

AGRIPOLYANE S.A.S

ANNUAL MANAGEMENT REPORT BY THE BOARD OF DIRECTORS

The Board of Directors presents the annual report and audited financial statements of the Company for the year ended 31 December 2016.

Basis of preparation of the annual Financial Statements of the Company

The balance sheet and the income statement as well as the annual report of our Company for 2016 have been drawn up and submitted in line with the principles determined by the French Accounting Standards.

Pursuant to the regulations, our annual report shall present the work and transaction flows of our Company pertaining to the respective financial year as well as the financial status thereof in all aspects by protecting the rights and the interests of our Company; enable our shareholders to have access on any information regarding the financial status of our Company completely and properly; evaluate the general properties of our Company's financial performance and financial status as well as the basic risks encountered by it and propound, through accounting and financial reporting data, that the activities and the services of our Company are performed in most efficient, reliable and uninterrupted manner.

Principal activities and nature of operations of the Company

The principal activities of the Company, which are unchanged from last year, are the production of agriculture greenhouse film and multifunctional film for other applications, wholesale trade and international trade.

Continuity of activity

These financial statements have been prepared based on the business continuity principle, which assumes that the Company will normally continue its activity in the foreseeable future without entering into a state of liquidation or significant reduction of the activity.

To assess the applicability of this presumption, management analyzes forecasts of future cash inflows. Based on these analyzes, the management believes that the Company will be able to continue its activity in the foreseeable future and therefore, the application of the principle of continuity of activity in the preparation of the financial statements is justified.

Review of current position, future developments and performance of the Company's business

The Turnover of the Company in 2016 was 29.0 million €, slightly increased from previous year's similar figure of 28.9 million €. The Operating Profits were decreased to 521 thousand € in the reporting year from 616 thousand € in the previous year. The Profits Before Taxes in 2016 remained stable to 452 thousand € from 463 thousand € in the year before.

The 50% of the sales volume was exported.

The R&D department has started the development of a biodegradable mulching film.

There was no major investment only a retrofit of one small line to secure and increase productivity.

During the year in scope there were also some sales of equipment for the amount of 100 thousand €.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are disclosed here below:

Use of financial instruments by the Company

The Company is exposed to interest rate risk, credit risk and dividends from the financial instruments it holds.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The

Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities - primarily trade receivables and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Credit risk related to trade receivables: This is managed based on established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal ratings. Credit quality of the customer and outstanding customer receivables are assessed and regularly monitored. The Company does not hold collateral as security.

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability but can also increase the risk of losses. The Company has procedures with the object of minimizing such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

Dividends

The dividend distribution policy of the Company is defined in the articles of association. The dates as well as the manner and method of dividend payments to the shareholders are resolved by the general board. The general board may delegate the authority to determine the date, percentage and method of dividend distribution to the board of directors.

Share capital

There were no changes in the share capital of the Company during the year under review.

Organization and development of internal control within the Company

The purpose of internal control is to ensure the coherence of objectives, to identify the key success factors and to communicate to the Company's management, in real time, the information regarding the performances and perspectives.

The control activities are an integral part of the management process through which the Company aims to achieve the proposed objectives.

The control aims at applying the norms and procedures of internal control, at all hierarchical and functional levels: the decisional authority regarding the definition on hierarchical levels of the approvals, the evaluation of the operational performances, the security of the assets, the separation of the functions.

Board of Directors

The members of the Company's Board of Directors as at 31 December 2016 and at the date of this report are the same.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Events after the balance sheet

There are no significant events after the balance sheet date.

The President of the Board



Mr. Michail Lempidakis

March 24th, 2017
