The Netherlands, Singapore, Mexico, China and Russia, the Platform has built strong relationships with major processors in all of the main milk producing regions (North America, EU, Oceania, South America), securing regular supply under long-term off-take supply agreements. The Platform then exports and delivers to its customers across the globe, with a large part of its exports to Asia (especially China), Mexico, Australia and North Africa.

The Group believes that the industry research on global supply and demand and risk management tools which the Platform provides to clients supported by participation in exchange-traded products, give clients in the dairy and confectionery industry an advantage in mitigating risks.

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<sup>16</sup> For information regarding the basis for statements relating to the Group's competitive position, please refer to the section entitled "Information Regarding the Group's Markets and Industry" on page iv above

<sup>17</sup> For information regarding the basis for statements relating to the Group's competitive position, please refer to the section entitled "Information Regarding the Group's Markets and Industry" on page iv above

In July 2016, the Group entered into a joint venture for the construction, development and management of a dairy processing plant in Southern Australia. This investment reinforces the Group's global reach in dairy, and provides a new source of high quality product in demand in all major destinations.

The Group intends to continue to pursue its expansion of the Dairy Platform through long-term agreements and select investments.

### *Metals*

The Metals Platform is operated through the Group's subsidiary, LDC Metals B.V., located in The Netherlands.

The Metals Platform sources, blends, exports, transports and merchandizes copper, zinc, lead concentrates, copper blister and refined base metals. The majority of the Group's sales from this Platform are to Asia and Europe.

The key strategy of the Metals Platform is expanding its logistical presence notably in Peru, Mexico and Taiwan and leveraging its presence in the Chinese market through its own domestic merchandizing activity under the Wholly Owned Foreign Enterprise ("WOFE") licence that the Group currently holds.

The Metals Platform operates warehouses in Peru, Mexico and Taiwan and has a minority interest in a logistics activity in Namibia. It also has a tolling arrangement with a smelter in Namibia.

Through the Metals Platform, the Group owns 17,762,500 shares in the Baja Mining Corp (corresponding to a 5.3 per cent. interest) which were acquired on 19 November 2010 along with a long-term off-take contract.

In 2012, the Group acquired a majority stake in a warehouse approved as a London Metal Exchange delivery point, as well as a Singapore-based logistics operator. In 2013, the Group acquired a minority stake in Chinalco Mining Corporation International along with a long-term off-take contract, as well as a long-term lease in Peru for land where it stores and blends metal concentrates for export. In 2014, the Group secured a long-term copper concentrate off-take agreement with the TSX-listed company, HudBay Minerals Inc. In 2015, the Group increased long-term supply and throughput volumes via several off-take agreements, including with the Dongying smelter in China. It also completed port warehouse expansions in Taichung, Taiwan and El Callao, Peru.

The Group has legally ringfenced its metals business and is exploring strategic opportunities including a joint-venture in the near-to-medium term.

### *Finance*

The Finance Platform has a strategic geographic presence in Buenos Aires, Geneva, São Paulo, Singapore and New York, and provides foreign exchange currency risk management support for the various commodities Platforms. As well as pure foreign exchange management, the Finance Platform is leveraging its trading experience to diversify into various other types of financial instruments including interest rates hedges, options and fixed income securities. As the business has grown into new regions, the Platform has continued to leverage key relationships to absorb local market knowledge, especially in the emerging markets.

### **Description of Assets**

The Group owns or operates a strategically-located and diverse portfolio of fixed assets, which the Group exploits to conduct its merchandising activities. Through significant investment in assets on all of the world's continents, the Group has built links across the value chain, from sourcing and production, through processing and refining and transport and storage, to research, merchandizing, customizing and distribution. As a result, the Group has expanded its fixed asset base to over 300 assets operated

across the world. The Group's major fixed assets are listed below. The list is divided up between processing assets and sourcing and logistics assets.

### **Processing Assets**

The tables below may include assets under construction, consolidated assets, minority stakes, tolling agreements, leased facilities lease or off-take contracts.

These data are given as at 30 June 2016.

Regions Key

**ASIA** Asia

**EMEA** Europe, Middle East and Africa<sup>18</sup>

**NAM** North America

**NLA** North Latin America

**SLA** South & West Latin America

### **Chart of Group's selected processing assets**

<b>Region</b>	<b>Country</b>	<b>Platform</b>	<b>Assets</b>	<b>Type of Asset</b>
ASIA	Australia	Cotton	Dalby cotton Ginning	Processing
ASIA	Australia	Cotton	Emerald cotton Ginning	Processing
ASIA	Australia	Cotton	Moree cotton Ginning	Processing
ASIA	Australia	Fertilizers and Inputs	Albany fertilizer warehouse and blender	Processing
ASIA	Australia	Fertilizers and Inputs	Esperance fertilizer warehouse and blender	Processing and blender
ASIA	Australia	Fertilizers and Inputs	Footscray fertilizer warehouse and blender	Processing and blender
ASIA	Australia	Fertilizers and Inputs	Geelong fertilizer warehouse and blender	Processing and blender
ASIA	Australia	Fertilizers and Inputs	Geraldton fertilizer warehouse and blender	Processing and blender
ASIA	Australia	Fertilizers and Inputs	Kilburn fertilizer warehouse and blender	Processing and blender
ASIA	Australia	Fertilizers and Inputs	Kwinana fertilizer warehouse and blender	Processing and blender
ASIA	China	Grains and Oilseeds	Bazhou oilseeds plant	Processing
ASIA	China	Grains and Oilseeds	Dongguan - Oilseeds – plant	Processing
ASIA	China	Grains and Oilseeds	Zhangjiagang oilseeds plant	Processing
ASIA	China	Juice	Sanchuan juice plant	Processing
ASIA	China	Metals	Dongying metal Processing	Processing

<sup>18</sup> From 2016, the Group's Europe and Black Sea and Middle East and Africa geographical areas merged into a single operational unit.

### Chart of Group's selected processing assets

Region	Country	Platform	Assets	Type of Asset
ASIA	China	Sugar	Fujian sugar plant	Processing
ASIA	Indonesia	Coffee	Lampung coffee mill	Processing
ASIA	Indonesia	Coffee	Medan coffee mill	Processing
ASIA	Indonesia	Grains and Oilseeds	Balikpapan oilseeds plant	Processing
ASIA	Indonesia	Grains and Oilseeds	Lampung oilseeds plant	Processing
ASIA	Indonesia	Sugar	Jakarta sugar plant	Processing
ASIA	India	Coffee	Koppa coffee mill	Processing
ASIA	India	Grains and Oilseeds	Kandla oilseeds plant	Processing
ASIA	India	Grains and Oilseeds	Krishnapatnam oilseeds plant	Processing
ASIA	Vietnam	Coffee	Binhduong coffee mill	Processing
ASIA	Vietnam	Coffee	Lam Ha coffee mill	Processing
ASIA	Vietnam	Coffee	Pleiku coffee mill	Processing
ASIA	Vietnam	Rice	Dong Thap Orient rice mill	Processing
EMEA	Germany	Grains and Oilseeds	Wittenberg oilseeds and biodiesel plant	Processing
EMEA	Ivory Coast	Fertilizers and Inputs	Vridi fertilizer Blender	Processing
EMEA	Cameroon	Fertilizers and Inputs	Douala fertilizer Blender	Processing
EMEA	Ghana	Fertilizers and Inputs	Tema fertilizer Blender	Processing
EMEA	South Africa	Grains and Oilseeds	Africastar wheat mill	Processing
EMEA	South Africa	Grains and Oilseeds	Lichtenburg oilseeds plant	Processing
EMEA	South Africa	Rice	Pietermaritzburg rice mill	Processing
EMEA	Zambia	Cotton	Lusaka cotton Ginning	Processing
NAM	Canada	Grains and Oilseeds	Yorkton oilseeds plant	Processing
NAM	Canada	Juice	Toronto juice plant	Processing
NAM	U.S.A	Grains and Oilseeds	Claypool oilseeds plant	Processing
NAM	U.S.A	Grains and Oilseeds	Grand Junction Grains and Oilseeds plant	Processing
NAM	U.S.A	Grains and Oilseeds	Norfolk ethanol plant	Processing
NAM	U.S.A	Juice	Indiantown juice plant	Processing
NAM	U.S.A	Juice	Winter Garden juice plant	Processing
NAM	U.S.A	Sugar	Gramercy sugar plant	Processing
NAM	U.S.A	Sugar	Ludlow sugar plant	Processing
NAM	U.S.A	Sugar	Port Wentworth sugar plant	Processing
NLA	Brazil	Coffee	Nova Venecia coffee plant	Processing
NLA	Brazil	Coffee	Varginha coffee plant	Processing

### Chart of Group's selected processing assets

Region	Country	Platform	Assets	Type of Asset
NLA	Brazil	Fertilizers and Inputs	Caarapo fertilizer plant	Processing
NLA	Brazil	Fertilizers and Inputs	Nova Mutum fertilizer plant	Processing
NLA	Brazil	Fertilizers and Inputs	Paranagua fertilizer plant	Processing
NLA	Brazil	Fertilizers and Inputs	Ponta Grossa fertilizer plant	Processing
NLA	Brazil	Grains and Oilseeds	Alto Araguaia oilseeds plant	Processing
NLA	Brazil	Grains and Oilseeds	Apucarana Grains mill	Processing
NLA	Brazil	Grains and Oilseeds	Itumbiara oilseeds plant	Processing
NLA	Brazil	Grains and Oilseeds	Jatai oilseeds plant	Processing
NLA	Brazil	Grains and Oilseeds	Paraguacu oilseeds plant	Processing
NLA	Brazil	Grains and Oilseeds	Ponta Grossa oilseeds plant	Processing
NLA	Brazil	Grains and Oilseeds	Rio Verde grains mill	Processing
NLA	Brazil	Juice	Bebeduro juice plant	Processing
NLA	Brazil	Juice	Egenheiro Coelho juice plant	Processing
NLA	Brazil	Juice	Matao juice plant	Processing
NLA	Brazil	Juice	Paranavai juice plant	Processing
SLA	Argentina	Cotton	GIN Quimili Ginning	Processing
SLA	Argentina	Grains and Oilseeds	General Lagos oilseeds plant	Processing
SLA	Argentina	Grains and Oilseeds	Timbues oilseeds plant	Processing
SLA	Colombia	Coffee	Ibague coffee mill	Processing
SLA	Colombia	Coffee	Pereira coffee mill	Processing
SLA	Honduras	Coffee	Villanueva coffee mill	Processing
SLA	Mexico	Coffee	Perote coffee mill	Processing
SLA	Peru	Coffee	Jaen coffee mill	Processing
SLA	Peru	Coffee	La Merced coffee mill	Processing
SLA	Peru	Coffee	Tarapoto coffee mill	Processing
SLA	Paraguay	Grains and Oilseeds	Caaguazu oilseeds plant	Processing
SLA	Paraguay	Grains and Oilseeds	Villeta oilseeds plant	Processing

### *Sourcing and logistics assets*

#### Chart of Group's selected sourcing and logistics assets

Region	Country	Platform	Assets
ASIA	Australia	Cotton	2 storage facilities
ASIA	Australia	Grains and Oilseeds	3 elevators

### Chart of Group's selected sourcing and logistics assets

Region	Country	Platform	Assets
ASIA	China	Metals	2 storage facilities
ASIA	Indonesia	Coffee	2 storage facilities
ASIA	Indonesia	Grains and Oilseeds	2 port terminals
ASIA	Singapore	Metals	1 storage facility
ASIA	Vietnam	Coffee	3 storage facilities
EMEA	Belgium	Juice	1 port terminal and 3 vessels
EMEA	Russia	Grains and Oilseeds	1 port terminal, 11 elevators
EMEA	Russia	Sugar	1 storage facility
EMEA	Ukraine	Grains and Oilseeds	1 port facility and 4 elevators
EMEA	Angola	Fertilizers and Inputs	2 storage facilities
EMEA	Burkina Faso	Fertilizers and Inputs	4 storage facilities
EMEA	Ivory Coast	Fertilizers and Inputs	6 storage facilities
EMEA	Ivory Coast	Grains and Oilseeds	1 storage facility and 1 oil tank facility
EMEA	Ghana	Fertilizers and Inputs	1 storage facility
EMEA	Ghana	Grains and Oilseeds	1 storage facility
EMEA	Kenya	Coffee	1 storage facility
EMEA	Kenya	Grains and Oilseeds	1 oil storage facility and 1 port terminal
EMEA	Madagascar	Fertilizers and Inputs	1 storage facility
EMEA	Mali	Fertilizers and Inputs	4 storage facilities
EMEA	Namibia	Metals	1 storage facility
EMEA	Nigeria	Rice	1 storage facility
EMEA	Senegal	Fertilizers and Inputs	1 storage facility
EMEA	Senegal	Rice	1 storage facility
EMEA	Uganda	Coffee	1 storage facility
EMEA	South Africa	Rice	1 storage facility
NAM	Canada	Grains and Oilseeds	1 port terminal, more than 5 elevators
NAM	U.S.A.	Cotton	More than 10 storage facilities
NAM	U.S.A.	Grains and Oilseeds	5 port terminals, more than 5 elevators
NLA	Brazil	Coffee	1 storage facility
NLA	Brazil	Cotton	3 storage facilities
NLA	Brazil	Fertilizers and Inputs	2 storage facilities
NLA	Brazil	Grains and Oilseeds	More than 30 elevators and storage facilities, 4 port terminals, waterway barges
NLA	Brazil	Juice	1 port terminal

## Chart of Group's selected sourcing and logistics assets

Region	Country	Platform	Assets
SLA	Argentina	Cotton	1 storage facility
SLA	Argentina	Fertilizers and Inputs	1 storage facility
SLA	Argentina	Grains and Oilseeds	3 port facilities, more than 5 storage facilities
SLA	Mexico	Metals	1 storage facility
SLA	Peru	Metals	1 storage facility
SLA	Paraguay	Grains and Oilseeds	3 elevators, waterway barges
SLA	Uruguay	Fertilizers and Inputs	1 storage facility
SLA	Uruguay	Grains and Oilseeds	2 storage facilities

### Capital Expenditure

The Group's capital expenditure relates primarily to asset acquisition and maintenance as part of its ongoing strategy of expanding and diversifying its global fixed asset base in a measured way, by focusing effort on core activities in selected core geographies. As the Group's capital expenditure plan is predominantly composed of discretionary investments, it remains highly flexible. Capital expenditure between 1 January 2014 and 31 December 2015 amounted to U.S.\$1,012 million.

Capital expenditure<sup>19</sup> by operating Segment for the full financial years 2014 and 2015, in each case broken down by Segment (non-restated), is set out below (in U.S.\$ millions):

	<b>For the year ended 31 December</b>	
	<b><u>2014</u></b>	<b><u>2015</u></b>
Value Chain Segment.....	467	347
Merchandizing Segment.....	125	73
<b>Segment total</b> .....	<b>592</b>	<b>420</b>

For comparison purposes, set out below is capital expenditure by operating Segment for the years ended, 31 December 2014 and 2015 according to the segmental composition as at 30 June 2016. Information for the periods ended, 31 December 2015 and 2014 and for the period ended 30 June 2015 has been restated to reflect the Platform Transfer as if it had already taken place for the period under consideration. See "Presentation of Certain Financial Information".

	<b>For the year ended 31 December</b>	
	<b><u>2014</u></b>	<b><u>2015</u></b>
Value Chain Segment.....	511	372
Merchandizing Segment.....	81	48
<b>Segment total</b> .....	<b>592</b>	<b>420</b>

As at 30 June 2016, the Group had approximately U.S.\$98 million of commitments mainly related to export

<sup>19</sup> Purchase of fixed assets and additional investments, net of cash acquired

terminals and investments (compared to U.S.\$104 million as at 31 December 2015 and U.S.\$95 million as at 31 December 2014).

The Group has a five-year plan approved by the board of LDCH BV which sets out general investment strategies over the medium-term, while keeping a large degree of flexibility regarding the capital expenditure deployment policy. In addition, the Group has a dedicated capital expenditure committee which considers and approves requests put forward by the Platforms for particular projects on a case-by-case basis and allocates resources accordingly.

See also “Results of Operations and Financial Position – Capital Expenditure”.

## **Funding and Liquidity**

### ***Introduction***

The Group’s financial model is designed to support its long-term strategy. Short-term debt is generally used to support the Group’s on-going business by financing its main working capital needs, while long-term sources of funds mainly provide support for long-term investments.

The Group’s financing is based on a regional funding model, which provides significant geographical diversification. Under the supervision of the Group’s Global Treasury Department, each regional subsidiary within the Group is in charge of funding its needs through local banks or local branches of international banks. The Group has access to over 160 banks, in more than 40 countries across five regions to afford regular access to liquidity. The Group seeks to maintain sufficient available liquidity at all times to cover short-term liabilities and constant access to liquidity.

### ***Loan facilities***

As at 30 June 2016, 30 per cent. of the Group’s total facilities were committed and U.S.\$2.9 billion of committed facilities were undrawn, of which U.S.\$2.8 billion were above one-year maturity.

The Group limits its refinancing risk by maintaining both geographical diversification and staggered maturity dates. To that end, the Group has six medium-term revolving credit facilities (“**RCFs**”), through three of its regional hubs, for a total amount of U.S.\$3.3 billion available as at 30 June 2016. Each regional hub refinances one RCF per year, one year ahead of maturity.

As at 30 June 2016, the Group had the following loan financings in place:

#### ***In Asia***

- A syndicated loan in the total amount of U.S.\$500 million consisting of revolving credit facilities between Louis Dreyfus Company Asia and a syndicate of local and international banks. This RCF matures in May 2019 and is guaranteed by LDC.
- A syndicated loan in the total amount of U.S.\$400 million consisting of RCFs between Louis Dreyfus Company Asia and a syndicate of local and international banks. This syndicated loan has a maturity date of July 2018, with an extension option for two additional one-year periods or one additional two-year period. Louis Dreyfus Company Asia may also request one or more of the existing lenders or new lenders to increase the total commitments by up to U.S.\$100 million pursuant to an accordion provision. This syndicated loan is guaranteed by LDC.

#### ***In Europe, Middle East and Africa***

- Two unsecured RCFs of U.S.\$400 million each between Louis Dreyfus Company Suisse SA and a syndicate of local and international banks. One RCF matures in December 2017, the other in December 2018 and both have an extension option for two additional one-year periods. Louis Dreyfus Company Suisse SA may also request that one or more of the existing lenders or new



lenders increase the total commitments by up to U.S.\$200 million (U.S.\$100 million per facility) pursuant to an accordion provision. These RCFs are guaranteed by LDC.

- A “Samurai” term loan in a total amount of JPY12.5 billion between Louis Dreyfus Company Suisse S.A. and Japanese investors. This term loan is guaranteed by LDC.

#### *In North Latin America*

- A syndication in a total amount of U.S.\$86 million between Louis Dreyfus Company Sucos S.A. (LDC’s Brazilian subsidiary, formerly known as LDC Agro-industrial) and a syndicate of local and international banks. The loan is amortizing and the final maturity date is June 2019.
- A club-deal in total amount of U.S.\$250 million between Louis Dreyfus Company Brasil S.A. and a syndicate of international banks, maturing in June 2018.

#### *In North America*

- a U.S.\$855 million Farm Credit System<sup>20</sup> syndicated term loan, with four tranches, U.S.\$255 million, U.S.\$250 million, U.S.\$225 million and U.S.\$125 million, maturing respectively in December 2021, 2022, 2023 and 2024. LDC is guarantor.
- A syndicated RCF in a total amount of U.S.\$ 800m maturing in May 2019 between LDC NA LLC (a subsidiary of the Group) and a syndicate of local and international banks.
- A syndicated RCF in a total amount of U.S.\$800 million maturing in June 2018 between LDC NA LLC and a syndicate of local and international banks.

#### **Debt Capital Markets and Money Markets**

As at 30 June 2016, 32 per cent. of the Group’s long-term debt came from the debt capital markets.

After having entered the debt capital markets in September 2012 with an inaugural U.S.\$350 million hybrid perpetual security listed on the Singapore Exchange, on 30 July 2013 LDC completed the issuance of a €400 million, 5-year, 3.875 per cent. Luxembourg-listed Eurobond, followed in December 2013 by the issuance of a €500 million, 7-year, 4.00 per cent. Luxembourg-listed Eurobond.

In October 2015, LDC put in place an unrated Negotiable EU Commercial Paper (NEU CP, formerly French “*Billets de Trésorerie*”) Programme governed by French law. The programme size is €500 million or its equivalent in any other authorized currency.

#### **Other information relating to Funding**

Certain portions of the debt relating to the above facilities (U.S.\$29 million in aggregate at 30 June 2016) are secured by mortgages on assets (mainly greenfield projects in Brazil but also existing fixed assets).

Certain portions of the debt relating to short term financings are secured on LDC Metals Suisse SA inventories and trade receivables. These amounted to U.S.\$688 million in aggregate at 30 June 2016.

Several of the financings listed above contain limited covenants which require maintenance of working capital levels, net worth, debt/equity ratios, and limits on indebtedness. In the case of any financings listed above which are guaranteed by LDC, LDC has covenanted to maintain a consolidated tangible net worth of greater than U.S.\$2.5 billion; it is not subject to any other financial covenants in the financings to which it is a party.

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<sup>20</sup> U.S. Congress established the Farm Credit System in 1916 to provide a source of credit for American agriculture by making loans to qualified borrowers at competitive rates and providing insurance and related services

The remaining part of the Group's funding, mainly uncommitted, consists of bilateral facilities with over 110 different banks. These are used to finance working capital.

As at 30 June 2016, the Group's consolidated gross debt<sup>21</sup> stood at U.S.\$9.2 billion, U.S.\$3.1 billion being long-term debt, with 4.4 years of average maturity. As at 30 June 2016, short-term debt was U.S.\$6.1 billion, 88 per cent. covered by cash and cash equivalents and RMI totaling respectively U.S.\$0.5 billion and U.S.\$4.8 billion (85 per cent. of total inventories).

As at 30 June 2016, the Group's adjusted gross debt stood at U.S.\$4.3 billion. Current financial assets stood at U.S.\$0.7 billion, leading to an adjusted net debt (net of RMI) of U.S.\$3.6 billion. Adjusted net gearing<sup>22</sup> was 0.73.

As of 30 June 2016, available liquidity was U.S.\$8.7 billion, representing 143 per cent. of the Group's short term debt and 43 per cent. of the Group's total assets.

For certain developments in funding and liquidity since 30 June 2016, see "Recent Developments"

### **Global Network**

The Group manages its activities from offices located around the world and operates in over 100 countries. Below is a map highlighting the Group's global presence and indicating its main offices and assets in the various geographical regions as at 31 December 2015.

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<sup>21</sup> Gross debt includes long-term and short-term bank loans and acceptances, commercial paper, financial advances from related parties, less repurchase agreements and securities short positions

<sup>22</sup> Adjusted net gearing is adjusted net debt/equity

## North America



Platforms in the region consist of: oilseeds, grains, rice, freight, cotton, juice, coffee, sugar, dairy and metals. The Group had 16 offices across North America and employed 2,000 people at peak season. It currently owns or operates 10 processing assets and 37 logistical assets.

### **North Latin America**

Platforms in the region consist of: oilseeds, grains, rice, finance, cotton, juice, coffee, sugar, fertilizers and inputs and metals. The Group had two offices in North Latin America and employed 13,000 employees at peak season. It currently owns or operates 17 processing assets and 53 logistical assets. In addition, the Group farms orange groves.

### **South and West Latin America**

Platforms in the region consist of: oilseeds, grains, rice, finance, cotton, coffee, sugar, dairy, fertilizers and inputs and metals. The Group had 13 offices across South and West Latin America and employed 1,800 people at peak season. It currently owns or operates 14 processing assets and 19 logistical assets.

## **Europe, Middle East and Africa**

As from 2016, the Group's Europe and Black Sea and Middle East and Africa geographical regions were merged into a single operational unit: Europe, Middle East and Africa.

Platforms in the Europe sub-region consist of: oilseeds, grains, rice, freight, finance, cotton, juice, coffee, sugar, dairy, fertilizers and inputs and metals. The Group had 17 offices across Europe and the Black Sea and employed 2,300 people at peak season. It currently owns or operates one processing asset and 22 logistical assets in Europe and the Black Sea.

Platforms in the Middle East and Africa sub-region consist of: oilseeds, grains, rice, cotton, juice, coffee, sugar, fertilizers and inputs, dairy, finance and metals. The Group had 20 offices across Middle East and Africa and employed 600 people at peak season. It currently owns or operates seven processing assets and 40 logistical assets in Middle East and Africa.

## **Asia**

Platforms in the region consist of: oilseeds, grains, rice, freight, finance, cotton, juice, coffee, dairy, fertilizers and inputs, sugar and metals. The Group had 18 offices across Asia and employed 2,300 people at peak season. It currently owns or operates 32 processing assets and 16 logistical assets.

## **Employees**

For the six month period ended 30 June 2016, the Group had an average of 18,322 employees worldwide (19,434 for the year ended 31 December 2015, 17,339 for the six months ended 30 June 2015 and 19,193 for the year ended 31 December 2014). The employees include department managers, support staff and employees in the subsidiary offices and production sites, as well as management. The following table indicates the distribution of employees by category for the periods indicated (averages for year):

<b>Distribution of employees</b>	<b>For the year ended 31 December</b>		<b>For the six months ended 30 June</b>	
	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
Managers and traders .....	1,683	1,855	1,857	1,827
Supervisors .....	1,294	1,308	1,314	1,309
Employees .....	4,370	4,243	4,224	4,198
Workers .....	8,689	8,269	8,256	8,231
Seasonal workers .....	3,157	3,759	1,688	2,757
<b>Total .....</b>	<b>19,193</b>	<b>19,434</b>	<b>17,339</b>	<b>18,322</b>

Employee numbers vary seasonally, and peak at around 22,000 in the third and fourth quarter of the calendar year when extra seasonal workers are employed to assist with the harvest period.

The Group has developed various methods to ensure that employees are adequately and correctly trained for the functions they perform and also that they are aware of the legislation affecting the Group's business. In particular e-learning modules have been designed to address compliance-related topics, such as the Group's code of conduct, trade practice, anti-bribery and corruption rules, and regulatory compliance.

The Group aims to incentivize key employees and align employee and shareholder interests via the Group's employee participation plan, which involves equity participation at the LDCH BV level. Louis

Dreyfus Company employees and management held approximately 10 per cent. of the economic interests in LDCH BV as at 31 December 2015.

The Group is strongly opposed to child labour and forced or compulsory labor at any point in the value chain. The Group proactively applies United Nations (“UN”) recommendations in respect of child- and forced-labor and promotes relations with suppliers, business partners and sub-contractors operating under the same values. The Group has a global training programme in place to reinforce the values of its code of conduct, such training being mandatory for all managers and staff.

## **Competition**

The sectors in which the Group operates are highly competitive at all stages of the value chain and the Group faces competition in its various product and geographical markets. The Group’s competitors range from global trade houses to local distributors and buying agents. Many of the Group’s competitors in one area are also its customers or suppliers in other areas. The Group’s main agri-commodities competitors on an international level are ADM, Bunge, Cargill, COFCO Agri and Glencore. The Group also competes with Wilmar and Olam in Asia and Africa.

## **Information Technology**

The Group has in place a programme of information technology development aimed at improving systems, processes and security. The Group is in the process of progressively replacing legacy applications with better-integrated systems in the areas of commodity trading, risk management, and back office. The aim is to implement systems which are centrally administered, allowing for better monitoring of processes and increased efficiency. The Group currently runs a number of programs including SAP and Microsoft Dynamics Ax.

The Group has implemented a global area network which provides secured connectivity to most of its sites. This network helps to ensure quality of service for secured data transfer, as well as voice and video-conferencing. The Group has also launched a dedicated programme which aims to reinforce IT security practices around digital identities, data protection, intrusion prevention and employee awareness.

See also “Risk Factors – Risks relating to the Group and its Business – Other Risk Factors – The Group is dependent on its internal systems for the Group’s operations”.

## **Health and Safety**

The operations of the Group can involve occupational health and safety risks. In particular, the Group is involved in the production, processing, storage and transport of hazardous products. The Group’s sites are monitored both internally and externally for product safety, compliance with applicable laws and regulations, safety and integrity of the Group’s facilities, equipment and processes, employee actions and those of contractors, occupational health and safety and employee exposure, transportation safety, asset security, protection of the environment and operating loss and damage.

In 2009, the Group launched a comprehensive occupational health and safety management system based on the OHSAS 18001 standard and, in 2010, added an environmental component to its management system based on the ISO 14001 standard. This management system covers the entire scope of its activities worldwide and includes periodic objective audits. Each region and production asset conducts monthly safety, health and environmental committee meetings to discuss safety results, action plan progress and other relevant topics. Regional committees include top management from that region. An annual “Worldwide Safety Day” (a day dedicated to global health and safety training) is held at all the Group’s sites and among all its employees as part of the Group’s continued commitment to workplace safety. Many of the Group’s contractors, local emergency providers and community leaders also participate in Safety Day.

Through staff education and preventative measures, the Group has succeeded in reducing recordable injuries in recent years, with many sites exceeding internal safety targets for 2015 in respect of recordable injuries for all employees. Nevertheless, and despite the Group's best efforts, the inherent risks in the Group's operations mean that accidents do occur from time to time and, in 2015, there were recordable accidents and lost time injuries (including fatalities). Continued focus and commitment in 2015 produced improved results, with the frequency of accidents falling in the Group's plants by 20 per cent. in 2015 compared with 2014.

## **Environment**

The nature of the Group's operations, especially in the area of commodity production, processing and logistics, exposes it to environmental risks, and, from time to time, the Group incurs costs associated with compliance with environmental regulations and guidance promulgated by authorities and remediation of sites in the wide variety of areas and geographical regions in which it operates.

The Group aims to develop its business without compromising environmental protection. It obtains and maintains all necessary governmental licences and certificates to operate its sites. The environmental management system development and implementation process involves all sites in the Group developing comprehensive plans to ensure compliance with all applicable national, state, territorial and local laws and regulations. The Group's production plants have adopted measures to control areas such as atmospheric discharge, water quality and conservation, runoff and seepage, plant and wildlife protection, waste generation and energy consumption. Prior to construction or acquisition, each of the Group's assets is evaluated for its potential environmental impact and proper licensing by local environmental agencies. Each facility is subject to periodic internal environmental monitoring and reviews by external authorities, and internal and external environmental audits are carried out on a regular basis.

The Group's environmental management system complements its larger safety, health and environment programme and overall business management system. It is not only used to manage the environmental aspects of the Group's activities, products and services, but also to set objectives and targets to improve the Group's environmental performance, to promote sustainable operations, and to reduce the impact of the Group's operations on the environment. Four key performance indicators have been highlighted for all production, logistic and agricultural assets: energy consumption, greenhouse gas emissions, water consumption and waste generation and disposal. The management system is used to identify opportunities for improvement in these areas and to manage projects.

See also "Risk Factors – Risks relating to the Group and its Business – Government regulations and policies – Environmental regulation imposes additional costs and may affect the results of the Group's operations".

## **Sustainability**

The Group is a member of several multi-stakeholder organizations including: the Roundtable for Responsible Soy; the Roundtable for Sustainable Palm Oil; the Better Cotton Initiative; Bonsucro (a sugar-cane roundtable); and the Sustainable Rice Platform (of which the Group is a founding member). The primary function of each such organization is to involve all the different participants in a particular commodity supply chain in collective discussions and decision-making on sustainable methods of producing and marketing commodities. As well as addressing social and labour issues, this also features a substantial environmental element which covers topics such as sustainable water usage, control of chemical applications, waste treatment and greenhouse gas emissions.

In most cases, the roundtables have developed a 'production standard' whereby a product can be audited against a set of sustainability criteria developed by the roundtable, and a product which passes this audit can be certified as to its sustainability credentials. The Group is a partner in the UN Global Compact and also participates in a number of international certification programmes including Fair Trade

and the Rainforest Alliance. In 2016, the Group became a member of The Forest Trust (TFT) which is a leading international environmental and social not-for-profit organization, with a focus on transforming value chains through responsible sourcing.

The Group issues a Sustainability Report on an annual basis.

### **Quality Control**

The Group is dedicated to meeting each customer's quality requirements. Commodity orders include grade and quality specifications. The Group has product quality measures in place in each Platform to meet these customer requirements. In some regions, the Group belongs to trade associations that impose industry quality standards such as the National Oilseeds Processors Association in the U.S.A. Each Platform has quality control representatives who are responsible for adhering to the Group's policy and who act as a check on the quality of products and services.

### **Insurance**

It is the Group's policy to cover its insurable risks. Principal areas where the use of insurance is systematic include: General and Specific Liability, Property, Marine and Cargo and Travel and Vehicles. All insurance is contracted in co-ordination with the Group's Insurance Department. Where such are permitted and advantageous, global policies are put in place and managed centrally in order to ensure optimal coverage for the Group. All fixed assets, transport and storage of commodities are systematically insured both for damage and liability.

See also "Risk Management and Compliance – Risk Governance – Physical Risk" and "Risk Factors – Risks relating to the Group and its Business – Insurance, Liability and Tax – The Group's insurance may not adequately cover all potential losses and the Group or its key personnel might face liability in case of major incident".

### **Compliance**

The Group operates within regulatory constraints worldwide. Its compliance with such rules has always been a critical part of its business practices.

In order to strengthen the ability of the compliance department to monitor the Group's activities, compliance officers operate within the same structure as the Operational Risk and Internal Audit teams, under the responsibility of a Global Head of Compliance and Internal Audit, reporting directly to the Group Chairperson, with access to the Supervisory Board.

Compliance is overseen by a senior executive committee, the Compliance and Internal Audit Committee.

The Group's compliance activities cover four areas:

- Commodities futures-related compliance such as the trading and clearing rules of exchanges. The Group's merchandizing activity regularly involves the hedging of its positions in physical commodities with futures and option exchange-traded contracts. As a result, the Group has activities on over 30 futures and option exchanges across the world, and some of its entities hold membership on these exchanges. For instance, the Group's subsidiary, Term Commodities Inc. is a clearing member on most of U.S. futures exchanges, and Louis Dreyfus Company Suisse SA is a clearing member on the ICE Europe. The Group monitors compliance with all applicable exchange rules and with the global financial regulations governing these exchanges, for instance the Commodity Futures Trading Commission rules in the U.S. and the Markets in Financial Instruments Regulation and Market Abuse Regulation in the EU.

- AML and trade sanctions compliance (such as those issued by the U.S. Office of Foreign Assets Control, the UN, the EU or other regulatory bodies).
- Trade practice compliance (such as compliance with the U.S. Foreign Corrupt Practices Act 1977, the UK Bribery Act 2010 and other local bribery legislation).
- Sustainability (See “Description of Business – Sustainability”).

Compliance officers design and supervise the implementation of compliance policies and procedures. They also perform third party due diligence and give advice to other departments. They provide training for staff, including e-learning.

A dedicated Compliance Monitoring team uses manual and automated checks to confirm that the Group’s compliance policies and procedures are complied with throughout the organization.

## **Litigation**

From time to time the Group is involved in litigation as part of the ordinary course of its business activities, both as claimant and defendant. This ordinary course litigation has not had a material adverse effect on the Group’s operating results or financial condition.

Louis Dreyfus Company LLC (“**LDC LLC**”), which is a wholly-owned indirect subsidiary of LDC and certain of its affiliates (including LDC) were named as defendants in a consolidated action in United States federal court in New York alleging manipulation and artificial inflation of the ICE Cotton No. 2 futures contracts in May 2011 and July 2011. The plaintiffs have proposed to bring the action as a class action. The defendants have filed an answer denying the claims in the action. No trial date has been scheduled in the case. This matter is in pre-trial proceedings and LDC cannot predict the ultimate outcome.

LDC LLC and LDC have been named as defendants in lawsuits pending in various U.S. state and federal courts arising out of Syngenta AG and its affiliates’ marketing and distribution of genetically modified corn seed (containing the MIR 162 trait) in the USA. LDC LLC and other grain companies were defendants in numerous individual and purported class action suits filed by farmers and other parties in US state and federal court beginning in the fourth quarter of 2015, alleging that LDC LLC and other grain companies were negligent in failing, among other things, to screen for genetically modified corn. Certain of those actions were consolidated for pre-trial proceedings in a multidistrict litigation (MDL) proceeding in federal court; in August 2016 the MDL court granted a motion to dismiss the claims against LDC LLC and the other grain companies in the MDL cases. LDC LLC and the other grain companies have moved to dismiss the remaining cases on the same grounds. Although named as a defendant in the above described cases, LDC has only been required to respond to the complaint in one of those remaining cases and has moved to dismiss on the same grounds as LDC LLC as well as the additional ground of lack of personal jurisdiction. Those remaining actions are in pre-trial proceedings and LDC is unable to predict the ultimate outcome of these matters.

On 21 October 2016, a subsidiary of LDC LLC brought an action in US federal court against Syngenta AG and certain of its affiliates for damages arising out those companies’ marketing and distribution of genetically modified corn seed (containing the MIR 162 trait) in the USA. The action seeks damages in excess of U.S.\$35 million.

See also Note 27 to the Interim Financial Statements (page F-40).



## Recent Developments

### **Announcement of new CFO**

On 6 December 2016, LDC announced that former Royal Dutch Shell executive Armand Lumens had been appointed Group Chief Financial Officer (CFO), effective 1 March 2017. Federico Cerisoli, who was named temporary Group CFO in June 2016, will assume the roles of Deputy CFO and Chief Controlling & Accounting Officer, also effective 1 March 2017.

### **Refinancing of Louis Dreyfus Company Asia RCF**

In August 2016, Louis Dreyfus Company Asia and a syndicate of local and international banks signed a U.S.\$600 million RCF with a tenure of three years, in order to refinance an existing U.S.\$500 million RCF. The new RCF matures in August 2019 and has an extension option for two additional one-year periods or one additional two-year period. New lenders joined the facility in October 2016 representing an additional commitment of U.S.\$43 million, pursuant to an “accordion” provision, increasing the RCF’s size to U.S.\$643 million. The loan is guaranteed by LDC.

### **Renewal of Louis Dreyfus Company Suisse RCF**

On 19 December 2016, LDC announced that the two-tranche unsecured RCF between Louis Dreyfus Company Suisse SA and a syndicate of local and international banks (and guaranteed by LDC) had been extended and increased. The two tranches will now mature in December 2018 and December 2019, respectively. The total amount of the RCF was increased from U.S.\$800 million to U.S.\$1 billion. The increased liquidity will be employed to finance the Group’s merchandizing operations in the Europe, Middle East and Africa geographical region.

Following this refinancing, at the date of this Prospectus, the Group has six medium-term RCFs, through three of its regional hubs, for a total amount of U.S.\$3.6 billion.

### **Louis Dreyfus Company Metals Suisse SA RCF**

On 22 December 2016, Louis Dreyfus Company Metals Suisse SA signed an inaugural short-term RCF in an amount of U.S.\$250 million and having a tenor of one year. The proceeds will be employed in Louis Dreyfus Company Metals Suisse SA’s business.

### **Joint venture with Zen-Noh Grain Brazil**

In late 2016, Louis Dreyfus Company Brasil SA and Amaggi signed an agreement pursuant to which Zen-Noh Grain Brazil will become a member of their existing joint-venture, established in 2009. This agreement remains subject to customary conditions precedent applying to transactions of this nature, which include regulatory approvals by competent governmental agencies in Brazil and abroad.

Following the entry of Zen-Noh Grain Brazil, each of the three shareholders will hold an equal stake and enjoy the same rights in the joint-venture, which comprises the grain origination and port terminal businesses operated by the wholly-owned subsidiaries of the joint-venture Amaggi & LD Commodities S.A. and Amaggi & LDC Terminais Portuários S.A. in the Brazilian states of Maranhão, Tocantins, Piauí, and Bahia (a region known as Matopiba).

## Results of Operations and Financial Position

*The following discussion of the Group's results of operations and financial position should be read in conjunction with the Audited Financial Statements and Interim Financial Statements appearing elsewhere in this Prospectus. Unless otherwise indicated, all financial information included in this section has been derived from the Audited Financial Statements, except that financial information relating to the six month period ended 30 June 2016 (and any comparative data for the period ended 30 June 2015) has been derived from the Interim Financial Statements and has not been audited. Certain figures are subject to rounding.*

*During the first half of 2016, the Group implemented changes in the composition of its two operating Segments. The Sugar and Rice Platforms, previously part of the Merchandizing Segment, were moved across to report into the Value Chain Segment. In the discussion that follows, segmental analysis of data as at, and for the period ended, 30 June 2016 has been presented, and data for the comparative period ended 30 June 2015 has been restated, in each case to reflect the new segmental composition, as such appears in the Interim Financial Statements. Segmental analysis of data as at, and for the years ended, 31 December 2015 and 2014 has been presented according to the old segmental composition without the restatement, as such appears in the Audited Financial Statements. Consequently, they are not directly comparable See "Presentation of Certain Financial Information".*

### Overview of Results of Operations

#### *Six month period to 30 June 2016*

While the first quarter of 2016 saw weak market price volatility continue from 2015 for most commodities, the second quarter witnessed irrational volatility movements in certain markets, echoing unexpectedly strong speculative capital inflows. Few commercial arbitrage opportunities arose due to the absence of any significant logistic or geographical disruptions.

Net sales for the six months ended 30 June 2016 were U.S.\$23.5 billion, down from the U.S.\$26.4 billion booked for the corresponding period in 2015. This decrease primarily reflected a weak market price environment for most agri-commodities and a sharp drop in metal prices. The Group posted income before tax of U.S.\$151 million for the six months ended 30 June 2016 and consolidated net income, Group Share, of U.S.\$135 million.

Erratic movements in market conditions affecting some commodities impacted the Group's two Segments.

Over the period, the Group slightly increased its volumes sold but at lower prices. This was particularly attributable to the Value Chain Segment's robust grains and oilseeds export volumes from South America. The Merchandizing Segment also maintained relatively high shipped volumes, helped particularly by dynamic flows for Metals.

With agricultural markets experiencing a mixture of challenging and changing conditions, the global economic outlook was depressed. Overall growth projections were revised downwards as Chinese growth marked a moderate slowdown, progressively switching away from its emphasis on manufacturing; and the recovery in the U.S.A. had not yet fully spread to other major economies. Numerous instances of political instability (the latest example being Brazil) and geopolitical tensions proved additional burdens to the global economy.

## *Financial Year 2015*

2015 continued a two-year cycle of weaker market price volatility for most commodities. However, the Group's results showed resilience, though they were pressured by a reduction in commercial opportunities in the challenging environment.

Net sales were U.S.\$55.7 billion for 2015, down from the U.S.\$64.7 billion booked for 2014. This decrease reflected a significant drop in market prices for most commodities. The Group posted income before tax of U.S.\$416 million and consolidated net income, Group Share, of U.S.\$211 million for the year ended 31 December 2015.

Both of the Group's Segments were impacted by an adverse environment of weak price volatility in which there was less demand from suppliers and customers for the Group's risk management skills as global agri-commodity merchants. Consequently, the Group's margins were reduced. A large part of the Group's 2015 earnings came from its industrial assets, especially in North America and Europe, fuelled by particularly large crops.

Despite the unfavorable environment, the Group managed to grow its volumes sold for another consecutive year, benefiting from its global footprint and presence along the value chain (See "Description of Business – Net sales by Geographical Destinations"). The 1 per cent. overall rise in volumes year-on-year was driven by the Value Chain Segment, whose industrial assets handled increased crops of oilseeds and grains. The Platforms of the Group's Merchandizing Segment shipped reduced volumes to destination, owing to the limited commercial opportunities resulting from ample inventories and a number of governmental interventions.

Global conditions brought complexity throughout the year, in addition to that provided by agricultural markets. Key factors included doubts concerning the strength of Chinese economy and economic slowdown in key developing countries (notably, Brazil and Argentina); political instability (for example in the Black Sea region and in the Middle East); and a volatile foreign exchange market with several currencies depreciating against the U.S. dollar.

### **Profit and Loss Analysis**

#### **Net Sales**

##### *Six month period to 30 June 2016 versus six month period to 30 June 2015*

Net sales for the for the six months ended 30 June 2016 were U.S.\$23.5 billion, compared to U.S.\$26.4 billion for the corresponding period in 2015.

Over the period, net sales were still constrained by a weak, though improving, price environment for most agri-commodities. In parallel, market prices for the main metals saw another significant decrease compared to the first half of 2015.

This decrease in net sales affected both of the Group's operating Segments, despite a healthy level of activity over the period. Those activity levels were particularly supported by the Grains and Oilseeds Platforms through strong exporting from South America, but also by Metals, which was able to exploit its long-term contracts.

##### *Financial Year 2015 versus Financial Year 2014*

Net sales for the year ended 31 December 2015 were U.S.\$55.7 billion, compared to U.S.\$64.7 billion for 2014.

2015 was another year of abundant crops, which added to already substantial inventories for most commodities. This context drove market prices down and thus impacted the net sales booked by both of the Group's operating Segments. The level of activity was, however, resilient as volumes sold reached

81 million tons of commodities shipped to destination, marking a 1 per cent. increase year-on-year between 2015 and 2014. Volumes were bolstered by the Value Chain Segment, served by its broad network of industrial assets, while the volumes of the Merchandising Segment were affected by reduced commercial opportunities.

### **Segment Operating Result, Value Chain and Merchandising**

Segment operating result consists of the sum of the Segment gross margin and the share of net result in affiliated companies under the equity method.

*Six month period to 30 June 2016 versus six month period to 30 June 2015*

The Group closed the first six months of 2016 with total Segment Operating Results of U.S.\$546 million, compared to U.S.\$638 million over the same period in 2015.

The Value Chain Segment booked U.S.\$351 million in Operating Result for the six month period ended 30 June 2016, compared to U.S.\$405 million<sup>23</sup> in the same period in 2015.

The Merchandising Segment posted Operating Result of U.S.\$195 million for the six month period ended 30 June 2016, down from U.S.\$233 million<sup>24</sup> in the same period in 2015.

*Financial Year 2015 versus Financial Year 2014*

The Group closed 2015 with total Segment Operating Results of U.S.\$1,356 million, compared to U.S.\$1,781 million for 2014.

Abundant crops in most countries of origination, combined with the absence of logistic and geographical disruptions, caused a low price volatility environment, which itself led to diminished commercial and arbitrage opportunities.

The Value Chain Segment booked U.S.\$836 million<sup>25</sup> in Operating Result for the year ended 31 December 2015, compared to U.S.\$1,046 million<sup>26</sup> for 2014.

The Merchandising Segment posted Operating Result of U.S.\$520 million<sup>27</sup> for the year ended 31 December 2015, down from U.S.\$735 million<sup>28</sup> for 2014.

### **Commercial and Administrative Expenses (“C&A”)**

*Six month period to 30 June 2016 versus six month period to 30 June 2015*

Commercial and administrative expenses were U.S.\$322 million for the six month period ended 30 June 2016, compared to U.S.\$368 million for the corresponding period in 2015. This 12 per cent. reduction was firstly attributable to a positive foreign exchange impact resulting from lower hedging costs reflecting the appreciation of the U.S. dollar against a number of currencies. Secondly, the Group carefully monitored expenses and managed to reduce them through reinforced cost optimization initiatives.

*Financial Year 2015 versus Financial Year 2014*

Commercial and administrative expenses for 2015 were U.S.\$766 million, compared to U.S.\$797 million in 2014. Despite selling slightly higher volumes than in 2014, the Group managed to reduce its expenses.

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<sup>23</sup> Restated figure. See “Presentation of Certain Financial Information”

<sup>24</sup> Restated figure. See “Presentation of Certain Financial Information”

<sup>25</sup> Non-restated figure. See “Presentation of Certain Financial Information”

<sup>26</sup> Non-restated figure. See “Presentation of Certain Financial Information”

<sup>27</sup> Non-restated figure. See “Presentation of Certain Financial Information”

<sup>28</sup> Non-restated figure. See “Presentation of Certain Financial Information”

## **Net Finance Costs**

*Six month period to 30 June 2016 versus six month period to 30 June 2015*

Net finance costs were U.S.\$79 million for the six month period ended 30 June 2016, down from U.S.\$100 million for the corresponding period in 2015. This decrease largely resulted from a lower average use of debt due to reduced working capital needs flowing from the low price environment. The Group also benefited from improved funding conditions fuelled by very liquid financial markets.

*Financial Year 2015 versus Financial Year 2014*

Net finance costs were U.S.\$197 million for 2015, down from U.S.\$227 million for 2014. This decrease largely resulted from interest expenses, net of income, decreasing by U.S.\$33 million. Year-on-year, interest expenses were down by 12 per cent. mainly resulting from a lower average use of debt due to reduced working capital needs owing to the low price environment and strong liquidity in financial markets overall.

## **Income before Tax**

*Six month period to 30 June 2016 versus six month period to 30 June 2015*

Income before tax for the six month period ended 30 June 2016 was U.S.\$151 million, compared to the U.S.\$177 million for the corresponding period in 2015.

*Financial Year 2015 versus Financial Year 2014*

Income before tax for 2015 was U.S.\$416 million, compared to U.S.\$837 million in 2014.

## **Taxes**

*Six month period to 30 June 2016 versus six month period to 30 June 2015*

Taxes amounted to U.S.\$15 million over the six-month period ended 30 June 2016 compared to U.S.\$49 million for the corresponding period in 2015. The Effective Tax Rate (ETR) was 10 per cent. over the six-month period ended 30 June 2016 compared to 28 per cent. for the corresponding period in 2015). Most of the ETR decrease was attributable to positive functional currency effects period-on-period, notably in Brazil, as well as a different earnings mix.

*Financial Year 2015 versus Financial Year 2014*

Taxes amounted to U.S.\$205 million in 2015 compared to U.S.\$191 million in 2014. The ETR was 49 per cent. in 2015 compared to 23 per cent. in 2014. Leaving aside the functional currency impact, the Group's ETR would have been similar to previous years.

During the year the Group's income tax expense was strongly impacted by the functional currency effect, which is booked in non-US entities whose functional currency is the U.S. dollar instead of their local respective currencies. The negative impact amounted to U.S.\$132 million and largely related to the Group's Brazilian entities. Within these entities, most of the impact derived from the re-evaluation, in U.S. dollars, of net current and deferred tax assets denominated in Brazilian Reals. This led the entities to recognize unrealized foreign exchange losses (non-cash items) in the 2015 tax expense, given the devaluation of the Brazilian Real, particularly during the second half of the year.

## **Net Income**

*Six month period to 30 June 2016 versus six month period to 30 June 2015*

Net income, Group Share, was U.S.\$135 million for the six month period ended 30 June 2016, compared to U.S.\$130 million for the corresponding period in 2015.

### *Financial Year 2015 versus Financial Year 2014*

Net income, Group Share, was U.S.\$211 million for 2015, compared to the U.S.\$648 million in 2014.

## **Balance Sheet Analysis**

### **Non-Current Assets**

#### *30 June 2016 versus 31 December 2015*

As at 30 June 2016, total non-current assets stood at U.S.\$5.4 billion compared to U.S.\$5.0 billion<sup>29</sup> as at 31 December 2015.

Fixed assets amounted to U.S.\$3.9 billion, unchanged compared to 31 December 2015.

Investments in associates and joint ventures slightly increased to U.S.\$220 million as at 30 June 2016 from U.S.\$190 million as at 31 December 2015 mainly due to new investments and overall share of profit.

Other investments, deposits and sundry increased by U.S.\$0.3 billion from U.S.\$650 million as at 31 December 2015 to U.S.\$986 million as at 30 June 2016, mainly as a result of export prepayment agreements signed between members of the Group and Biosev S.A. and its subsidiaries (Biosev SA being an indirect subsidiary of Louis Dreyfus Company Holding B.V.) regarding 2017/2018 and 2018/2019 sugar crops.

#### *31 December 2015 versus 31 December 2014*

As at 31 December 2015, total non-current assets stood at U.S.\$5.1 billion<sup>30</sup> compared to U.S.\$4.9 billion as at 31 December 2014.

Fixed assets and investments in associates and joint ventures represented 81 per cent. of that total, with fixed assets amounting to U.S.\$3.9 billion as at 31 December 2015 compared to U.S.\$3.8 billion as at 31 December 2014.

Investments in associates and joint ventures slightly decreased compared to 31 December 2014, totalling U.S.\$190 million as at 31 December 2015, mainly due to a U.S.\$11 million capital reduction in a Brazilian joint venture as well as the depreciation of the Brazilian Real against the U.S. dollar.

## **Capital Expenditure**

### ***Introduction***

#### *Six month period to 30 June 2016*

With U.S.\$132 million invested over the period, the Group aimed at managing its investments in order to adapt to the difficult environment. Those investments mostly comprised projects targeting improvement of the Group's existing assets. Some supplementary assets, both acquired and constructed, were also added to the Group's portfolio.

#### *Financial Year 2015 versus Financial Year 2014*

With U.S.\$420 million invested in 2015, compared to U.S.\$592 million in 2014, the Group adapted its capital expenditure in response to the weaker environment.

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<sup>29</sup> Including the effects of IAS41 as revised. See Note 1 to the Interim Financial Statements.

<sup>30</sup> Excluding the effects of IAS41 as revised.

## **The Value Chain Segment**

*Six month period to 30 June 2016 and Financial Year 2015*

The Value Chain Segment invested U.S.\$120 million during the first six months of 2016 compared to U.S.\$347 million over the year 2015<sup>31</sup> and U.S.\$467 million<sup>32</sup> in 2014.

On the logistics side, in December 2015 the Group and Cargill won a bidding process to operate a berth in the solid bulk terminal located at the port of Santos in Brazil (the “**North Corridor Project**”). The concession lasts for 25 years. The investment will be spread over 3 years, with the first capital injection into the newly-created joint venture being made on 26 January 2016. By 2019 the new terminal is expected to have the capacity to handle more than 4.1 million tons of grain annually, and will thus further reinforce the Group’s presence and position in the Brazilian grains and oilseeds market.

In 2015, the Grains and Oilseeds Platforms acquired, and started operating, a rail-to-barge terminal on the Mississippi river, in Cahokia, Illinois, U.S.A., and constructed a truck-to-barge capability at that location. Currently, truck-to-barge capabilities are being added to the terminal. They also commissioned their newest truck-to-barge facility in Natchez, Mississippi and in West Memphis, Arkansas. In addition, improvements and refurbishments were carried out to their American elevation assets in Port Allen, Louisiana and in Portland, Oregon. Both Platforms acquired a warehouse in Irati, Parana, Brazil and started building a barge fleet in the north of the country as part of a broader logistics project. They concurrently finalized construction of elevators in Curuguaty, Paraguay and Paysandu, Uruguay.

In 2015, the Grains Platform acquired a grain terminal on the Don River in the Azov district, Russia. The terminal, will initially transship grains on sea-river vessels with an annual export capacity of 500,000 tons, aiming to exceed 1 million tons rapidly. Investments in the first half of 2016 were focused on starting to increase its transshipment capacity with the aim of reaching 1 million tons.

In 2015, the Oilseeds Platform completed construction of a new glycerin refinery at our soybean processing plant in Claypool, Indiana, the U.S.A. The Group also started to operate its new biodiesel plant next to the existing refinery in Lampung, Sumatra, Indonesia. In Canada, in 2015, the Platform invested in expansions of both rail access and storage capacity in its crushing plant at Yorkton, Saskatchewan, and in the first half of 2016 it continued to invest in it. In 2015, in order to further enhance the Platform’s presence on the market of by-products, a lecithin production unit was added to the existing plant in Wittenberg, Germany.

In 2015, the Fertilizers and Inputs Platform finalized its new storage unit in Canelones, Uruguay, and its existing asset in Ivory Coast was enhanced.

In the first half of 2016, the Juice Platform’s investments targeted cost optimization and mostly comprised the renewal of industrial equipment and maintenance of its processing and agricultural assets in Brazil, with a specific focus on the plant located in Matao, in the state of Sao Paulo.

In the first half of 2016, both the Grains and Oilseeds Platforms continued to build and develop a barge fleet in Brazil as part of the North Corridor export project. In Argentina, the extension to the Bahia Blanca port (phase II) was opened. In the U.S.A., the construction of the West Memphis river terminal in Arkansas has been completed.

In 2016, in Argentina, the Grains Platform is constructing a new elevation and storage asset for barley in the province of Buenos Aires, which was inaugurated on 13 July 2016.

Aiming to further enhance its industrial performance, investments by the Sugar Platform targeted plant improvement at its refineries in the U.S.A. and in China in the six month period ended 30 June 2016.

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<sup>31</sup> Non-restated figure. See “Presentation of Certain Financial Information”

<sup>32</sup> Non-restated figure. See “Presentation of Certain Financial Information”

## **The Merchandising Segment**

*Six month period to 30 June 2016 and Financial Year 2015*

The Merchandising Segment invested U.S.\$12 million over the period to 30 June 2016, U.S.\$73 million<sup>33</sup> in 2015 and U.S.\$125 million<sup>34</sup> in 2014.

In 2015, aiming to further enhance its industrial performance, investments by the Sugar Platform were focused on plant improvement at its U.S. refinery and the Fujian refinery in China, which completed its first full year of production.

In 2015, the Cotton Platform focussed capital on improving its logistics and operational organization, including a reduction and better utilization of U.S. warehousing assets. In the first half of 2016, the Platform further invested in maintaining and optimizing its asset base, mainly comprised of ginneries and warehouses.

In 2015, the Group also paid the last installment due for the shares of Ilomar Holding N.V. Group, which were acquired in 2014.

In the first half of 2016, the main investment was within the Coffee Platform as part of the ongoing expansion of a warehouse located in Nova Venecia, in the state of Espirito Santo, Brazil.

### **Working Capital Usage**

*Six month period to 30 June 2016 and Financial Year 2015*

Working capital usage (“**WCU**”)<sup>35</sup> stood at U.S.\$8.7 billion as at 30 June 2016, compared to U.S.\$7.9 billion as at 31 December 2015 and U.S.\$8.9 billion as at December 2014.

This U.S.\$1 billion decrease from 2014 to 2015 was mainly attributable to a reduction in the valuation of the Group’s inventories, resulting from a sharp decrease in market prices. This decrease also reflected the Group’s close monitoring, which included a strategy of inventory reduction for some Platforms and enabled a slight reduction in overall volumes.

Due to their highly liquid nature, certain agricultural inventories are treated as Readily Marketable Inventories (“**RMI**”). RMIs are readily convertible into cash because of widely available markets and international pricing mechanisms. LDC considers that trading inventories with less than three months’ liquidity horizon qualify as RMI.

At the end of June 2016, RMIs represented 85 per cent. of total inventories compared to 81 per cent. at 31 December 2015 and 79 per cent. as at 31 December 2014.

### **Debt and Leverage**

*Six month period to 30 June 2016*

As at 30 June 2016, Long Term Debt stood at U.S.\$3.1 billion compared to U.S.\$2.7 billion as at 31 December 2015. Short-term debt<sup>36</sup> amounted to U.S.\$6.1 billion, compared to U.S.\$5.7 billion as at 31 December 2015.

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<sup>33</sup> Non-restated figure. See “Presentation of Certain Financial Information”

<sup>34</sup> Non-restated figure. See “Presentation of Certain Financial Information”

<sup>35</sup> Current assets (excluding financial advances to related parties, available-for-sale financial assets, other financial assets at fair value through profit and loss and cash and cash equivalents and including financial assets held for trading purposes and reverse repurchase agreement loans), net of current liabilities (excluding bank loans, acceptances and commercial paper and financial advances from related parties and including repurchase agreements and securities short positions).

<sup>36</sup> Short-term debt is bank loans, acceptances and commercial paper plus financial advances from related parties net of repurchase agreements. See “Presentation of Certain Financial Information”.



As is common practice in the agribusiness sector, short-term debt is netted against RMIs as those inventories can be considered as quasi-cash due to their highly liquid nature. Total adjusted gross debt<sup>37</sup> stood at U.S.\$4.3 billion as at 30 June 2016 compared to U.S.\$4.2 billion as at 31 December 2015.

Current financial assets stood at U.S.\$0.7 billion as at 30 June 2016 compared to U.S.\$1.0 billion as at 31 December 2015, leading to an adjusted net debt of U.S.\$3.6 billion as at 30 June 2016, compared to U.S.\$3.2 billion as at 31 December 2015. Adjusted gearing was at 0.73 as at 30 June 2016.

#### *Financial Year 2015 versus Financial Year 2014*

As at 31 December 2015, Long Term Debt stood at U.S.\$2.7 billion compared to U.S.\$2.9 billion as at 31 December 2014.

Short-term debt<sup>38</sup> amounted to U.S.\$5.7 billion as at 31 December 2015, compared to U.S.\$6.0 billion as at 31 December 2014.

Total adjusted gross debt<sup>39</sup> stood at U.S.\$4.2 billion as at 31 December 2015 compared to U.S.\$4.1 billion as at 31 December 2014.

Current financial assets stood at U.S.\$1.0 billion as at 31 December 2015 compared to U.S.\$0.7 billion as at 31 December 2014, leading to an adjusted net debt of U.S.\$3.2 billion as at 31 December 2015, compared to U.S.\$3.4 billion as at 31 December 2014. Adjusted gearing was at 0.66 as at 31 December 2015 compared to 0.68 as at 31 December 2014.

### **Liquidity**

#### *30 June 2016*

The Group manages financial risks, to ensure resilient access to liquidity. As at 30 June 2016, the Group had U.S.\$2.9 billion of undrawn committed bank lines, of which U.S.\$2.8 billion were above 1-year maturity.

Available liquidity, which is made up of Current Financial Assets plus RMIs plus undrawn committed bank lines stood at U.S.\$8.7 billion as at 30 June 2016, enabling the Group to cover 143 per cent. of Short Term Debt.

#### *31 December 2015*

As at 31 December 2015, the Group had U.S.\$3.1 billion of undrawn committed bank lines, of which U.S.\$3.0 billion has greater than a 1-year maturity. Available liquidity stood at U.S.\$8.5 billion, and enabling the Group to cover 150 per cent. of Short Term Debt as at 31 December 2015.

### **Equity**

#### *30 June 2016 versus 31 December 2015*

Equity attributable to Owners of LDC stood at U.S.\$4,954 million as at 30 June 2016 (U.S.\$4,849 million as at 31 December 2015), while total equity reached U.S.\$4,969 million (U.S.\$4,863 million as of 31 December 2015). The Equity attributable to Owners of the Company increased by U.S.\$105 million between 31 December 2015 and 30 June 2016, largely reflecting the Group's earnings over the period and, to a lesser extent, favorable cash flow hedges and currency translation adjustments. U.S.\$41 million of dividends were paid during the first half of 2016.

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<sup>37</sup> Adjusted gross debt is long-term debt plus short-term debt less RMIs. See "Presentation of Certain Financial Information".

<sup>38</sup> Short-term debt is equal to bank loans, acceptances and commercial paper plus financial advances from related parties net of repurchase agreements.

<sup>39</sup> Adjusted gross debt is equal to long-term debt plus short-term debt less RMI.

#### *31 December 2015 versus 31 December 2014*

Equity attributable to Owners of the Company stood at U.S.\$4,849 million as at 31 December 2015 (U.S.\$4,919 million as at 31 December 2014), while total equity reached U.S.\$4,863 million as at 31 December 2015 (U.S.\$4,935 million as at 31 December 2014). The change in Equity attributable to Owners of the Company included a U.S.\$54 million decrease as at 31 December 2015, largely related to the depreciation of many currencies against the U.S. dollar. U.S.\$206 million of dividends were paid during the year ended 31 December 2015, out of which U.S.\$140 million were linked to Full Year 2014 earnings.

#### **Risk**

##### *Six-month period to 30 June 2016*

The Group continued to maintain its daily value-at-risk (VaR) significantly below 1 per cent. of its equity during the six-month period ended 30 June 2016, with an average VaR usage of 0.36 per cent. compared to 0.22 per cent. for the corresponding period in 2015.

##### *Financial Year 2015 versus Financial Year 2014*

During the year ended 31 December 2015, the monthly average Group VAR was less than 1 per cent. of Stockholders' equity. The yearly average VAR for the Group reached 0.28 per cent. in 2015, compared to 0.32 per cent. in 2014.

## Risk management

### Risk Governance

In the normal course of its business, the Group assumes and manages several types of risk including, but not limited to, market risk, credit risk, trade finance and country risk, physical risk, liquidity and funding risk, foreign exchange risk and operational risk. The ability to manage and hedge these risks is a key strength of the Group, which the Group believes has contributed to its performance through the volatile market environment over recent years. Risk management is a core function of the Group's management structure. The Group's Global Head of Risk reports directly to the Chief Financial Officer. Risk policies are determined centrally and administered regionally by a team of dedicated specialists. Exposures are monitored on a daily basis. Risk procedures and monitoring systems are designed to be clear and prudent while seeking to allow optimal deployment of risk capital.

The supervisory board of the Group oversees risk governance issues and has complete authority to decide on control procedures, risk management policies, risk capital allocations and risk limits. Beneath the Board, a senior-management body, the Risk Committee, oversees both quantitative and qualitative aspects of risk management and implements the Group risk policies and Board decisions.

Both management supervision and segregation of duties are fundamental pillars of the Group's risk management process. Consequently, in addition to the committee referred to above, the risk department teams perform risk management duties, which include quantifying, analyzing and monitoring the Group's exposures, and implementing any necessary corrective action. These teams are independent of the trading function and centralized under the responsibility and supervision of the Chief Financial Officer.

While day-to-day responsibility for managing risk is assigned to trading managers, senior management is responsible, through the various risk officers, for approving strategies and establishing trading constraints within limits. Exposures are assessed and compared to assigned limits and available risk capital on a daily basis by the different risk teams. These limits ensure that the positions held are consistent with the loss limits that have been set. As such, traders are not allowed to hold positions that have the potential to exceed their designated daily stop loss limits.

The Group's risk exposure is assessed, monitored and controlled through a number of systems developed internally, in which the Group invests significant and continuous development efforts.

### **Market Risk**

Market risk refers to the potential for changes in the market value of the commodities to which the Group is exposed. Categories of market risk include exposures to price volatility, and price, time, geographies, quality and inter- and intra-commodity spreads.

To reduce price risk resulting from market fluctuations, the Group uses a range of instruments including exchange-traded futures and options contracts. The residual risk is quantified, reported and managed within specific limits. Where there are clear opportunities due to temporary market disequilibrium, the Group may retain some limited flat price risk.

It is the Group's policy to manage market risk by:

- Pre-determining, analyzing and purposely entering into retained risks;
- Diversifying exposures;
- Controlling position sizes, maturities and Value at Risk ("**VaR**") (potential loss in the value of a position due to adverse market movements over a defined time horizon with a specific confidence interval);

- Stress testing portfolios; and
- Applying strict internal procedures (in particular, all exposures must remain within approved limits).

Various techniques and quantitative tools have been developed internally to measure the magnitude of market risk within the Group, in any given portfolio or set of positions as a whole. They are used jointly to construct a global view of the Group's risk profile on any given date. Each technique analyzes specific aspects of the risk profile and is an integral part of the Group's market risk management.

Key techniques and tools are as follows:

- Risk limits, based on a summary measure of market risk exposure, referred to as VaR;
- Stress testing (assessment of potential vulnerability to exceptional but plausible events whose probabilities are not accurately captured by a VaR approach);
- Theoretical/artificial scenario analysis (assessment of specific risks linked to the Group's position and trading strategy); and
- Unit and marginal VaRs, component VaRs and parametric VaRs used alongside the Monte Carlo VaR in order to provide a complete picture of the various residual risks.

Procedures for position size adjustment in case of breaches of assigned limits are enforced across the Group and traders are monitored on a daily basis.

### ***Credit Risk***

Credit risk primarily encompasses the risk of non-payment (where goods are delivered but payment not received) and performance risk (where the counter-party does not fulfill its contract for whatever reason including due to volatile market prices).

As a general principle, the Group strives to avoid or pass on risk of non-payment. Where possible, this risk is mitigated and passed on to third parties. Retention of some credit risk, where unavoidable, is strictly limited to what is considered appropriate by the Credit Risk Department and/or the Risk Committee.

As a policy, the Group will always seek to manage credit risk by applying strict internal procedures ranging from systematic credit risk assessment to monitoring and control exposures.

The Group's global credit risk management system enables the Group to monitor exposures to all counterparties across commodity Platforms on a consolidated basis.

### ***Trade Finance and Country Risk***

Any firm or individual conducting cross-border transactions is exposed to country risk associated with a country's overall political, economic, financial, regulatory and commercial situation.

As a general principle, the Group seeks to avoid country risk: exceptions require approval by the Risk Committee and are monitored on a regular basis. Trade finance specialists seek to mitigate political, country and third-party risks.

While it is not the Group's policy to extend financing to its counterparties, except in particular and specific circumstances, it may seek to obtain trade financing for its counterparties by putting in place trade structures where both the funding and the risks are deferred to financial institutions on a no-recourse or limited recourse basis for the Group.

Storage of commodities in emerging markets presents specific risks and is coordinated and monitored by trade finance specialists working in conjunction with the insurance and credit risk specialists.

Each contract has an associated payment term. The vast majority of transactions are concluded on secure cash payment terms. In certain circumstances the Group may provide credit. Depending on the terms, the Group could be exposed to varying amounts of risk when the payment for the contract becomes due. Trade finance and credit risk specialists review any non-standard payment terms within a commercial contract.

### ***Physical Risk***

It is the Group's policy to cover its insurable risks. Principal areas where the use of insurance is systematic include: general and specific liability, property, marine and cargo, travel and vehicles.

All insurance is contracted in conjunction with the Insurance Department. Where permitted and advantageous for the Group, global policies are put in place and managed centrally in order to ensure optimal coverage for the Group. All fixed assets, transport and storage of commodities are systematically insured both for damage and liability.

### ***Liquidity and Funding Risk***

Access to liquidity and managing working capital and margin posting requirements is fundamental to the operation of the Group's business.

The Group ensures that sufficient headroom is preserved at all levels (corporate and Platform levels) through a system which requires Platforms to maintain a liquidity reserve within their working capital allocation to meet exceptional market conditions.

Line availability is controlled both locally and centrally by the Treasury Department with the head of treasury in charge of relaying potential systemic or worrying macro issues/situations to the Risk Committee.

Central and local minimum cash reserves are monitored on a daily basis and residual funding capacity is monitored against cash flow forecasts. In order to ensure sufficient liquidity to meet business requirements, twelve-month rolling cash flow forecasts are updated by regions on a monthly basis, providing an outlook on the commercial cash flows anticipated by the Platforms. In stress situations, particular businesses are required to reduce line usage.

These projections are completed by a daily measurement of the treasury VaR, anticipating the maximum margin calls that each regional treasury may have to face. A daily VaR measure of the positions subject to margin calls is performed by the Market Risk Department and reported through the Treasury VaR report to the Treasury Department and the Group's senior management.

### ***Foreign Exchange Risk***

As a general principle, all the Group's subsidiaries conduct their operations in their functional currencies.

In cases where foreign exchange exposure arising from the purchase and sale of products in non-functional currencies is unavoidable, the Group uses financial instruments to hedge the foreign exchange exposure. Forex Forwards and Forex Non-Deliverable-Forwards (NDFs) are the preferred hedging instruments. Where such instruments are not available, the Group will attempt to create natural hedging arrangements by matching the value of sales and purchases in the given currency. The Finance Platform or local treasury departments are in charge of these operations. Any exceptions to this policy require approval by a senior management committee, the Long Term Hedge Committee ("LTHC").

The Group owns assets and equity participations in various geographies, and is consequently exposed to foreign exchange risk on the equity shares in its subsidiaries. This risk is somewhat mitigated by a diversification effect, as the Group's activities are diversified and assets and equity are spread throughout multiple geographies.

Foreign exchange risk arising from overhead and fixed costs is hedged from zero to twelve months. The number of months to be hedged is defined per currency and updated on a regular basis, and monitored by the LTHC.

### ***Operational Risk***

The task of the operational risk team is to measure and help mitigate the risk of direct loss or reputational damage arising from shortcomings or failures in internal processes, frauds or systems breakdowns in the Group's trading activity.

It focuses its effort on key trading operational risk principles, such as timely trade capture, using dedicated monitoring tools and working closely with traders. It tracks operational risk related incidents and losses worldwide and engages with the different departments to put loss limitation measures in place and identify mitigants.

### ***Internal Audit***

The internal audit team is structured by region and can audit trading desks, physical assets, and departments as well as performing transversal reviews or risk assessments.

## Management and Shareholders

### Management Bodies

The management structure of Louis Dreyfus Company consists of a Supervisory Board at the level of its indirect parent, LDCH B.V. (the “**LDCH B.V. Supervisory Board**”), a Managing Board at the Louis Dreyfus Company level (the “**Managing Board**”) and an operational management team at the Louis Dreyfus Company level (the “**LDC Senior Leadership Team**”).

The LDCH BV Supervisory Board is made up of Margarita Louis-Dreyfus (Non-Executive Chairperson), Jean-René Angeloglou, Michel Demaré, Mehdi El Glaoui, and Dr. Jörg Wolle.

Specialized committees have been put in place at the level of Louis Dreyfus Company Holdings BV, which report to the LDCH BV Supervisory Board. These committees are the LDCH BV Audit Committee; the LDCH BV Strategy Committee; and the LDCH BV Compensation, Nomination and Governance Committee. These committees monitor and regulate the activities of LDCH BV’s consolidated group as a whole, including Louis Dreyfus Company. The LDCH BV Audit Committee is made up of Jean-René Angeloglou (Chairperson), Mehdi El Glaoui and Michel Demaré (interim). The LDCH BV Strategy Committee is made up of Michel Demaré (Chairperson), Margarita Louis-Dreyfus and Dr. Jörg Wolle. The LDCH BV Compensation, Nomination and Governance Committee is made up of Dr. Jörg Wolle (Chairperson), Michel Demaré and Margarita Louis-Dreyfus.

The Louis Dreyfus Company’s’ Managing Board is made up of Gonzalo Ramirez Martiarena and Johannes Schol.

Day-to-day operational functions are carried out by the Louis Dreyfus Company Executive Group. The composition of the Executive Group is as follows (at the date of this Prospectus):

Gonzalo Ramirez Martiarena	Chief Executive Officer
Paul Akroyd	Head, Metals Platform
Juan-José Blanchard	Head, Fertilizers and Inputs Platform
Tim Bourgois	Head, Cotton Platform
Miguel Catella	Head, Finance Platform
Federico Cerisoli	Interim Chief Financial Officer <sup>40</sup>
Laurent Develle	Chief Legal Officer
Jean-Marc Foucher	Head, Dairy Platform
Tim Harry	Head, Business Development
Adrian Isman	Senior Head, Juice and Merchandizing Platforms Head, North America Region
Sébastien Landerretche	Head, Freight Platform
Murilo Parada	Head, North Latin America Region
Nigel Mamalis	Advisor to the CEO

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<sup>40</sup> Mr. Cerisoli will be replaced as CFO on a permanent basis by Armand Lumens and Mr. Cerisoli will become Deputy CFO and Chief Controlling and Accounting Officer, each effective 1 March 2017 (see “Recent Developments”).

Andrea Maserati	Senior Head of Functions and Regions Global HR Director
Guy de Montulé	Head, Rice Platform
Mikael Mörn	Head, Coffee Platform
Joe Nicosia	Senior Head, Cotton and Merchandizing Platforms
Jaime O'Donahue	Head, Asia Region
David Ohayon	Senior Head, Grains and Value Chain Platforms Head, EMEA Region
Javier Racciatti	Head, South and West Latin America region Regional Head of Oilseeds, South and West Latin America
André Roth	Senior Head, Oilseeds and Value Chain Platforms Chairman, North Latin America Region
Anthony Tancredi	Head, Sugar Platform
Patrick Treuer	Global Head of Strategy

The business address of the members of the LDC Managing Board, the LDCH BV Supervisory Board and the Louis Dreyfus Company Executive Group is Westblaak 92, 3012KM Rotterdam, The Netherlands.

Michel Demaré is the Chairman and Non-Executive Director of Syngenta AG. This company and certain of its affiliates are currently parties to a litigation involving the Group, as described in “Description of Business – Litigation” and Note 27 to the Interim Financial Statements (page F-40). None of the other members of the LDC Managing Board or the LDCH BV Supervisory Board or the Louis Dreyfus Company Executive Group has activities outside LDC, which are significant with respect to LDC. The LDCH BV Supervisory Board has implemented appropriate processes and procedures for the effective management of conflicts. Other than this case, LDC is not aware of any conflicts of interest between any duties to LDC of the members of the LDC Managing Board or LDCH BV Supervisory Board or the Louis Dreyfus Company Executive Group and their private interests or other duties.

### **Shareholders**

As at the date of this Prospectus, the share capital of LDC is U.S.\$1 million (at a historical conversion rate of €1.00 equaling U.S.\$1,438) consisting of 100,000,000 issued and full-paid ordinary shares of Euro 0.01 nominal value each. The ordinary shares of LDC are 100 per cent. held by Louis Dreyfus Company Netherlands Holding BV, a wholly owned subsidiary of LDCH BV. LDCH BV is an indirect subsidiary of Louis Dreyfus Holding B.V. a privately owned Dutch company controlled by the family foundation established by Robert Louis-Dreyfus. As at 31 December 2015, an economic interest of approximately 10 per cent. in LDCH BV was held by employees and management of LDC as part of the employee participation plan described above (See “Description of Business – Employees”).

See “Management Bodies” above for certain arrangements that have been put in place at the LDCH BV level to ensure that shareholder control is not abused. LDC is not aware of any arrangements which may result in a change of control of LDC.



## **Use of Proceeds**

The net proceeds of the issue of the Bonds will be used for general corporate purposes of the Group, investments in accordance with the Group's investment strategy and refinancing of existing indebtedness. Total expenses incurred in connection with the admission to trading of the Bonds will be EUR 3,100.

## Taxation

*The statements herein regarding taxation are based on the laws in force as at the date of this Prospectus and are subject to any changes in law. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of, the Bonds. Each prospective holder or beneficial owner of Bonds should consult its tax adviser as to the tax consequences of any investment in, or ownership, disposition of and receiving payment of interest, principal and/or other amounts under the Bonds.*

### The Netherlands

#### General

The following is a general summary of certain material Netherlands tax consequences of the acquisition, holding and disposal of the Bonds. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or prospective holder of Bonds and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as trusts or similar arrangements) may be subject to special rules. In view of its general nature, it should be treated with corresponding caution. Holders or prospective holders of Bonds should consult with their tax advisers with regard to the tax consequences of investing in the Bonds in their particular circumstances. The discussion below is included for general information purposes only.

Except as otherwise indicated, this summary only addresses Netherlands national tax legislation and published regulations, whereby The Netherlands means the part of the Kingdom of the Netherlands located in Europe, as in effect on the date hereof and as interpreted in published case law until this date, without prejudice to any amendment introduced at a later date and implemented with or without retroactive effect.

#### Withholding tax

Payments under the Bonds will not be subject to withholding or deduction for, or on account of, any Netherlands taxes.

#### Taxes on income and capital gains

Please note that the summary in this section does not describe The Netherlands tax consequences for:

- (i) holders of Bonds if such holders, and in the case of individuals, his/her partner or certain of their relatives by blood or marriage in the direct line (including foster children), have a substantial interest or deemed substantial interest in the Issuer under The Netherlands Income Tax Act 2001 (in Dutch: "*Wet inkomstenbelasting 2001*"). Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of individuals, together with his/her partner (as defined in The Netherlands Income Tax Act 2001), directly or indirectly, holds (i) an interest of 5 per cent. or more of the total issued and outstanding capital of that company or of 5 per cent. or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) rights to acquire, directly or indirectly, such interest; or (iii) certain profit sharing rights in that company that relate to 5 per cent. or more of the company's annual profits and/or to 5 per cent. or more of the company's liquidation proceeds. A deemed substantial interest may arise if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis;
- (ii) pension funds, investment institutions (in Dutch: "*fiscale beleggingsinstellingen*"), exempt investment institutions (in Dutch: "*vrijgestelde beleggingsinstellingen*") (as defined in The Netherlands Corporate Income Tax Act 1969; in Dutch: "*Wet op de vennootschapsbelasting 1969*") and other entities that are, in whole or in part, not subject to or exempt from Netherlands corporate income tax; and

- (iii) holders of Bonds who are individuals for whom the Bonds or any benefit derived from the Bonds are a remuneration or deemed to be a remuneration for activities performed by such holders or certain individuals related to such holders (as defined in The Netherlands Income Tax Act 2001).

#### *Residents of The Netherlands*

Generally speaking, if the holder of the Bonds is an entity that is a resident or deemed to be resident in The Netherlands for Netherlands corporate income tax purposes, any payment under the Bonds or any gain or loss realized on the disposal or deemed disposal of the Bonds is subject to Netherlands corporate income tax at a rate of 25 per cent. (a corporate income tax rate of 20 per cent. applies with respect to taxable profits up to €200,000, the bracket for 2017).

If a holder of the Bonds is an individual, resident or deemed to be resident in The Netherlands for Netherlands income tax purposes, any payment under the Bonds or any gain or loss realized on the disposal or deemed disposal of the Bonds is taxable at the progressive income tax rates (with a maximum of 52 per cent.), if:

- (i) the Bonds are attributable to an enterprise from which the holder of the Bonds derives a share of the profit, whether as an entrepreneur or as a person who has a co-entitlement to the net worth (in Dutch: "*medegerechtigd tot het vermogen*") of such enterprise without being a shareholder (as defined in The Netherlands Income Tax Act 2001); or
- (ii) the holder of the Bonds is considered to perform activities with respect to the Bonds that go beyond ordinary asset management (in Dutch: "*normaal, actief vermogensbeheer*") or derives benefits from the Bonds that are (otherwise) taxable as benefits from other activities (in Dutch: "*resultaat uit overige werkzaamheden*").

If the above-mentioned conditions (i) and (ii) do not apply to the individual holder of the Bonds, such holder will be taxed annually on a deemed variable return (with a current maximum of 5.39 per cent.) of his/her net investment assets for the year at an income tax rate of 30 per cent. The net investment assets for the year are the fair market value of the investment assets less the allowable liabilities on 1 January of the relevant calendar year. The Bonds are included as investment assets. A tax free allowance may be available. Actual income, gains or losses in respect of the Bonds are not subject to Netherlands income tax.

For the year 2017, a deemed return between 2.87 per cent. and 5.39 per cent. is applied to the net investment assets on 1 January 2017 (depending on the amount of the net investment assets on 1 January 2017). The deemed, variable return will be adjusted annually.

#### *Non-residents of The Netherlands*

A holder of the Bonds that is neither resident nor deemed to be resident in The Netherlands will not be subject to Netherlands taxes on income or capital gains in respect of any payment under the Bonds or in respect of any gain or loss realized on the disposal or deemed disposal of the Bonds, provided that:

- (i) such holder does not have an interest in an enterprise or deemed enterprise (as defined in The Netherlands Income Tax Act 2001 and The Netherlands Corporate Income Tax Act 1969) which, in whole or in part, is either effectively managed in The Netherlands or carried on through a permanent establishment, a deemed permanent establishment or a permanent representative in The Netherlands and to which enterprise or part of an enterprise the Bonds are attributable; and
- (ii) in the event the holder is an individual, such holder does not carry out any activities in The Netherlands with respect to the Bonds that go beyond ordinary asset management and does not derive benefits from the Bonds that are taxable as benefits from other activities in The Netherlands.

## **Gift and inheritance taxes**

### *Residents of The Netherlands*

Gift or inheritance taxes will arise in The Netherlands with respect to a transfer of the Bonds by way of a gift by, or on the death of, a holder of such Bonds who is resident or deemed resident of The Netherlands at the time of the gift or his/her death.

### *Non-residents of The Netherlands*

No Netherlands gift or inheritance taxes will arise on the transfer of Bonds by way of gift by, or on the death of, a holder of Bonds who is neither resident nor deemed to be resident in The Netherlands, unless:

- (i) in the case of a gift of a Bond by an individual who at the date of the gift was neither resident nor deemed to be resident in The Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in The Netherlands; or
- (ii) the transfer is otherwise construed as a gift or inheritance made by, or on behalf of, a person who, at the time of the gift or death, is or is deemed to be resident in The Netherlands.

For purposes of Netherlands gift and inheritance taxes, amongst others, a person that holds The Netherlands nationality will be deemed to be resident in The Netherlands if such person has been resident in The Netherlands at any time during the 10 years preceding the date of the gift or his/her death. Additionally, for purposes of Netherlands gift tax, amongst others, a person not holding The Netherlands nationality will be deemed to be resident in The Netherlands if such person has been resident in The Netherlands at any time during the 12 months preceding the date of the gift. Applicable tax treaties may override deemed residency.

## **Value added tax (VAT)**

No Netherlands VAT will be payable by the holders of the Bonds on any payment in consideration for the issue of the Bonds or with respect to the payment of interest or principal by the Issuer under the Bonds.

## **Other taxes and duties**

No Netherlands registration tax, stamp duty or any other similar documentary tax or duty will be payable by the holders of the Bonds in respect or in connection with the issue of the Bonds or with respect to the payment of interest or principal by the Issuer under the Bonds.

## **Luxembourg**

The comments below are intended as a basic overview of certain tax consequences in relation to the purchase, ownership and disposition of the Bonds under Luxembourg law and do not purport to be complete or exhaustive. Persons who are in any doubt as to their tax position should consult a professional tax adviser. This description is not intended to constitute tax or legal advice by the Issuer.

## **Withholding tax**

### ***Luxembourg non-resident Bondholders***

Under Luxembourg tax law currently in effect, there is no withholding tax on payments of interest (including accrued but unpaid interest) to Luxembourg non-resident Bondholders. There is also no Luxembourg withholding tax upon repayment of the principal in case of reimbursement, redemption, repurchase or exchange of the Bonds, to the extent the said Bonds do not (i) give entitlement to a share of the profits generated by the issuing company and (ii) the issuing company is not thinly capitalized.

## ***EU Savings Directive and automatic exchange of information***

The Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments (the “**EU Savings Directive**”) has been repealed with effect from 1 January 2016.

Under the law of 18 December 2015 (the “**Law**”) implementing (i) Council Directive 2014/107/EU amending and extending the scope of Directive 2011/16/EU of 15 February 2011 on administrative cooperation in the field of taxation (the “**DAC2**”) and (ii) the OECD Common Reporting Standard (the “**CRS**”), Luxembourg reporting financial institutions, as defined in the Law, are required to provide to the fiscal authorities of other EU Member States and jurisdictions participating with the CRS, details of payments of interest, dividends and similar type of income, gross proceeds from the sale of financial assets and other income, and account balances held on reportable accounts, as defined in the DAC2 and the CRS, of account holders residents of, or established in, an EU Member State and certain dependent and associated territories of EU Member States or in a jurisdiction which has introduced the CRS in its domestic law.

Investors should consult their own tax advisor with respect to the application of the DAC2 and the CRS in light of their own individual circumstances.

### ***Luxembourg resident Bondholders***

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005, as amended (hereinafter “**RELIBI Law**”), there is no withholding tax to be withheld on payments of principal, premium or arm's length interest (including accrued but unpaid interest) to Luxembourg tax resident Bondholders. Nor is any Luxembourg withholding tax payable upon redemption or repurchase of Bonds held by Luxembourg tax resident Bondholders to the extent the said Bonds do not (i) give entitlement to a share of the profits generated by the issuing company and (ii) the issuing company is not thinly capitalized.

According to the RELIBI Law, a 20 per cent. withholding tax is levied on interest payments made or ascribed by Luxembourg paying agents (as defined in the RELIBI Law) to or for the immediate benefit of Luxembourg individual resident beneficial owners. This withholding tax represents the final tax liability for the Luxembourg individual resident taxpayers receiving the payment in the course of the management of their private wealth. Responsibility for the withholding tax will be assumed by the Luxembourg paying agent.

An individual beneficial owner resident in Luxembourg, acting within the course of the management of its private wealth, may opt for the final withholding of 20 per cent. on eligible interest income received from a paying agent established in an EU Member State (other than Luxembourg) or an EEA State (Iceland, Liechtenstein and Norway). In if such option is exercised, such interest does not need to be reported in the annual tax return.

### **Income Tax**

A Bondholder will not be subject to Luxembourg taxation with respect to payments of principal or interest (including accrued but unpaid interest), payments received upon redemption, repurchase or exchange of the Bonds or capital gains realised upon disposal or repayment of the Bonds, unless:

- (i) the Bondholder is, or is deemed to be, resident of Luxembourg for Luxembourg tax assessment purposes; or
- (ii) such income or gain is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg;

Luxembourg resident corporate holders of Bonds that are companies benefiting from a special tax regime (such as (i) family wealth management companies subject to the law of 11 May 2007, (ii) undertakings for collective investment subject to the law of 17 December 2010, (iii) specialised investment funds subject to the law of 13 February 2007 or (iv) reserved alternative investment funds subject to the law of 23 July 2016 that did not foresee in their incorporation documents that their exclusive object is the investment in risk capital and that article 48 of the aforementioned law applies) are tax exempt entities in Luxembourg, and are thus not subject to any Luxembourg tax (i.e., corporate income tax, municipal business tax and net wealth tax) other than the subscription tax calculated on their share capital or net asset value.

### **Net Worth Tax**

Luxembourg net worth tax will not be levied on a Bondholder unless:

- (i) the Bondholder is, or is deemed to be, a corporate entity being a resident in Luxembourg for Luxembourg tax assessment purposes, except, under certain circumstances, if the Bondholder is governed by any of the following: (i) the law of 17 December 2010 on undertakings for collective investment, (ii) the law of 11 May 2007 on the *Société de Gestion de Patrimoine Familial*, (iii) the law of 13 February 2007 on specialized investment funds or (iv) the law of 23 July 2016 on reserved alternative investment funds. If the Bondholder is governed by the law of 22 March 2004 on securitization or the law of 15 June 2004 on the investment company in risk capital, it will only be subject to the minimum net worth tax, which amount depends on the composition of the balance sheet; or
- (ii) such Bond is attributable to an enterprise or part thereof which is carried on through a permanent establishment or a permanent representative in Luxembourg;

### **Gift or inheritance taxes**

Luxembourg gift or inheritance taxes will not be levied on the occasion of the transfer of Bonds by way of gift by, or on the death of, a Bondholder unless:

- (i) the Bondholder is, or is deemed to be, resident of Luxembourg for Luxembourg tax assessment purposes at the time of the transfer of the Bonds upon death; or
- (ii) the transfer of the Bonds by way of a gift by the Bondholder is registered in Luxembourg;

### **Registration duties**

Neither the issuance nor the transfer of Bonds will give rise to any Luxembourg stamp duty, issuance tax, registration tax, transfer tax or similar taxes or duties. Notwithstanding, documents relating to the Bonds, other than the Bonds themselves, presented in a notarial deed or in the course of litigation may require registration. In this case, and based on the nature of such documents, registration duties may apply.

### **Value Added Tax (VAT)**

There is no Luxembourg value added tax payable in respect of payments in consideration of the issue of the Bonds or in respect of payments of interest or principal under the Bonds or the transfer of the Bonds.

### **Tax residency**

A Bondholder will not become resident, or deemed to be resident, in Luxembourg by reason only of the holding of a Bond or the execution, performance, delivery and/or enforcement of the Bond.

## Subscription and Sale

BNP Paribas, Cr dit Agricole Corporate and Investment Bank, Credit Suisse Securities (Europe) Limited and HSBC Bank plc (together, the “**Joint Lead Managers**”) have, pursuant to a Subscription Agreement dated 3 February 2017, jointly and severally agreed with the Issuer, subject to the satisfaction of certain conditions, to subscribe the Bonds at 99.445 per cent. of their principal amount less certain fees and commissions. The Issuer has agreed to reimburse the Joint Lead Managers for certain of their expenses in connection with the issue of the Bonds. The Subscription Agreement entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

### Selling Restrictions

#### General

Neither the Issuer nor any Joint Lead Manager has made any representation that any action will be taken in any jurisdiction by the Joint Lead Managers or the Issuer that would permit a public offering of the Bonds, or possession or distribution of this Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the Bonds (including roadshow materials and investor presentations), in any country or jurisdiction where action for that purpose is required. Each Joint Lead Manager has agreed that it will comply to the best of its knowledge with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Bonds or has in its possession or distributes this Prospectus (in preliminary, proof or final form) or any related offering material, in all cases at its own expense.

#### United States

The Bonds have not been and will not be registered under the Securities Act and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Bonds are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Joint Lead Manager has represented and agreed that, except as permitted by the Subscription Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Bonds, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date (as defined in the Subscription Agreement) within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Bonds during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Bonds within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Bonds within the United States by a dealer, whether or not participating in the offering, may violate the registration requirements of the Securities Act.

## United Kingdom

Each Joint Lead Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Bonds in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

## The Netherlands

In relation to The Netherlands, each of the Joint Lead Managers has represented and agreed that it has not made and will not make any offer of Bonds which are the subject of the offering contemplated by this Prospectus in The Netherlands, unless such offer is made exclusively to persons or entities which are qualified investors (*gekwalificeerde beleggers*) (as defined in the Dutch Financial Supervision Act (*Wet op het financieel toezicht*)).

## France

Each of the Joint Lead Managers has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Bonds to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Prospectus or any other offering material relating to the Bonds, and that such offers, sales and distributions have been and will be made in France only to (a) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*) acting for their own accounts, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

The direct or indirect distribution to the public in France of any Bonds so acquired may be made only as provided by Articles L.411-1 to L.411-4 of the French *Code monétaire et financier* and applicable regulations thereunder.

## Singapore

Each of the Joint Lead Managers has acknowledged that this Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore (“**MAS**”) and the Bonds will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore, as amended (the “**SFA**”). Accordingly, each of the Joint Lead Managers has represented, warranted and agreed that they have not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell such Bonds or cause such Bonds to be made the subject of an invitation for subscription or purchase, and have not circulated or distributed, nor will they circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, whether directly or indirectly, to persons in Singapore other than: (i) to an institutional investor under Section 274 of the SFA; (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:



- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor;
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor;

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor, or to a relevant person defined in Section 275(2) of the SFA or to any person arising from an offer referred to in Section 276 (4)(i)(B) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 32 of the Securities and Futures (Offers and Investments) (Shares and Debentures) Regulations 2005 of Singapore.

### **Hong Kong**

Each Joint Lead Manager has acknowledged that this Prospectus has not been approved or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong and each Joint Lead Manager has represented, warranted and undertaken to the Issuer and each other Joint Lead Manager that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding-up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**Companies Ordinance**") or which do not constitute an offer to the public within the meaning of the Companies Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

### **Switzerland**

This Prospectus is not intended to constitute an offer or solicitation to purchase or invest in the Bonds described herein. The Bonds may not be publicly offered, sold or advertised, directly or indirectly in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Bonds constitutes a Prospectus as such term is understood pursuant to article 652a or 1156 of the Swiss Code of Obligations or a listing prospectus

within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland and, neither this Prospectus nor any other offering or marketing material relating to the Bonds may be publicly distributed or otherwise made publicly available in Switzerland.

## General Information

1. Application has been made to the Luxembourg Stock Exchange for the Bonds to be admitted to the Official List and to be admitted to trading on the Luxembourg Stock Exchange's regulated market.
2. The Issuer has obtained all necessary consents, approvals and authorisations in The Netherlands in connection with the issue and performance of the Bonds. The issue of the Bonds was authorized by the managing board (*bestuur*) of the Issuer in a resolution adopted on 21 October 2016.
3. There has been no significant change in the financial or trading position of the Issuer since 30 June 2016 and no material adverse change in the prospects of the Issuer or of the Group since 31 December 2015.
4. The Bonds have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems with a Common Code of 156099163. The International Bonds Identification Number (ISIN) for the Bonds is XS1560991637. The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.
5. Except as disclosed on page 80 of this Prospectus, neither the Issuer nor the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the 12 months preceding the date of this Prospectus which may have or has had in the recent past significant effects on the financial position or profitability of the Issuer or the Group.
6. Each Bond and Coupon will bear the following legend: "*Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code*".
7. There are no material contracts entered into other than in the ordinary course of the Issuer's business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's ability to meet its obligations to Bondholders in respect of the Bonds.
8. No person involved in the Issue of the Bonds has an interest, including a conflicting one, which could be material to the issue of the Bonds.
9. Where information in this Prospectus has been sourced from third parties, this information has been accurately reproduced and, as far as the Issuer is aware and is able to ascertain from the information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third-party information is identified where used.
10. Copies (and English translations where the documents in question are not in English) of the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the office of the Fiscal Agent:
  - (a) the Agency Agreement (which includes the form of the Global Bonds, the definitive Bearer Bonds and the Coupons);
  - (b) the consolidated financial statements of the Group as at, and for the six month period ended, 30 June 2016 and as at, and for the two years ended, 31 December 2015 and 2014;
  - (c) the Articles of Association of the Issuer; and

- (d) a copy of this Prospectus together with any Supplement to this Prospectus or further Prospectus.

This Prospectus will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

11. Deloitte & Associés of 185 avenue Charles de Gaulle, 92200 Neuilly sur Seine, France (Independent Public Accountants and a member of *Compagnie Régionale des Commissaires aux Comptes de Versailles*, France) have audited and rendered unqualified audit reports on the accounts of the Issuer for the years ended 31 December 2015 and 2014.
12. Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer, and/or its affiliates in the ordinary course of business for which they may receive fees.
13. The yield of the Bonds is 4.125 per cent. on an annual basis. The yield is calculated as at the Issue Date on the basis of the issue price. It is not an indication of future yield.

**Index to the Consolidated Financial Statements of Louis Dreyfus Company B.V.  
(previously known as Louis Dreyfus Commodities B.V.)**

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# AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

Period from 1 January 2016 to 30 June 2016

**TO THE MANAGING DIRECTORS OF LOUIS DREYFUS COMPANY B.V.**

## **INTRODUCTION**

We have reviewed the accompanying interim condensed consolidated financial statements of Louis Dreyfus Company B.V. and subsidiaries as of 30 June 2016, which comprise the interim consolidated balance sheet, interim consolidated income statement, interim consolidated statement of comprehensive income, interim consolidated statement of cash flows and interim consolidated statement of changes in equity for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with the principles of valuation, accounting and presentation of IAS 34 – standard of IFRS as adopted by the European Union applicable to interim financial information. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

## **SCOPE OF REVIEW**

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

## **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements as of 30 June 2016 are not prepared, in all material respects, in accordance with the principles of valuation, accounting and presentation of IAS 34 – standard of IFRS as adopted by the European Union applicable to interim financial information.



Neuilly-sur-Seine, France, 27 September 2016

**Deloitte & Associés**

François Buzy

# INTERIM CONSOLIDATED INCOME STATEMENT

Period from 1 January 2016 to 30 June 2016

(in millions of US dollars)	Notes	30 June 2016 6 months	30 June 2015 6 months
Net sales	23	\$23,527	\$26,393
Cost of sales		(22,991)	(25,742)
<b>Gross Margin</b>		<b>536</b>	<b>651</b>
Commercial and administrative expenses		(322)	(368)
Finance costs, net	24	(79)	(100)
Share of profit (loss) in investments in associates and joint ventures, net	6	10	(13)
Gain on investments	26	–	6
Gain on sale of fixed assets		4	–
Other gains		2	1
<b>Income before tax</b>		<b>151</b>	<b>177</b>
Current taxes	20	(122)	(56)
Deferred taxes	20	107	7
<b>Net income</b>		<b>\$136</b>	<b>\$128</b>
Attributable to:			
<b>Owners of the Company</b>		<b>135</b>	<b>130</b>
Non-controlling Interests		\$1	\$(2)

# INTERIM CONSOLIDATED BALANCE SHEET

Period from 1 January 2016 to 30 June 2016

(in millions of US dollars)	Notes	30 June 2016	31 December 2015
<b>Non-Current Assets</b>			
Intangible assets	4	\$255	\$252
Property, plant and equipment	5	3,607	3,621
Investments in associates and joint ventures	6	220	190
Other investments, deposits and sundry	7	986	650
Deferred income tax assets	20	297	293
<b>Total Non-Current Assets</b>		<b>5,365</b>	<b>5,006</b>
<b>Current Assets</b>			
Inventories	8	5,706	5,060
Biological assets	9	57	49
Trade and other receivables	11	5,003	4,771
Derivative assets	10	1,758	1,444
Margin deposits	10	1,292	935
Current income tax assets		63	65
Financial advances to related parties	30	19	17
Available-for-sale financial assets	12	24	23
Other financial assets at fair value through profit and loss	13	363	315
Cash and cash equivalents	14	549	901
<b>Total Current Assets</b>		<b>14,834</b>	<b>13,580</b>
Held-for-sale non-current assets and group of assets		2	6
<b>Total Assets</b>		<b>\$20,201</b>	<b>\$18,592</b>



(in millions of US dollars)	Notes	30 June 2016	31 December 2015
<b>Equity</b>			
Issued capital and share premium		\$1,587	\$1,587
Perpetual capital securities		350	350
Retained earnings		3,134	3,051
Other reserves		(117)	(139)
<b>Equity attributable to Owners of the Company</b>		<b>\$4,954</b>	<b>\$4,849</b>
<i>Equity attributable to Non-controlling Interests</i>		15	14
<b>Total Stockholders' Equity and Non-controlling Interests</b>	<b>15</b>	<b>\$4,969</b>	<b>\$4,863</b>
<b>Non-Current Liabilities</b>			
Long term debt	16	3,076	2,691
Retirement benefit obligations	18	166	164
Provisions	19	76	88
Deferred income tax liabilities	20	299	394
Other non-current liabilities	22	59	70
<b>Total Non-Current Liabilities</b>		<b>3,676</b>	<b>3,407</b>
<b>Current Liabilities</b>			
Bank loans, acceptances and commercial papers	17	5,852	5,432
Financial advances from related parties	30	306	347
Accounts payable and accrued expenses	21	3,375	3,186
Derivative liabilities	10	1,923	1,270
Provisions	19	13	15
Current income tax liabilities		87	72
<b>Total Current Liabilities</b>		<b>11,556</b>	<b>10,322</b>
<b>Total Liabilities</b>		<b>15,232</b>	<b>13,729</b>
<b>Total Equity and Liabilities</b>		<b>\$20,201</b>	<b>\$18,592</b>

# INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Period from 1 January 2016 to 30 June 2016

(in millions of US dollars)	30 June 2016 6 months			30 June 2015 6 months
	Pre-tax	Tax	Net	
<b>Net income</b>	<b>\$151</b>	<b>\$(15)</b>	<b>\$136</b>	<b>\$128</b>
<b>Items reclassified from equity to net income during the period</b>				
Cash flow hedges	3	(1)	2	19
<b>Total</b>	<b>3</b>	<b>(1)</b>	<b>2</b>	<b>19</b>
<b>Items that may be reclassified subsequently from equity to net income</b>				
Available-for-sale financial assets – change in fair value	2	–	2	6
Cash flow hedges – change in fair value	19	(7)	12	(43)
Exchange differences arising on translation of foreign operations	7	–	7	(37)
<b>Total</b>	<b>28</b>	<b>(7)</b>	<b>21</b>	<b>(74)</b>
<b>Items that will not be reclassified subsequently from equity to net income</b>				
Pensions	(1)	–	(1)	2
<b>Total</b>	<b>(1)</b>	<b>–</b>	<b>(1)</b>	<b>2</b>
<b>Changes in Other Comprehensive Income</b>	<b>\$30</b>	<b>\$(8)</b>	<b>\$22</b>	<b>\$(53)</b>
<b>Total Comprehensive Income</b>	<b>\$181</b>	<b>\$(23)</b>	<b>\$158</b>	<b>\$75</b>
Attributable to:				
<b>Owners of the Company</b>			<b>157</b>	<b>77</b>
Non-controlling Interests			1	(2)

# INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Period from 1 January 2016 to 30 June 2016

(in millions of US dollars)	<b>30 June 2016</b> <b>6 months</b>	30 June 2015 6 months
Net income	\$136	\$128
Adjustments for items not affecting cash		
Depreciation, amortization and biological assets' change in fair value	133	109
Current taxes	122	56
Deferred taxes	(107)	(7)
Interests, net	89	127
Other provisions, net	(15)	(3)
Share of profit (loss) in investments in associates and joint ventures, net of dividends	(10)	17
Gain on investments and on sale of fixed assets	(4)	(6)
Net expense arising from share based payments	36	54
	<b>380</b>	<b>475</b>
Changes in operating assets and liabilities		
Inventories	(658)	397
Derivatives	252	187
Margin deposits net of margin deposit liabilities	(366)	(370)
Trade and other receivables	(92)	(255)
Trade and other payables	233	117
Interests paid	(154)	(150)
Interests received	52	68
Income tax paid	(69)	(73)
<b>Net cash from operating activities</b>	<b>(422)</b>	<b>396</b>
<b>Investing activities</b>		
Purchase of fixed assets	(126)	(129)
Additional investments, net of cash acquired	(6)	(6)
Change in short-term securities	(37)	15
Proceeds from sale of fixed assets	11	11
Proceeds from sale of investments, net	1	9
Change in loans and advances made	(20)	–
<b>Net cash used in investing activities</b>	<b>(177)</b>	<b>(100)</b>
<b>Financing activities</b>		
Decrease in bank loans, acceptances, commercial papers and related parties advances	–	(166)
Increase in long term debt	540	382
Repayment of long term debt	(251)	(230)
Dividends paid to equity owners of the Company	(41)	(187)
Dividends paid to non-controlling interests	–	(1)
<b>Net cash used in financing activities</b>	<b>248</b>	<b>(202)</b>
Exchange difference on cash	(1)	(2)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(352)</b>	<b>92</b>
Cash and cash equivalents, at beginning of the period	901	608
<b>Cash and cash equivalents, at end of the period</b>	<b>\$549</b>	<b>\$700</b>

# INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period from 1 January 2016 to 30 June 2016

(in millions of US dollars)	Issued Capital and Share Premium	Perpetual Capital Securities	Retained Earnings	Other Reserves	Equity attributable to Owners of the Company	Equity attributable to Non- Controlling Interests	Total Equity
<b>Balance at 1 January 2015</b>	<b>\$1,587</b>	<b>\$350</b>	<b>\$3,048</b>	<b>\$(66)</b>	<b>\$4,919</b>	<b>\$16</b>	<b>\$4,935</b>
Net income			130		130	(2)	128
Other Comprehensive Income, net of tax				(53)	(53)		(53)
<b>Total Comprehensive Income</b>			<b>130</b>	<b>(53)</b>	<b>77</b>	<b>(2)</b>	<b>75</b>
Dividends			(187)		(187)	(1)	(188)
Accrued capital securities distribution, net of tax			(11)		(11)		(11)
<b>Balance at 30 June 2015</b>	<b>\$1,587</b>	<b>\$350</b>	<b>\$2,980</b>	<b>\$(119)</b>	<b>\$4,798</b>	<b>\$13</b>	<b>\$4,811</b>
<b>Balance at 1 January 2016</b>	<b>\$1,587</b>	<b>\$350</b>	<b>\$3,051</b>	<b>\$(139)</b>	<b>\$4,849</b>	<b>\$14</b>	<b>\$4,863</b>
Net income			135		135	1	136
Other Comprehensive Income, net of tax				22	22		22
<b>Total Comprehensive Income</b>			<b>135</b>	<b>22</b>	<b>157</b>	<b>1</b>	<b>158</b>
Dividends			(41)		(41)		(41)
Accrued capital securities distribution, net of tax			(11)		(11)		(11)
<b>Balance at 30 June 2016</b>	<b>\$1,587</b>	<b>\$350</b>	<b>\$3,134</b>	<b>\$(117)</b>	<b>\$4,954</b>	<b>\$15</b>	<b>\$4,969</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2016 to 30 June 2016

Louis Dreyfus Company B.V. ("LDC" or the "Company") is a privately owned company incorporated in the Netherlands on 28 December 2004. The address of its registered office is Westblaak 92, 3012 KM Rotterdam – Netherlands. It is an indirect subsidiary of Louis Dreyfus Holding B.V. ("LDH"), a privately owned Dutch company controlled by the family foundation established by Robert Louis-Dreyfus.

At 31 December 2011, LDC was a direct subsidiary of Louis Dreyfus Company Holdings B.V. ("LDCH"), a company incorporated in the Netherlands. Effective 4 December 2012, LDCH contributed all its shares and voting rights in LDC to the newly formed intermediate holding company Louis Dreyfus Company Netherlands Holding B.V. ("LDCNH").

Since December 2007, a non-controlling share of LDCH was taken by employees in the execution of the equity participation plan described in note 28.

In September 2012, LDC priced an inaugural US\$350 million, 8.25% coupon hybrid capital securities transaction. The structure of the perpetual hybrid capital securities qualifies the instrument to be classified as equity under IFRS. The securities are perpetual, but LDC has the right to redeem them in certain circumstances. They are not rated, and are listed on the Official List of the Singapore Exchange.

In 2013, LDC completed the issuance of two unrated Eurobonds: one in July for €100 million (5-year, 3.875%) and one in December for €500 million (7-year, 4%). Both instruments are listed on the Luxembourg Stock Exchange.

LDC and its subsidiaries (the "Group") is a global merchandizer of commodities and processor of agricultural goods, operating a significant network of assets around the world. The Group's activities span the entire value chain from farm to fork, across a broad range of business lines (platforms). Since 1851 the Group's portfolio has grown to include Oilseeds, Grains, Juice, Freight, Fertilizers & Inputs, Cotton, Sugar, Finance, Coffee, Rice, Dairy and Metals.

## 1. ACCOUNTING POLICIES

The consolidated financial statements of LDC are prepared in the functional currency of LDC, which is the US Dollar.

The interim condensed consolidated financial statements have been established by the Board of Directors of LDC on 27 September 2016.

The June 2016 consolidated financial statements of LDC have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the European Union at 30 June 2016. These sets of consolidated financial statements for the first half of 2016 have been prepared in accordance with IAS 34 "Interim Financial Reporting".

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

These financial statements do not include all the information required for full annual financial statements, and have to be read in conjunction with the consolidated financial statements at 31 December 2015. The accounting policies used to prepare these financial statements are the same as those used to prepare the consolidated financial statements at and for the year ended 31 December 2015, except for the adoption of new amendments, standards and interpretations at 1 January 2016 detailed below.

### NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS IN EFFECT STARTING FROM 2016

- Amendments to IAS 16 and IAS 41 "Bearer Plants". The amendments require bearer plants to be accounted for as property, plant and equipment and included within the scope of IAS 16 Property, Plant and Equipment, instead of IAS 41 Agriculture.

The Group has been applying this amendment since 1 January 2016 with the election, for the transition period to measure an item of bearer plants at its fair value at 1 January 2015 and used that fair value as its deemed cost at that date.

Going forward, the bearer plants are recorded at cost less accumulated depreciation and accumulated impairment losses.

The produce growing on bearer plants remains within the scope of IAS 41 and is thus measured at fair value less costs to sell.

The impacts on the Group's consolidated balance sheet at 1 January 2015 correspond to the reclassification of bearer plants from Biological assets to Property, plant and equipment.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2016 to 30 June 2016

The impacts on the Group's consolidated balance sheets is as follows:

- At 1 January 2015
  - An increase in assets related to property, plant and equipment with the respective decrease in the biological assets estimated at US\$205 million.
- At 31 December 2015
  - An increase in assets related to property, plant and equipment estimated at US\$196 million,
  - A decrease in biological assets recognized in balance sheet estimated at US\$196 million,
  - No impact in consolidated equity since the amounts of bearer plants and biological assets restated according to IAS 16 and IAS 41 revised are close to the amount of biological assets under IAS 41.
- Amendments to IAS 19 "Employee Benefits: Defined Benefit Plans – Employee Contributions". These amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. These amendments which should be applied for annual periods beginning on or after 1 February 2015 have had no effect on the balance sheet nor performance of the Group.
- Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortization". These amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. These amendments which should be applied for annual periods beginning on or after 1 January 2016 have had no effect on the balance sheet nor performance of the Group.
- Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations". The amendments clarifies that an entity that acquires an interest in a joint operation in which the activity constitutes a business should apply the relevant principles of business combination accounting and related disclosure requirements in IFRS 3 Business Combinations and other Standards, that do not conflict with the guidance in IFRS 11. These amendments which should be applied for annual periods beginning on or after 1 January 2016 have had no effect on the balance sheet nor performance of the Group.

In addition, IASB issued Annual Improvements to IFRSs (2010-2012 Cycle and 2012-2014 Cycle):

- Annual Improvements to IFRSs 2010-2012, applicable for annual periods beginning on or after 1 February 2015, including:
  - Amendment to IFRS 2 "Share-based Payment" clarifying the definition of vesting condition.
  - Amendment to IFRS 3 "Business Combination" clarifying the accounting for contingent consideration in a business combination.
  - Amendments to IFRS 8 "Operating Segments" clarifying that a reconciliation of the total of the reportable segments' assets to the entity's assets should be disclosed, if that amount is regularly provided to the chief operating decision maker and clarifying the requirement to disclose those factors that are used to identify the entity's reportable segments when operating segments have been aggregated.
  - Amendment to IFRS 13 "Fair value measurement" clarifying the rationale for removing from IFRS 9 "Financial Instruments" and from IAS 39 "Financial Instruments" the guidance related to the measurement of short-term receivables and payables with no stated interest rate at invoice amounts.
  - Amendment to IAS 16 "Property, Plant and Equipment" clarifying the requirements for the revaluation method in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to address concerns about the calculation of the accumulated depreciation or amortization at the date of the revaluation.
  - Amendment to IAS 24 "Related Party Disclosures" clarifying that an entity providing key management personnel services to the reporting entity is a related party of the reporting entity.
  - Amendment to IAS 38 "Intangible Assets" clarifying that for intangible assets measured using the revaluation method, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount and the accumulated amortization is calculated as the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

- Annual Improvements to IFRSs 2012-2014, applicable for annual periods beginning on or after 1 January 2016, including:
  - Amendment to IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” clarifying the application of the guidance in IFRS 5 regarding the case of a change in a disposal plan from a plan to sell a division by means of an initial public offering to a plan to spin off a division and distribute a dividend in kind to its shareholders.
  - Amendments to IFRS 7 “Financial Instruments: Disclosures” clarifying how to decide whether a servicing contract constitutes continuing involvement for the purposes of the transfer disclosure requirements and clarifying that the additional disclosure required by the amendments to IFRS 7 concerning offsetting is not specifically required for all interim periods (disclosure required only when its omission would make the condensed interim financial statements misleading).
  - Amendment to IAS 19 “Employee Benefits” clarifying that the depth of the market for high quality corporate bonds should be assessed at a currency level and not a country/regional market level.
  - Amendment to IAS 34 “Interim Financial Reporting” clarifying the meaning of disclosure of information ‘elsewhere in the interim financial report’ as used in IAS 34. Those disclosures shall be given either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statement (such as management commentary or risk report) that is available to users of the financial statements on the same terms as the interim financial statements and at the same time.

The application of these improvements had no effect on the balance sheet nor performance of the Group.

- Amendments to IAS 1 “Disclosure Initiative”. These amendments address some of the concerns expressed about existing presentation and disclosure requirements and ensure that entities are able to use judgment when applying IAS 1. These amendments which should be applied for annual periods beginning on or after 1 January 2016, have had no effect on the balance sheet nor performance of the Group.

The other improvements to IFRS and amendments to IFRS effective 1 January 2016 have had no effect on the balance sheet or performance of the Group.

The Group has not adopted any standard, interpretation or amendment, which has been issued but is not yet effective.

## **NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS APPROVED BY THE EUROPEAN UNION WITH EFFECT IN FUTURE PERIODS**

None

## **ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BY IASB BUT NOT YET APPROVED BY THE EUROPEAN UNION**

The following standards and interpretations issued by IASB are not yet approved by the European Union. Their potential impact is currently under review by the Group:

- IFRS 9 “Financial instruments”. The standard replaces IAS 39 “Financial instruments – Recognition and Measurement”. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The new Standard will come into effect at 1 January 2018 with early application permitted.
- IFRS 15 “Revenue from Contracts with Customers” including amendments to IFRS 15 “Effective date” and “Clarifications to IFRS 15”. The new standard supersedes IAS 11 “Construction Contracts” and IAS 18 “Revenue” on revenue recognition. Revenue will be recognized to depict the transfer of goods or services to customers in amounts that reflect the payment to which the company expects to be entitled in exchange for those goods or services by applying the following steps:
  - Step 1: Identify the contract with a customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The new Standard will come into effect at 1 January 2018 with early application permitted.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Period from 1 January 2016 to 30 June 2016

- IFRS 16 “Leases”. The new standard sets out the principles that both parties to a contract, i.e. the customer (‘lessee’) and the supplier (‘lessor’), apply to provide relevant information about leases in a manner that faithfully represents those transactions. To meet this objective, a lessee is required to recognize assets and liabilities arising from a lease. The new Standard will come into effect at 1 January 2019 with early application permitted for entities that apply IFRS 15 “Revenue from Contracts with Customers” at or before the date of initial application of this Standard.
- IFRS 14 “Regulatory Deferral Accounts”. The aim of this interim Standard is to enhance the comparability of financial reporting by entities that are engaged in rate-regulated activities. The standard is not applicable to the Group and therefore is expected not to have any impact on the Group’s financial statements.
- Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”. These amendments, into effect at 1 January 2016 with early application permitted, provide an exception to the consolidation requirements in IFRS 10 for investment entities.
- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
- Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”. The amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. These amendments will come into effect at 1 January 2017 with early application permitted.
- Amendments to IAS 7 “Disclosure Initiative”. The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. These amendments will come into effect at 1 January 2017 with early application permitted.
- Amendments to IFRS 2 “Classification and Measurement of Share-based Payment Transactions”. The amendments provide requirements on the accounting for:
  - the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments
  - share-based payment transactions with a net settlement feature for withholding tax obligations; and
  - a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

These amendments will come into effect at 1 January 2018 with early application permitted.

## 2. SEGMENT INFORMATION

The Group operates its business worldwide under two segments: Value Chain and Merchandizing, organized around products that have similar economic characteristics.

Each reportable segment is responsible for the farming, origination, processing, refining, storage, transport and distribution of its products (where applicable).

During the first half of 2016, the Group implemented a few changes in the composition of its two segments. Sugar and Rice platforms, previously part of the Merchandizing segment, have moved across to report into the Value Chain segment. This move enabled LDC to further increase the focus of both platforms on assets and on distribution capabilities, leveraging the significant experience of the Grains and Oilseeds platforms.

The Value Chain segment now comprises the following platforms: Oilseeds, Grains, Juice, Sugar, Rice, Fertilizers & Inputs and Freight. The first six platforms have a fully integrated asset network ranging from origination and processing to distribution. The Freight Platform supports the Group’s businesses, particularly the Grains and Oilseeds Platforms, with its international presence covering all major commodities’ flows. Products commercialized in this segment encompass commodities for both human and animal consumption.

The Merchandizing segment consists of all the Group’s platforms that have a more merchant-oriented business model: Cotton, Finance, Coffee, Dairy and Metals. These platforms’ merchandizing activities often cover a wide range of products, from raw to processed commodities. In some cases, platforms in the segment sell products under the Group’s own brands.



The financial performance of the segments is principally evaluated with reference to the Segment Operating Results, which is the Net Sales, less Cost of Sales plus Share of profit (loss) in investments in associates and joint ventures, net.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Inter-segment sales and transfers where applicable are generally valued at market.

Segment information at and for the six-month period ended 30 June 2016 is as follows:

	<b>30 June 2016</b>		
(in millions of US dollars)	Value Chain	Merchandizing	<b>Total</b>
<b>Net Sales</b>	<b>\$16,162</b>	<b>\$7,365</b>	<b>\$23,527</b>
Depreciation	(110)	(11)	<b>(121)</b>
Share of gain (loss) in investments in associates and joint ventures, net	8	2	<b>10</b>
<b>Segment Operating Results</b>	<b>\$351</b>	<b>\$195</b>	<b>\$546</b>
Commercial and administrative expenses			<b>(322)</b>
Finance costs, net			<b>(79)</b>
Others			<b>6</b>
Income taxes			<b>(15)</b>
Non-Controlling Interests			<b>(1)</b>
<b>Net income attributable to Owners of the Company</b>			<b>\$135</b>

	<b>30 June 2016</b>		
(in millions of US dollars)	Value Chain	Merchandizing	<b>Total</b>
<b>Segment Assets</b>	<b>\$13,087</b>	<b>\$4,832</b>	<b>\$17,919</b>
<b>Segment Liabilities</b>	<b>(3,909)</b>	<b>(1,389)</b>	<b>(5,298)</b>
Other Assets <sup>1</sup>			<b>2,282</b>
Other Liabilities <sup>2</sup>			<b>(9,934)</b>
<b>Total Net Assets</b>	<b>\$9,178</b>	<b>\$3,443</b>	<b>\$4,969</b>
<b>Additions to Fixed Assets<sup>3</sup></b>	<b>\$120</b>	<b>\$12</b>	<b>\$132</b>

1. Other Assets include other investments, deposits and sundry, deferred and current income tax assets, available-for-sale financial assets, other financial assets at fair value through profit and loss, cash and cash equivalents;

2. Other Liabilities include non-current liabilities, bank loans, acceptances and commercial papers, financial advances from related parties, provisions, current income tax liabilities;

3. Additions to Fixed Assets include purchase of fixed assets and additional investments net of cash acquired.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Period from 1 January 2016 to 30 June 2016

Segment information for the six-month period ended 30 June 2015, the whole year 2015 and at 31 December 2015 is as follows:

	30 June 2015		
(in millions of US dollars)	Value Chain	Merchandizing	Total
<b>Net Sales</b>	<b>\$17,768</b>	<b>\$8,625</b>	<b>\$26,393</b>
Depreciation	(95)	(10)	(105)
Share of gain (loss) in investments in associates and joint ventures, net	5	(18)	(13)
<b>Segment Operating Results</b>	<b>\$405</b>	<b>\$233</b>	<b>\$638</b>
Commercial and administrative expenses			(368)
Finance costs, net			(100)
Others			7
Income taxes			(49)
Non-Controlling Interests			2
<b>Net income attributable to Owners of the Company</b>			<b>\$130</b>

	31 December 2015		
(in millions of US dollars)	Value Chain	Merchandizing	Total
<b>Net Sales</b>	<b>\$39,735</b>	<b>\$15,998</b>	<b>\$55,733</b>
Depreciation	(200)	(22)	(222)
Share of gain (loss) in investments in associates and joint ventures, net	13	(20)	(7)
<b>Segment Operating Results</b>	<b>\$900</b>	<b>\$456</b>	<b>\$1,356</b>
Commercial and administrative expenses			(766)
Finance costs, net			(197)
Others			23
Income taxes			(205)
<b>Net income attributable to Owners of the Company</b>			<b>\$211</b>

	31 December 2015		
(in millions of US dollars)	Value Chain	Merchandizing	Total
<b>Segment Assets</b>	<b>\$11,027</b>	<b>\$5,318</b>	<b>\$16,345</b>
<b>Segment Liabilities</b>	<b>(2,892)</b>	<b>(1,564)</b>	<b>(4,456)</b>
Other Assets <sup>1</sup>			2,247
Other Liabilities <sup>2</sup>			(9,273)
<b>Total Net Assets</b>	<b>\$8,135</b>	<b>\$3,754</b>	<b>\$4,863</b>
<b>Additions to Fixed Assets<sup>3</sup></b>	<b>\$372</b>	<b>\$48</b>	<b>\$420</b>

1. Other Assets include other investments, deposits and sundry, deferred and current income tax assets, available-for-sale financial assets, other financial assets at fair value through profit and loss, cash and cash equivalents;

2. Other Liabilities include non-current liabilities, bank loans, acceptances and commercial papers, financial advances from related parties, provisions, current income tax liabilities;

3. Additions to Fixed Assets include purchase of fixed assets and additional investments net of cash acquired.

At the beginning of 2016, the Group's Europe & Black Sea and Middle East & Africa geographical areas were merged into a single "Europe, Middle East & Africa" operational unit.

Net sales by geographical destination, based on the country of incorporation of the counterparty, consist of the following for the six-month periods ended 30 June 2016 and 30 June 2015:

(in millions of US dollars)	<b>30 June 2016 6 months</b>	30 June 2015 6 months
Asia	\$10,810	\$11,869
North Latin America	1,329	1,339
South & West Latin America	1,603	1,362
Europe, Middle East & Africa <sup>1</sup>	7,011	8,817
North America	2,774	3,006
	<b>\$23,527</b>	<b>\$26,393</b>

1. Net sales to Europe & Black Sea geographical area amounted to US\$4,549 million for the first six months of 2016 (US\$6,000 million a year before).  
Net sales to Middle East & Africa geographical area amounted to US\$2,462 million for the first six months of 2016 (US\$2,817 million a year before).

The Group's fixed assets (intangible assets and property plant and equipment) are located in the following geographical areas at 30 June 2016 and 31 December 2015:

(in millions of US dollars)	<b>30 June 2016</b>	31 December 2015
Asia	\$279	\$278
North Latin America	1,197	1,205
South & West Latin America	637	639
Europe, Middle East & Africa	396	384
North America	1,353	1,367
	<b>\$3,862</b>	<b>\$3,873</b>

### 3. CHANGE IN LIST OF CONSOLIDATED COMPANIES

No significant change in list of consolidated companies occurred during the first half of 2016 neither during the year ended 31 December 2015.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Period from 1 January 2016 to 30 June 2016

## 4. INTANGIBLE ASSETS

At 30 June 2016 and 31 December 2015, intangible assets consist of the following:

(in millions of US dollars)	30 June 2016			31 December 2015		
	Gross value	Accumulated depreciation	Net value	Gross value	Accumulated depreciation	Net value
Goodwill	\$72	\$(31)	\$41	\$67	\$(28)	\$39
Other intangible assets	382	(168)	214	364	(151)	213
	<b>\$454</b>	<b>\$(199)</b>	<b>\$255</b>	<b>\$431</b>	<b>\$(179)</b>	<b>\$252</b>

Accumulated depreciation of goodwill corresponds essentially to the depreciation recorded prior to the adoption of IFRS.

Changes in net value of intangible assets, for the six-month period ended 30 June 2016 and for the year ended 31 December 2015 are as follows:

(in millions of US dollars)	30 June 2016	31 December 2015
<b>Balance at 1 January</b>	<b>\$252</b>	<b>\$238</b>
Acquisitions and additions	18	45
Depreciation of the period	(17)	(30)
Goodwill recognized through business combinations	1	–
Foreign currency translation adjustment	1	(5)
Reclassification	–	4
<b>Closing Balance</b>	<b>\$255</b>	<b>\$252</b>

## 5. PROPERTY, PLANT AND EQUIPMENT

The amounts disclosed at 31 December 2015 have been restated following the application of IAS 16 and IAS 41 “Bearer Plants” amendments. Refer to Note 1 “Accounting Policies” for more information about changes in accounting policies.

At 30 June 2016 and 31 December 2015, the consolidated property, plant and equipment, consist of the following:

(in millions of US dollars)	30 June 2016			31 December 2015		
	Gross value	Accumulated depreciation	Net value	Gross value	Accumulated depreciation	Net value
Land	\$247	\$–	\$247	\$246	\$–	\$246
Buildings	1,768	(499)	1,269	1,707	(459)	1,248
Machinery and equipment	2,632	(1,082)	1,550	2,545	(1,015)	1,530
Bearer plants	216	(24)	192	215	(19)	196
Other tangible assets	182	(121)	61	183	(117)	66
Tangible assets in process	288	–	288	335	–	335
	<b>\$5,333</b>	<b>\$(1,726)</b>	<b>\$3,607</b>	<b>\$5,231</b>	<b>\$(1,610)</b>	<b>\$3,621</b>

Changes in net value of property, plant and equipment, for the period ended 30 June 2016 and for the year ended 31 December 2015 are as follows:

(in millions of US dollars)	30 June 2016	31 December 2015
<b>Balance at 1 January</b>	<b>\$3,621</b>	<b>\$3,582</b>
Acquisitions and additions <sup>1</sup>	108	353
Disposals	(4)	(16)
Depreciation of the period	(124)	(247)
Impairment	–	(1)
Foreign currency translation adjustment <sup>2</sup>	6	(49)
Reclassification	–	(1)
<b>Closing Balance</b>	<b>\$3,607</b>	<b>\$3,621</b>

1. During the six-month period ended 30 June 2016 main acquisitions and additions included the development of a barge fleet in Brazil (North Corridor export project), as well as ongoing investments for logistic and elevation complexes in the US (West Memphis, Cahokia and Port Allen) and in the Buenos Aires province (Argentina). Also some additional investments were carried out in Azov (Russia) to increase the capacity of the grain terminal in the Don River, and in the Biodiesel plant in Lampung (Indonesia). Some improvement works were performed in our refineries in port Wentworth (US) and in Fujian (China) for refined sugar, as well as in the crushing plant in Yorkton (Canada). Ongoing investments also comprised maintenance of the Juice plant located in Matao (Brazil) as well as trees renewals in local farms.
2. The foreign currency translation adjustment recorded in 2015 was mainly due to the depreciation of Australian dollar and Euro.

## 6. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Changes in investments in associates and joint ventures for the six-month period ended 30 June 2016 and for the year ended 31 December 2015 are as follows:

(in millions of US dollars)	30 June 2016	31 December 2015
<b>Balance at 1 January</b>	<b>\$190</b>	<b>\$214</b>
Acquisitions and additional investments in associates and joint ventures <sup>1</sup>	15	7
Capital reduction <sup>2</sup>	–	(11)
Share of gain (loss)	10	(7)
Dividends	–	(4)
Change in Other Reserves <sup>3</sup>	4	(9)
Change in consolidation method	1	–
<b>Closing Balance</b>	<b>\$220</b>	<b>\$190</b>

1. In 2016 and in 2015, the Group funded some of its investments in associates and joint ventures through capital injections. In 2016, the Group made its initial capital injection into a new joint venture called Terminal Exportador de Santos S.A. located in Brazil that will operate a port concession at Santos Terminal. The Group also took a minority stake in Kromdraai Best Milling Pty Ltd that is located in South Africa and operates wheat milling assets.
2. In 2015, Amaggi & LD Com. Terminais Portuarios S.A. reduced its capital by US\$22 million, representing US\$11 million for the Group.
3. The variation in Other Reserves is mainly due to the appreciation of the Brazilian Real for the six-month period ended 30 June 2016, and to the depreciations of the Brazilian Real and the Australian dollar for the year ended 31 December 2015.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Period from 1 January 2016 to 30 June 2016

The most significant investments in associates and joint ventures are as follows:

Investment	Activity	Ownership	
		30 June 2016	31 December 2015
All Asian Countertrade, Inc (Philippines)	Sugar merchandizing	18%	18%
Amaggi & LD Commodities S.A. (Brazil)	Grain and Soya storage and processing	50%	50%
Amaggi & LD Com. Terminais Portuarios S.A. (Brazil)	Logistics facilities	50%	50%
Calyx Agro Ltd (Cayman Islands)	Land fund	29%	29%
Cisagri Holland Cooperatief U.A (Netherlands)	Logistics facilities	10%	10%
Complejo Agro Industrial Angostura S.A. (Paraguay)	Soybean crushing plant and facilities	33%	33%
Epko Oil Seed Crushing Pty Ltd (South Africa)	Sunflower seeds and maize germ crushing lines	50%	50%
Henan Huiyida Agribusiness Co., Ltd (China)	Feed mill plants	33%	33%
Kencana LDC Pte. Ltd (Singapore)	Logistics facilities	50%	50%
Kromdraai Best Milling Proprietary Ltd (South Africa)	Wheat mill plants	30%	–
LDC – GB Terminais Portuários e Participações Ltda (Brazil)	Logistics facilities	50%	50%
Namoi Cotton Alliance (Australia)	Cotton packing and marketing	49%	49%
Orient Rice Co. Ltd (Vietnam)	Rice procurement and processing	33%	33%
PT Andalan Furnindo (Indonesia)	Sugar refinery	25%	25%
TEG – Terminal Exportador Do Guarujá Ltda (Brazil)	Logistics facilities	40%	40%
TES – Terminal Exportador De Santos S.A. (Brazil)	Logistics facilities	60%	–

A summary of the financial information of the companies listed above is as follows:

Balance sheet (in millions of US dollars)	30 June 2016	31 December 2015
Non-current assets	\$851	\$743
Current assets	635	462
<b>Total Assets</b>	<b>1,486</b>	<b>1,205</b>
Non-current liabilities	208	179
Current liabilities	660	483
<b>Total Liabilities</b>	<b>868</b>	<b>662</b>
<b>Net Equity</b>	<b>618</b>	<b>543</b>
<b>Equity – Owners of the Company share</b>	<b>\$212</b>	<b>\$182</b>

<b>Income Statement</b> (in millions of US dollars)	<b>30 June 2016</b> <b>6 months</b>	30 June 2015 6 months
Revenue	\$638	\$583
Net Income	34	(16)
<b>Owners of the Company's share of gain (loss)</b>	<b>\$11</b>	<b>\$(3)</b>

Investments in associates and joint ventures can be summarized as follows:

<b>Balance Sheet</b> (in millions of US dollars)	<b>30 June 2016</b>	31 December 2015
Entities as listed above	\$212	\$182
Others entities	8	8
<b>Investment in associates and joint ventures<sup>1</sup></b>	<b>\$220</b>	<b>\$190</b>

1. The Investments in associates and joint ventures include a goodwill of US\$10 million at 30 June 2016 (US\$10 million at 31 December 2015).

<b>Income Statement</b> (in millions of US dollars)	<b>30 June 2016</b> <b>6 months</b>	30 June 2015 6 months
Entities as listed above	\$11	\$(3)
Others entities	(1)	(10)
<b>Share of gain (loss) in associates and joint ventures</b>	<b>\$10</b>	<b>\$(13)</b>

## 7. OTHER INVESTMENTS, DEPOSITS AND SUNDRY

At 30 June 2016 and 31 December 2015, Other investments, deposits and sundry consist of the following:

(in millions of US dollars)	<b>30 June 2016</b>	31 December 2015
Long term loans to associates and joint ventures	\$9	\$8
Long term loans to commercial partners	144	146
Long term deposits and advances <sup>1</sup>	800	476
Others	33	20
	<b>\$986</b>	<b>\$650</b>

1. The increase of long term deposits and advances mainly regards export prepayment agreements signed with Biosev S.A. and its subsidiaries ("Biosev", an indirect subsidiary of LDCH) regarding the 2017/2018 and 2018/2019 sugar crops. Besides, long term deposits include income tax credits in Brazil for US\$249 million at 30 June 2016 (US\$193 million at 31 December 2015) as well as judicial deposits (Refer to Note 19 – Provisions – Tax and social risks), for US\$36 million at 30 June 2016 (US\$27 million at 31 December 2015).

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Period from 1 January 2016 to 30 June 2016

## 8. INVENTORIES

At 30 June 2016 and 31 December 2015, inventories consist of the following:

(in millions of US dollars)	30 June 2016	31 December 2015
Trading inventories	\$5,044	\$4,465
Finished goods	464	415
Raw materials	204	187
<b>Inventories (gross value)</b>	<b>\$5,712</b>	<b>\$5,067</b>
Depreciation of non-trading inventories	(6)	(7)
<b>Inventories (net value)</b>	<b>\$5,706</b>	<b>\$5,060</b>

Cost of goods sold and cost of derivatives held for trading purpose are presented in cost of sales. The breakdown of this information is not meaningful due to the activity of the Group.

## 9. BIOLOGICAL ASSETS

The amounts disclosed at 31 December 2015 have been restated following the application of IAS 16 and IAS 41 "Bearer Plants" amendments. Refer to Note 1 "Accounting Policies" for more information about changes in accounting policies.

The Group owns biological assets located in Brazil. In the balance sheet, production growing from bearer plants is recorded under biological assets whereas the bearer plants are recorded in property, plant and equipment. At 30 June 2016 the Group owns 42 orange groves of which 37 are mature. Orange groves are considered immature during the first three years. Mature orange groves sustain around 17 years of production.

Changes in biological assets, for the six-month period ended 30 June 2016 and for the year ended 31 December 2015 are as follows:

(in millions of US dollars)	30 June 2016	31 December 2015
<b>Balance at 1 January</b>	<b>\$49</b>	<b>\$27</b>
Change in fair value	8	22
<b>Closing Balance</b>	<b>\$57</b>	<b>\$49</b>

## 10. FINANCIAL INSTRUMENTS

Financial instruments are subject to various risks, including market value fluctuations, foreign currency, counterparty credit and liquidity risks. In addition to managing market and foreign currency risk, the Group implemented a strong monitoring of counterparty credit and ensured the availability of sufficient cash in order to reduce its liquidity risk. At each financial period end, the Group has a policy of accruing its receivables and unrealized gains with counterparties that are deemed at risk.

### MARKET RISK

Market risk is the risk that the fair value or future cash flows of assets and liabilities held by the Group including financial instruments, physical commodities, industrial and biological assets will fluctuate due to changes in market variables such as spot and forward commodity prices, relative price spreads and volatilities and foreign exchange rates.



The Group classifies exposures to market risk into either trading or non-trading activities. The Group manages market risk for trading activities by diversifying exposures, controlling position natures, sizes and maturities, performing stress testing, monitoring risk limits under the supervision of Macro and Risk Committees. Limits are established for the level of acceptable risk at corporate level and are allocated at platform and profit center levels. The compliance with the limits is reported to Risk Committee daily.

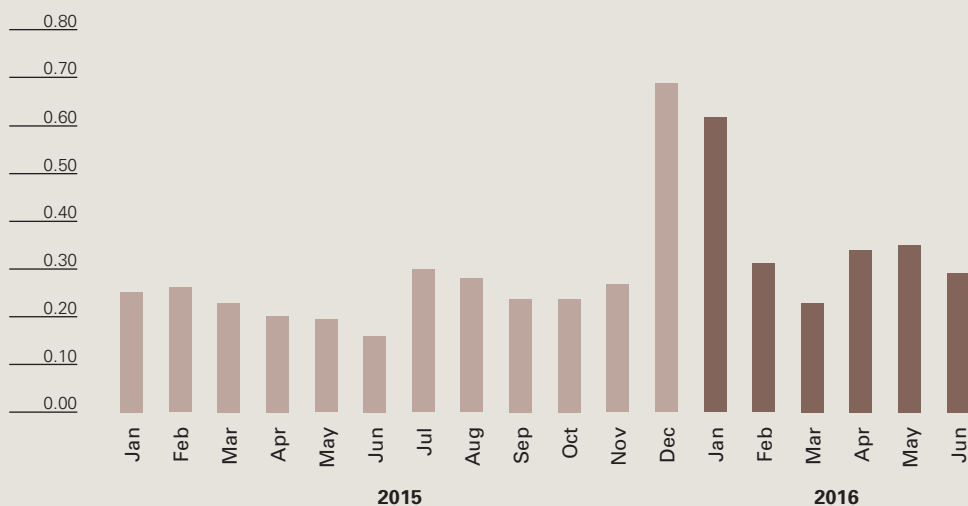
Limits are based on a daily measure of market risk exposure referred to as value at risk (VAR). The VAR that the Group measures is a model-based estimate grounded upon various assumptions such as: the returns of risk factors affecting the market environment follow a lognormal distribution, parameters are calculated by using exponentially weighted historical data in order to put more emphasis on the latest market information.

The VAR computed hence represents an estimate, with a confidence level of 95%, of the potential loss that is not expected to be exceeded should the current market risk position remain unchanged for one day. The use of 95% confidence level means that, within a one day horizon, losses exceeding the VAR figure are not expected to occur statistically more than once every twenty (trading) days.

The VAR may be under or over-estimated due to the assumptions placed on risk factors and historical correlations and volatilities in market prices, and the probability of large market moves may be underestimated per the normal distribution.

The monthly average of VAR as percentage of Group Equity corresponds to the average over a month of the VAR computed daily as percentage of Group Equity at the beginning of each quarter. It consists of the following:

#### AVERAGE VAR AS A % OF GROUP EQUITY



During the six-month period ended 30 June 2016 and the year ended 31 December 2015, the monthly average Group VAR for trading activities has been less than 1% of Stockholders' equity. The average VAR for the Group reached 0.36% over the six-month period ended 30 June 2016, compared to 0.28% over the year ended 31 December 2015.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Period from 1 January 2016 to 30 June 2016

## FOREIGN CURRENCY RISK

The Group operates internationally and is therefore exposed to changes in foreign currency exchange for its assets and liabilities denominated in a currency different from the functional currency of each entity. Each entity within the Group enters into foreign exchange derivative contracts to hedge its exposures back to its own functional currency.

The operating current assets and liabilities are denominated in the following currencies before hedge at 30 June 2016 and 31 December 2015:

30 June 2016						
(in millions of US dollars)	US Dollar	Brazilian Real	Chinese Yuan	Euro	Other currencies	Total
Inventories – gross value	\$4,734	\$17	\$612	\$52	\$297	<b>\$5,712</b>
Biological assets – gross value	57	–	–	–	–	<b>57</b>
Trade and other receivables – gross value	3,845	312	128	303	572	<b>5,160</b>
Derivative assets – gross value	1,710	21	27	2	19	<b>1,779</b>
Margin deposits	902	–	304	3	83	<b>1,292</b>
Current income tax assets	15	10	1	1	36	<b>63</b>
<b>Assets</b>	<b>\$11,263</b>	<b>\$360</b>	<b>\$1,072</b>	<b>\$361</b>	<b>\$1,007</b>	<b>\$14,063</b>
Accounts payable and accrued expenses	2,446	326	98	141	364	<b>3,375</b>
Derivative liabilities	1,677	42	144	18	42	<b>1,923</b>
Current income tax liabilities	33	–	2	12	40	<b>87</b>
<b>Liabilities</b>	<b>\$4,156</b>	<b>\$368</b>	<b>\$244</b>	<b>\$171</b>	<b>\$446</b>	<b>\$5,385</b>
<b>Net Current Assets and Liabilities</b>	<b>\$7,107</b>	<b>\$(8)</b>	<b>\$828</b>	<b>\$190</b>	<b>\$561</b>	<b>\$8,678</b>

31 December 2015						
(in millions of US dollars)	US Dollar	Brazilian Real	Chinese Yuan	Euro	Other currencies	Total
Inventories – gross value	\$4,250	\$–	\$396	\$117	\$304	<b>\$5,067</b>
Biological assets – gross value	49	–	–	–	–	<b>49</b>
Trade and other receivables – gross value	3,628	334	108	311	559	<b>4,940</b>
Derivative assets – gross value	1,226	29	20	38	167	<b>1,480</b>
Margin deposits	592	–	177	5	161	<b>935</b>
Current income tax assets	18	4	–	2	41	<b>65</b>
<b>Assets</b>	<b>\$9,763</b>	<b>\$367</b>	<b>\$701</b>	<b>\$473</b>	<b>\$1,232</b>	<b>\$12,536</b>
Accounts payable and accrued expenses	2,273	150	94	155	514	<b>3,186</b>
Derivative liabilities	1,207	19	19	7	18	<b>1,270</b>
Current income tax liabilities	19	11	2	5	35	<b>72</b>
<b>Liabilities</b>	<b>\$3,499</b>	<b>\$180</b>	<b>\$115</b>	<b>\$167</b>	<b>\$567</b>	<b>\$4,528</b>
<b>Net Current Assets and Liabilities</b>	<b>\$6,264</b>	<b>\$187</b>	<b>\$586</b>	<b>\$306</b>	<b>\$665</b>	<b>\$8,008</b>

At 30 June 2016 around 90% of the Net Current Assets and Liabilities are denominated in the same currency before hedge as the functional currency of the legal entity they relate to (around 90% at 31 December 2015).

## COUNTERPARTY RISK

The Group is engaged in the business of trading diversified commodities and commodity related products. Accordingly, a substantial portion of the Group's trade receivables is with other commodity trading companies. Margin deposits generally consist of US treasury bills and are on deposit with commodity exchanges and brokers which hold such deposits in a custodial capacity. The Group's counterparty risk exposure from derivative financial instruments is limited to the current fair value of contracts with a positive fair value.

Performance risk on an open contract measures the risk of non-performance by the counterparty and is composed of:

- the mark-to-market exposure to date (if any) reflecting the cost to the Group if the contract is not fulfilled and has to be replaced in the open market under prevailing market conditions, and;
- the potential future mark-to-market exposure reflecting the fact that the market price can move from the day of exposure calculation to the delivery date/payment date versus the current market price.

The Group has implemented risk management procedures to monitor its exposures and to minimize counterparty risk. These procedures include initial credit and limit approvals, margin requirements, master netting arrangements, letters of credit and other guarantees.

The Group's trade receivables include debtors with a carrying amount of US\$482 million which are past due at 30 June 2016. The credit quality of financial assets that are neither past due nor impaired is assessed by reference to credit ratings or to historical information about counterparty default rates.

(in millions of US dollars)	30 June 2016			31 December 2015		
	Gross value	Provision	Net value	Gross value	Provision	Net value
Not due	\$4,136	\$(11)	<b>\$4,125</b>	\$3,775	\$(2)	<b>\$3,773</b>
Due since < 3 months	390	(3)	<b>387</b>	267	(18)	<b>249</b>
Due since 3-6 months	38	(10)	<b>28</b>	49	(6)	<b>43</b>
Due since 6 months-1 year	47	(13)	<b>34</b>	34	(12)	<b>22</b>
Due since > 1 year	110	(77)	<b>33</b>	112	(88)	<b>24</b>
<b>Closing balance</b>	<b>\$4,721</b>	<b>\$(114)</b>	<b>\$4,607</b>	<b>\$4,237</b>	<b>\$(126)</b>	<b>\$4,111</b>
Including:						
Trade receivables	\$2,503	\$(101)	<b>\$2,402</b>	\$2,467	\$(113)	<b>\$2,354</b>
Prepayments and advances to suppliers	793	(6)	<b>787</b>	650	(7)	<b>643</b>
Other receivables	114	(7)	<b>107</b>	168	(6)	<b>162</b>
Margin deposits	1,292	–	<b>1,292</b>	935	–	<b>935</b>
Financial advances to related parties	19	–	<b>19</b>	17	–	<b>17</b>

## POLITICAL AND COUNTRY RISK

In its cross-border operations, the Group is exposed to country risk associated with a country's overall political, economic, financial, regulatory and commercial situations. The Group does not seek to retain country risk and it is the trade finance, insurance and credit risk departments' duty to seek to mitigate political and country risk by transferring or covering them with major financial institutions or insurance.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Period from 1 January 2016 to 30 June 2016

## LIQUIDITY RISK

Liquidity risk arises in the general funding of the Group's commodity trading activities and in the management of positions. It includes both the risk of being unable to fund the Group's portfolio of assets at appropriate maturities and rates, and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

Management of the liquidity profile is designed to ensure that the Group has access to the funds necessary to cover maturing liabilities. Sources of funds include interest-bearing and non-interest-bearing deposits, bank notes, trading account liabilities, repurchase agreements, long term debt, and borrowing arrangements.

The Group holds derivative contracts for the sale of physical commodities and derivative assets that are expected to generate cash inflows that will be available to meet cash outflows on purchases and liabilities. In the trading business, settling commodity contracts and liquidating trading inventories, by exchanging the commodity for cash before the contractual maturity term is a usual practice. The liquidity risk is consequently measured by allocating liabilities to the earliest estimated period on which the counterparty can require repayment, and assets to the earliest estimated period on which the Group can realize in cash these assets without any significant discount from market value. This measurement takes into consideration the market depth and price sensitivity to significant transaction volumes. The inclusion of information on non-financial items is necessary to understand the Group's liquidity risk management, as the liquidity is managed on a net asset and liability basis. The table below summarizes the maturity profile of the Group's financial liabilities and assets at 30 June 2016 and 31 December 2015.

(in millions of US dollars)	30 June 2016				31 December 2015			
	Under 3 months	3 to 6 months	Over 6 months	Total	Under 3 months	3 to 6 months	Over 6 months	Total
Trading inventories	\$4,825	\$81	\$138	<b>\$5,044</b>	\$4,123	\$141	\$201	<b>\$4,465</b>
Derivative assets	1,398	191	169	<b>1,758</b>	1,262	67	115	<b>1,444</b>
Trade and other receivables	4,414	370	219	<b>5,003</b>	4,268	357	146	<b>4,771</b>
Derivative liabilities	(1,655)	(98)	(170)	<b>(1,923)</b>	(750)	(216)	(304)	<b>(1,270)</b>
Accounts payable and accrued expenses	(3,086)	(213)	(76)	<b>(3,375)</b>	(2,998)	(111)	(77)	<b>(3,186)</b>
<b>Total Assets net of Liabilities</b>	<b>\$5,896</b>	<b>\$331</b>	<b>\$280</b>	<b>\$6,507</b>	<b>\$5,905</b>	<b>\$238</b>	<b>\$81</b>	<b>\$6,224</b>

The schedule below analyses the Group's financial interests which will be settled on future periods based on the financial debt at 30 June 2016 and 31 December 2015. These interests are grouped into maturity based on the contractual maturity date of the interests.

(in millions of US dollars)	30 June 2016	31 December 2015
Maturity < 1 year	\$178	\$181
Maturity between 1-2 years	120	117
Maturity between 2-3 years	96	88
Maturity between 3-4 years	65	60
Maturity between 4-5 years	58	44
Maturity > 5 years	40	1
<b>Interests future cash outflows related to financial debt existing at closing date</b>	<b>\$557</b>	<b>\$491</b>
<i>Of which:</i>		
Fixed rate	467	412
Floating rate	90	79

## INTEREST RATE RISK

At 30 June 2016 and 31 December 2015, the allocation of Group financing between fixed and floating interest rates is as follows:

(in millions of US dollars)	<b>30 June 2016</b>	31 December 2015
Fixed rate	\$3,058	\$3,521
Floating rate	5,870	4,602
<b>Total short and long term financing</b>	<b>\$8,928</b>	<b>\$8,123</b>

(For further details, refer to notes 16 and 17).

The Group considers as floating rate any short term debt which initial contractual maturity is below six months.

## CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

At 30 June 2016, the different categories of financial assets and liabilities are as follows:

(in millions of US dollars)	Assets at fair value through profit and loss	Assets at fair value through OCI	Other financial assets	<b>Total</b>
Other investments, deposits and sundry	\$–	\$–	\$986	<b>\$986</b>
<b>Total Non-Current Assets</b>	<b>\$–</b>	<b>\$–</b>	<b>\$986</b>	<b>\$986</b>
Financial advances to related parties	–	–	19	<b>19</b>
Trade and other receivables	–	–	5,003	<b>5,003</b>
Margin deposits	–	–	1,292	<b>1,292</b>
Derivative assets	1,710	48	–	<b>1,758</b>
Available-for-sale financial assets	–	–	24	<b>24</b>
Other financial assets at fair value through profit and loss	363	–	–	<b>363</b>
Cash and cash equivalents	301	–	248	<b>549</b>
<b>Total Current Assets</b>	<b>\$2,374</b>	<b>\$48</b>	<b>\$6,586</b>	<b>\$9,008</b>
<b>Total Financial Assets</b>	<b>\$2,374</b>	<b>\$48</b>	<b>\$7,572</b>	<b>\$9,994</b>

Assets at fair value through profit and loss, derivative assets and listed available-for-sale financial assets are measured at fair value.

All other financial assets (for which the net booked value is deemed to correspond to the fair value) are measured at amortized cost.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Period from 1 January 2016 to 30 June 2016

(in millions of US dollars)	Liabilities at fair value through profit and loss	Liabilities at fair value through OCI	Other financial liabilities	<b>Total</b>
Long term debt	\$–	\$–	\$3,076	<b>\$3,076</b>
Other non-current liabilities	–	–	59	<b>59</b>
<b>Total Non-Current Liabilities</b>	<b>\$–</b>	<b>\$–</b>	<b>\$3,135</b>	<b>\$3,135</b>
Bank loans, acceptances and commercial papers	–	–	5,852	<b>5,852</b>
Financial advances from related parties	–	–	306	<b>306</b>
Accounts payable and accrued expenses (except Margin deposit liabilities)	–	–	3,292	<b>3,292</b>
Margin deposit liabilities	–	–	83	<b>83</b>
Derivative liabilities	1,882	41	–	<b>1,923</b>
<b>Total Current Liabilities</b>	<b>\$1,882</b>	<b>\$41</b>	<b>\$9,533</b>	<b>\$11,456</b>
<b>Total Financial Liabilities</b>	<b>\$1,882</b>	<b>\$41</b>	<b>\$12,668</b>	<b>\$14,591</b>

Derivative liabilities are measured at fair value. Other financial liabilities are measured at amortized cost.

At 31 December 2015, the different categories of financial assets and liabilities were as follows:

(in millions of US dollars)	Assets at fair value through profit and loss	Assets at fair value through OCI	Other financial assets	<b>Total</b>
Other investments, deposits and sundry	\$–	\$–	\$650	<b>\$650</b>
<b>Total Non-Current Assets</b>	<b>\$–</b>	<b>\$–</b>	<b>\$650</b>	<b>\$650</b>
Financial advances to related parties	–	–	17	<b>17</b>
Trade and other receivables	–	–	4,771	<b>4,771</b>
Margin deposits	–	–	935	<b>935</b>
Derivative assets	1,443	1	–	<b>1,444</b>
Available-for-sale financial assets	–	–	23	<b>23</b>
Other financial assets at fair value through profit and loss	315	–	–	<b>315</b>
Cash and cash equivalents	509	–	392	<b>901</b>
<b>Total Current Assets</b>	<b>\$2,267</b>	<b>\$1</b>	<b>\$6,138</b>	<b>\$8,406</b>
<b>Total Financial Assets</b>	<b>\$2,267</b>	<b>\$1</b>	<b>\$6,788</b>	<b>\$9,056</b>

(in millions of US dollars)	Liabilities at fair value through profit and loss	Liabilities at fair value through OCI	Other financial assets	<b>Total</b>
Long term debt	\$–	\$–	\$2,691	<b>\$2,691</b>
Other non-current liabilities	–	–	70	<b>70</b>
<b>Total Non-Current Liabilities</b>	<b>\$–</b>	<b>\$–</b>	<b>\$2,761</b>	<b>\$2,761</b>
Bank loans, acceptances and commercial papers	–	–	5,432	<b>5,432</b>
Financial advances from related parties	–	–	347	<b>347</b>
Accounts payable and accrued expenses (except Margin deposit liabilities)	–	–	3,096	<b>3,096</b>
Margin deposit liabilities	–	–	90	<b>90</b>
Derivative liabilities	1,243	27	–	<b>1,270</b>
<b>Total Current Liabilities</b>	<b>\$1,243</b>	<b>\$27</b>	<b>\$8,965</b>	<b>\$10,235</b>
<b>Total Financial Liabilities</b>	<b>\$1,243</b>	<b>\$27</b>	<b>\$11,726</b>	<b>\$12,996</b>

### CLASSIFICATION OF DERIVATIVE FINANCIAL INSTRUMENTS

At 30 June 2016 and at 31 December 2015, derivative financial instruments are as follows:

(in millions of US dollars)	30 June 2016		31 December 2015	
	Assets	Liabilities	Assets	Liabilities
Forward purchase and sale agreements	\$1,114	\$739	\$766	\$503
Forward foreign exchange contracts	383	309	178	306
Futures	133	553	474	153
Options	79	30	52	35
Swaps	22	251	8	246
Provision on derivative assets	(21)	–	(35)	–
<b>Derivatives at fair value through profit and loss</b>	<b>\$1,710</b>	<b>\$1,882</b>	<b>\$1,443</b>	<b>\$1,243</b>
Forward foreign exchange contracts	\$48	\$4	\$1	\$5
Swaps	–	37	–	22
<b>Derivatives at fair value through OCI – Cash Flow Hedges</b>	<b>\$48</b>	<b>\$41</b>	<b>\$1</b>	<b>\$27</b>
<b>Total Derivatives</b>	<b>\$1,758</b>	<b>\$1,923</b>	<b>\$1,444</b>	<b>\$1,270</b>

In the normal course of operations, the Group enters into various derivative financial instruments involving future settlement. These transactions include futures, forward purchase and sale agreements, and option contracts which are executed either on regulated exchanges or in the over-the-counter market (“OTC”).

Futures contracts are exchange-traded contractual commitments either to receive or deliver a standard amount or value of a commodity or financial instrument at a specified future date and price. Futures exchanges typically require the parties to provide as security “initial margins” and additional cash deposits for “variation margins”, based upon market value fluctuations. OTC contracts, which may or may not require the payment of initial margins or variation margins, involve parties who have agreed either to exchange cash payments or deliver/receive the underlying commodity or financial instrument. Option contracts are contractual agreements that give the purchaser the right, but not the obligation, to purchase or sell a financial instrument or commodity, at a predetermined price.

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Since 2008, the Group has utilized Non-Deliverable Forwards in order to hedge its exposure to fluctuations in future capital expenditure and employee expenses in Brazilian Real. These operations represent at 30 June 2016 a total US\$704 million nominal value and are effective until March 2019 with an average fixed exchange rate of 3.836 Brazilian Real to US Dollar.

At 30 June 2016 the Group recognized a provision of US\$21 million on performance risk to offset unrealized gains on counterparties identified as being at risk by the credit management. At 31 December 2015 this provision was of US\$35 million.

## FAIR VALUE HIERARCHY

The Group applies the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which apply inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of assets and liabilities recorded at fair value by level of the fair value hierarchy at 30 June 2016 and 31 December 2015:

(in millions of US dollars)	30 June 2016				31 December 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Biological assets	\$-	\$-	\$57	<b>\$57</b>	\$-	\$-	\$49	<b>\$49</b>
Trading inventories	79	4,700	265	<b>5,044</b>	88	4,115	262	<b>4,465</b>
Derivative assets	203	1,532	23	<b>1,758</b>	551	864	29	<b>1,444</b>
Available-for-sale financial assets	21	3	-	<b>24</b>	20	3	-	<b>23</b>
Other financial assets at fair value through profit and loss	270	43	50	<b>363</b>	259	7	49	<b>315</b>
Cash and cash equivalents	549	-	-	<b>549</b>	901	-	-	<b>901</b>
<b>Total Assets</b>	<b>\$1,122</b>	<b>\$6,278</b>	<b>\$395</b>	<b>\$7,795</b>	<b>\$1,819</b>	<b>\$4,989</b>	<b>\$389</b>	<b>\$7,197</b>
Derivative liabilities	\$613	\$1,306	\$4	<b>\$1,923</b>	\$210	\$1,055	\$5	<b>\$1,270</b>
<b>Total Liabilities</b>	<b>\$613</b>	<b>\$1,306</b>	<b>\$4</b>	<b>\$1,923</b>	<b>\$210</b>	<b>\$1,055</b>	<b>\$5</b>	<b>\$1,270</b>

Biological assets are valued using a financial model based on discounted cash flows (income approach) that is developed by an external valuation firm.

Trading inventories are valued at fair value based on observable prices (if and when available) and adjusted to take into account the cost to sell the products (mainly distribution, transformation and shipping costs).



## 11. TRADE AND OTHER RECEIVABLES

At 30 June 2016 and 31 December 2015, trade and other receivables consist of the following:

(in millions of US dollars)	30 June 2016			31 December 2015		
	Gross value	Provision	Net value	Gross value	Provision	Net value
Trade receivables	\$2,503	\$(101)	<b>\$2,402</b>	\$2,467	\$(113)	<b>\$2,354</b>
Accrued receivables	1,227	–	<b>1,227</b>	1,243	–	<b>1,243</b>
Staff and tax receivables	488	(43)	<b>445</b>	372	(43)	<b>329</b>
Prepayments and advances to suppliers	793	(6)	<b>787</b>	650	(7)	<b>643</b>
Prepaid expenses	35	–	<b>35</b>	40	–	<b>40</b>
Other receivables	114	(7)	<b>107</b>	168	(6)	<b>162</b>
	<b>\$5,160</b>	<b>\$(157)</b>	<b>\$5,003</b>	<b>\$4,940</b>	<b>\$(169)</b>	<b>\$4,771</b>

At 30 June 2016, the amount of the provision for trade and other receivables is US\$157 million (US\$169 million at 31 December 2015). The changes in the depreciations on trade and other receivables are as follows:

(in millions of US dollars)	30 June 2016	31 December 2015
<b>Balance at 1 January</b>	<b>\$(169)</b>	<b>\$(195)</b>
Increase in provision <sup>1</sup>	(17)	(42)
Reversal of provision <sup>2</sup>	28	63
Reclassification	1	1
Foreign currency translation adjustment	–	4
<b>Closing balance</b>	<b>\$(157)</b>	<b>\$(169)</b>

1. During the six-month period ended 30 June 2016, the increase in provision mainly corresponded to default risk on customers for US\$8 million for their estimated non recoverable portions (US\$33 million at 31 December 2015) and provisions on VAT for US\$8 million.

2. During the six-month period ended 30 June 2016, the reversal of provision mainly corresponded to provisions for receivables reversed for US\$18 million and to provisions on VAT for US\$7 million. During the year ended 31 December 2015, the reversal of provision mainly corresponded to provisions for receivables reversed for US\$47 million and to provisions on VAT for US\$13 million.

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## 12. AVAILABLE-FOR-SALE FINANCIAL ASSETS

At 30 June 2016 and 31 December 2015, the consolidated available-for-sale financial assets consist of the following:

(in millions of US dollars)	30 June 2016		31 December 2015	
	Ownership	Balance	Ownership	Balance
Chinalco Mining Corporation International, publicly traded in Hong Kong	0.6%	\$9	0.7%	\$8
Namoi Cotton Co-operative Ltd, publicly traded in Australia	13%	4	13%	4
Baja Mining, Corp., publicly traded in Canada	5.3%	–	5.3%	–
InterContinental Exchange, Inc., publicly traded in the United States	less than 1%	6	less than 1%	6
CME Group, Inc., publicly traded in the United States	less than 1%	2	less than 1%	2
<b>Listed Available-For-Sale Financial Assets</b>		<b>\$21</b>		<b>\$20</b>
Others		3		3
<b>Unlisted Available-For-Sale Financial Assets</b>		<b>\$3</b>		<b>\$3</b>
		<b>\$24</b>		<b>\$23</b>

## 13. OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

At 30 June 2016 and 31 December 2015, other financial assets consist of the following:

(in millions of US dollars)	30 June 2016	31 December 2015
Financial assets held for trading purpose	\$258	\$228
Short-term securities (maturity > 3 months) <sup>1</sup>	105	69
Reverse repurchase agreement loan	–	18
	<b>\$363</b>	<b>\$315</b>

1. Including US\$12 million at 30 June 2016 of securities pledged as collaterals for exchange (US\$13 million at 31 December 2015).

Short-term securities are instruments with a maturity greater than three months acquired with the purpose of selling or repurchasing.

## 14. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at 30 June 2016 and 31 December 2015 are as follows:

(in millions of US dollars)	30 June 2016	31 December 2015
Short term securities (maturity < 3 months) <sup>1</sup>	\$301	\$509
Cash	248	392
	<b>\$549</b>	<b>\$901</b>

1. Including US\$53 million at 30 June 2016 of securities pledged as collaterals for exchange (US\$127 million at 31 December 2015).

At 30 June 2016 and 31 December 2015, there is no material difference between the historical value of cash and cash equivalents and their fair value.

## 15. EQUITY

(in millions of US dollars)	<b>30 June 2016</b>	31 December 2015
Issued capital	\$1	\$1
Share premium	1,586	1,586
Perpetual capital securities	350	350
Retained earnings	3,134	3,051
Other reserves	(117)	(139)
<b>Equity attributable to Owners of the Company</b>	<b>\$4,954</b>	<b>\$4,849</b>
Non-controlling Interests	15	14
<b>Total Equity</b>	<b>\$4,969</b>	<b>\$4,863</b>

The stockholder's equity and non-controlling interests disclosed in the financial statements correspond to the equity used by the management when assessing performance.

### CAPITAL

When managing capital, objectives of the Group are to safeguard its ability to continue as a going concern so that it can provide returns to shareholders, bring benefits to its other partners and optimize the structure of the capital in order to reduce its cost.

At 30 June 2016 and 31 December 2015, the capital of LDC is composed of 100,000,000 shares, with a 0.01 euro nominal value each, that are issued and fully paid. During the six-month period ended 30 June 2016, LDC distributed US\$41 million as dividends to LDCNH (US\$205 million during the year ended 31 December 2015), leading to a dividend payment of US\$0.41 per share.

In September 2012, the Group priced an inaugural US\$350 million (US\$345 million, less costs net of tax), 8.25% coupon hybrid capital securities transaction. The securities are perpetual but the Group has the right to redeem them in certain circumstances. The perpetual capital securities are not rated and are listed on the Official List of the Singapore Exchange.

At 30 June 2016, accrued interests amounted to US\$11 million net of tax (US\$22 million, net of tax at 31 December 2015).

### OTHER RESERVES

Other Reserves at 30 June 2016 and 31 December 2015 relate to:

(in millions of US dollars)	<b>30 June 2016</b>				31 December 2015			
	Pre-tax	Tax	Non-controlling share	<b>Owners of the Company share</b>	Pre-tax	Tax	Non-controlling share	<b>Owners of the Company share</b>
Other comprehensive income	\$(151)	\$(1)	\$(4)	<b>\$(148)</b>	\$(181)	\$7	\$(4)	<b>\$(170)</b>
Deferred compensation	31	–	–	<b>31</b>	31	–	–	<b>31</b>
<b>Other reserves</b>	<b>\$(120)</b>	<b>\$(1)</b>	<b>\$(4)</b>	<b>\$(117)</b>	<b>\$(150)</b>	<b>\$7</b>	<b>\$(4)</b>	<b>\$(139)</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Period from 1 January 2016 to 30 June 2016

## OTHER COMPREHENSIVE INCOME

Changes in other comprehensive income at 30 June 2016 and 30 June 2015 are as follows:

(in millions of US dollars)	Available-for- sale financial assets	Cash flow hedges	Fixed assets revaluation reserve	Pensions	Foreign Currency translation adjustment	<b>Total</b>
<b>Balance at 1 January 2016 - Owners of the Company share</b>	<b>\$2</b>	<b>\$(26)</b>	<b>\$7</b>	<b>\$5</b>	<b>\$(158)</b>	<b>\$(170)</b>
<i>of which :</i>						
Pre-tax	3	(37)	8	8	(163)	<b>(181)</b>
Tax	(1)	11	–	(3)	–	<b>7</b>
Non-controlling share	–	–	1	–	(5)	<b>(4)</b>
Current period gains (losses)	2	12	–	(1)	7	<b>20</b>
Reclassification to profit or loss	–	2	–	–	–	<b>2</b>
<b>Other comprehensive income for the period – Owners of the Company share</b>	<b>\$2</b>	<b>\$14</b>	<b>\$-</b>	<b>\$(1)</b>	<b>\$7</b>	<b>\$22</b>
<i>of which :</i>						
Pre-tax	2	22	–	(1)	7	<b>30</b>
Tax	–	(8)	–	–	–	<b>(8)</b>
Non-controlling share	–	–	–	–	–	<b>–</b>
<b>Balance at 30 June 2016 - Owners of the Company share</b>	<b>\$4</b>	<b>\$(12)</b>	<b>\$7</b>	<b>\$4</b>	<b>\$(151)</b>	<b>\$(148)</b>
<i>of which :</i>						
Pre-tax	5	(15)	8	7	(156)	<b>(151)</b>
Tax	(1)	3	–	(3)	–	<b>(1)</b>
Non-controlling share	–	–	1	–	(5)	<b>(4)</b>

(in millions of US dollars)	Available-for- sale financial assets	Cash flow hedges	Fixed assets revaluation reserve	Pensions	Foreign Currency translation adjustment	<b>Total</b>
<b>Balance at 1 January 2015 - Owners of the Company share</b>	<b>\$2</b>	<b>\$(19)</b>	<b>\$7</b>	<b>\$(9)</b>	<b>\$(81)</b>	<b>\$(100)</b>
<i>of which :</i>						
Pre-tax	3	(27)	8	(12)	(85)	<b>(113)</b>
Tax	(1)	8	–	3	–	<b>10</b>
Non-controlling share	–	–	1	–	(4)	<b>(3)</b>
Current period gains (losses)	6	(43)	–	2	(37)	<b>(72)</b>
Reclassification to profit or loss	–	19	–	–	–	<b>19</b>
<b>Other comprehensive income for the period – Owners of the Company share</b>	<b>\$6</b>	<b>\$(24)</b>	<b>\$-</b>	<b>\$2</b>	<b>\$(37)</b>	<b>\$(53)</b>
<i>of which :</i>						
Pre-tax	6	(35)	–	2	(37)	<b>(64)</b>
Tax	–	11	–	–	–	<b>11</b>
Non-controlling share	–	–	–	–	–	<b>–</b>
<b>Balance at 30 June 2015 - Owners of the Company share</b>	<b>\$8</b>	<b>\$(43)</b>	<b>\$7</b>	<b>\$(7)</b>	<b>\$(118)</b>	<b>\$(153)</b>
<i>of which :</i>						
Pre-tax	9	(62)	8	(10)	(122)	<b>(177)</b>
Tax	(1)	19	–	3	–	<b>21</b>
Non-controlling share	–	–	1	–	(4)	<b>(3)</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Period from 1 January 2016 to 30 June 2016

## 16. LONG TERM FINANCING

The Group's long term financing includes senior debts, bank loans and financial lease commitments. The maturity of the long term financing can be analyzed as follows at 30 June 2016 and 31 December 2015:

(in millions of US dollars)	30 June 2016	31 December 2015
Maturity between 1-2 years	\$530	\$885
Maturity between 2-3 years <sup>1</sup>	1,106	745
Maturity between 3-4 years	14	251
Maturity between 4-5 years <sup>2</sup>	564	804
Maturity between > 5 years	862	6
<b>Non-Current portion of long term financing</b>	<b>\$3,076</b>	<b>\$2,691</b>
Maturity < 1 year	\$242	\$292
<b>Current portion of long term financing (presented in bank loans, acceptances and commercial papers)</b>	<b>\$242</b>	<b>\$292</b>
<b>Total Long Term Financing (including current portion)</b>	<b>\$3,318</b>	<b>\$2,983</b>
<i>Of which:</i>		
Fixed rate	\$2,091	\$1,992
Floating rate	\$1,227	\$991

1. Include a €500 million, 5-year, 3.875% unrated Eurobond listed on the Luxembourg Stock Exchange issued by LDC on 30 July 2013 (swapped to US Dollars).

2. Include a €500 million, 7-year, 4.00% unrated Eurobond listed on the Luxembourg Stock Exchange issued by LDC on 4 December 2013 (swapped to US Dollars).

Certain portions of this debt, aggregating US\$29 million at 30 June 2016 and US\$14 million at 31 December 2015, are secured by mortgages on assets.

Certain senior debt and bank loans contain covenants which require maintenance of levels of working capital, net worth, ratios of debt to equity, dividend restrictions and limit of indebtedness.

The debt outstanding is comprised of loans in the following currencies at 30 June 2016 and 31 December 2015:

(in millions of US dollars)	30 June 2016	31 December 2015
US Dollar	\$3,289	\$2,951
Argentinian Peso	6	10
Euro	18	9
Chinese Yuan	–	7
Other currencies	5	6
<b>Total Long Term Financing (including current portion)</b>	<b>\$3,318</b>	<b>\$2,983</b>

The following is a comparative summary of long term debt outstanding, current and non-current portion:

(in millions of US dollars)	<b>30 June 2016</b>	31 December 2015
Bank loans, from 1.15% to 2.85% over LIBOR due through 2017	\$34	\$482
Bank loans, from 2.15% to 2.50% over LIBOR due through 2018	282	443
Bank loans, from 0.70% to 3.50% over LIBOR due through 2019	851	24
Bank loans, from 0.70% to 5.12% over LIBOR due through 2024	43	22
Bank loans, from 1.73% to 5.37% over TJLP due through 2022	9	6
Other variable rates through 2022	8	14
Fixed rate through 2025	2,091	1,992
<b>Total Long Term Financing (including current portion)</b>	<b>\$3,318</b>	<b>\$2,983</b>

At 30 June 2016 and 31 December 2015, there is no significant difference between the historical value of long term financing and its fair value.

## 17. BANK LOANS, ACCEPTANCES AND COMMERCIAL PAPERS

The Group finances most of its short-term requirements with bank loans, acceptances and commercial papers. The underlying agreements require certain companies to maintain minimum levels of net worth and to meet various liquidity tests.

At 30 June 2016 and 31 December 2015, bank loans, acceptances and commercial papers consist of the following:

(in millions of US dollars)	<b>30 June 2016</b>	31 December 2015
Commercial papers	\$6	\$11
Bank loans	4,214	3,627
Bank loans secured on LDC Metals Suisse SA inventories and trade receivables	688	874
Bank overdrafts	622	509
Repurchase agreements	80	100
Securities short positions	-	19
<b>Total Short Term Financing</b>	<b>\$5,610</b>	<b>\$5,140</b>
Current portion of long term financing	242	292
<b>Total Bank Loans, Acceptances and Commercial Papers</b>	<b>\$5,852</b>	<b>\$5,432</b>
<i>Of which:</i>		
Fixed rate	\$1,036	\$1,594
Floating rate	\$4,816	\$3,838

The Group enters into repurchase agreements which are arrangements involving the sale of securities at a specified price with an irrevocable commitment to repurchase the same or similar securities at a fixed price, on a specified future date or with an open maturity.

At 30 June 2016 and 31 December 2015, there is no significant difference between the historical value of bank loans, acceptances and commercial papers and their fair value.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Period from 1 January 2016 to 30 June 2016

The debt outstanding is comprised of loans in the following currencies at 30 June 2016 and 31 December 2015:

(in millions of US dollars)	30 June 2016	31 December 2015
US Dollar	\$4,959	\$4,271
Chinese Yuan	344	664
Euro	197	92
Other currencies	352	405
<b>Total Bank Loans, Acceptances and Commercial Papers</b>	<b>\$5,852</b>	<b>\$5,432</b>

## 18. RETIREMENT BENEFIT OBLIGATIONS

At 30 June 2016 and 31 December 2015, retirement benefit obligations consist of the following:

(in millions of US dollars)	30 June 2016	31 December 2015
Long term pension benefit	\$128	\$127
Post-retirement benefit	31	31
Other long term employee benefits	7	6
<b>Retirement benefit obligations</b>	<b>\$166</b>	<b>\$164</b>
<b>Net plan asset<sup>1</sup></b>	<b>\$(1)</b>	<b>\$(1)</b>

1. Included in "Trade and other receivables"

Current pension benefit and net plan asset are almost nil at 30 June 2016 and 31 December 2015.

The Group maintains pension plans in various countries as prescribed by local laws and customs. The obligations of the Group to pay benefits upon retirement are provided for on an estimated annual basis. The estimates reflect assumptions as to future salary increases, employee turnover and mortality rates. The most significant retirement plans which require funding are in the United States.

## 19. PROVISIONS

At 30 June 2016 and 31 December 2015, provisions consist of the following:

(in millions of US dollars)	30 June 2016	31 December 2015
Current provisions	\$13	\$15
Non-current provisions	76	88
	<b>\$89</b>	<b>\$103</b>

Changes in provisions for the period ended 30 June 2016 and for the year ended 31 December 2015 are as follows:

(in millions of US dollars)	30 June 2016				31 December 2015
Provisions for:	Tax and social risks	Litigations	Other	Total	Total
<b>Balance at 1 January</b>	<b>\$62</b>	<b>\$22</b>	<b>\$19</b>	<b>\$103</b>	<b>\$134</b>
Allowance	10	2	3	15	17
Reversal of used portion	(2)	–	(3)	(5)	(10)
Reversal of unused portion	(24)	–	–	(24)	(18)
Reclassification	–	–	–	–	(18)
Foreign currency translation adjustment	–	–	–	–	(2)
<b>Closing balance</b>	<b>\$46</b>	<b>\$24</b>	<b>\$19</b>	<b>\$89</b>	<b>\$103</b>



## 20. INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset the potential future equivalent of current tax assets and liabilities.

The consolidated deferred income tax assets (liabilities) at 30 June 2016 and 31 December 2015 are as follows:

(in millions of US dollars)	<b>30 June 2016</b>	31 December 2015
Deferred income tax assets	\$297	\$293
Deferred income tax liabilities	(299)	(394)
	<b>\$(2)</b>	<b>\$(101)</b>

The consolidated net deferred income tax assets (liabilities) recorded at 30 June 2016 and 31 December 2015 arise from:

(in millions of US dollars)	<b>30 June 2016</b>	31 December 2015
Timing differences	\$(360)	\$(310)
Tax benefits from carry forward losses	405	259
Valuation allowance for deferred tax assets	(47)	(50)
	<b>\$(2)</b>	<b>\$(101)</b>

The 30 June 2016 valuation allowance is ascribed to available loss carry forwards for approximately US\$(43) million against US\$(44) million at 31 December 2015.

Changes in net deferred income tax assets (liabilities) are as follows:

(in millions of US dollars)	<b>30 June 2016</b>	31 December 2015
<b>Balance at 1 January</b>	<b>\$(101)</b>	<b>\$(99)</b>
Deferred tax recognized in income	107	(5)
Reclassification from current income tax assets	–	4
Deferred tax recognized in equity	(7)	(2)
Exchange differences	(1)	1
<b>Closing balance</b>	<b>\$(2)</b>	<b>\$(101)</b>

The provision for income tax differs from the computed "expected" income tax provision using the Netherlands statutory tax rate of 25% during the six-month periods ended 30 June 2016 and 30 June 2015 for the following reasons:

(in millions of US dollars)	<b>30 June 2016</b> <b>6 months</b>	30 June 2015 6 months
<b>Theoretical tax on income</b>	<b>\$(38)</b>	<b>\$(44)</b>
Differences in income tax rates	11	53
Difference between local currency and functional currency	8	(52)
Change in valuation of tax assets and net operating losses	7	1
Permanent differences on investments	1	(1)
Other permanent differences	(4)	(6)
<b>Reported tax expense</b>	<b>\$(15)</b>	<b>\$(49)</b>

Taxes amounted to US\$(15) million over the period compared to US\$(49) million one year before. Most of the Effective Tax Rate (ETR) decrease is attributable to positive functional currency effects as well as a different earnings mix.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Period from 1 January 2016 to 30 June 2016

The functional currency impact is booked in non-US entities whose functional currency is the US Dollar instead of their local respective currencies and largely regarded the Group's Brazilian entities. Within these entities, most of the impact derived from the reevaluation, in US Dollars, of net current and deferred tax assets denominated in Brazilian Reals. This led the entities to recognize:

- unrealized foreign exchange losses (non-cash items) in the 30 June 2015 tax expense, given the depreciation of the Brazilian Real, and
- unrealized foreign exchange gains (non-cash items) in the 30 June 2016 tax expense, given the appreciation of the Brazilian Real.

## 21. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at 30 June 2016 and 31 December 2015 consist of the following:

(in millions of US dollars)	30 June 2016	31 December 2015
Trade payables	\$1,584	\$1,259
Accrued payables	1,036	1,143
Staff and tax payables	201	259
Margin deposits	83	90
Prepayments and advances received	340	144
Other payables	84	257
Deferred income	30	17
Payable on purchase of assets	17	17
	<b>\$3,375</b>	<b>\$3,186</b>

## 22. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities at 30 June 2016 and 31 December 2015 consist of the following:

(in millions of US dollars)	30 June 2016	31 December 2015
Non-current tax and social liabilities	\$11	\$23
Debts associated to business combinations and put options	34	32
Other non-current liabilities	14	15
	<b>\$59</b>	<b>\$70</b>

## 23. NET SALES

Net sales consist of the following:

(in millions of US dollars)	<b>30 June 2016</b> <b>6 months</b>	30 June 2015 6 months
Sales of goods	\$23,292	\$26,147
Income from services rendered	136	164
Other income	99	82
	<b>\$23,527</b>	<b>\$26,393</b>

## 24. FINANCE COSTS, NET

Finance costs, net in the income statement can be analyzed as follows:

(in millions of US dollars)	<b>30 June 2016</b> <b>6 months</b>	30 June 2015 6 months
Interest expense	\$(136)	\$(148)
Interest income	29	21
Foreign exchange	4	158
Net loss on derivatives	(2)	(159)
Other financial income and expense	26	28
	<b>\$(79)</b>	<b>\$(100)</b>

## 25. FOREIGN EXCHANGE

Foreign exchange result, excluding result from derivatives used for hedging foreign currency exposure, is allocated in the following lines of the income statement:

(in millions of US dollars)	<b>30 June 2016</b> <b>6 months</b>	30 June 2015 6 months
Net sales	\$10	\$(42)
Cost of sales	(57)	(16)
Commercial and administrative expenses	–	(5)
Finance costs, net	4	158
	<b>\$(43)</b>	<b>\$95</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Period from 1 January 2016 to 30 June 2016

## 26. GAIN ON INVESTMENTS

Gain on investments in the income statement can be analyzed as follows:

(in millions of US dollars)	<b>30 June 2016 6 months</b>	30 June 2015 6 months
Gain on sale on available-for-sale financial assets	\$-	\$1
Gain on other investments, deposits and sundry	-	5
	<b>\$-</b>	<b>\$6</b>

## 27. COMMITMENTS AND CONTINGENCIES

The Group leases facilities, warehouses, offices and equipment under operating leases, and vessels under time charters' agreements. Certain of the Group's leases include renewal options and most leases include provisions for rent escalation to reflect changes in construction indexes.

The Group has future minimum payments and rentals under non-cancellable operating leases, with initial or remaining terms of more than one year, that consist of the following at 30 June 2016 and 31 December 2015:

(in millions of US dollars)	<b>30 June 2016</b>	31 December 2015
< 1 year	\$99	\$104
Between 1 and 5 years	165	198
> 5 years	81	88
	<b>\$345</b>	<b>\$390</b>

For the first six months of 2016, the operating leases expenses reported in the income statement, amounted to US\$(65) million, including short term leases expenses (agreements < 1 year).

The Group is contingently liable on open letters of credit as follows:

(in millions of US dollars)	<b>30 June 2016</b>	31 December 2015
<b>Letters of credit:</b>		
Bid and performance bonds	\$95	\$92
Commodity trading	291	339
	<b>\$386</b>	<b>\$431</b>

At 30 June 2016, the Group has a commitment to purchase a minimum of 119 million boxes of oranges until 2030 (120 million boxes at 31 December 2015) which, at 30 June 2016 price levels may represent a total amount of US\$433 million until 2030 (US\$435 million at 31 December 2015), out of which US\$117 million may fall in the second semester of 2016.

At 30 June 2016, the Group has a commitment to purchase 87 thousand tons of sugar (164 thousand tons at 31 December 2015) which may represent, considering the 30 June 2016 price levels, a total amount of US\$54 million until 2017 (US\$99 million at 31 December 2015). The Group has also a commitment to sell 316 thousand tons of refined sugar (397 thousand tons at 31 December 2015) for US\$238 million (US\$295 million at 31 December 2015).

At 30 June 2016, the Group has a commitment to purchase fuel until 31 August 2018 for 8.5 MMBtus "Million British Thermal Unit" (4 MMBtus at 31 December 2015) for an estimated amount of US\$31 million (US\$16 million at 31 December 2015).

At 30 June 2016, the Group has a commitment to sell 161 thousand tons of biodiesel (27 thousand tons at 31 December 2015) for an estimated amount of US\$92 million (US\$3 million at 31 December 2015).

At 30 June 2016, the Group has an approximate US\$98 million of commitments mainly related to export terminals and to investments (US\$104 million at 31 December 2015).

At 30 June 2016, the Group is part of off-take agreements for 70% of copper and cobalt that will be produced from the Boleo mine in Mexico for a period of 10 years from the beginning of commercial production or until defined amounts of copper (369,200 tons) / cobalt (10,780 tons) have been delivered if later. Price per ton will be based upon relevant metal exchange prices. Production and deliveries started in 2015.

In 2014, the Group signed a long term off-take agreement with Hudbay Minerals for approximately 20% of the life of mine copper concentrate that will be produced from the Constanca mine located in Peru. Price will be based upon relevant metal exchange prices. Production and deliveries started in 2015.

In October 2015, the Group entered into an agreement with Dongying Group (China) and one of its Lenders whereby the Group (i) provided to this Lender with a 10% guarantee agreement of Dongying Group's performance obligations under a up to US\$120 million prepayment facility and (ii) entered into an off-take agreement for the purchase of approximately 28.5 thousand tons of Copper Cathodes until the end of 2017.

In addition, there are US\$267 million of other commitments at 30 June 2016 (US\$298 million at 31 December 2015), including US\$203 million guarantees at 30 June 2016 (US\$237 million at 31 December 2015).

At 30 June 2016, the Group received US\$234 million of guarantees and collaterals (US\$194 million at 31 December 2015).

Audits from local tax authorities are carried out regularly and may dispute positions taken by the Group, in particular those regarding the allocation of income among various tax jurisdictions, value added taxes or export taxes. In accordance with its accounting policies, the Group may decide to record provisions when tax-related risks are considered probable to generate a payment to tax authorities. During past years, LDC Argentina S.A. received several tax assessments challenging transfer prices used to price grain exports totaling US\$315 million for the years 2005, 2006, 2007 and 2008, as well as certain custom duties related to Paraguayan soybeans imports totaling US\$81 million for the years from 2007 to 2009, and differences in export taxes paid in 2007 and 2008 amounting to US\$90 million. Other large exporters and processors of cereals and other agricultural commodities have received similar tax assessments in this country. LDC Argentina S.A. has appealed these tax assessments to the relevant jurisdictions, considering they are without merit and that LDC Argentina S.A. has complied with all the applicable regulations.

Besides, LDC Argentina S.A. has received a US\$33 million preliminary tax notification challenging transfer prices used for price grain exports for the year 2009, and could receive additional tax notifications for subsequent years. LDC Argentina S.A. believes that this tax notification is without merit and intends to vigorously protect its interests.

As of 30 June 2016, LDC Argentina S.A. has reviewed the evaluation of all its tax positions. Based upon Argentine tax law as well as advice from its legal counsels, LDC Argentina S.A. still considers that its tax positions are suitable. However, LDC Argentina S.A. cannot predict the ultimate outcome of these ongoing or future examinations.

Louis Dreyfus Company LLC (LDC LLC) and certain of its affiliates (including LDC) were named as defendants in a consolidated action in United States federal court in New York alleging manipulation and artificial inflation of the ICE Cotton No. 2 futures contracts for May 2011 and July 2011. The plaintiffs have proposed to bring the action as a class action. The defendants have filed an answer denying the claims in the action. No trial date has been scheduled in the case. This matter is in pretrial proceedings and the Company cannot predict the ultimate outcome.

LDC LLC is a defendant in lawsuits pending in various U.S. state and federal courts arising out of Syngenta AG and its affiliates' (Syngenta) marketing and distribution of genetically modified corn seed (containing the MIR 162 trait) in the U.S. LDC LLC and other grain companies have been named as defendants in numerous individual and purported class action suits filed by farmers and other parties in US state and federal court beginning in the fourth quarter of 2015, alleging that LDC LLC and other grain companies were negligent in failing, among other things, to screen for genetically modified corn. Certain of those actions were consolidated for pretrial proceedings in a multidistrict litigation (MDL) proceeding in federal court; in August 2016 the MDL court granted the motion to dismiss the claims against LDC LLC and the other grain companies in the MDL cases. LDC LLC and the other grain companies have moved to dismiss the remaining cases on the same grounds. Those remaining actions are in pretrial proceedings and LDC LLC is unable to predict the ultimate outcome of these matters

There are various claims and ongoing regulatory investigations asserted against and by the Group which, in the opinion of counsels, based on a review of the present stages of such claims in the aggregate, should not have a material effect on the Group's financial position or future operating results.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Period from 1 January 2016 to 30 June 2016

## 28. SHARE-BASED PAYMENT

In December 2006, the terms of a stock-based compensation arrangement referred to as the Equity Participation Plan ("EPP"), which is sponsored by LDCH became operational and the arrangement was fully implemented in December 2007 with the issuance of the first shares relating to the awards. The EPP provides for the granting of securities and options to purchase securities in LDCH (collectively "Awards") to employees of the Group. EPP awards granted to employees of the Group generally vest on a graduated basis over a four year period. Additional awards have been granted to employees during each first semester starting in 2008, with the corresponding securities and options to purchase securities to be issued during the second semester of the same calendar year.

The Group accounts for the EPP as an equity-settled plan: the fair value of the awards granted, determined at attribution date, is recorded in the income statement ratably over the vesting period of the awards. The value of the awards granted is not revalued in subsequent periods.

The Group and LDCH have entered into reimbursement agreements under which certain subsidiaries of the Group will reimburse LDCH for the awards attributed to their employees. Depending on the reimbursement agreement, the Group is liable for vested awards at attribution or fair value. Amounts due under these reimbursement agreements are recorded by the Group as a distribution of equity to LDCH. Accordingly, amounts payable under the reimbursement agreements give rise to a reclassification from equity to liabilities up to the amount of stock compensation already recorded. Any excess of the amounts due under the reimbursement agreements over the attribution value of the awards is recorded as an additional debit to retained earnings. Certain reimbursement agreements provide for a payment anticipating the accounting vesting schedule and give rise to a prepaid asset. The Group did not pay any amount during the first half of 2016 to LDCH relating to reimbursement agreements (US\$37 million were paid during the full year 2015), and recorded a liability of US\$126 million at 30 June 2016 (US\$97 million at 31 December 2015).

Awards granted to employees during 2016 are of US\$63 million while awards forfeited by employees represent US\$2 million. During the 2016 transfer window period, LDCH purchased shares from employees corresponding to US\$69 million in attribution value bringing the attribution value of outstanding EPP awards granted to employees to US\$341 million. At 31 December 2015 the attribution value of outstanding EPP awards granted to employees was US\$349 million, of which US\$82 million corresponded to awards granted in 2015, and US\$11 million to awards forfeited by employees. During the 2015 transfer window period, LDCH purchased shares from employees corresponding to US\$108 million in attribution value.

At 30 June 2016, EPP awards fully vested represent US\$152 million and awards vesting ratably over periods ranging from three months to four years are of US\$189 million. At 31 December 2015, they were respectively of US\$141 million and US\$208 million vesting ratably over periods ranging from three months to four years.

During the first semester compensation costs recognized in commercial and administrative expenses are of US\$36 million in 2016 and of US\$54 million in 2015.

Unrecognized compensation costs expected to be recognized from 2016 to 2019 are of US\$97 million at 30 June 2016 and of US\$76 million at 31 December 2015.

## 29. NUMBER OF EMPLOYEES AND PERSONNEL EXPENSES

For the six-month period ended 30 June 2016, personnel expenses reached US\$407 million for an average number of employees of 18,322. For the six-month period ended 30 June 2015, they were of US\$476 million for 17,339 employees.

The average number of employees is as follows:

	30 June 2016	30 June 2015
Managers and traders	1,827	1,857
Supervisors	1,309	1,314
Employees	4,198	4,224
Workers	8,231	8,256
Seasonal workers	2,757	1,688
	<b>18,322</b>	<b>17,339</b>

The increase in the average number of seasonal workers mainly resulted from the timing of the juice crop season.

## 30. RELATED PARTIES TRANSACTIONS

Transactions with related parties are reflected as follows:

<b>Income Statement</b> (in millions of US dollars)	<b>30 June 2016</b> <b>6 months</b>	30 June 2015 6 months
Sales <sup>1</sup>	\$350	\$340
Cost of goods sold <sup>1</sup>	(771)	(715)
Other income net of expenses	4	5
Finance costs, net <sup>1</sup>	13	1
<hr/>		
<b>Balance Sheet</b> (in millions of US dollars)	<b>30 June 2016</b>	31 December 2015
Other investments, deposits and sundry <sup>1</sup>	\$429	\$175
Financial advances to related parties <sup>1</sup>	19	17
Trade and other receivables <sup>1</sup>	466	279
Margin deposits <sup>1</sup>	–	6
Derivative assets <sup>1</sup>	30	37
<b>Total Assets</b>	<b>\$944</b>	<b>\$514</b>
Financial advances from related parties <sup>2</sup>	\$306	\$347
Trade and other payables <sup>1</sup>	250	65
Derivative liabilities <sup>1</sup>	3	14
<b>Total Liabilities</b>	<b>\$559</b>	<b>\$426</b>

1. Mainly correspond to transactions with associates and joint ventures and/or with Biosev.

2. Include financing from LDCH of US\$306 million at 30 June 2016 (US\$347 million at 31 December 2015), net of transactions relating to reimbursement agreements with LDCH of US\$126 million at 30 June 2016 (US\$97 million at 31 December 2015 - Refer to note 28).

In 2015, LDC sold financial assets to LDH at book value including an earn out subject to a certain level of distributable income over the period 2015-2019.

The estimated range of undiscounted amounts, which LDC might receive for these earn out payments over the remaining next four years, is between US\$0 million and US\$30 million. This contingent receivable has not been recorded in the Consolidated Balance Sheet at 30 June 2016. LDC will recognize any profit resulting from the earn out in the Consolidated Income Statement when it is certain.

## 31. SUBSEQUENT EVENTS

There is no subsequent event that could affect 2016 interim condensed consolidated financial statements.

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

Period from 1 January 2016 to 30 June 2016

## 32. LIST OF MAIN SUBSIDIARIES

The main subsidiaries of LDC that are consolidated at 30 June 2016 and 31 December 2015 are the following:

Company	30 June 2016		31 December 2015	
	% of control	% of ownership	% of control	% of ownership
LDC Argentina S.A. (Argentina)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Australia Holdings Pty. Ltd. (Australia) <sup>1</sup>	100.00	100.00	100.00	100.00
Louis Dreyfus Company Grain Storage and Handling Pty. Ltd. (Australia) <sup>1</sup>	100.00	100.00	100.00	100.00
Ilomar Holding N.V. (Belgium)	100.00	100.00	100.00	100.00
Coinbra Frutesp S.A. (Brazil)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Brasil S.A. (Brazil) <sup>1</sup>	100.00	100.00	100.00	100.00
Louis Dreyfus Company Sucos S.A. (Brazil) <sup>1</sup>	100.00	100.00	100.00	100.00
Macrofertil Industria E Comercio De Fertilizantes, Ltda. (Brazil)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Bulgaria Eood. (Bulgaria) <sup>1</sup>	100.00	100.00	100.00	100.00
Louis Dreyfus Company Canada Ulc. (Canada) <sup>1</sup>	100.00	100.00	100.00	100.00
Louis Dreyfus Company Yorkton Investment Ulc. (Canada) <sup>1</sup>	100.00	100.00	100.00	100.00
Louis Dreyfus Company Yorkton Trading LP (Canada) <sup>1</sup>	100.00	100.00	100.00	100.00
LDC (Bazhou) Feedstuff Protein Co. Ltd. (China) <sup>1</sup>	100.00	100.00	100.00	100.00
LDC (China) Trading Co. Ltd. (China) <sup>1</sup>	100.00	100.00	100.00	100.00
LDC (Fujian) Refined Sugar Co. Ltd. (China) <sup>1</sup>	67.00	67.00	67.00	67.00
LDC (Shanghai) Metals Co. Ltd. (China) <sup>1</sup>	100.00	100.00	100.00	100.00
Shaanxi Sanchuan Juice Co. Ltd. (China)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Colombia S.A.S. (Colombia) <sup>1</sup>	100.00	100.00	100.00	100.00
Louis Dreyfus Citrus S.A.S. (France)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Silos S.A.S. (France)	61.12	100.00	61.12	100.00
Louis Dreyfus Company Distribution France S.A.S. (France) <sup>1</sup>	100.00	100.00	100.00	100.00
Louis Dreyfus Company France S.A.S. (France) <sup>1</sup>	100.00	100.00	100.00	100.00
Louis Dreyfus Company Services S.A.S. (France) <sup>1</sup>	100.00	100.00	100.00	100.00
SCPA Sivex International S.A.S. (France)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Wittenberg GmbH (Germany)	100.00	100.00	100.00	100.00
Louis Dreyfus Company India PVT Ltd. (India) <sup>1</sup>	100.00	100.00	100.00	100.00
PT LDC Trading Indonesia (Indonesia) <sup>1</sup>	98.27	98.27	100.00	100.00
Louis Dreyfus Company Italia S.P.A. (Italy) <sup>1</sup>	100.00	100.00	100.00	100.00
Gulf Stream Investments Ltd. (Kenya)	100.00	99.33	100.00	99.33
Louis Dreyfus Company Kenya Ltd. (Kenya) <sup>1</sup>	99.33	99.33	99.33	99.33
Louis Dreyfus Commodities Mexico SA de CV (Mexico)	100.00	100.00	100.00	100.00
Ecoval Holding B.V. (Netherlands)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Metals B.V. (Netherlands) <sup>1</sup>	100.00	100.00	100.00	100.00
Louis Dreyfus Company Participations B.V. (Netherlands) <sup>1</sup>	100.00	100.00	100.00	100.00
Nethgrain B.V. (Netherlands)	100.00	100.00	100.00	100.00
Coinbra International Trading N.V. (Netherlands Antilles)	100.00	100.00	100.00	100.00



Company	30 June 2016		31 December 2015	
	% of control	% of ownership	% of control	% of ownership
LDC Paraguay S.A. (Paraguay)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Peru S.R.L. (Peru) <sup>1</sup>	100.00	100.00	100.00	100.00
Louis Dreyfus Company Polska SP. z.o.o. (Poland) <sup>1</sup>	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Portugal Lda (Portugal)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Vostok LLC (Russian Federation) <sup>1</sup>	100.00	100.00	100.00	100.00
GKE Metal Logistics Pte. Ltd. (Singapore)	51.00	51.00	51.00	51.00
Louis Dreyfus Company Asia Pte. Ltd. (Singapore) <sup>1</sup>	100.00	100.00	100.00	100.00
Louis Dreyfus Company Metals Asia Pte. Ltd. (Singapore) <sup>1</sup>	100.00	100.00	100.00	100.00
Louis Dreyfus Company Africa Pty. Ltd. (South Africa) <sup>1</sup>	100.00	100.00	100.00	100.00
Coffee Agency S.A. (Spain)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Espana S.A. (Spain)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Metals Suisse S.A. (Switzerland) <sup>1</sup>	100.00	100.00	100.00	100.00
Louis Dreyfus Company Suisse S.A. (Switzerland) <sup>1</sup>	100.00	100.00	100.00	100.00
Sungrain Holding S.A. (Switzerland)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Tanzania Ltd. (Tanzania) <sup>1</sup>	100.00	100.00	100.00	100.00
LD Commodities Uganda Ltd. (Uganda)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Ukraine Ltd. (Ukraine) <sup>1</sup>	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities MEA Trading DMCC (United Arab Emirates)	100.00	100.00	100.00	100.00
L.D. Financial Management Limited (United Kingdom)	100.00	100.00	100.00	100.00
Ruselco LLP (United Kingdom)	100.00	100.00	100.00	100.00
LDC Uruguay S.A. (Uruguay)	100.00	100.00	100.00	100.00
Urugrain S.A. (Uruguay)	100.00	100.00	100.00	100.00
Elkhorn Valley Ethanol LLC (U.S.A.)	100.00	100.00	100.00	100.00
Imperial Sugar Company (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Agricultural Industries LLC (U.S.A.) <sup>1</sup>	100.00	100.00	100.00	100.00
Louis Dreyfus Company Biofuels Holdings LLC (U.S.A.) <sup>1</sup>	100.00	100.00	100.00	100.00
Louis Dreyfus Company Citrus Inc. (U.S.A.) <sup>1</sup>	100.00	100.00	100.00	100.00
Louis Dreyfus Company Claypool Holdings LLC (U.S.A.) <sup>1</sup>	100.00	100.00	100.00	100.00
Louis Dreyfus Company Dairy Merchandising LLC (U.S.A.) <sup>1</sup>	100.00	100.00	100.00	100.00
Louis Dreyfus Company Holding Inc. (U.S.A.) <sup>1</sup>	100.00	100.00	100.00	100.00
Louis Dreyfus Company Interior Elevators LLC (U.S.A.) <sup>1</sup>	100.00	100.00	100.00	100.00
Louis Dreyfus Company Investment Holding LLC (U.S.A.) <sup>1</sup>	100.00	100.00	100.00	100.00
Louis Dreyfus Company LLC (U.S.A.) <sup>1</sup>	100.00	100.00	100.00	100.00
Louis Dreyfus Company Norfolk LLC (U.S.A.) <sup>1</sup>	100.00	100.00	100.00	100.00
Louis Dreyfus Company Port Allen Elevator LLC (U.S.A.) <sup>1</sup>	100.00	100.00	100.00	100.00
Term Commodities Inc. (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Vietnam Trading and Processing Co. Ltd. (Vietnam) <sup>1</sup>	100.00	100.00	100.00	100.00

1. These entities changed their legal name in 2016 as LDC is renamed "Louis Dreyfus Company" since the 21 March 2016.

The most significant changes in name are detailed below:

- Louis Dreyfus Company Grain Storage and Handling Pty. Ltd. is the new name of LD Commodities Australia Pty. Ltd.
- Louis Dreyfus Company Sucos S.A. is the new name of Louis Dreyfus Commodities Agroindustrial S.A.
- LDC (Shanghai) Metals Co. Ltd. is the new name of Louis Dreyfus Commodities (Shanghai) Trading Co. Ltd.
- Louis Dreyfus Company Vietnam Trading and Processing Co. Ltd. is the new name of Louis Dreyfus Commodities Vietnam Company Ltd.

# INDEPENDENT AUDITOR'S REPORT

for the years ended 31 December 2015 and 2014

## **TO THE MANAGING DIRECTORS OF LOUIS DREYFUS COMMODITIES B.V.**

We have audited the accompanying consolidated financial statements of Louis Dreyfus Commodities B.V. and subsidiaries, which comprise the consolidated balance sheet as at 31 December 2015 and 2014 and the related consolidated income statements, consolidated statements of comprehensive income, consolidated statements of cash flows and consolidated statements of changes in equity for the two years then ended, and a summary of significant accounting policies and other explanatory notes.

## **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## **AUDITOR'S RESPONSIBILITY**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **OPINION**

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Louis Dreyfus Commodities B.V. and subsidiaries as at 31 December 2015 and 2014, and of its financial performance and its cash flows for the two years then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Neuilly-sur-Seine, France, 17 March 2016

**Deloitte & Associés**



François Buzy

# CONSOLIDATED INCOME STATEMENT

Year ended 31 December

(in millions of US dollars)	Notes	2015	2014
Net sales	24	\$55,733	\$64,719
Cost of sales		(54,370)	(62,919)
<b>Gross Margin</b>		<b>1,363</b>	<b>1,800</b>
Commercial and administrative expenses		(766)	(797)
Finance costs, net	25	(197)	(227)
Share of loss in investments in associates and joint ventures, net	8	(7)	(19)
Gain on investments	27	11	71
Gain on sale of fixed assets		6	2
Other gains		6	7
<b>Income before tax</b>		<b>416</b>	<b>837</b>
Current taxes	21	(200)	(145)
Deferred taxes	21	(5)	(46)
<b>Net income</b>		<b>\$211</b>	<b>\$646</b>
Attributable to:			
<b>Owners of the Company</b>		<b>211</b>	<b>648</b>
Non-controlling Interests		\$-	\$(2)

# CONSOLIDATED BALANCE SHEET

Year ended 31 December

(in millions of US dollars)	Notes	2015	2014
<b>Non-Current Assets</b>			
Intangible assets	5	\$252	\$238
Property, plant and equipment	6	3,425	3,377
Biological assets	7	245	232
Investments in associates and joint ventures	8	190	214
Other investments, deposits and sundry	9	650	545
Deferred income tax assets	21	293	278
<b>Total Non-Current Assets</b>		<b>5,055</b>	<b>4,884</b>
<b>Current Assets</b>			
Inventories	10	5,060	6,013
Trade and other receivables	12	4,771	5,315
Derivative assets	11	1,444	1,325
Margin deposits	11	935	725
Current income tax assets		65	115
Financial advances to related parties	31	17	17
Available-for-sale financial assets	13	23	30
Other financial assets at fair value through profit and loss	14	315	396
Cash and cash equivalents	15	901	608
<b>Total Current Assets</b>		<b>13,531</b>	<b>14,544</b>
Held-for-sale non-current assets and group of assets		6	5
<b>Total Assets</b>		<b>\$18,592</b>	<b>\$19,433</b>

(in millions of US dollars)

	Notes	2015	2014
<b>Equity</b>			
Issued capital and share premium		\$1,587	\$1,587
Perpetual capital securities		350	350
Retained earnings		3,051	3,048
Other reserves		(139)	(66)
<b>Equity attributable to Owners of the Company</b>		<b>\$4,849</b>	<b>\$4,919</b>
<i>Equity attributable to Non-controlling Interests</i>		<i>14</i>	<i>16</i>
<b>Total Stockholders' Equity and Non-controlling Interests</b>	<b>16</b>	<b>\$4,863</b>	<b>\$4,935</b>
<b>Non-Current Liabilities</b>			
Long term debt	17	2,691	2,939
Retirement benefit obligations	19	164	185
Provisions	20	88	100
Deferred income tax liabilities	21	394	377
Other non-current liabilities	23	70	68
<b>Total Non-Current Liabilities</b>		<b>3,407</b>	<b>3,669</b>
<b>Current Liabilities</b>			
Bank loans, acceptances and commercial paper	18	5,432	4,966
Financial advances from related parties	31	347	1,188
Accounts payable and accrued expenses	22	3,186	3,447
Derivative liabilities	11	1,270	1,127
Provisions	20	15	34
Current income tax liabilities		72	67
<b>Total Current Liabilities</b>		<b>10,322</b>	<b>10,829</b>
<b>Total Liabilities</b>		<b>13,729</b>	<b>14,498</b>
<b>Total Equity and Liabilities</b>		<b>\$18,592</b>	<b>\$19,433</b>

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December

(in millions of US dollars)	2015			2014
	Pre-tax	Tax	Net	
<b>Net income</b>	<b>\$416</b>	<b>\$(205)</b>	<b>\$211</b>	<b>\$646</b>
<b>Items reclassified from equity to net income during the year</b>				
Available-for-sale financial assets	-	-	-	12
Cash flow hedges	94	(29)	65	(2)
Liquidated entities	-	-	-	50
<b>Total</b>	<b>94</b>	<b>(29)</b>	<b>65</b>	<b>60</b>
<b>Items that may be reclassified subsequently from equity to net income</b>				
Cash flow hedges – change in fair value	(104)	32	(72)	(9)
Exchange differences arising on translation of foreign operations	(78)	-	(78)	(90)
<b>Total</b>	<b>(182)</b>	<b>32</b>	<b>(150)</b>	<b>(99)</b>
<b>Items that will not be reclassified subsequently from equity to net income</b>				
Pensions	20	(6)	14	(42)
<b>Total</b>	<b>20</b>	<b>(6)</b>	<b>14</b>	<b>(42)</b>
<b>Changes in Other Comprehensive Income</b>	<b>\$(68)</b>	<b>\$(3)</b>	<b>\$(71)</b>	<b>\$(81)</b>
<b>Total Comprehensive Income</b>	<b>\$348</b>	<b>\$(208)</b>	<b>\$140</b>	<b>\$565</b>
Attributable to:				
<b>Owners of the Company</b>			<b>141</b>	<b>568</b>
Non-controlling Interests			(1)	(3)

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December

(in millions of US dollars)	2015	2014
Net income	\$211	\$646
Adjustments for items not affecting cash		
Depreciation, amortization and biological assets' change in fair value	252	303
Current taxes	200	145
Deferred taxes	5	46
Interests, net	189	67
Other provisions, net	6	18
Share of loss in investments in associates and joint ventures, net of dividends	11	22
Gain on investments and on sale of fixed assets	(17)	(73)
Net expense arising from share based payments	95	107
	<b>952</b>	<b>1,281</b>
Changes in operating assets and liabilities		
Inventories	863	(575)
Derivatives	(77)	99
Margin deposits net of margin deposit liabilities	(323)	37
Trade and other receivables	351	608
Trade and other payables	(409)	(679)
Interests paid	(347)	(374)
Interests received	111	83
Income tax paid	(119)	(141)
<b>Net cash from operating activities</b>	<b>1,002</b>	<b>339</b>
<b>Investing activities</b>		
Purchase of fixed assets	(406)	(426)
Additional investments, net of cash acquired	(14)	(166)
Change in short-term securities	36	80
Proceeds from sale of fixed assets	32	18
Proceeds from sale of investments, net	17	316
Change in loans and advances made	(4)	(4)
<b>Net cash used in investing activities</b>	<b>(339)</b>	<b>(182)</b>
<b>Financing activities</b>		
Increase (decrease) in bank loans, acceptances, commercial paper and related parties advances	(259)	1,164
Increase in long term debt	888	920
Repayment of long term debt	(784)	(1,589)
Dividends paid to equity owners of the Company	(205)	(602)
Dividends paid to non-controlling interests	(1)	-
<b>Net cash used in financing activities</b>	<b>(361)</b>	<b>(107)</b>
Exchange difference on cash	(9)	(3)
<b>Increase in cash and cash equivalents</b>	<b>293</b>	<b>47</b>
Cash and cash equivalents, at beginning of the year	608	561
<b>Cash and cash equivalents, at end of the year</b>	<b>\$901</b>	<b>\$608</b>

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December

(in millions of US dollars)	Issued Capital and Share Premium	Perpetual Capital Securities	Retained Earnings	Other Reserves	Equity attributable to Owners of the Company	Equity attributable to Non- Controlling Interests	Total Equity
<b>Balance at 1 January 2014</b>	<b>\$1,587</b>	<b>\$350</b>	<b>\$3,026</b>	<b>\$17</b>	<b>\$4,980</b>	<b>\$49</b>	<b>\$5,029</b>
Net income			648		648	(2)	646
Other Comprehensive Income, net of tax				(80)	(80)	(1)	(81)
<b>Total Comprehensive Income</b>			<b>648</b>	<b>(80)</b>	<b>568</b>	<b>(3)</b>	<b>565</b>
Dividends			(602)		(602)		(602)
Accrued capital securities distribution, net of tax			(22)		(22)		(22)
Deferred compensation plan, net of tax			(3)	(3)	(6)		(6)
Transactions with non-controlling interests			1		1	(30)	(29)
<b>Balance at 31 December 2014</b>	<b>\$1,587</b>	<b>\$350</b>	<b>\$3,048</b>	<b>\$(66)</b>	<b>\$4,919</b>	<b>\$16</b>	<b>\$4,935</b>
Net income			211		211	-	211
Other Comprehensive Income, net of tax				(70)	(70)	(1)	(71)
<b>Total Comprehensive Income</b>			<b>211</b>	<b>(70)</b>	<b>141</b>	<b>(1)</b>	<b>140</b>
Dividends			(205)		(205)	(1)	(206)
Accrued capital securities distribution, net of tax			(22)		(22)		(22)
Deferred compensation plan, net of tax			19	(3)	16		16
<b>Balance at 31 December 2015</b>	<b>\$1,587</b>	<b>\$350</b>	<b>\$3,051</b>	<b>\$(139)</b>	<b>\$4,849</b>	<b>\$14</b>	<b>\$4,863</b>



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Louis Dreyfus Commodities B.V. ("LDC" or the "Company") is a privately owned company incorporated in the Netherlands on 28 December 2004. The address of its registered office is Westblaak 92, 3012 KM Rotterdam – Netherlands. It is an indirect subsidiary of Louis Dreyfus Holding B.V. ("LDH"), a privately owned Dutch company controlled by the family foundation established by Robert Louis-Dreyfus.

At 31 December 2011, LDC was a direct subsidiary of Louis Dreyfus Commodities Holdings B.V. ("LDCH"), a company incorporated in the Netherlands. Effective 4 December 2012, LDCH contributed all its shares and voting rights in LDC to the newly formed intermediate holding company Louis Dreyfus Commodities Netherlands Holding B.V. ("LDCNH").

Since December 2007, a non-controlling share of LDCH was taken by employees in the execution of the equity participation plan described in note 29.

In September 2012, LDC priced an inaugural US\$350 million, 8.25% coupon hybrid capital securities transaction. The structure of the perpetual hybrid capital securities qualifies the instrument to be classified as equity under IFRS. The securities are perpetual, but LDC has the right to redeem them in certain circumstances. They are not rated, and are listed on the Official List of the Singapore Exchange.

In 2013, LDC completed the issuance of two unrated Eurobonds: one in July for €400 million (5-year, 3.875%) and one in December for €500 million (7-year, 4%). Both instruments are listed on the Luxembourg Stock Exchange.

LDC and its subsidiaries (the "Group") is a global merchandizer of commodities and processor of agricultural goods, operating a significant network of assets around the world. The Group's activities span the entire value chain from farm to fork, across a broad range of business lines (platforms). Since 1851 the Group's portfolio has grown to include Oilseeds, Grains, Juice, Freight, Fertilizers & Inputs, Cotton, Sugar, Finance, Coffee, Rice, Dairy and Metals.

## 1. ACCOUNTING POLICIES

The consolidated financial statements of LDC are prepared in the functional currency of LDC, which is the US Dollar.

The consolidated financial statements have been established by the Board of Directors of LDC on 17 March 2016.

The December 2015 consolidated financial statements of LDC have been prepared in accordance with International Financial Reporting Standards ("IFRS") adopted by the European Union at 31 December 2015. The Group has not adopted IAS 33 "Earnings per Share". This standard is not mandatory for companies whose ordinary shares are not publicly traded.

The accounting policies used to prepare these financial statements are the same as those used to prepare the consolidated financial statements at and for the year ended 31 December 2014, except for the adoption of new amendments, standards and interpretations at 1 January 2015 detailed below.

### **NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS IN EFFECT STARTING FROM 2015**

- IFRIC 21 "Levies": The interpretation is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 Income Taxes) and fines or other penalties for breaches of legislation. This interpretation clarifies that an entity recognizes a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements. This interpretation which should be applied for annual periods beginning on or after 17 June 2014 had no effect on the balance sheet nor performance of the Group.

In addition, in December 2013, IASB issued Annual Improvements to IFRSs (2011-2013 Cycle), applicable for annual periods beginning on or after 1 January 2015, including:

- Amendment to IFRS 1 “First-time Adoption of International Financial Reporting Standards” clarifying the meaning of each IFRS effective at the end of an entity’s first IFRS reporting period.
- Amendment to IFRS 3 “Business Combination” clarifying that the scope exception only applies to the financial statements of the joint venture or the joint operation itself and that IFRS 3 does not apply to the formation of all type of joint arrangements as defined in IFRS 11 Joint Arrangements.
- Amendment to IFRS 13 “Fair Value Measurement” clarifying that the portfolio exception applies to all contracts within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definitions of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.
- Amendment to IAS 40 “Investment Property” clarifying that judgment is needed to determine whether the acquisition of investment property is the acquisition of an asset, a group of assets or a business combination in the scope of IFRS 3 and that this judgment is based on the guidance in IFRS 3.

The other improvements to IFRS and amendments to IFRS effective 1 January 2015 have had no effect on the balance sheet or performance of the Group.

The Group has not adopted any standard, interpretation or amendment, which has been issued but is not yet effective.

#### **NEW AND AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS APPROVED BY THE EUROPEAN UNION WITH EFFECT IN FUTURE PERIODS**

- Amendments to IAS 19 “Employee Benefits: Defined Benefit Plans - Employee Contributions”. These amendments apply to contributions from employees or third parties to defined benefit plans. The objective of the amendments is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The application of these amendments will be mandatory for annual periods beginning on or after 1 February 2015 and is not expected to have a material impact on the Group’s financial statements.
- Amendments to IAS 16 and IAS 41 “Bearer Plants”. The amendments require bearer plants to be accounted for as property, plant and equipment and included within the scope of IAS 16 Property, Plant and Equipment, instead of IAS 41 Agriculture. The produce growing on bearer plants will remain within the scope of IAS 41 and will be thus measured at fair value less costs to sell. The amendments will come into effect at 1 January 2016.

The Group may elect to measure an item of bearer plants at its fair value at 1 January 2015 and use that fair value as its deemed cost at that date. Based on this assumption, the main impacts on the Group’s consolidated balance sheet at 1 January 2015 correspond to the reclassification of bearer plants from Biological assets to Property, plant and equipment.

A preliminary estimation of the impacts on the Group’s consolidated balance sheets is as follows:

- At 1 January 2015
  - An increase in assets related to property, plant and equipment with the respective decrease in the biological assets estimated at US\$205 million.
- At 31 December 2015
  - An increase in assets related to property, plant and equipment estimated at US\$196 million,
  - A decrease in biological assets recognized in balance sheet estimated at US\$196 million,
  - No estimated impact in consolidated equity since the amounts of bearer plants and biological assets restated according to IAS 16 and IAS 41 revised should be close to the amount of biological assets under IAS 41.

A detailed analysis of the impact of the amended version of IAS 41 and IAS 16 on the 2015 consolidated financial statements is underway.

- Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”. These amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments will come into effect at 1 January 2016 and are not expected to have a material impact on the Group’s financial statements.

- Amendments to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”: The amendments clarifies that an entity that acquires an interest in a joint operation in which the activity constitutes a business should apply the relevant principles of business combination accounting and related disclosure requirements in IFRS 3 Business Combinations and other Standards, that do not conflict with the guidance in IFRS 11. The amendments will come into effect at 1 January 2016 and are not expected to have a material impact on the Group’s financial statements.

In addition, IASB issued Annual Improvements to IFRSs (2010-2012 Cycle and 2012-2014 Cycle):

- Annual Improvements to IFRSs 2010-2012, applicable for annual periods beginning on or after 1 February 2015, including:
  - Amendment to IFRS 2 “Share-based Payment” clarifying the definition of vesting condition.
  - Amendment to IFRS 3 “Business Combination” clarifying the accounting for contingent consideration in a business combination.
  - Amendments to IFRS 8 “Operating Segments” clarifying that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should be disclosed, if that amount is regularly provided to the chief operating decision maker and clarifying the requirement to disclose those factors that are used to identify the entity’s reportable segments when operating segments have been aggregated.
  - Amendment to IFRS 13 “Fair value measurement” clarifying the rationale for removing from IFRS 9 “Financial Instruments” and from IAS 39 “Financial Instruments” the guidance related to the measurement of short-term receivables and payables with no stated interest rate at invoice amounts.
  - Amendment to IAS 16 “Property, Plant and Equipment” clarifying the requirements for the revaluation method in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets to address concerns about the calculation of the accumulated depreciation or amortization at the date of the revaluation.
  - Amendment to IAS 24 “Related Party Disclosures” clarifying that an entity providing key management personnel services to the reporting entity is a related party of the reporting entity.
  - Amendment to IAS 38 “Intangible Assets” clarifying that for intangible assets measured using the revaluation method, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount and the accumulated amortization is calculated as the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.
- Annual Improvements to IFRSs 2012-2014, applicable for annual periods beginning on or after 1 January 2016, including:
  - Amendment to IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” clarifying the application of the guidance in IFRS 5 regarding the case of a change in a disposal plan from a plan to sell a division by means of an initial public offering to a plan to spin off a division and distribute a dividend in kind to its shareholders.
  - Amendments to IFRS 7 “Financial Instruments: Disclosures” clarifying how to decide whether a servicing contract constitutes continuing involvement for the purposes of the transfer disclosure requirements and clarifying that the additional disclosure required by the amendments to IFRS 7 concerning offsetting is not specifically required for all interim periods (disclosure required only when its omission would make the condensed interim financial statements misleading).
  - Amendment to IAS 19 “Employee Benefits” clarifying that the depth of the market for high quality corporate bonds should be assessed at a currency level and not a country/regional market level.
  - Amendment to IAS 34 “Interim Financial Reporting” clarifying the meaning of disclosure of information ‘elsewhere in the interim financial report’ as used in IAS 34. Those disclosures shall be given either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statement (such as management commentary or risk report) that is available to users of the financial statements on the same terms as the interim financial statements and at the same time.

The application of these improvements is not expected to have a material impact on the Group’s financial statements.

- Amendments to IAS 1 “Disclosure Initiative”: These amendments address some of the concerns expressed about existing presentation and disclosure requirements and ensure that entities are able to use judgment when applying IAS 1. These amendments will come into effect at 1 January 2016 are not expected to have a material impact on the Group’s financial statements.

## ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BY IASB BUT NOT YET APPROVED BY THE EUROPEAN UNION

The following standards and interpretations issued by IASB are not yet approved by the European Union. Their potential impact is currently under review by the Group:

- IFRS 9 “Financial instruments”: The standard replaces IAS 39 “Financial instruments – Recognition and Measurement”. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The new Standard will come into effect at 1 January 2018 with early application permitted.
- IFRS 15 “Revenue from Contracts with Customers”: The new standard supersedes IAS 11 “Construction Contracts” and IAS 18 “Revenue” on revenue recognition. Revenue will be recognized to depict the transfer of goods or services to customers in amounts that reflect the payment to which the company expects to be entitled in exchange for those goods or services by applying the following steps:
  - Step 1: Identify the contract with a customer
  - Step 2: Identify the performance obligations in the contract
  - Step 3: Determine the transaction price
  - Step 4: Allocate the transaction price to the performance obligations in the contract
  - Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The new Standard will come into effect at 1 January 2018 with early application permitted.

- IFRS 14 “Regulatory Deferral Accounts”: The aim of this interim Standard is to enhance the comparability of financial reporting by entities that are engaged in rate-regulated activities. The standard, in effect at 1 January 2016 with early application permitted, is not applicable to the Group and therefore is expected not to have any impact on the Group’s financial statements.
- Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”: These amendments, into effect at 1 January 2016 with early application permitted, provide an exception to the consolidation requirements in IFRS 10 for investment entities.
- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”: The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.
- IFRS 16 “Leases”: The new standard sets out the principles that both parties to a contract, i.e. the customer (‘lessee’) and the supplier (‘lessor’), apply to provide relevant information about leases in a manner that faithfully represents those transactions. To meet this objective, a lessee is required to recognize assets and liabilities arising from a lease. The new Standard will come into effect at 1 January 2019 with early application permitted for entities that apply IFRS 15 “Revenue from Contracts with Customers” at or before the date of initial application of this Standard.
- Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”: The amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. These amendments will come into effect at 1 January 2017 with early application permitted.
- Amendments to IAS 7 “Disclosure Initiative”: The amendments will require entities to provide disclosures that enable investors to evaluate changes in liabilities arising from financing activities, including changes arising from cash flows and non-cash changes. These amendments will come into effect at 1 January 2017 with early application permitted.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### BASIS OF CONSOLIDATION

In accordance with IFRS 10 Consolidated Financial Statements, the consolidated financial statements of LDC include the financial statements of all entities that the Group controls directly or indirectly, regardless of the level of the Group's equity interest in the entity. An entity is controlled when the Group has power over the entity, exposure or rights to variable returns from its involvement with the entity, and the ability to affect those returns through its power over the entity. In determining whether control exists, potential voting rights must be taken into account if those rights are substantive, in other words they can be exercised on a timely basis when decisions about the relevant activities of the entity are to be taken.

Entities consolidated by the Group are referred to as "subsidiaries". Entities that the Group controls by means other than voting rights are referred to as "consolidated structured entities".

In accordance with IFRS 11 Joint Arrangements, the Group classifies its joint arrangements (i.e. arrangements in which the Group exercises joint control with one or more other parties) either as a joint operation or a joint venture. In the case of a joint operation, the Group recognizes the assets and liabilities of the operation in proportion to its rights and obligations relating to those assets and liabilities. Joint ventures are accounted for using the equity method of accounting.

The Group exercises joint control over a joint arrangement when decisions relating to the relevant activities of the arrangement require the unanimous consent of the Group and the other parties with whom control is shared.

The Group exercises significant influence over an entity when it has the power to participate in the financial and operating policy decisions of that entity, but does not have the power to exercise control or joint control over those policies.

In accordance with IAS 28 Investments in Associates and Joint Ventures, the equity method is used to account for joint ventures and for associates (i.e. entities over which the Group exercises significant influence).

All consolidated subsidiaries and companies carried at equity prepared their accounts at 31 December 2015 in accordance with the accounting policies and methods applied by the Group.

Intercompany transactions and balances are eliminated in consolidation.

A change to the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. In the event that the Group loses control over a subsidiary, the Group:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- Derecognizes the carrying amount of any non-controlling interests;
- Derecognizes the foreign currency translation recorded in equity;
- Recognizes the fair value of the consideration received;
- Recognizes the fair value of any investment retained;
- Recognizes any benefit or deficit in the income statement; and
- Reclassifies components previously recognized in other comprehensive income to the income statement or retained earnings, as appropriate.

### USE OF ESTIMATES

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

The Group engages in price risk management activities, principally for trading purposes. Activities for trading purposes are accounted for using the mark-to-market method. The market prices used to value these transactions reflect management's best estimate considering various factors including the closing exchange and over-the-counter quotations, parity differentials, time value and price volatility underlying the commitments. The values are adjusted to reflect the potential impact of liquidating the Group's positions in an orderly manner over a reasonable period of time under present market conditions.

Goodwill is tested annually for impairment in accordance with the valuation methodology described below. The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Cash generating units are defined at the lowest level of independent cash flows generated by the corresponding assets measured. Applying this methodology, the Group identified twelve main independent cash generating units corresponding to its commodity platforms. The value-in-use calculations are based on pre-tax cash flow projections set on business plans approved by the management covering a five-year period, and potentially an extrapolation of the cash flows beyond the five-year plan to cover a full life cycle and a terminal value using a perpetual growth rate. The recoverable amount is the sum of the discounted cash flows and the discounted terminal residual value. Discount rate used is based on the weighted average cost of capital of the Group before tax.

Biological assets are carried at fair value, estimated using discounted expected future cash flows, less costs to sell. This computation includes estimates of productivity, quality, market price, labor costs, and interest rates evolutions. Market prices are derived from prices available on quoted active markets for products related to the biological assets valued. Biological assets are grouped by location to better integrate significant attributes like maturity, quality, labor costs needs and yield, in the determination of the fair value. Comparisons are made on an ongoing basis to adjust estimates from past harvests and changes in market prices. The projections are made in US Dollars with a finite projection period, based on the remaining useful life of each group of biological assets identified.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

## **FOREIGN CURRENCIES**

Financial statements of foreign operations are translated from the functional currency into US Dollar using exchange rates in effect at period end for assets and liabilities, and average exchange rates during the period for results of operations and cash flows. However, for certain material transactions, a specific exchange rate is used when considered relevant. Related translation adjustments are reported as a separate component of equity. A proportionate share of translation adjustments relating to a foreign investment is recognized in income when this investment is sold fully or partially.

When the functional currency is not the local currency, the local statements are first converted using historical exchange rates for inventories, properties, and depreciation, and related translation adjustments are included in current year's operations.

Exchange differences arising on monetary items which form an integral part of the net investment in foreign subsidiaries are recognized in equity, under "Translation adjustments", for their net-of-tax amount.

Exchange differences on receivables and payables denominated in a foreign currency are recorded in the income for the year.

On a regular basis, the Group reviews the functional currencies used in measuring foreign operations to assess the impact of recent evolutions of its activities and the environment in which it operates.

## **CONSOLIDATED INCOME STATEMENT**

Income and expenses are analyzed by function in the consolidated income statement. Cost of sales includes depreciation and employment costs relating to processing plants. It also includes the net unrealized gain or loss on open contracts of the commodity and freight trading activity as well as the change in fair value of biological assets. Commercial and administrative expenses include the cost of traders and administrative employees, the depreciation of office buildings and equipment, as well as the charge resulting from the fair value of shares and stock options granted to employees.

## **CONSOLIDATED BALANCE SHEET**

Assets and liabilities are presented separately between current and non-current assets, and current and non-current liabilities. This classification is based for each asset and liability on the expected recoverability or settlement, before or after twelve months from the balance sheet date.

## **INTANGIBLE ASSETS**

### **Goodwill**

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group.

For transactions concluded prior to 31 December 2009 goodwill was determined as the excess of cost of acquisition over the fair value of net assets acquired at date of purchase. When the Group acquired an additional interest in a company already controlled, the excess cost of acquisition over the historical value of net assets acquired, was also recorded as goodwill. When non-controlling interests were granted put option agreements exercisable without constraint from the Group, the excess share of equity over the fair value of these agreements was also recorded as goodwill.

For transactions concluded since 1 January 2010, goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, measured at fair value at acquisition date, and the amount recognized for non-controlling interests over the net identifiable assets acquired and liabilities assumed. For each business combination, the Group measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Goodwill is not amortized. Goodwill is tested for impairment, when circumstances indicate that the carrying value may be impaired, and at the minimum, annually. Impairment is determined for goodwill by assessing the recoverable amount of the cash-generating units, to which the goodwill relates. Where the recoverable amount of the cash-generating units is less than their carrying amount an impairment loss is recognized.

At the time of impairment testing a cash-generating unit to which goodwill has been allocated, there may be an indication of an impairment of an asset within the unit containing the goodwill. In such circumstances, the entity tests the asset for impairment first, and recognizes any impairment loss for that asset before testing for impairment the cash-generating unit containing the goodwill.

Goodwill relating to the acquisition of shares in an equity investment is presented in investments in associates and joint ventures.

#### **Other intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses. Finite lived intangible assets are amortized over periods ranging from one to ten years.

The useful life of acquired trademarks is assessed to be qualified as finite or indefinite. Trademarks with an indefinite useful life are not amortized but reviewed for impairment annually by comparing their recoverable amount with their carrying amount.

### **PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, incurred during the construction period, are capitalized as part of the cost of that asset. When relevant, property, plant and equipment costs include initial estimate of decommissioning and site restoration costs. Depreciation is calculated based on the carrying amount, net of residual value, principally using the straight-line method over the estimated useful lives of the assets, as follows: Buildings, 15 to 40 years; Machinery and Equipment, 5 to 25 years; and Other Tangible Assets, 1 to 20 years.

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

### **BIOLOGICAL ASSETS**

Biological assets consist of orange groves in Brazil. In application of IAS41 – "Agriculture," they are carried at fair value less estimated costs to sell, generally based on discounted expected future cash flows from these assets. Changes in fair value are recognized in the income statement.

### **INVESTMENTS IN ASSOCIATES AND JOINT VENTURES**

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights.

Joint ventures are a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.



Investments in associates and joint ventures are accounted for using the equity method of accounting and are initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. The Group's investment in associates and joint ventures includes goodwill identified on acquisition date, net of any accumulated impairment loss.

### **OTHER INVESTMENTS, DEPOSITS AND SUNDRY**

Other investments, deposits and sundry mainly include long term loans and advances. These assets are initially recognized at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortized cost using the effective interest method.

### **INVENTORIES AND DERIVATIVES**

#### **Trading inventories**

Trading inventories are valued at fair value less costs to sell. The "mark-to-market" valuation policy, which is accepted as a commodity industry practice, presents a fair reflection of the Group's trading activities.

#### **Other inventories**

The other inventories are valued at the lower of cost or net realizable value, especially for certain entities for which the trading model is not applicable.

#### **Derivatives**

The Group invests in futures and option contracts mostly to hedge trading inventories and open commitments in commodities and securities. Futures and option contracts are recognized at fair value, and the resulting unrealized gains and losses are recognized in the income statement. Undelivered commodities purchase and sale commitments and swap / supply arrangements are recognized at fair value, and the resulting unrealized gain or loss is recognized in the income statement. Foreign exchange hedge contracts are recognized at fair value, and the resulting unrealized gains and losses are recognized in the income statement in "Finance costs, net" for the foreign exchange exposure on funding and in "Cost of sales" for the foreign exchange gains and losses related to working capital. Expected costs associated to the execution of contracts are accrued.

### **HEDGE ACCOUNTING**

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognized asset or liability or an unrecognized firm commitment; or
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment; or
- hedges of a net investment in a foreign operation.

The Group carries out assessments of hedging operations that qualify for hedge accounting, based on documentation of hedging relationships. This documentation includes the identification of the hedging instrument, the hedged item, the risk being hedged and the effectiveness of the hedge, at inception of the hedge and throughout financial reporting periods for which the hedge was designated.

#### **Fair value hedges**

The change in the fair value of a hedging derivative is recognized in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognized in the income statement.

#### **Cash flow hedges**

The effective portion of the gain or loss on the hedging instrument is recognized directly in other reserves, while any ineffective portion is recognized immediately in the income statement. Amounts taken to equity are transferred to the income statement when the hedged transaction affects the income statement, such as when the hedged financial income or financial expense is recognized or when a forecast sale occurs.



## **TRADE RECEIVABLES**

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. When there is objective evidence that the initial economic benefits will not flow to the Group, a provision for impairment is accounted. Significant financial difficulties of the debtor, default or delinquency in payments (more than three months overdue) are considered indicators that the trade receivable has to be impaired.

## **AVAILABLE-FOR-SALE FINANCIAL ASSETS**

Available-for-sale financial assets mainly consist of shares of non-consolidated companies for which the Group does not exercise significant influence, joint control or control. Listed shares are valued at fair value corresponding to the listed price. Other shares are generally carried at cost, which is deemed to approximate fair value. Any change in fair value of shares after initial recognition is recorded through other comprehensive income and subsequently recognized in income on disposal of the shares or when the investment is deemed to be impaired.

## **OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS**

Other financial assets at fair value through profit and loss include short-term securities with an original maturity greater than three months acquired with the purpose of selling or repurchasing, and bonds relating to the financial trading activity as well as other financial assets designated upon recognition at fair value through profit and loss.

## **MARGIN DEPOSITS**

Margin deposits consist of cash with brokers and exchanges, to meet initial and variation margin requirements in respect of futures positions on commodities exchanges.

## **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include highly liquid investments with a maturity of three months or less at the time of the purchase. Treasury bills, money market funds, commercial paper, bank certificates of deposit and marketable securities having insignificant risk of change in value, qualify under that definition.

Any difference between the carrying amount of the cash equivalents and its fair value is recognized in the income statement.

The statement of cash flows presents the change in cash and cash equivalents. Changes in bank overdrafts that form part of the financing activities are presented in increase (decrease) in bank loans, acceptances and commercial paper.

## **PERPETUAL CAPITAL SECURITIES**

The structure of the perpetual hybrid capital securities qualifies the instrument to be classified as equity under IFRS. The perpetual capital securities instrument is recorded at nominal value and classified as a component of equity in the consolidated balance sheet. The distribution on the perpetual capital securities is recorded net of tax and classified as a separate allocation of retained earnings within the equity section of the consolidated balance sheet.

## **PROVISIONS**

Provisions for environmental restoration and decommissioning, restructuring costs and legal claims are recognized when the Group has a present obligation (legal or constructive) as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made.

## **EMPLOYEE BENEFITS**

### **Short-term employee benefits**

Short-term employee benefits include wages, salaries, social security contributions, compensated absences, profit-sharing and bonuses and are expected to be settled wholly before twelve months after the end of the reporting period. Short-term employee benefit obligations are measured on an undiscounted basis and are recognized in operating income as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

### **Pensions and post-retirement benefits**

Defined contribution plans are funded by contributions paid by employees and Group companies to the organizations responsible for managing the plans. The Group's obligations are limited to the payment of such contributions.

Defined benefit plans consist of either funded or unfunded plans. Obligations under these plans are generally determined by independent actuaries using the projected unit credit method. The Group measures and recognizes post-employment benefits in accordance with IAS 19:

- contributions to defined contribution plans are recognized as an expense;
- defined benefit plans are measured using actuarial valuations.

The Group uses the projected unit credit method as the actuarial method for measuring its post-employment benefit obligations, on the basis of the national or company-wide collective agreements effective within each entity.

Factors used in calculating the obligation include length of service, life expectancy, salary inflation, staff turnover, and macro-economic assumptions specific to countries in which the Group operates (such as inflation rate and discount rate).

Actuarial gains and losses relating to defined benefit plans (pensions and other post-employment benefits), arising from the effects of changes in actuarial assumptions and experience adjustments, are recognized net of deferred taxes in other comprehensive income.

The liability recognized in the balance sheet in respect of defined benefit plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan.

If the value of plan assets exceeds the obligation under the plan, the net amount is recognized as a non-current asset. Overfunded plans are recognized as assets only if they represent future economic benefits that will be available to the Group through future refunds from the plan or reductions in future contributions to the plan.

#### **Other long-term benefits**

The Group's net obligation in respect of long-term benefits, other than post-employment plans, is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The value of the obligation is determined using the projected unit credit method.

Actuarial gains and losses are immediately recognized in the income statement as part of the commercial and administrative expenses.

#### **Share-based payment transactions**

Share plans and stock-option plans are measured at fair value, corresponding to the value of the benefit granted to the employee on the grant date. The transactions are recognized in commercial and administrative expenses in the income statement on a graduate basis over the vesting period, with a corresponding increase in other reserves in equity when the plan is deemed as equity plan.

### **OTHER FINANCIAL LIABILITIES**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

### **INCOME TAXES**

Deferred taxes arise from temporary differences between the carrying amounts of certain assets and liabilities and their tax basis. The Group accounts for deferred income tax in accordance with the balance sheet liability method using the most recent established tax rates at year end. The Group recognizes future tax benefits to the extent that the realization of such benefits is probable. The carrying amount of deferred tax assets is reviewed at each balance sheet date. Tax assets and liabilities are offset when the taxes relate to income taxes levied by the same taxation authority.

### **NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement for all periods presented.

Property, plant and equipment and intangible assets are not depreciated or amortized once classified as held for sale.

### **FINANCE LEASES**

Leases that transfer substantially all the risks and rewards incidental to ownership are qualified as finance leases. When a tangible asset is held under a finance lease, it is recorded as an asset at fair value or, if lower, at the present value of the minimum lease payments determined at inception of the lease, and the corresponding lease obligation is recorded as a financial liability. The capital lease assets are depreciated over their expected useful life in accordance with Group policy net of the residual value.

### **REVENUE**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities.

Revenue arises from sale of goods, services rendered and use by others of entity assets, yielding interest, royalties and dividends.

#### **Sale of goods**

The Group recognizes revenue when the amount of revenue can be reliably measured, significant risks and rewards of ownership of the goods are transferred to the buyer and it is probable that future economic benefits will flow to the entity. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

Physical purchases and sales of products are reflected as cost of goods sold and sales, respectively, in the accompanying consolidated income statement at the time such products are shipped and title and risk of loss pass to the customer. Costs for shipping of inventories are included in cost of goods sold in the accompanying consolidated income statement.

Revenue is presented net of returns, rebates and discounts and after eliminating sales within the Group.

If the Group acts in the capacity of an agent rather than as the principal in a transaction, then the revenue recognized is the net amount realized by the Group.

#### **Services rendered**

When the outcome of services rendered can be estimated reliably, revenue associated is recognized by reference to the stage of completion of the transaction at the balance sheet date.

#### **Financial income**

Interest income and expenses are recognized on a time-proportion basis using the effective interest method. Dividend income is recognized when the right to receive payment is established.

### 3. SEGMENT INFORMATION

The Group operates its business worldwide under two segments: Value Chain and Merchandizing, organized around products that have similar economic characteristics.

Each reportable segment is responsible for the farming, origination, processing, refining, storage, transport and distribution of its products (where applicable).

In order to better integrate activities within the grains and oilseeds value chain, the Feed business has been included within the scope of the Grains and Oilseeds Platforms starting 2015. The Value Chain segment now comprises the following platforms: Oilseeds, Grains, Juice, Fertilizers & Inputs and Freight. The first four platforms have a fully integrated asset network ranging from origination and processing to distribution. The Freight Platform supports the Group's businesses, particularly the Grains and Oilseeds Platforms, with its international presence covering all major commodities' flows. Products commercialized in this segment encompass commodities for both human and animal consumption.

The Merchandizing segment consists of all the Group's platforms that have a more merchant-oriented business model: Cotton, Sugar, Finance, Coffee, Rice, Dairy and Metals. These platforms' merchandizing activities often cover a wide range of products, from raw to processed commodities. In some cases, platforms in the segment sell products under the Group's own brands.

The financial performance of the segments is principally evaluated with reference to the Segment Operating Results, which is the Net Sales, less Cost of Sales plus Share of profit (loss) in investments in associates and joint ventures, net.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. Inter-segment sales and transfers where applicable are generally valued at market.

Segment information at and for the year ended 31 December 2015 is as follows:

(in millions of US dollars)	2015		
	Value Chain	Merchandizing	Total
<b>Net Sales</b>	<b>\$34,540</b>	<b>\$21,193</b>	<b>\$55,733</b>
Depreciation	(171)	(51)	(222)
Share of gain (loss) in investments in associates and joint ventures, net	12	(19)	(7)
<b>Segment Operating Results</b>	<b>\$836</b>	<b>\$520</b>	<b>\$1,356</b>
Commercial and administrative expenses			(766)
Finance costs, net			(197)
Others			23
Income taxes			(205)
<b>Net income attributable to Owners of the Company</b>			<b>\$211</b>

	2015		
(in millions of US dollars)	Value Chain	Merchandizing	Total
<b>Segment Assets</b>	\$9,294	\$7,051	<b>\$16,345</b>
<b>Segment Liabilities</b>	(2,469)	(1,987)	<b>(4,456)</b>
Other Assets <sup>1</sup>			<b>2,247</b>
Other Liabilities <sup>2</sup>			<b>(9,273)</b>
<b>Total Net Assets</b>	<b>\$6,825</b>	<b>\$5,064</b>	<b>\$4,863</b>
<b>Additions to Fixed Assets<sup>3</sup></b>	<b>\$347</b>	<b>\$73</b>	<b>\$420</b>

1. Other Assets include other investments, deposits and sundry, deferred and current income tax assets, available-for-sale financial assets, other financial assets at fair value through profit and loss, cash and cash equivalents;

2. Other Liabilities include non-current liabilities, bank loans, acceptances and commercial paper, financial advances from related parties, provisions, current income tax liabilities;

3. Additions to Fixed Assets include purchase of fixed assets and additional investments net of cash acquired.

Segment information at and for the year ended 31 December 2014 is as follows:

	2014		
(in millions of US dollars)	Value Chain	Merchandizing	Total
<b>Net Sales</b>	\$39,976	\$24,743	<b>\$64,719</b>
Depreciation	(167)	(58)	<b>(225)</b>
Share of gain (loss) in investments in associates and joint ventures, net	(14)	(5)	<b>(19)</b>
<b>Segment Operating Results</b>	<b>\$1,046</b>	<b>\$735</b>	<b>\$1,781</b>
Commercial and administrative expenses			<b>(797)</b>
Finance costs, net			<b>(227)</b>
Others			<b>80</b>
Income taxes			<b>(191)</b>
Non-Controlling Interests			<b>2</b>
<b>Net income attributable to Owners of the Company</b>			<b>\$648</b>

	2014		
(in millions of US dollars)	Value Chain	Merchandizing	Total
<b>Segment Assets</b>	\$9,954	\$7,507	<b>\$17,461</b>
<b>Segment Liabilities</b>	(2,766)	(1,808)	<b>(4,574)</b>
Other Assets <sup>1</sup>			<b>1,972</b>
Other Liabilities <sup>2</sup>			<b>(9,924)</b>
<b>Total Net Assets</b>	<b>\$7,188</b>	<b>\$5,699</b>	<b>\$4,935</b>
<b>Additions to Fixed Assets<sup>3</sup></b>	<b>\$467</b>	<b>\$125</b>	<b>\$592</b>

1. Other Assets include other investments, deposits and sundry, deferred and current income tax assets, available-for-sale financial assets, other financial assets at fair value through profit and loss, cash and cash equivalents;

2. Other Liabilities include non-current liabilities, bank loans, acceptances and commercial paper, financial advances from related parties, provisions, current income tax liabilities;

3. Additions to Fixed Assets include purchase of fixed assets and additional investments net of cash acquired.

Net sales by geographical destination, based on the country of incorporation of the counterparty, consist of the following for the years ended 31 December 2015 and 31 December 2014:

(in millions of US dollars)	<b>2015</b>	2014
Asia	\$24,103	\$25,452
North Latin America	3,692	2,798
South & West Latin America	2,727	6,346
Middle East & Africa	5,256	6,345
Europe & Black Sea	14,173	17,968
North America	5,782	5,810
	<b>\$55,733</b>	<b>\$64,719</b>

The Group's fixed assets (intangible assets, property plant and equipment and biological assets) are located in the following geographical areas at 31 December 2015 and 31 December 2014:

(in millions of US dollars)	<b>2015</b>	2014
Asia	\$278	\$293
North Latin America	1,254	1,251
South & West Latin America	639	613
Middle East & Africa	49	44
Europe & Black Sea	335	326
North America	1,367	1,320
	<b>\$3,922</b>	<b>\$3,847</b>

Beginning of 2016, the Group's Europe & Black Sea and Middle East & Africa geographical areas have been merged into a single operational unit.

## 4. CHANGE IN LIST OF CONSOLIDATED COMPANIES

No significant change in list of consolidated companies occurred during the year ended 31 December 2015.

In March 2014, the Group acquired 100% of Kowalski Alimentos S.A., one of the largest Brazilian corn dry milling companies, primarily comprised of Apucarana and Rio Verde processing plants, for a total purchase price of US\$114 million. The purchase price allocation is as follows:

(in millions of US dollars)	Book value at date of acquisition under local GAAP	Fair value under IFRS
Intangible assets	\$-	\$41
Property, plant and equipment	18	86
Other non-current assets	3	5
<b>Non-current assets</b>	<b>\$21</b>	<b>\$132</b>
Inventories	\$25	\$25
Other current assets	10	10
<b>Current assets</b>	<b>\$35</b>	<b>\$35</b>
<b>Total Assets</b>	<b>\$56</b>	<b>\$167</b>
Deferred income tax liabilities <sup>1</sup>	\$-	\$10
Other non-current liabilities	5	8
<b>Non-current liabilities</b>	<b>\$5</b>	<b>\$18</b>
<b>Current liabilities</b>	<b>\$15</b>	<b>\$15</b>
<b>Total Liabilities</b>	<b>\$20</b>	<b>\$33</b>
Net Equity	\$36	\$134
Consideration transferred		\$114
<b>Gain from bargain purchase<sup>2</sup></b>		<b>\$(20)</b>

1. By applying the Brazilian law #9,532/07 enacted in December 2014, Deferred Tax Liabilities were recorded in the opening balance sheet of Kowalski Alimentos S.A. when recognizing brands only, leading to record a gain from bargain purchase.

2. The gain from bargain purchase was recognized as a profit in the 2014 income statement against the line cost of sales.

In October 2014, Kowalski Alimentos S.A. merged into Louis Dreyfus Commodities Brasil SA. As both entities are fully consolidated, this merger had no impact at Group consolidated level.

## 5. INTANGIBLE ASSETS

At 31 December 2015 and 31 December 2014, intangible assets consist of the following:

(in millions of US dollars)	2015			2014		
	Gross value	Accumulated depreciation	Net value	Gross value	Accumulated depreciation	Net value
Goodwill	\$67	\$(28)	\$39	\$78	\$(36)	\$42
Other intangible assets	364	(151)	213	319	(123)	196
	<b>\$431</b>	<b>\$(179)</b>	<b>\$252</b>	<b>\$397</b>	<b>\$(159)</b>	<b>\$238</b>

Accumulated depreciation of goodwill corresponds essentially to the depreciation recorded prior to the adoption of IFRS.

Changes in net value of intangible assets, for the years ended 31 December 2015 and 31 December 2014 are as follows:

(In millions of US dollars)	2015	2014
<b>Balance at 1 January</b>	<b>\$238</b>	<b>\$171</b>
Acquisitions and additions	45	50
Depreciation of the year	(30)	(23)
Goodwill impairment <sup>1</sup>	-	(8)
Other intangible assets acquired through business combinations <sup>2</sup>	-	41
Foreign currency translation adjustment	(5)	(6)
Reclassification	4	13
<b>Closing Balance</b>	<b>\$252</b>	<b>\$238</b>

1. As of 31 December 2015, the Group tested the value of goodwill allocated to its cash generating units as described in Note 2 Accounting policies, using a perpetual growth rate of 2% and a discount rate (weighted average cost of capital of the Group before tax) of 8.4%. The management estimates that this growth rate is reasonable, compared with the expected long-term average growth rate for the businesses in which the cash generating units operate.

Based on those calculations, no impairment of goodwill was booked in 2015.

The goodwill recorded in 2012 following the acquisition of the Ecoval sub-group (Dairy platform) was fully impaired in 2014.

2. During the year ended 31 December 2014, in accordance with IFRS 3 revised – Business combinations, the Group recognized tradenames and customer relationships for US\$41 million through the acquisition of Kowalski Alimentos S.A. in Brazil.



## 6. PROPERTY, PLANT AND EQUIPMENT

At 31 December 2015 and 31 December 2014, the consolidated property, plant and equipment, consist of the following:

(in millions of US dollars)	2015			2014		
	Gross value	Accumulated depreciation	Net value	Gross value	Accumulated depreciation	Net value
Land	\$246	\$-	\$246	\$248	\$-	\$248
Buildings	1,707	(459)	1,248	1,592	(393)	1,199
Machinery and equipment	2,545	(1,015)	1,530	2,422	(908)	1,514
Other tangible assets	183	(117)	66	170	(103)	67
Tangible assets in process	335	-	335	349	-	349
	<b>\$5,016</b>	<b>\$(1,591)</b>	<b>\$3,425</b>	<b>\$4,781</b>	<b>\$(1,404)</b>	<b>\$3,377</b>

Changes in net value of property, plant and equipment, for the years ended 31 December 2015 and 31 December 2014 are as follows:

(In millions of US dollars)	2015	2014
<b>Balance at 1 January</b>	<b>\$3,377</b>	<b>\$3,230</b>
Acquisitions and additions <sup>1</sup>	343	394
Disposals	(16)	(14)
Depreciation of the year	(228)	(221)
Impairment <sup>2</sup>	(1)	(26)
Acquisitions through business combinations <sup>3</sup>	-	86
Foreign currency translation adjustment <sup>4</sup>	(49)	(59)
Reclassification	(1)	(13)
<b>Closing Balance</b>	<b>\$3,425</b>	<b>\$3,377</b>

- During the year ended 31 December 2015 main acquisitions and additions included some ongoing investments for logistic and elevation complexes in the US in Cahokia, West Memphis, Port of Natchez, Port Allen and in Portland, as well as in the Buenos Aires province (Argentina). Also some additional investments in the soybean processing plant located in General Lagos (Argentina), and completion of a Biodiesel plant located next to the existing refinery in Lampung (Indonesia). Some improvement works were carried out in our refineries in Claypool (US) for glycerin and in Fujian (China) for refined sugar. A grain terminal was acquired in the Azov district (Russia). Also accesses and storage were expanded in the crushing plant in Yorkton (Canada), and a new lecithin production unit was added in Wittenberg (Germany).
- An impairment loss of US\$(26) million was recognized at 31 December 2014 to reflect the fact that the Group's plant located in Indiantown, Florida, will process significantly lower volumes from 2015 onwards.
- In accordance with IFRS 3 revised – Business combinations, the Group recorded in 2014 the fair value of land, equipment and buildings through the acquisition of Kowalski Alimentos S.A. in Brazil for US\$86 million.
- The foreign currency translation adjustment recorded in 2015 is mainly due to the depreciation of Australian dollar and Euro. The foreign currency translation adjustment recorded in 2014 was mainly due to the depreciation of several currencies among which Euro, Canadian dollar, Ukrainian hryvnia and Russian ruble.

## 7. BIOLOGICAL ASSETS

The Group owns biological assets located in Brazil. They consist, at 31 December 2015, in 42 orange groves of which 37 are mature. Mature orange groves sustain 15 to 18 years of production.

Changes in biological assets, for the years ended 31 December 2015 and 31 December 2014 are as follows:

(In millions of US dollars)	2015	2014
<b>Balance at 1 January</b>	<b>\$232</b>	<b>\$272</b>
Acquisitions and additions	7	13
Disposals	-	(7)
Change in fair value	6	(46)
<b>Closing Balance</b>	<b>\$245</b>	<b>\$232</b>

## 8. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Changes in investments in associates and joint ventures for the years ended 31 December 2015 and 31 December 2014 are as follows:

(in millions of US dollars)	2015	2014
<b>Balance at 1 January</b>	<b>\$214</b>	<b>\$207</b>
Acquisitions and additional investments in associates and joint ventures <sup>1</sup>	7	34
Capital reduction <sup>2</sup>	(11)	-
Share of loss	(7)	(19)
Dividends	(4)	(3)
Change in Other Reserves <sup>3</sup>	(9)	(5)
<b>Closing balance</b>	<b>\$190</b>	<b>\$214</b>

1. In 2015 and in 2014, the Group funded some of its investments in associates and joint ventures through capital injections.

In 2014, the Group made its initial capital injection in a new joint venture called Orient Rice Co. Ltd located in Vietnam and involved in the rice procurement and processing; it also entered into a joint venture called Epko Oil Seed Crushing Pty Ltd located in South Africa and operating sunflower seeds and maize germ crushing lines.

2. In 2015, Amaggi & LD Com. Terminais Portuarios S.A. reduced its capital by US\$22 million, representing US\$11 million for the Group.

3. The variation in Other Reserves is mainly due to the depreciations of the Brazilian Real and of the Australian dollar for the year ended 31 December 2015, and to the depreciation of the Australian dollar for the year ended 31 December 2014.

The most significant investments in associates and joint ventures are as follows:

Investment	Activity	Ownership	
		2015	2014
All Asian Countertrade, Inc (Philippines)	Sugar merchandizing	18%	18%
Amaggi & LD Commodities S.A. (Brazil)	Grain and Soya storage and processing	50%	50%
Amaggi & LD Com. Terminais Portuarios S.A. (Brazil)	Facilities	50%	50%
Calyx Agro Ltd (Cayman Islands)	Land fund	29%	29%
Complejo Agro Industrial Angostura S.A. (Paraguay)	Soybean crushing plant and facilities	33%	33%
Elevator OJSC (Russian Federation)	Grain storage and processing	30%	30%
Henan Huiyida Agribusiness Co., Ltd. (China)	Feed mill plants	33%	33%
Kencana LDC Pte. Ltd. (Singapore)	Facilities	50%	50%
Louis Dreyfus Commodities - Gearbulk Terminais Portuarios e Participações Ltda (Brazil)	Facilities	50%	50%
Namoi Cotton Alliance (Australia)	Cotton packing and marketing	49%	49%
Orient Rice Co. Ltd (Vietnam)	Rice procurement and processing	33%	33%
Pallasovsky elevator OJSC (Russian Federation)	Grain storage and processing	36%	36%
PT Andalan Furnindo (Indonesia)	Sugar refinery	25%	25%
Sangamon Transportation Group Cayman Islands Venture I (Cayman Islands)	Freight services	50%	50%
TEG - Terminal Exportador Do Guarujá Ltda (Brazil)	Facilities	40%	40%

A summary of the financial information of the companies listed above is as follows:

<b>Balance sheet</b> (in millions of US dollars)	2015	2014
Non-current assets	\$682	\$711
Current assets	440	506
<b>Total Assets</b>	<b>1,122</b>	<b>1,217</b>
Non-current liabilities	178	163
Current liabilities	478	532
<b>Total Liabilities</b>	<b>656</b>	<b>695</b>
<b>Net Equity</b>	<b>466</b>	<b>522</b>
<b>Equity - Owners of the Company share</b>	<b>\$173</b>	<b>\$195</b>

<b>Income statement</b> (in millions of US dollars)	2015	2014
Revenue	\$1,672	\$1,721
Net Income	(7)	(14)
<b>Owners of the Company's share of gain (loss)</b>	<b>\$1</b>	<b>\$(10)</b>

Investments in associates and joint ventures can be summarized as follows:

<b>Balance sheet</b> (in millions of US dollars)	2015	2014
Entities as listed above	\$173	\$195
Others entities	17	19
<b>Investment in associates and joint ventures<sup>1</sup></b>	<b>\$190</b>	<b>\$214</b>

1. The Investments in associates and joint ventures include a goodwill of US\$10 million at 31 December 2015 (US\$9 million at 31 December 2014).

<b>Income statement</b> (in millions of US dollars)	<b>2015</b>	2014
Entities as listed above	\$1	\$(10)
Others entities	(8)	(9)
<b>Share of loss in associates and joint ventures</b>	<b>\$(7)</b>	<b>\$(19)</b>

## 9. OTHER INVESTMENTS, DEPOSITS AND SUNDRY

At 31 December 2015 and 31 December 2014, Other investments, deposits and sundry consist of the following:

(in millions of US dollars)	<b>2015</b>	2014
Long term loans to associates and joint ventures	\$8	\$7
Long term loans to commercial partners	146	217
Long term deposits and advances <sup>1</sup>	476	311
Others	20	10
	<b>\$650</b>	<b>\$545</b>

1. The increase of long term deposits and advances mainly regards export prepayment agreements signed with Biosev S.A. and its subsidiaries ("Biosev", an indirect subsidiary of LDCH) regarding the 2015/2016 and 2016/2017 sugar crops. Besides, long term deposits include income tax credits in Brazil for US\$193 million at 31 December 2015 (US\$174 million at 31 December 2014) as well as judicial deposits (Refer to Note 20 - Provisions - Tax and social risks), for US\$27 million at 31 December 2015 (US\$48 million at 31 December 2014).

## 10. INVENTORIES

At 31 December 2015 and 31 December 2014, inventories consist of the following:

(in millions of US dollars)	<b>2015</b>	2014
Trading inventories	\$4,465	\$5,187
Finished goods	415	548
Raw materials	187	299
<b>Inventories (gross value)</b>	<b>\$5,067</b>	<b>\$6,034</b>
Depreciation of non-trading inventories	(7)	(21)
<b>Inventories (net value)</b>	<b>\$5,060</b>	<b>\$6,013</b>

Cost of goods sold and cost of derivatives held for trading purpose are presented in cost of sales. The breakdown of this information is not meaningful due to the activity of the Group.

## 11. FINANCIAL INSTRUMENTS

Financial instruments are subject to various risks, including market value fluctuations, foreign currency, counterparty credit and liquidity risks. In addition to managing market and foreign currency risk, the Group implemented a strong monitoring of counterparty credit and ensured the availability of sufficient cash in order to reduce its liquidity risk. At each financial period end, the Group has a policy of accruing its receivables and unrealized gains with counterparties that are deemed at risk.

### MARKET RISK

Market risk is the risk that the fair value or future cash flows of assets and liabilities held by the Group including financial instruments, physical commodities, industrial and biological assets will fluctuate due to changes in market variables such as spot and forward commodity prices, relative price spreads and volatilities and foreign exchange rates.

The Group classifies exposures to market risk into either trading or non-trading activities. The Group manages market risk for trading activities by diversifying exposures, controlling position natures, sizes and maturities, performing stress testing, monitoring risk limits under the supervision of Macro and Risk Committees. Limits are established for the level of acceptable risk at corporate level and are allocated at platform and profit center levels. The compliance with the limits is reported to Risk Committee daily.

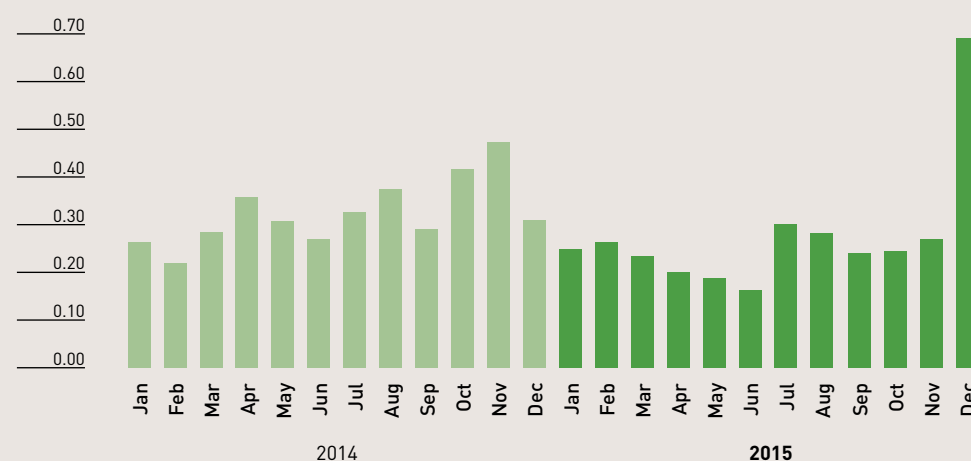
Limits are based on a daily measure of market risk exposure referred to as value at risk (VAR). The VAR that the Group measures is a model-based estimate grounded upon various assumptions such as: the returns of risk factors affecting the market environment follow a lognormal distribution, parameters are calculated by using exponentially weighted historical data in order to put more emphasis on the latest market information.

The VAR computed hence represents an estimate, with a confidence level of 95%, of the potential loss that is not expected to be exceeded should the current market risk position remain unchanged for one day. The use of 95% confidence level means that, within a one day horizon, losses exceeding the VAR figure are not expected to occur statistically more than once every twenty (trading) days.

The VAR may be under or over-estimated due to the assumptions placed on risk factors and historical correlations and volatilities in market prices, and the probability of large market moves may be underestimated per the normal distribution.

The monthly average of VAR as percentage of Group Equity corresponds to the average over a month of the VAR computed daily as percentage of Group Equity at the beginning of each quarter. It consists of the following:

#### AVERAGE VAR AS A % OF GROUP EQUITY



During the years ended 31 December 2015 and 31 December 2014, the monthly average Group VAR for trading activities has been less than 1% of Stockholders' equity. The yearly average VAR for the Group reached 0.28% in 2015, compared to 0.32% in 2014.

#### FOREIGN CURRENCY RISK

The Group operates internationally and is therefore exposed to changes in foreign currency exchange for its assets and liabilities denominated in a currency different from the functional currency of each entity. Each entity within the Group enters into foreign exchange derivative contracts to hedge its exposures back to its own functional currency.

The operating current assets and liabilities are denominated in the following currencies before hedge at 31 December 2015 and 31 December 2014:

<b>2015</b>						
(in millions of US dollars)	US Dollar	Brazilian Real	Chinese Yuan	Euro	Other currencies	<b>Total</b>
Inventories - gross value	\$4,250	\$-	\$396	\$117	\$304	<b>\$5,067</b>
Trade and other receivables - gross value	3,628	334	108	311	559	<b>4,940</b>
Derivative assets - gross value	1,226	29	20	38	167	<b>1,480</b>
Margin deposits	592	-	177	5	161	<b>935</b>
Current income tax assets	18	4	-	2	41	<b>65</b>
<b>Assets</b>	<b>\$9,714</b>	<b>\$367</b>	<b>\$701</b>	<b>\$473</b>	<b>\$1,232</b>	<b>\$12,487</b>
Accounts payable and accrued expenses	2,273	150	94	155	514	<b>3,186</b>
Derivative liabilities	1,207	19	19	7	18	<b>1,270</b>
Current income tax liabilities	19	11	2	5	35	<b>72</b>
<b>Liabilities</b>	<b>\$3,499</b>	<b>\$180</b>	<b>\$115</b>	<b>\$167</b>	<b>\$567</b>	<b>\$4,528</b>
<b>Net Current Assets and Liabilities</b>	<b>\$6,215</b>	<b>\$187</b>	<b>\$586</b>	<b>\$306</b>	<b>\$665</b>	<b>\$7,959</b>

<b>2014</b>						
(in millions of US dollars)	US Dollar	Brazilian Real	Chinese Yuan	Euro	Other currencies	<b>Total</b>
Inventories - gross value	\$5,206	\$-	\$272	\$143	\$413	<b>\$6,034</b>
Trade and other receivables - gross value	4,127	384	103	337	559	<b>5,510</b>
Derivative assets - gross value	1,250	31	27	6	51	<b>1,365</b>
Margin deposits	521	4	145	24	31	<b>725</b>
Current income tax assets	67	1	-	8	39	<b>115</b>
<b>Assets</b>	<b>\$11,171</b>	<b>\$420</b>	<b>\$547</b>	<b>\$518</b>	<b>\$1,093</b>	<b>\$13,749</b>
Accounts payable and accrued expenses	2,397	321	169	121	439	<b>3,447</b>
Derivative liabilities	998	76	12	12	29	<b>1,127</b>
Current income tax liabilities	25	1	2	1	38	<b>67</b>
<b>Liabilities</b>	<b>\$3,420</b>	<b>\$398</b>	<b>\$183</b>	<b>\$134</b>	<b>\$506</b>	<b>\$4,641</b>
<b>Net Current Assets and Liabilities</b>	<b>\$7,751</b>	<b>\$22</b>	<b>\$364</b>	<b>\$384</b>	<b>\$587</b>	<b>\$9,108</b>

At 31 December 2015 around 90% of the Net Current Assets and Liabilities are denominated in the same currency before hedge as the functional currency of the legal entity they relate to (around 90% at 31 December 2014).

### COUNTERPARTY RISK

The Group is engaged in the business of trading diversified commodities and commodity related products. Accordingly, a substantial portion of the Group's trade receivables is with other commodity trading companies. Margin deposits generally consist of US treasury bills and are on deposit with commodity exchanges and brokers which hold such deposits in a custodial capacity. The Group's counterparty risk exposure from derivative financial instruments is limited to the current fair value of contracts with a positive fair value.

Performance risk on an open contract measures the risk of non-performance by the counterpart and is composed of:

- the mark-to-market exposure to date (if any) reflecting the cost to the Group if the contract is not fulfilled and has to be replaced in the open market under prevailing market conditions, and;
- the potential future mark-to-market exposure reflecting the fact that the market price can move from the day of exposure calculation to the delivery date/payment date versus the current market price.

The Group has implemented risk management procedures to monitor its exposures and to minimize counterparty risk. These procedures include initial credit and limit approvals, margin requirements, master netting arrangements, letters of credit and other guarantees.

The Group's trade receivables include debtors with a carrying amount of US\$338 million which are past due at 31 December 2015. The credit quality of financial assets that are neither past due nor impaired is assessed by reference to credit ratings or to historical information about counterparty default rates.

(in millions of US dollars)	2015			2014		
	Gross value	Provision	Net value	Gross value	Provision	Net value
Not due	\$3,775	\$(2)	<b>\$3,773</b>	\$3,895	\$(6)	<b>\$3,889</b>
Due since < 3 months	267	(18)	<b>249</b>	461	(12)	<b>449</b>
Due since 3-6 months	49	(6)	<b>43</b>	29	(5)	<b>24</b>
Due since 6 months-1 year	34	(12)	<b>22</b>	34	(13)	<b>21</b>
Due since > 1 year	112	(88)	<b>24</b>	129	(104)	<b>25</b>
<b>Closing balance</b>	<b>\$4,237</b>	<b>\$(126)</b>	<b>\$4,111</b>	<b>\$4,548</b>	<b>\$(140)</b>	<b>\$4,408</b>
<i>Including:</i>						
<i>Trade receivables</i>	<i>\$2,467</i>	<i>\$(113)</i>	<i><b>\$2,354</b></i>	<i>\$2,944</i>	<i>\$(130)</i>	<i><b>\$2,814</b></i>
<i>Prepayments and advances to suppliers</i>	<i>650</i>	<i>(7)</i>	<i><b>643</b></i>	<i>697</i>	<i>(3)</i>	<i><b>694</b></i>
<i>Receivables on sale of assets</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>11</i>	<i>-</i>	<i><b>11</b></i>
<i>Other receivables</i>	<i>168</i>	<i>(6)</i>	<i><b>162</b></i>	<i>154</i>	<i>(7)</i>	<i><b>147</b></i>
<i>Margin deposits</i>	<i>935</i>	<i>-</i>	<i><b>935</b></i>	<i>725</i>	<i>-</i>	<i><b>725</b></i>
<i>Financial advances to related parties</i>	<i>17</i>	<i>-</i>	<i><b>17</b></i>	<i>17</i>	<i>-</i>	<i><b>17</b></i>

## POLITICAL AND COUNTRY RISK

In its cross-border operations, the Group is exposed to country risk associated with a country's overall political, economic, financial, regulatory and commercial situations. The Group does not seek to retain country risk and it is the trade finance, insurance and credit risk departments' duty to seek to mitigate political and country risk by transferring or covering them with major financial institutions or insurance.

## LIQUIDITY RISK

Liquidity risk arises in the general funding of the Group's commodity trading activities and in the management of positions. It includes both the risk of being unable to fund the Group's portfolio of assets at appropriate maturities and rates, and the risk of being unable to liquidate a position in a timely manner at a reasonable price.

Management of the liquidity profile is designed to ensure that the Group has access to the funds necessary to cover maturing liabilities. Sources of funds include interest-bearing and non-interest-bearing deposits, bank notes, trading account liabilities, repurchase agreements, long term debt, and borrowing arrangements.

The Group holds derivative contracts for the sale of physical commodities and derivative assets that are expected to generate cash inflows that will be available to meet cash outflows on purchases and liabilities. In the trading business, settling commodity contracts and liquidating trading inventories, by exchanging the commodity for cash before the contractual maturity term is a usual practice. The liquidity risk is consequently measured by allocating liabilities to the earliest estimated period on which the counterparty can require repayment, and assets to the earliest estimated period on which the Group can realize in cash these assets without any significant discount from market value. This measurement takes into consideration the market depth and price sensitivity to significant transaction volumes. The inclusion of information on non-financial items is necessary to understand the Group's liquidity risk management, as the liquidity is managed on a net asset and liability basis. The table below summarizes the maturity profile of the Group's financial liabilities and assets at 31 December 2015 and 31 December 2014.

(in millions of US dollars)	2015				2014			
	Under 3 months	3 to 6 months	Over 6 months	Total	Under 3 months	3 to 6 months	Over 6 months	Total
Trading inventories	\$4,123	\$141	\$201	<b>\$4,465</b>	\$4,763	\$144	\$280	<b>\$5,187</b>
Derivative assets	1,262	67	115	<b>1,444</b>	1,199	67	59	<b>1,325</b>
Trade and other receivables	4,268	357	146	<b>4,771</b>	4,853	295	167	<b>5,315</b>
Derivative liabilities	(750)	(216)	(304)	<b>(1,270)</b>	(879)	(59)	(189)	<b>(1,127)</b>
Accounts payable and accrued expenses	(2,998)	(111)	(77)	<b>(3,186)</b>	(3,229)	(73)	(145)	<b>(3,447)</b>
<b>Total Assets net of Liabilities</b>	<b>\$5,905</b>	<b>\$238</b>	<b>\$81</b>	<b>\$6,224</b>	<b>\$6,707</b>	<b>\$374</b>	<b>\$172</b>	<b>\$7,253</b>

The schedule below analyses the Group's financial interests which will be settled on future periods based on the financial debt at 31 December 2015 and 31 December 2014. These interests are grouped into maturity based on the contractual maturity date of the interests.

(in millions of US dollars)	2015	2014
Maturity < 1 year	\$181	\$200
Maturity between 1-2 years	117	138
Maturity between 2-3 years	88	112
Maturity between 3-4 years	60	78
Maturity between 4-5 years	44	53
Maturity > 5 years	1	41
<b>Interests future cash outflows related to financial debt existing at closing date</b>	<b>\$491</b>	<b>\$622</b>
<i>Of which:</i>		
Fixed rate	412	549
Floating rate	79	73

### INTEREST RATE RISK

At 31 December 2015 and 31 December 2014, the allocation of Group financing between fixed and floating interest rates is as follows:

(in millions of US dollars)	2015	2014
Fixed rate	\$3,521	\$4,015
Floating rate	4,602	3,890
<b>Total short and long term financing</b>	<b>\$8,123</b>	<b>\$7,905</b>

(For further details, refer to notes 17 and 18).

The Group considers as floating rate any short term debt which initial contractual maturity is below six months.



## CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

At 31 December 2015 the different categories of financial assets and liabilities are as follows:

(in millions of US dollars)	Assets at fair value through profit and loss	Assets at fair value through OCI	Other financial assets	<b>Total</b>
Other investments, deposits and sundry	\$-	\$-	\$650	<b>\$650</b>
<b>Total Non-Current Assets</b>	<b>\$-</b>	<b>\$-</b>	<b>\$650</b>	<b>\$650</b>
Financial advances to related parties	-	-	17	<b>17</b>
Trade and other receivables	-	-	4,771	<b>4,771</b>
Margin deposits	-	-	935	<b>935</b>
Derivative assets	1,443	1	-	<b>1,444</b>
Available-for-sale financial assets	-	-	23	<b>23</b>
Other financial assets at fair value through profit and loss	315	-	-	<b>315</b>
Cash and cash equivalents	509	-	392	<b>901</b>
<b>Total Current Assets</b>	<b>\$2,267</b>	<b>\$1</b>	<b>\$6,138</b>	<b>\$8,406</b>
<b>Total Financial Assets</b>	<b>\$2,267</b>	<b>\$1</b>	<b>\$6,788</b>	<b>\$9,056</b>

Assets at fair value through profit and loss, derivative assets and listed available-for-sale financial assets are measured at fair value. All other financial assets (for which the net booked value is deemed to correspond to the fair value) are measured at amortized cost.

(in millions of US dollars)	Liabilities at fair value through profit and loss	Liabilities at fair value through OCI	Other financial liabilities	<b>Total</b>
Long term debt	\$-	\$-	\$2,691	<b>\$2,691</b>
Other non-current liabilities	-	-	70	<b>70</b>
<b>Total Non-Current Liabilities</b>	<b>\$-</b>	<b>\$-</b>	<b>\$2,761</b>	<b>\$2,761</b>
Bank loans, acceptances and commercial paper	-	-	5,432	<b>5,432</b>
Financial advances from related parties	-	-	347	<b>347</b>
Accounts payable and accrued expenses (except Margin deposit liabilities)	-	-	3,096	<b>3,096</b>
Derivative liabilities	1,243	27	-	<b>1,270</b>
Margin deposit liabilities	-	-	90	<b>90</b>
<b>Total Current Liabilities</b>	<b>\$1,243</b>	<b>\$27</b>	<b>\$8,965</b>	<b>\$10,235</b>
<b>Total Financial Liabilities</b>	<b>\$1,243</b>	<b>\$27</b>	<b>\$11,726</b>	<b>\$12,996</b>

Derivative liabilities are measured at fair value. Other financial liabilities are measured at amortized cost.

At 31 December 2014 the different categories of financial assets and liabilities were as follows:

(in millions of US dollars)	Assets at fair value through profit and loss	Assets at fair value through OCI	Other financial assets	<b>Total</b>
Other investments, deposits and sundry	\$-	\$-	\$545	<b>\$545</b>
<b>Total Non-Current Assets</b>	<b>\$-</b>	<b>\$-</b>	<b>\$545</b>	<b>\$545</b>
Financial advances to related parties	-	-	17	<b>17</b>
Trade and other receivables	-	-	5,315	<b>5,315</b>
Margin deposits	-	-	725	<b>725</b>
Derivative assets	1,322	3	-	<b>1,325</b>
Available-for-sale financial assets	-	-	30	<b>30</b>
Other financial assets at fair value through profit and loss	396	-	-	<b>396</b>
Cash and cash equivalents	217	-	391	<b>608</b>
<b>Total Current Assets</b>	<b>\$1,935</b>	<b>\$3</b>	<b>\$6,478</b>	<b>\$8,416</b>
<b>Total Financial Assets</b>	<b>\$1,935</b>	<b>\$3</b>	<b>\$7,023</b>	<b>\$8,961</b>

(in millions of US dollars)	Liabilities at fair value through profit and loss	Liabilities at fair value through OCI	Other financial liabilities	<b>Total</b>
Long term debt	\$-	\$-	\$2,939	<b>\$2,939</b>
Other non-current liabilities	-	-	68	<b>68</b>
<b>Total Non-Current Liabilities</b>	<b>\$-</b>	<b>\$-</b>	<b>\$3,007</b>	<b>\$3,007</b>
Bank loans, acceptances and commercial paper	-	-	4,966	<b>4,966</b>
Financial advances from related parties	-	-	1,188	<b>1,188</b>
Accounts payable and accrued expenses (except Margin deposit liabilities)	-	-	3,352	<b>3,352</b>
Derivative liabilities	1,083	44	-	<b>1,127</b>
Margin deposit liabilities	-	-	95	<b>95</b>
<b>Total Current Liabilities</b>	<b>\$1,083</b>	<b>\$44</b>	<b>\$9,601</b>	<b>\$10,728</b>
<b>Total Financial Liabilities</b>	<b>\$1,083</b>	<b>\$44</b>	<b>\$12,608</b>	<b>\$13,735</b>

## CLASSIFICATION OF DERIVATIVE FINANCIAL INSTRUMENTS

At 31 December 2015 and at 31 December 2014 derivative financial instruments are as follows:

(in millions of US dollars)	2015		2014	
	Assets	Liabilities	Assets	Liabilities
Forward purchase and sale agreements	\$766	\$503	\$746	\$534
Forward foreign exchange contracts	178	306	311	291
Futures	474	153	251	139
Options	52	35	42	12
Swaps	8	246	12	107
Provision on derivative assets	(35)	-	(40)	-
<b>Derivatives at fair value through profit and loss</b>	<b>\$1,443</b>	<b>\$1,243</b>	<b>\$1,322</b>	<b>\$1,083</b>
Forward foreign exchange contracts	\$1	\$5	\$3	\$23
Swaps	-	22	-	21
<b>Derivatives at fair value through OCI - Cash Flow Hedges</b>	<b>\$1</b>	<b>\$27</b>	<b>\$3</b>	<b>\$44</b>
<b>Total Derivatives</b>	<b>\$1,444</b>	<b>\$1,270</b>	<b>\$1,325</b>	<b>\$1,127</b>

In the normal course of operations, the Group enters into various derivative financial instruments involving future settlement. These transactions include futures, forward purchase and sale agreements, and option contracts which are executed either on regulated exchanges or in the over-the-counter market ("OTC").

Futures contracts are exchange-traded contractual commitments either to receive or deliver a standard amount or value of a commodity or financial instrument at a specified future date and price. Futures exchanges typically require the parties to provide as security "initial margins" and additional cash deposits for "variation margins," based upon market value fluctuations. OTC contracts, which may or may not require the payment of initial margins or variation margins, involve parties who have agreed either to exchange cash payments or deliver/receive the underlying commodity or financial instrument. Option contracts are contractual agreements that give the purchaser the right, but not the obligation, to purchase or sell a financial instrument or commodity, at a predetermined price.

Since 2008, the Group has utilized Non-Deliverable Forwards in order to hedge its exposure to fluctuations in future capital expenditure and employee expenses in Brazilian Real. These operations represent at 31 December 2015 a total US\$1,186 million nominal value and are effective until March 2019 with an average fixed exchange rate of 3.654 Brazilian Real to US Dollar.

At 31 December 2015 the Group recognized a provision of US\$35 million on performance risk to offset unrealized gains on counterparties identified as being at risk by the credit management. At 31 December 2014 this provision was of US\$40 million.

## OFFSETTING OF FINANCIAL ASSETS AND LIABILITIES

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances – e.g. when a credit event such as a default occurs – all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The ISDA agreements do not meet the criteria for offsetting in the balance sheet. This is because the Group does not have any currently legally enforceable right to offset recognized amounts, because the right to offset is enforceable only on the occurrence of future events such as a default on the bank loans or other credit events.

The following table sets out the carrying amounts of recognized financial instruments that are subject to the above agreements at 31 December 2015:

(in millions of US dollars)	Amounts set off in the balance sheet			Amounts not set off in the balance sheet		Total presented in the balance sheet	Amounts under master agreements not set off in the balance sheet and margin deposit – theoretical set off adjustment	Total net amount
	Gross amount of financial assets	Gross amount of financial liabilities	Net amount recognized in the balance sheet	Under master netting agreements and margin deposit	Not under master netting agreements			
Derivative assets	\$422	\$(136)	<b>\$286</b>	\$33	\$1,125	<b>\$1,444</b>	\$654	<b>\$2,098</b>
Derivative liabilities	(27)	168	<b>141</b>	74	1,055	<b>1,270</b>	21	<b>1,291</b>
Margin deposit assets				935		<b>935</b>	(723)	<b>212</b>
Margin deposit liabilities				90		<b>90</b>	(90)	-
	<b>\$449</b>	<b>\$(304)</b>	<b>\$145</b>	<b>\$804</b>	<b>\$70</b>	<b>\$1,019</b>	<b>\$-</b>	<b>\$1,019</b>

At 31 December 2014, the offsetting of financial assets and liabilities was as follows:

(in millions of US dollars)	Amounts set off in the balance sheet			Amounts not set off in the balance sheet		Total presented in the balance sheet	Amounts under master agreements not set off in the balance sheet and margin deposit – theoretical set off adjustment	Total net amount
	Gross amount of financial assets	Gross amount of financial liabilities	Net amount recognized in the balance sheet	Under master netting agreements and margin deposit	Not under master netting agreements			
Derivative assets	\$704	\$(471)	<b>\$233</b>	\$87	\$1,005	<b>\$1,325</b>	\$401	<b>\$1,726</b>
Derivative liabilities	(13)	102	<b>89</b>	51	987	<b>1,127</b>	15	<b>1,142</b>
Margin deposit assets				725		<b>725</b>	(479)	<b>246</b>
Margin deposit liabilities				95		<b>95</b>	(93)	<b>2</b>
	<b>\$717</b>	<b>\$(573)</b>	<b>\$144</b>	<b>\$666</b>	<b>\$18</b>	<b>\$828</b>	<b>\$-</b>	<b>\$828</b>

## FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of assets and liabilities recorded at fair value by level of the fair value hierarchy at 31 December 2015 and 31 December 2014:

(in millions of US dollars)	2015				2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Biological assets	\$-	\$-	\$245	<b>\$245</b>	\$-	\$-	\$232	<b>\$232</b>
Trading inventories	88	4,115	262	<b>4,465</b>	117	4,829	241	<b>5,187</b>
Derivative assets	551	864	29	<b>1,444</b>	285	1,004	36	<b>1,325</b>
Available-for-sale financial assets	20	3	-	<b>23</b>	28	2	-	<b>30</b>
Other financial assets at fair value through profit and loss	259	7	49	<b>315</b>	295	45	56	<b>396</b>
Cash and cash equivalents	901	-	-	<b>901</b>	608	-	-	<b>608</b>
<b>Total Assets</b>	<b>\$1,819</b>	<b>\$4,989</b>	<b>\$585</b>	<b>\$7,393</b>	<b>\$1,333</b>	<b>\$5,880</b>	<b>\$565</b>	<b>\$7,778</b>
Derivative liabilities	\$210	\$1,055	\$5	<b>\$1,270</b>	\$160	\$957	\$10	<b>\$1,127</b>
<b>Total Liabilities</b>	<b>\$210</b>	<b>\$1,055</b>	<b>\$5</b>	<b>\$1,270</b>	<b>\$160</b>	<b>\$957</b>	<b>\$10</b>	<b>\$1,127</b>

Biological assets are valued using a financial model based on discounted cash flows (income approach) that is developed by an external valuation firm.

Trading inventories are valued at fair value based on observable prices (if and when available) and adjusted to take into account the cost to sell the products (mainly distribution, transformation and shipping costs).

## 12. TRADE AND OTHER RECEIVABLES

At 31 December 2015 and 31 December 2014, trade and other receivables consist of the following:

(in millions of US dollars)	2015			2014		
	Gross value	Provision	Net value	Gross value	Provision	Net value
Trade receivables	\$2,467	\$(113)	<b>\$2,354</b>	\$2,944	\$(130)	<b>\$2,814</b>
Staff and tax receivables	372	(43)	<b>329</b>	527	(55)	<b>472</b>
Prepayments and advances to suppliers	650	(7)	<b>643</b>	697	(3)	<b>694</b>
Prepaid expenses	40	-	<b>40</b>	122	-	<b>122</b>
Receivables on sale of assets	-	-	<b>-</b>	11	-	<b>11</b>
Accrued receivables	1,243	-	<b>1,243</b>	1,055	-	<b>1,055</b>
Other receivables	168	(6)	<b>162</b>	154	(7)	<b>147</b>
	<b>\$4,940</b>	<b>\$(169)</b>	<b>\$4,771</b>	<b>\$5,510</b>	<b>\$(195)</b>	<b>\$5,315</b>

At 31 December 2015 the amount of the provision for trade and other receivables is US\$169 million (US\$195 million at 31 December 2014). The changes in the depreciations on trade and other receivables are as follows:

(in millions of US dollars)	2015	2014
<b>Balance at 1 January</b>	<b>\$(195)</b>	<b>\$(186)</b>
Increase in provision <sup>1</sup>	(42)	(45)
Reversal of provision <sup>2</sup>	63	18
Reclassification <sup>3</sup>	1	13
Foreign currency translation adjustment	4	5
<b>Closing balance</b>	<b>\$(169)</b>	<b>\$(195)</b>

1. During the year ended 31 December 2015, the increase in provision mainly corresponded to default risk on customers for US\$33 million for their estimated non recoverable portions (US\$30 million at 31 December 2014).
2. During the year ended 31 December 2015, the reversal of provision mainly corresponded to provisions for receivables reversed for US\$47 million and to provisions on VAT for US\$13 million. During the year ended 31 December 2014, the reversal of provision mainly corresponded to provisions for receivables reversed for US\$10 million and to provisions on VAT for US\$5 million.
3. Certain assets considered as current assets at 31 December 2013 were reclassified as non-current at 31 December 2014. The corresponding provisions consequently followed the same reclassification.

### 13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

At 31 December 2015 and 31 December 2014, the consolidated available-for-sale financial assets consist of the following:

(in millions of US dollars)	2015		2014	
	Ownership	Balance	Ownership	Balance
Chinalco Mining Corporation International, publicly traded in Hong Kong	0.7%	\$8	1.1%	\$17
Namoi Cotton Co-operative Ltd, publicly traded in Australia	13%	4	13%	4
Baja Mining, Corp., publicly traded in Canada	5.3%	-	5.3%	-
InterContinental Exchange, Inc., publicly traded in the United States	less than 1%	6	less than 1%	5
CME Group, Inc., publicly traded in the United States	less than 1%	2	less than 1%	2
<b>Listed Available-For-Sale Financial Assets</b>		<b>\$20</b>		<b>\$28</b>
Others		3		2
<b>Unlisted Available-For-Sale Financial Assets</b>		<b>\$3</b>		<b>\$2</b>
		<b>\$23</b>		<b>\$30</b>

During the year 2015, the Group sold around a third of its investment in Chinalco Mining Corporation International. No significant result generated by this sale since this investment had been impaired through the income statement in 2014.

### 14. OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

At 31 December 2015 and 31 December 2014, other financial assets consist of the following:

(in millions of US dollars)	2015	2014
Financial assets held for trading purpose	\$228	\$287
Short-term securities (maturity > 3 months) <sup>1</sup>	69	109
Reverse repurchase agreement loan	18	-
	<b>\$315</b>	<b>\$396</b>

1. Including US\$13 million at 31 December 2015 of securities pledged as collaterals for exchange (US\$2 million at 31 December 2014).

Short-term securities are instruments with a maturity greater than three months acquired with the purpose of selling or repurchasing.

## 15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at 31 December 2015 and 31 December 2014 are as follows:

(in millions of US dollars)	2015	2014
Short term securities (maturity < 3 months) <sup>1</sup>	\$509	\$217
Cash	392	391
	<b>\$901</b>	<b>\$608</b>

1. Including US\$127 million at 31 December 2015 of securities pledged as collaterals for exchange (US\$56 million at 31 December 2014).

At 31 December 2015 and 31 December 2014, there is no material difference between the historical value of cash and cash equivalents and their fair value.

## 16. EQUITY

(in millions of US dollars)	2015	2014
Issued capital	\$1	\$1
Share premium	1,586	1,586
Perpetual capital securities	350	350
Retained earnings	3,051	3,048
Other reserves	(139)	(66)
<b>Equity attributable to Owners of the Company</b>	<b>\$4,849</b>	<b>\$4,919</b>
Non-controlling Interests	14	16
<b>Total Equity</b>	<b>\$4,863</b>	<b>\$4,935</b>

The stockholder's equity and non-controlling interests disclosed in the financial statements correspond to the equity used by the management when assessing performance.

### CAPITAL

When managing capital, objectives of the Group are to safeguard its ability to continue as a going concern so that it can provide returns to shareholders, bring benefits to its other partners and optimize the structure of the capital in order to reduce its cost.

At 31 December 2015 and 31 December 2014, the capital of LDC is composed of 100,000,000 shares, with a 0.01 euro nominal value each, that are issued and fully paid. During the year ended 31 December 2015, LDC distributed US\$205 million as dividends to LDCNH (US\$602 million during the year ended 31 December 2014), leading to a dividend payment of US\$2.05 per share.

In September 2012, the Group priced an inaugural US\$350 million (US\$345 million, less costs net of tax), 8.25% coupon hybrid capital securities transaction. The securities are perpetual but the Group has the right to redeem them in certain circumstances. The perpetual capital securities are not rated and are listed on the Official List of the Singapore Exchange.

At 31 December 2015, accrued interests amounted to US\$22 million net of tax (US\$22 million, net of tax at 31 December 2014).

## OTHER RESERVES

Other Reserves at 31 December 2015 and 31 December 2014 relate to:

(in millions of US dollars)	2015				2014			
	Pre-tax	Tax	Non-controlling share	Owners of the Company share	Pre-tax	Tax	Non-controlling share	Owners of the Company share
<b>Other comprehensive income</b>	<b>\$(181)</b>	<b>\$7</b>	<b>\$(4)</b>	<b>\$(170)</b>	<b>\$(113)</b>	<b>\$10</b>	<b>\$(3)</b>	<b>\$(100)</b>
Deferred compensation	31	-	-	31	34	-	-	34
<b>Other reserves</b>	<b>\$(150)</b>	<b>\$7</b>	<b>\$(4)</b>	<b>\$(139)</b>	<b>\$(79)</b>	<b>\$10</b>	<b>\$(3)</b>	<b>\$(66)</b>

## OTHER COMPREHENSIVE INCOME

Changes in other comprehensive income at 31 December 2015 and 31 December 2014 are as follows:

(in millions of US dollars)	Available-for-sale financial assets	Cash flow hedges	Fixed assets revaluation reserve	Pensions	Foreign Currency translation adjustment	Total
<b>Balance at 1 January 2015 - Owners of the Company share</b>	<b>\$2</b>	<b>\$(19)</b>	<b>\$7</b>	<b>\$(9)</b>	<b>\$(81)</b>	<b>\$(100)</b>
<i>of which:</i>						
Pre-tax	3	(27)	8	(12)	(85)	(113)
Tax	(1)	8	-	3	-	10
Non-controlling share	-	-	1	-	(4)	(3)
Current year gains (losses)	-	(72)	-	14	(77)	(135)
Reclassification to profit or loss	-	65	-	-	-	65
<b>Other comprehensive income for the year – Owners of the Company share</b>	<b>\$-</b>	<b>\$(7)</b>	<b>\$-</b>	<b>\$14</b>	<b>\$(77)</b>	<b>\$(70)</b>
<i>of which:</i>						
Pre-tax	-	(10)	-	20	(78)	(68)
Tax	-	3	-	(6)	-	(3)
Non-controlling share	-	-	-	-	(1)	(1)
<b>Balance at 31 December 2015 - Owners of the Company share</b>	<b>\$2</b>	<b>\$(26)</b>	<b>\$7</b>	<b>\$5</b>	<b>\$(158)</b>	<b>\$(170)</b>
<i>of which:</i>						
Pre-tax	3	(37)	8	8	(163)	(181)
Tax	(1)	11	-	(3)	-	7
Non-controlling share	-	-	1	-	(5)	(4)



(in millions of US dollars)	Available- for-sale financial assets	Cash flow hedges	Fixed assets revaluation reserve	Pensions	Foreign Currency translation adjustment	<b>Total</b>
<b>Balance at 1 January 2014 - Owners of the Company share</b>	<b>\$(10)</b>	<b>\$(8)</b>	<b>\$7</b>	<b>\$33</b>	<b>\$(42)</b>	<b>\$(20)</b>
<i>of which:</i>						
Pre-tax	(9)	(14)	8	52	(45)	<b>(8)</b>
Tax	(1)	6	-	(19)	-	<b>(14)</b>
Non-controlling share	-	-	1	-	(3)	<b>(2)</b>
Current year gains (losses)	-	(9)	-	(42)	(89)	<b>(140)</b>
Reclassification to profit or loss	12	(2)	-	-	50	<b>60</b>
<b>Other comprehensive income for the year – Owners of the Company share</b>	<b>\$12</b>	<b>\$(11)</b>	<b>\$-</b>	<b>\$(42)</b>	<b>\$(39)</b>	<b>\$(80)</b>
<i>of which:</i>						
Pre-tax	12	(13)	-	(64)	(40)	<b>(105)</b>
Tax	-	2	-	22	-	<b>24</b>
Non-controlling share	-	-	-	-	(1)	<b>(1)</b>
<b>Balance at 31 December 2014 - Owners of the Company share</b>	<b>\$2</b>	<b>\$(19)</b>	<b>\$7</b>	<b>\$(9)</b>	<b>\$(81)</b>	<b>\$(100)</b>
<i>of which:</i>						
Pre-tax	3	(27)	8	(12)	(85)	<b>(113)</b>
Tax	(1)	8	-	3	-	<b>10</b>
Non-controlling share	-	-	1	-	(4)	<b>(3)</b>

## 17. LONG TERM FINANCING

The Group's long term financing includes senior debts, bank loans and financial lease commitments. The maturity of the long term financing can be analyzed as follows at 31 December 2015 and 31 December 2014:

(in millions of US dollars)	<b>2015</b>	2014
Maturity between 1-2 years	\$885	\$490
Maturity between 2-3 years <sup>1</sup>	745	689
Maturity between 3-4 years	251	635
Maturity between 4-5 years <sup>2</sup>	804	253
Maturity between > 5 years	6	872
<b>Non-Current portion of long term financing</b>	<b>\$2,691</b>	<b>\$2,939</b>
Maturity < 1 year	\$292	\$238
<b>Current portion of long term financing (presented in bank loans, acceptances and commercial paper)</b>	<b>\$292</b>	<b>\$238</b>
<b>Total Long Term Financing (including current portion)</b>	<b>\$2,983</b>	<b>\$3,177</b>
<i>of which:</i>		
Fixed rate	\$1,992	\$2,475
Floating rate	\$991	\$702

1. Include a €400 million, 5-year, 3.875% unrated Eurobond listed on the Luxembourg Stock Exchange issued by LDC on 30 July 2013 (swapped to US Dollars).

2. Include a €500 million, 7-year, 4.00% unrated Eurobond listed on the Luxembourg Stock Exchange issued by LDC on 4 December 2013 (swapped to US Dollars).

Certain portions of this debt, aggregating US\$14 million at 31 December 2015 and US\$20 million at 31 December 2014 are secured by mortgages on assets.

Certain senior debt and bank loans contain covenants which require maintenance of levels of working capital, net worth, ratios of debt to equity, dividend restrictions and limit of indebtedness.

The debt outstanding is comprised of loans in the following currencies at 31 December 2015 and 31 December 2014:

(in millions of US dollars)	2015	2014
US Dollar	\$2,951	\$3,115
Argentinian Peso	10	18
Euro	9	14
Chinese Yuan	7	21
Other currencies	6	9
<b>Total Long Term Financing (including current portion)</b>	<b>\$2,983</b>	<b>\$3,177</b>

The following is a comparative summary of long term debt outstanding, current and non-current portion:

(in millions of US dollars)	2015	2014
Bank loans, from 1.15% to 3.50% over LIBOR due through 2016	\$182	\$250
Bank loans, from 1.15% to 4.40% over LIBOR due through 2017	300	356
Bank loans, from 2.15% to 2.50% over LIBOR due through 2018	443	-
Bank loans, from 0.70% to 5.30% over LIBOR due through 2024	46	48
Bank loans, from 2.50% to 5.71% over TJLP due through 2018	6	16
Other variable rates through 2019	14	32
Fixed rate through 2025	1,992	2,475
<b>Total Long Term Financing (including current portion)</b>	<b>\$2,983</b>	<b>\$3,177</b>

At 31 December 2015 and 31 December 2014, there is no significant difference between the historical value of long term financing and its fair value.

## 18. BANK LOANS, ACCEPTANCES AND COMMERCIAL PAPER

The Group finances most of its short-term requirements with bank loans, acceptances and commercial paper. The underlying agreements require certain companies to maintain minimum levels of net worth and to meet various liquidity tests.

At 31 December 2015 and 31 December 2014, bank loans, acceptances and commercial paper consist of the following:

(in millions of US dollars)	2015	2014
Commercial paper	\$11	\$-
Bank loans	3,778	3,104
Bank loans secured on LDC Metals Suisse SA inventories and trade receivables	874	1,071
Bank overdrafts	358	357
Repurchase agreements	100	196
Securities short positions	19	-
<b>Total Short Term Financing</b>	<b>\$5,140</b>	<b>\$4,728</b>
Current portion of long term financing	292	238
<b>Total Bank Loans, Acceptances and Commercial Paper</b>	<b>\$5,432</b>	<b>\$4,966</b>
<i>Of which:</i>		
Fixed rate	\$1,594	\$1,747
Floating rate	\$3,838	\$3,219

The Group enters into repurchase agreements which are arrangements involving the sale of securities at a specified price with an irrevocable commitment to repurchase the same or similar securities at a fixed price, on a specified future date or with an open maturity.

At 31 December 2015 and 31 December 2014, there is no significant difference between the historical value of bank loans, acceptances and commercial paper and their fair value.

The debt outstanding is comprised of loans in the following currencies at 31 December 2015 and 31 December 2014:

(in millions of US dollars)	2015	2014
US Dollar	\$4,110	\$4,120
Chinese Yuan	664	356
Indian Rupee	161	-
Euro	92	154
Other currencies	405	336
<b>Total Bank Loans, Acceptances and Commercial Paper</b>	<b>\$5,432</b>	<b>\$4,966</b>

## 19. RETIREMENT BENEFIT OBLIGATIONS

At 31 December 2015 and 31 December 2014, retirement benefit obligations consist of the following:

(in millions of US dollars)	2015	2014
Long term pension benefit	\$127	\$144
Post-retirement benefit	31	34
Other long term employee benefits	6	7
<b>Retirement benefit obligations</b>	<b>\$164</b>	<b>\$185</b>
<b>Net plan asset<sup>1</sup></b>	<b>\$(1)</b>	<b>\$-</b>

1. Included in "Trade and other receivables"

Current pension benefit and net plan asset are almost nil at 31 December 2015 and 31 December 2014.

The Group maintains pension plans in various countries as prescribed by local laws and customs. The obligations of the Group to pay benefits upon retirement are provided for on an estimated annual basis. The estimates reflect assumptions as to future salary increases, employee turnover and mortality rates. The most significant retirement plans which require funding are in the United States.

(in millions of US dollars)	2015			2014		
	United States	Other	Total	United States	Other	Total
Long term pension benefit	\$107	\$20	\$127	\$115	\$29	\$144
Post-retirement benefit	24	7	31	27	7	34
Other long term employee benefits	6	-	6	7	-	7
<b>Retirement benefit obligations</b>	<b>\$137</b>	<b>\$27</b>	<b>\$164</b>	<b>\$149</b>	<b>\$36</b>	<b>\$185</b>
<b>Net plan asset</b>	<b>\$-</b>	<b>\$(1)</b>	<b>\$(1)</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>

### UNITED STATES

The Group has various defined benefit pension plans in the United States covering substantially all employees which provide benefits based on years of service and compensation during defined years of employment. The funding policy is to contribute amounts sufficient to meet the minimum funding requirements. The Group had also unfunded post-retirement plans in North America that covered substantially all salaried employees. These plans provided medical, dental and life insurance benefits.

Certain of the Imperial Sugar Company's ("ISC") current and former employees are covered by retirement plans. Retirement benefits are primarily a function of years of service and the employee's compensation for a defined period of employment. In 2003, ISC froze the benefits under the salaried pension plan resulting in reductions in future pension obligations. ISC funds pension costs at an actuarially determined amount based on normal cost and the amortization of prior service costs, gains and losses over the remaining service periods. Additionally, ISC previously provided a supplemental non-qualified, unfunded pension plan for certain management members as well as a non-qualified retirement plan for former non-employee directors, which provided benefits based upon years of service as a director and the retainer in effect at the date of a director's retirement. Certain of ISC's employees who meet the applicable eligibility requirements are covered by benefit plans that provide post-retirement health care and life insurance benefits to employees.

Pension and post-retirement benefits liabilities recognized in the balance sheet are as follows at 31 December 2015 and 31 December 2014.

	2015		2014	
	Pension benefit	Post-retirement benefit	Pension benefit	Post-retirement benefit
(in millions of US dollars)				
Present value of obligations	\$364	\$24	\$393	\$27
Fair value of plan assets	(257)	-	(278)	-
<b>Liability in the balance sheet</b>	<b>\$107</b>	<b>\$24</b>	<b>\$115</b>	<b>\$27</b>

The changes in the pension and post-retirement liabilities are as follows:

	2015		2014	
	Pension benefit	Post-retirement benefit	Pension benefit	Post-retirement benefit
(in millions of US dollars)				
<b>Balance at 1 January</b>	<b>\$115</b>	<b>\$27</b>	<b>\$77</b>	<b>\$29</b>
Net expense	7	1	4	1
Remeasurements	(11)	(2)	53	-
Contributions	(4)	(2)	(19)	(3)
<b>Closing Balance</b>	<b>\$107</b>	<b>\$24</b>	<b>\$115</b>	<b>\$27</b>

The changes in the present value of the obligation in respect pension and post-retirement benefits are as follows:

	2015		2014	
	Pension benefit	Post-retirement benefit	Pension benefit	Post-retirement benefit
(in millions of US dollars)				
<b>Balance at 1 January</b>	<b>\$393</b>	<b>\$27</b>	<b>\$336</b>	<b>\$29</b>
Interest cost	15	1	14	1
Remeasurements	(26)	(2)	61	-
Contributions	(18)	(2)	(18)	(3)
<b>Closing Balance</b>	<b>\$364</b>	<b>\$24</b>	<b>\$393</b>	<b>\$27</b>

The changes in fair value of the plan assets are as follows:

(in millions of US dollars)	2015	2014
<b>Balance at 1 January</b>	<b>\$(278)</b>	<b>\$(259)</b>
Interest income	(10)	(12)
Administrative expenses	2	2
Return on plan assets excluding interest income (OCI)	15	(8)
Employer contributions	(4)	(19)
Benefit payments	18	18
<b>Closing Balance</b>	<b>\$(257)</b>	<b>\$(278)</b>

The amounts recognized in profit and loss are as follows:

(in millions of US dollars)	2015		2014	
	Pension benefit	Post-retirement benefit	Pension benefit	Post-retirement benefit
Administrative expenses	\$2	\$-	\$2	\$-
Net interest expense	5	1	2	1
<b>Total expenses</b>	<b>\$7</b>	<b>\$1</b>	<b>\$4</b>	<b>\$1</b>

The changes in other comprehensive income are as follows:

(in millions of US dollars)	2015		2014	
	Pension benefit	Post-retirement benefit	Pension benefit	Post-retirement benefit
<b>Balance at 1 January</b>	<b>\$(5)</b>	<b>\$3</b>	<b>\$48</b>	<b>\$3</b>
Net return on plan assets excluding interest income	(15)	-	8	-
Effect of change in financial assumptions	19	1	(35)	(1)
Effect of change in demographic assumptions	7	-	(26)	1
Effect of experience adjustments	-	1	-	-
<b>Closing Balance</b>	<b>\$6</b>	<b>\$5</b>	<b>\$(5)</b>	<b>\$3</b>

The plan assets are detailed as follows:

(in millions of US dollars)	2015	2014
Large US Equity	\$(96)	\$(96)
Small/Mid US Equity	(12)	(21)
International Equity	(16)	(34)
Real Estate	(13)	(14)
Bond	(120)	(113)
<b>Total plan assets</b>	<b>\$(257)</b>	<b>\$(278)</b>

The discount rate is 4.21% at 31 December 2015 (3.78% at 31 December 2014).

## 20. PROVISIONS

At 31 December 2015 and 31 December 2014, provisions consist of the following:

(in millions of US dollars)	2015	2014
Current provisions	\$15	\$34
Non-current provisions	88	100
	<b>\$103</b>	<b>\$134</b>

Changes in provisions for the years ended 31 December 2015 and 31 December 2014 are as follows:

(in millions of US dollars)	2015				2014
Provisions for:	Tax and social risks	Litigations	Other	Total	Total
<b>Balance at 1 January</b>	<b>\$79</b>	<b>\$22</b>	<b>\$33</b>	<b>\$134</b>	<b>\$107</b>
Allowance	7	2	8	17	48
Reversal of used portion	(6)	(1)	(3)	(10)	(10)
Reversal of unused portion	(13)	(3)	(2)	(18)	(12)
Reclassification	(3)	2	(17)	(18)	-
Foreign currency translation adjustment	(2)	-	-	(2)	(2)
Change in list of consolidated companies <sup>1</sup>	-	-	-	-	3
<b>Closing balance</b>	<b>\$62</b>	<b>\$22</b>	<b>\$19</b>	<b>\$103</b>	<b>\$134</b>

1. Related to the acquisition of Kowalski Alimentos S.A in 2014.

## 21. INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset the potential future equivalent of current tax assets and liabilities.

The consolidated deferred income tax assets (liabilities) at 31 December 2015 and 31 December 2014 are as follows:

(in millions of US dollars)	2015	2014
Deferred income tax assets	\$293	\$278
Deferred income tax liabilities	(394)	(377)
	<b>\$(101)</b>	<b>\$(99)</b>

The consolidated net deferred income tax assets (liabilities) recorded at 31 December 2015 and 31 December 2014 arise from:

(in millions of US dollars)	2015	2014
Timing differences	\$(310)	\$(302)
Tax benefits from carry forward losses	259	238
Valuation allowance for deferred tax assets	(50)	(35)
	<b>\$(101)</b>	<b>\$(99)</b>

The 31 December 2015 valuation allowance is ascribed to available loss carry forwards for approximately US\$(44) million against US\$(34) million at 31 December 2014.

Changes in net deferred income tax assets (liabilities) are as follows:

(in millions of US dollars)	2015	2014
<b>Balance at 1 January</b>	<b>\$(99)</b>	<b>\$(89)</b>
Deferred tax recognized in income	(5)	(46)
Change in list of consolidated companies	-	(10)
Reclassification from current income tax assets	4	8
Deferred tax recognized in equity	(2)	33
Exchange differences	1	5
<b>Closing balance</b>	<b>\$(101)</b>	<b>\$(99)</b>

The provision for income tax differs from the computed "expected" income tax provision using the Netherlands statutory tax rate of 25% during the years ended 31 December 2015 and 31 December 2014 for the following reasons:

(in millions of US dollars)	2015	2014
<b>Theoretical tax on income</b>	<b>\$(104)</b>	<b>\$(209)</b>
Differences in income tax rates	43	65
Difference between local currency and functional currency	(132)	(26)
Change in valuation of tax assets and net operating losses	4	13
Permanent differences on investments	1	2
Other permanent differences	(17)	(36)
<b>Reported tax expense</b>	<b>\$(205)</b>	<b>\$(191)</b>

Taxes amounted to US\$(205) million over the period compared to US\$(191) million one year before. Exception made of a non-cash item corresponding to the functional currency impact, the Group's effective tax rate would have been similar to previous years.

In fact, during the year the Group's income tax expense was strongly impacted by the functional currency effect which is booked in non-US entities whose functional currency is the US Dollar instead of their local respective currencies.

The negative impact amounted to US\$(132) million and largely regarded the Group's Brazilian entities. Within these entities, most of the impact derived from the reevaluation, in US Dollars, of net current and deferred tax assets denominated in Brazilian Reals. This led the entities to recognize unrealized foreign exchange losses (non-cash items) in the 2015 tax expense, given the devaluation of the Brazilian Real, particularly during the second half of the year (1 USD = 2.66 BRL at 1 January 2015, 1 USD = 3.10 BRL at 30 June 2015 and 1 USD = 3.90 BRL at 31 December 2015).

## 22. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses at 31 December 2015 and 31 December 2014 consist of the following:

(in millions of US dollars)	2015	2014
Trade payables	\$1,259	\$1,427
Accrued payables	1,143	1,212
Staff and tax payables	259	329
Margin deposits	90	95
Prepayments and advances received	144	228
Other payables	257	75
Deferred income	17	23
Payable on purchase of assets	17	58
	<b>\$3,186</b>	<b>\$3,447</b>

## 23. OTHER NON-CURRENT LIABILITIES

Other non-current liabilities at 31 December 2015 and 31 December 2014 consist of the following:

(in millions of US dollars)	2015	2014
Non-current tax and social liabilities	\$23	\$9
Debts associated to business combinations and put options	32	44
Other non-current liabilities	15	15
	<b>\$70</b>	<b>\$68</b>

## 24. NET SALES

Net sales consist of the following:

(in millions of US dollars)	2015	2014
Sales of goods	\$55,283	\$64,278
Income from services rendered	281	319
Other income	169	122
	<b>\$55,733</b>	<b>\$64,719</b>

## 25. FINANCE COSTS, NET

Finance costs, net in the income statement can be analyzed as follows:

(in millions of US dollars)	2015	2014
Interest expense	\$(289)	\$(328)
Interest income	43	49
Foreign exchange	206	164
Net loss on derivatives	(202)	(162)
Other financial income and expense	45	50
	<b>\$(197)</b>	<b>\$(227)</b>

## 26. FOREIGN EXCHANGE

Foreign exchange result, excluding result from derivatives used for hedging foreign currency exposure, is allocated in the following lines of the income statement:

(in millions of US dollars)	2015	2014
Net sales	\$(53)	\$(37)
Cost of sales	(87)	(19)
Commercial and administrative expenses	(11)	2
Finance costs, net	206	165
	<b>\$55</b>	<b>\$111</b>



## 27. GAIN ON INVESTMENTS

Gain on investments in the income statement can be analyzed as follows:

(in millions of US dollars)	2015	2014
Gain on sale (impairment) on available-for-sale financial assets and on other financial assets at fair value through profit and loss <sup>1</sup>	\$7	\$(12)
Gain on sale of held-for-sale non-current assets <sup>2</sup>	-	108
Gain (depreciation) on other investments, deposits and sundry	4	(25)
	<b>\$11</b>	<b>\$71</b>

1. In 2015, the gain derived from the sale of the available-for-sale financial asset Moulins Modernes de Côte d'Ivoire amounted to US\$5 million. In 2014, an impairment of US\$(13) million was recognized on Chinalco Mining Corporation International due to the severe and continuous drop in the share price.

2. The gain derived from the sale of the shares held in Green Eagle Plantations Pte. Ltd in 2014 amounted to US\$108 million.

## 28. COMMITMENTS AND CONTINGENCIES

The Group leases facilities, warehouses, offices and equipment under operating leases, and vessels under time charters' agreements. Certain of the Group's leases include renewal options and most leases include provisions for rent escalation to reflect changes in construction indexes.

The Group has future minimum payments and rentals under non-cancellable operating leases, with initial or remaining terms of more than one year, that consist of the following at 31 December 2015 and 31 December 2014:

(in millions of US dollars)	2015	2014
<b>Leases and other commitments:</b>		
< 1 year	\$104	\$118
Between 1 and 5 years	198	244
> 5 years	88	75
	<b>\$390</b>	<b>\$437</b>

The Group is contingently liable on open letters of credit as follows:

(in millions of US dollars)	2015	2014
<b>Letters of credit:</b>		
Bid and performance bonds	\$92	\$51
Commodity trading	339	415
	<b>\$431</b>	<b>\$466</b>

At 31 December 2015, the Group has a commitment to purchase a minimum of 120 million boxes of oranges until 2028 (108 million boxes at 31 December 2014). The estimated annual commitment is ranging from US\$161 million in 2016 to US\$1 million in 2028.

At 31 December 2015, the Group has a commitment to purchase 164 thousand tons of sugar (171 thousand tons at 31 December 2014) for a total amount of US\$99 million until 2016 (US\$124 million at 31 December 2014). The Group has also a commitment to sell 397 thousand tons of refined sugar (234 thousand tons at 31 December 2014) for US\$295 million in 2016 (US\$172 million at 31 December 2014).

At 31 December 2015, the Group does not have any commitment to sell grains (88 thousand tons at 31 December 2014 for an estimated amount of US\$13 million).

At 31 December 2015, the Group has a commitment to purchase fuel until 31 August 2018 for 4 MMBtus "Million British Thermal Unit" (6 MMBtus at 31 December 2014) for an estimated amount of US\$16 million (US\$21 million at 31 December 2014).

At 31 December 2015, the Group has a commitment to sell 27 thousand tons of biodiesel (92 thousand tons at 31 December 2014) for an estimated amount of US\$3 million (US\$42 million at 31 December 2014).

At 31 December 2015, the Group has an approximate US\$104 million of commitments mainly related to export terminals and to investments (US\$95 million at 31 December 2014).

At 31 December 2015, the Group is part of off-take agreements for 70% of copper and cobalt that will be produced from the Boleo mine in Mexico for a period of 10 years from the beginning of commercial production or until defined amounts of copper (369,200 tons) / cobalt (10,780 tons) have been delivered if later. Price per ton will be based upon relevant metal exchange prices. Production and deliveries started in 2015.

In 2014, the Group signed a long term off-take agreement with Hudbay Minerals for approximately 20% of the life of mine copper concentrate that will be produced from the Constancia mine located in Peru. Price will be based upon relevant metal exchange prices. Production and deliveries started in 2015.

In October 2015, the Group entered into an agreement with Dongying Group (China) and one of its Lenders whereby the Group (i) provided to this Lender with a 10% guarantee agreement of Dongying Group's performance obligations under a up to US\$120 million prepayment facility and (ii) entered into an off-take agreement for the purchase of approximately 28.5 thousand tons of Copper Cathodes over the next coming 24 months.

At 31 December 2015, the Group received US\$194 million of guarantees and collaterals (US\$113 million at 31 December 2014).

In addition, there are US\$298 million of other commitments at 31 December 2015 (US\$473 million at 31 December 2014), including US\$237 million guarantees at 31 December 2015 (US\$367 million at 31 December 2014).

Audits from local tax authorities are carried out regularly and may dispute positions taken by the Group, in particular those regarding the allocation of income among various tax jurisdictions, value added taxes or export taxes. In accordance with its accounting policies, the Group may decide to record provisions when tax-related risks are considered probable to generate a payment to tax authorities.

During past years, LDC Argentina S.A. received several tax assessments challenging transfer prices used to price grain exports totaling US\$344 million for the years 2005, 2006, 2007 and 2008, as well as certain custom duties related to Paraguayan soybeans imports totaling US\$81 million for the years from 2007 to 2009, and differences in export taxes paid in 2007 and 2008, amounting to US\$90 million. Other large exporters and processors of cereals and other agricultural commodities have received similar tax assessments in this country. LDC Argentina S.A. has appealed these tax assessments to the relevant jurisdictions, considering they are without merit and that LDC Argentina S.A. has complied with all the applicable regulations.

Besides, LDC Argentina S.A. has received a US\$36 million preliminary tax notification challenging transfer prices used for price grain exports for the year 2009, and could receive additional tax notifications for subsequent years. LDC Argentina S.A. believes that this tax notification is without merit and intends to vigorously protect its interests.

As of 31 December 2015, LDC Argentina S.A. has reviewed the evaluation of all its tax positions. Based upon Argentine tax law as well as advice from its legal counsels, LDC Argentina S.A. still considers that its tax positions are suitable. However, LDC Argentina S.A. cannot predict the ultimate outcome of these ongoing or future examinations.

Louis Dreyfus Commodities LLC and certain of its affiliates (including LDC) were named as defendants in a consolidated action in United States federal court in New York alleging manipulation and artificial inflation of the ICE Cotton No. 2 futures contracts for May 2011 and July 2011. The plaintiffs have proposed to bring the action as a class action. The defendants have filed an answer denying the claims in the action. No trial date has been scheduled in the case. This matter is in its early stages and the Company cannot predict its ultimate outcome.

There are various claims and ongoing regulatory investigations asserted against and by the Group which, in the opinion of counsels, based on a review of the present stages of such claims in the aggregate, should not have a material effect on the Group's financial position or future operating results.

## 29. SHARE-BASED PAYMENT

In December 2006, the terms of a stock-based compensation arrangement referred to as the Equity Participation Plan ("EPP"), which is sponsored by LDCH became operational and the arrangement was fully implemented in December 2007 with the issuance of the first shares relating to the awards. The EPP provides for the granting of securities and options to purchase securities in LDCH (collectively "Awards") to employees of the Group. EPP awards granted to employees of the Group generally vest on a graduated basis over a four year period. Additional awards have been granted to employees during each first semester starting in 2008, with the corresponding securities and options to purchase securities to be issued during the second semester of the same calendar year.

The Group accounts for the EPP as an equity-settled plan: the fair value of the awards granted, determined at attribution date, is recorded in the income statement ratably over the vesting period of the awards. The value of the awards granted is not revalued in subsequent periods.

The Group and LDCH have entered into reimbursement agreements under which certain subsidiaries of the Group will reimburse LDCH for the awards attributed to their employees. Depending on the reimbursement agreement, the Group is liable for vested awards at attribution or fair value. Amounts due under these reimbursement agreements are recorded by the Group as a distribution of equity to LDCH. Accordingly, amounts payable under the reimbursement agreements give rise to a reclassification from equity to liabilities up to the amount of stock compensation already recorded. Any excess of the amounts due under the reimbursement agreements over the attribution value of the awards is recorded as an additional debit to retained earnings. Certain reimbursement agreements provide for a payment anticipating the accounting vesting schedule and give rise to a prepaid asset. The Group paid US\$37 million in 2015 (US\$80 million in 2014) to LDCH relating to reimbursement agreements, and recorded a liability of US\$97 million at 31 December 2015 (US\$54 million at 31 December 2014).

Awards granted to employees during 2015 are of US\$82 million while awards forfeited by employees represent US\$11 million. During the 2015 transfer window period, LDCH purchased shares from employees corresponding to US\$108 million in attribution value bringing the attribution value of outstanding EPP awards granted to employees to US\$349 million. At 31 December 2014 the attribution value of outstanding EPP awards granted to employees was US\$386 million, of which US\$104 million corresponded to awards granted in 2014, and US\$5 million to awards forfeited by employees. During the 2014 transfer window period, LDCH purchased shares from employees corresponding to US\$150 million in attribution value.

At 31 December 2015, EPP awards fully vested represent US\$141 million and awards vesting ratably over periods ranging from three months to four years are of US\$208 million. At 31 December 2014, they were respectively of US\$130 million and US\$256 million vesting ratably over periods ranging from three months to four years.

During 2015, compensation costs recognized in commercial and administrative expenses are of US\$95 million in 2015 and of US\$107 million in 2014.

Unrecognized compensation costs expected to be recognized from 2016 to 2019 are of US\$76 million at 31 December 2015 and of US\$103 million from 2015 to 2018 at 31 December 2014.

### 30. NUMBER OF EMPLOYEES AND PERSONNEL EXPENSES

For the year ended 31 December 2015, personnel expenses reached US\$976 million for an average number of employees of 19,434. For the year ended 31 December 2014, they were of US\$1,011 million for 19,193 employees.

The average number of employees is as follows:

	2015	2014
Managers and traders	1,855	1,683
Supervisors	1,308	1,294
Employees	4,243	4,370
Workers	8,269	8,689
Seasonal workers	3,759	3,157
	<b>19,434</b>	<b>19,193</b>

The variation in the average number of seasonal workers and workers mainly resulted from the timing of the juice crop season and optimization of running the orange farms in Brazil.

The key management personnel compensation amounted to US\$12.7 million for 2015, and US\$15.3 million for 2014. Share-based payment represented between 48% and 50% of those amounts.

## 31. RELATED PARTIES TRANSACTIONS

Transactions with related parties are reflected as follows:

<b>Income Statement</b> (in millions of US dollars)	<b>2015</b>	2014
Sales <sup>1</sup>	\$665	\$286
Cost of goods sold <sup>1</sup>	(1,489)	(1,090)
Other income net of expenses	9	16
Finance costs, net <sup>1</sup>	10	1
<b>Balance Sheet</b> (in millions of US dollars)	<b>2015</b>	2014
Other investments, deposits and sundry <sup>1</sup>	\$175	\$7
Financial advances to related parties <sup>1</sup>	17	17
Trade and other receivables <sup>1</sup>	279	242
Margin deposits <sup>1</sup>	6	1
Derivatives <sup>1</sup>	37	12
<b>Total Assets</b>	<b>\$514</b>	<b>\$279</b>
Financial advances from related parties <sup>2</sup>	\$347	\$1,188
Trade and other payables <sup>1</sup>	65	34
Derivatives <sup>1</sup>	14	26
<b>Total Liabilities</b>	<b>\$426</b>	<b>\$1,248</b>

1. Mainly correspond to transactions with associates and joint ventures and/or with Biosev.

2. Include financing from LDCH of US\$347 million at 31 December 2015 (US\$1,184 million at 31 December 2014), net of transactions relating to reimbursement agreements with LDCH of US\$97 million at 31 December 2015 (US\$54 million at 31 December 2014 - Refer to note 29).

In 2015, LDC sold financial assets to LDH at book value including an earn out subject to a certain level of distributable income over the period 2015-2019. In its 2015 consolidated income statement, LDC recognized a profit corresponding to the 2015 earn out that is certain.

The estimated range of undiscounted amounts, which LDC might receive for these earn out payments over the remaining next four years, is between US\$0 million and US\$30 million. This contingent receivable has not been recorded in the Consolidated Balance Sheet at 31 December 2015. LDC will recognize any profit resulting from the earn out in the Consolidated Income Statement when it is certain.

## 32. SUBSEQUENT EVENTS

There is no subsequent event that could affect 2015 consolidated financial statements.

### 33. LIST OF MAIN SUBSIDIARIES

The main subsidiaries of LDC that are consolidated at 31 December 2015 and 31 December 2014 are the following:

Company	2015		2014	
	% of control	% of ownership	% of control	% of ownership
LDC Argentina S.A. (Argentina)	100.00	100.00	100.00	100.00
LD Commodities Australia Pty. Ltd. (Australia)	100.00	100.00	100.00	100.00
LD Commodities Australia Holdings Pty. Ltd. (Australia)	100.00	100.00	100.00	100.00
Ilomar Holding N.V. (Belgium)	100.00	100.00	100.00	100.00
Coinbra Frutesp S.A. (Brazil)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Agroindustrial S.A. (Brazil)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Brasil S.A. (Brazil)	100.00	100.00	100.00	100.00
Macrofertil Industria E Comercio De Fertilizantes, Ltda. (Brazil)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Bulgaria Eood. (Bulgaria)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Canada Ulc. (Canada) <sup>1</sup>	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Yorkton Investment Ulc. (Canada) <sup>1</sup>	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Yorkton Trading LP (Canada)	100.00	100.00	100.00	100.00
LDC (Fujian) Refined Sugar Co. Ltd. (China)	67.00	67.00	67.00	67.00
Louis Dreyfus Commodities (Bazhou) Feedstuff Protein Co. Ltd. (China)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities (China) Trading Company Limited (China)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities (Shanghai) Trading Co Ltd. (China)	100.00	100.00	100.00	100.00
Shaanxi Sanchuan Juice Co. Ltd. (China)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Colombia, Ltda. (Colombia)	100.00	100.00	100.00	100.00
Louis Dreyfus Citrus S.A.S. (France)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Distribution France S.A.S. (France)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities France S.A.S. (France)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Services S.A.S. (France)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Silos S.A.S. (France)	61.12	100.00	61.12	100.00
SCPA Sivex International S.A.S. (France)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Wittenberg GmbH (Germany)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities India PVT Ltd. (India)	100.00	100.00	100.00	100.00
PT. Louis Dreyfus Commodities Indonesia PLC (Indonesia)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Italia S.P.A. (Italy)	100.00	100.00	100.00	100.00
Gulf Stream Investments Ltd. (Kenya)	100.00	99.33	100.00	99.33
Louis Dreyfus Commodities Kenya Ltd. (Kenya)	99.33	99.33	99.33	99.33
Louis Dreyfus Commodities Mexico SA de CV (Mexico)	100.00	100.00	100.00	100.00
Ecoval Holding B.V. (Netherlands)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Metals B.V. (Netherlands)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Participations B.V. (Netherlands)	100.00	100.00	100.00	100.00
Nethgrain B.V. (Netherlands)	100.00	100.00	100.00	100.00
Coinbra International Trading N.V. (Netherlands Antilles)	100.00	100.00	100.00	100.00

Company	2015		2014	
	% of control	% of ownership	% of control	% of ownership
LDC Paraguay S.A. (Paraguay)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Peru S.R.L (Peru)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Polska SP. z.o.o. (Poland)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Portugal Lda (Portugal)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Vostok LLC (Russian Federation)	100.00	100.00	100.00	100.00
GKE Metal Logistics Pte Ltd (Singapore)	51.00	51.00	51.00	51.00
Louis Dreyfus Commodities Asia Pte Ltd. (Singapore)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Metals Asia Pte Ltd (Singapore)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Africa (Proprietary) Ltd. (South Africa)	100.00	100.00	100.00	100.00
Coffee Agency S.A. (Spain)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Espana S.A. (Spain)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Metals Suisse S.A. (Switzerland)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Suisse S.A. (Switzerland)	100.00	100.00	100.00	100.00
Sungrain Holding S.A. (Switzerland)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Tanzania Ltd. (Tanzania)	100.00	100.00	100.00	100.00
LD Commodities Uganda Ltd. (Uganda)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Ukraine Ltd. (Ukraine)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities MEA Trading (United Arab Emirates)	100.00	100.00	100.00	100.00
Ruselco LLP (United Kingdom)	100.00	100.00	100.00	100.00
L.D. Financial Management Limited (United Kingdom)	100.00	100.00	100.00	100.00
LDC Uruguay S.A. (Uruguay)	100.00	100.00	100.00	100.00
Urugrain S.A. (Uruguay)	100.00	100.00	100.00	100.00
Elkhorn Valley Ethanol LLC (U.S.A.)	100.00	100.00	100.00	100.00
Imperial Sugar Company (U.S.A.)	100.00	100.00	100.00	100.00
LD Commodities Interior Elevators LLC (U.S.A.)	100.00	100.00	100.00	100.00
LD Commodities Port Allen Export Elevator LLC (U.S.A.)	100.00	100.00	100.00	100.00
LDC Holding Inc. (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Agricultural Industries LLC (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Biofuels Holdings LLC (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Citrus Inc. (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Claypool Holdings LLC (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Dairy Merchandising LLC (U.S.A.)	100.00	100.00	0.00	0.00
Louis Dreyfus Commodities Investment Holdings LLC (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities LLC (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Norfolk LLC (U.S.A.)	100.00	100.00	100.00	100.00
Term Commodities Inc. (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Commodities Vietnam Company Ltd. (Vietnam)	100.00	100.00	100.00	100.00

1. The following entities changed their legal name in 2015:

- Louis Dreyfus Commodities Canada Ulc is the new name of Louis Dreyfus Commodities Canada Ltd.
- Louis Dreyfus Commodities Yorkton Investment Ulc is the new name of Louis Dreyfus Commodities Yorkton Investment Inc.

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