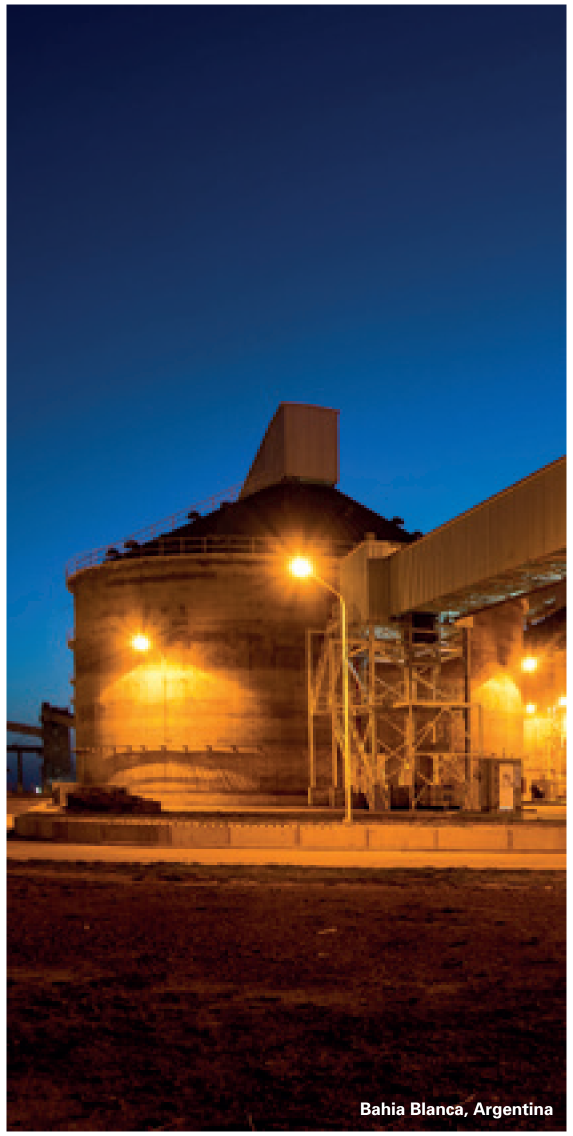
Louis Dreyfus Company

Interim Report 2018


Bahia Blanca, Argentina

Louis Dreyfus Company is a leading merchant and processor of agricultural goods, leveraging its global reach and extensive asset network to deliver for our customers around the world – safely, responsibly and reliably.

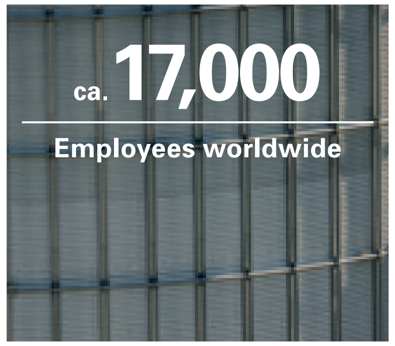
Unless otherwise indicated, "Louis Dreyfus Company", "LDC", "Group", "Louis Dreyfus Company Group" and related terms such as "our","we", etc. used in this document refers to the Louis Dreyfus Company B.V. Group.

Contents

The Louis Dreyfus Company Purpose:

We are committed to supporting the communities we serve, through fair and sustainable value creation.

This is LDC.



Our vision

To work towards a safe and sustainable future, contributing to the global effort of providing sustenance for a growing population.

Our mission

To use our know-how and global reach to bring the right product to the right location, at the right time.

10 Platforms

Our diversified activities span the entire value chain from farm to fork, across a broad range of business lines (platforms).

The Value Chain Segment includes platforms that have a fully integrated asset network ranging from origination to distribution.

The Merchandizing Segment includes platforms that have a more merchant-oriented business model.

Oilseeds

Soybeans, canola, rapeseeds, cottonseeds, sunseeds, peanuts, palm, meals and oils (crude & refined, bulk & bottled), lecithin and glycerin (crude & refined), biodiesel, fertilizers, inputs & seeds

Grains

Wheat, white corn, yellow corn, DDGS, sorghum, barley, rye, oats, chickpeas, fertilizers, inputs & seeds

Coffee

Arabica and robusta

Sugar

Raw and white sugar

Freight

Global footprint thanks to an extended network and involvement in major trade flows

Juice

Orange, grapefruit, lime, lemon, apple and citrus by-products (citrus pulp pellets & oils)

Rice

Paddy, brown, milled and parboiled (bulk & packed)

Dairy

Milk powders, whey powders, fat-filled powders, fats and cheese

Global Markets

Provision of foreign exchange risk mitigation

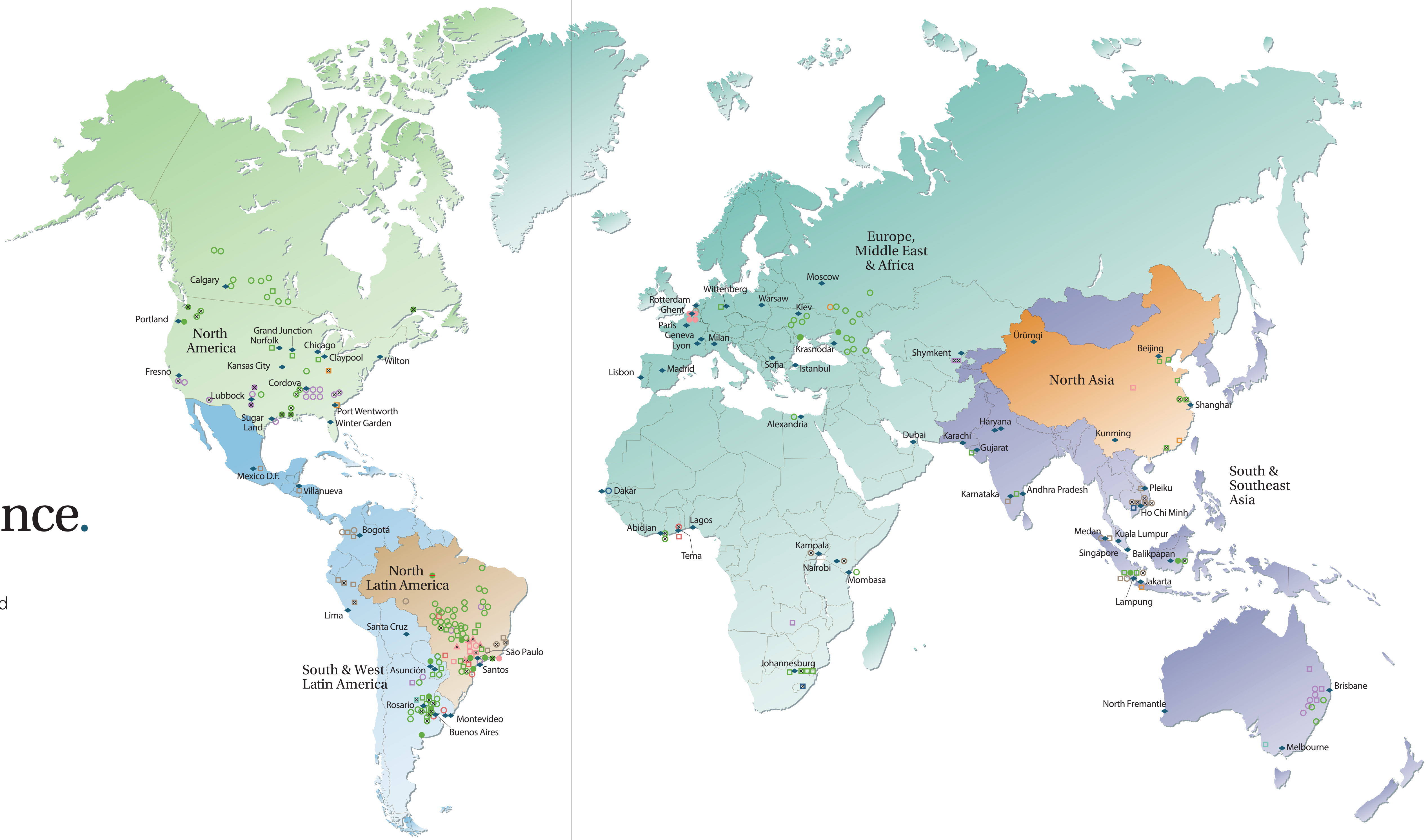
Cotton

Sourced from all major producers

Odessa, Ukraine

Global Presence.

Our network of strategically placed assets enables us to stay ahead of changing supply and demand.



Key

- Grains & Oilseeds
- Rice
- Coffee
- Cotton
- Sugar
- Juice
- Dairy
- Fertilizers & Inputs

- *Farming*
- *Processing asset*
- *Logistic asset – storage*
- *Logistic asset – transport*
- *Mining*
- *Under construction*
- x *Tolling agreement, off-take contract, minority stake, land lease, facility lease*

- *Offices*

NB: For readability purposes, the above map displays only some of LDC's farming assets in North Latin America

North America

Canada
United States

North Latin America

Brazil

South & West Latin America

Argentina
Bolivia
Colombia
Honduras
Mexico
Paraguay
Peru
Uruguay

Europe, Middle East & Africa

Belgium
Bulgaria
Ivory Coast
Egypt
France
Germany
Ghana
Italy
Kazakhstan
Kenya
Nigeria
Poland
Portugal
Russia
Senegal
South Africa
Spain
Switzerland
The Netherlands
Turkey
UAE
Uganda
Ukraine

North Asia*

China

*Since January 1st, 2018

South & Southeast Asia*

Australia
India
Indonesia
Malaysia
Pakistan
Singapore
Vietnam

*Since January 1st, 2018


Bangalore, India


Beijing, China

Management Discussion & Analysis.

Management Discussion & Analysis.

Period from 1 January 2018 to 30 June 2018

LDC's performance remained resilient over the first half of 2018, with both business segments contributing positively to our results, despite an unpredictable global environment with many challenges.

Overall, Net sales were similar to the same period last year at US$18.8 billion, while Net income, Group Share, totaled US$100 million, down from US$160 million for the first six months of 2017. The lower Net income reflects a temporarily negative mark to market recognized by the Group as of June 30th, 2018, attributable to our trading strategy of locking in soy crush margins. This will ensure a high return from our crushing activities for the whole of 2018, benefiting our performance for the remainder of the year and 2019. Financing costs increased due to the rise in Libor rates and increased working capital utilization.

A 6.3% decrease in volumes shipped, partially attributable to the sale of our African and Australian Fertilizers & Inputs businesses, was completely offset by price increases across the Group's main products.

Both our Value Chain and Merchandizing segments maintained good operational performance, resulting in Segment Operating Results of US$493 million. We expect a strong performance during the second semester as we realize crush margins across the volumes we process during the second half of the year, reversing the temporarily negative mark to market.

- The Value Chain Segment benefited from sustained activity levels and good processing margins in oilseeds, the resilience of our grains business, and the profitable transportation and risk mitigation solutions provided by our Freight and Global Markets platforms. In contrast, Juice experienced low yields, on top of a typical seasonal low in production activity during the first semester with low fixed cost absorption.
- On the Merchandizing side, both Cotton and Rice continued to originate, store and market with strong margins. The Sugar and Dairy platforms recorded improved results, the former helped by new opportunities and the latter by a gradual recovery in market prices. Our coffee business, however, delivered limited profits, as it steered through a slow farmer selling environment, resulting in low fixed cost absorption in our warehouse network.

This performance was achieved in a less and less predictable, and more volatile, global market that continued to bring its share of new challenges for the agri-commodities sector. In addition to the now-customary combination of sustained harvests and large inventories, the first six months of 2018 were also marked by a trade war, with the US and China unexpectedly imposing new tariffs on each other across a wider variety of products, including soy. The whole sector was forced to anticipate, adjust to and properly monitor extended risks in order to deliver sound results.

Under these circumstances, we are pleased with our results, especially considering the fact that we have already managed to lock in profitable crush margins for the balance of 2018 and part of 2019. Our renowned ability to adapt to changing conditions remained a key asset, together with a business strategy that once again proved apposite. As part of that strategy, the Group strengthened its soybean crushing capabilities in China, completing the acquisition of a crushing plant located in Tianjin in April, and continued to refocus on core activities with the profitable divestment of several businesses over the period, including our global metals and Australian fertilizers and inputs operations. In the meantime, our juice business was fully ring-fenced, and now is ready to welcome a partner. Our dairy activities are also carved out, as planned.

Entrepreneurship and innovation are deeply embedded in LDC's DNA and continue to drive our investments. Early in the semester, and in collaboration with external partners, LDC completed the first ever full agricultural commodity transaction using blockchain: a first step towards a broader use of this ground-breaking, reliable and efficient technology. In parallel, the Group integrated other technologies, in response to market demand for more traceable and sustainably-sourced products, such as DNA tagging systems for cotton traceability in our Australian ginneries.

LDC would not be the success it is today without the valuable contributions of each and every one of our employees. We are extremely grateful for their continuing dedication, and I would like to take the opportunity to thank them all, on behalf of the Group, for their continued and unconditional commitment.

Ian McIntosh
Chief Executive Officer

Financial Highlights

The following discussion of the Group's operating results and financial position should be read in conjunction with the Group's results as at and for the six-month period ended 30 June 2018.

Net Sales
US$18.8b
US$18.8 billion one year earlier

Segment Operating Results[1]
US$493m
US$542 million over the same period in 2017

Total Income Before Tax
US$117m
US$206 million one year earlier

Net Income, Group Share
US$100m
US$160 million one year earlier, including both continuing operations and discontinued Metals operations

Volumes[2]
down 6.3%
year-on-year

Total Assets
US$20.2b
US$21.3 billion as at 31 December 2017

Capital Expenditure[3]
US$131m
US$119 million one year before

Working Capital Usage
US$7.7b
US$6.3 billion as at 31 December 2017

Liquidity[4] Covering
143% of short-term debt
compared to 206% as at 31 December 2017

Adjusted Net Gearing[5] at
0.74
compared to 0.51 as at December 2017

Return On Equity[6], Group Share
5.2%
compared to 6.7% one year before

EBITDA[7]
at US$414m
down 5.9% year-on-year; with EBITDA – continuing operations excluding Metals at $375 million, down 7.4% year-on-year

Net Proceeds
US$468m
from sale of investments and fixed assets

1. Gross margin plus share of income in associates and joint ventures.
2. Volumes shipped to destination.
3. Purchase of fixed assets and additional investments, net of cash acquired.
4. Cash and cash equivalents, other current financial assets at fair value, readily marketable inventories (RMI) and undrawn committed bank lines.
5. Adjusted net debt (net debt less RMI) on total equity.
6. Twelve months prior to period-end, beginning of period Equity excluding perpetual hybrid capital securities.
7. Earnings Before Interest, Taxes, Depreciation & Amortization.

Income Statement Analysis

In 2018, the Group modified the composition of its two segments. The Value Chain Segment now includes the Juice, Grains and Oilseeds platforms, along with Freight and Global Markets (formerly called the Finance Platform) both of which are key facilitators of all Group businesses. The Merchandizing Segment combines Sugar, Coffee, Cotton, Rice, and Dairy, all platforms with more consumer-centric business models, and shared challenges and opportunities.

Net Sales

Net sales for the period ended 30 June 2018 reached US$18.8 billion, settling at a level similar to the same period in 2017, despite the impact of the scope changes linked to the sale of most of our fertilizers & inputs business. The 6.3% reduction in volumes, partially induced by the above-mentioned scope change, was offset by higher average market prices year-on-year for both Oilseeds and Grains.

The Value Chain Segment increased Net sales, largely through the Oilseeds Platform, which delivered higher volumes at higher average prices. On the other hand, our Grains Platform saw a slightly reduced level of activity but benefited from a rebound in prices.

For the Merchandizing Segment, Net sales for the period were down on last year. This was mostly attributable to our Sugar and Coffee platforms, which both maintained a healthy level of shipped volumes but were impacted by lower average prices year-on-year. This reduction was partially counterbalanced by the incrementally improved activity of our Cotton and Rice platforms.

Segment Operating Results

The Group closed the first six months of 2018 with total Segment Operating Results of US$493 million, compared to the US$542 million recorded one year earlier, in a context of unpredictable market trends. These results reflect, on the one hand, a risk mitigation strategy in our core activities and, on the other hand, a resilient performance in a context of low overall price volatility levels and slow farmer selling for some platforms.

Value Chain

The Value Chain segment booked US$286 million in Operating Results, down from US$346 million one year before.

In an environment marked by the trade war between the US and China, which induced volatility and lower prices, the Oilseeds Platform contributed consistently throughout the period. The objective was to secure future margins, notably by implementing a hedging strategy through board crush. The strategy resulted in a US$65 million negative mark-to-market impact over the period. This temporary impact will progressively turn into positive crush margins when volumes are effectively processed at the Platform's facilities in the second half of 2018 and 2019. In addition, our oilseeds business recorded gains derived from the renewal of biodiesel blender credits in the US, which were related to 2017 blended volumes.

The Grains Platform performed moderately well over the period, recording comparable results year-on-year. On the one hand, the Platform benefited from good margins from assets in South & West Latin America and from rebounds in price volatility. On the other hand, performance in our Europe, Middle East & Africa and North America regions was impacted by low asset utilization during off-peak season in the origins. Utilization challenges were then amplified by a period of high waters in Port Allen, restricting access and temporarily preventing the Platform from generating margins at our port and elevator asset there.

The Freight Platform, while continuing to serve other platforms, recorded strong results during the first half of 2018, in a context of sustained market prices but lower volatility. It benefited from higher activity levels, as well as from its successful and innovative strategy. Opportunities were captured in all vessel sizes, particularly Cape and Panamax, with strong market demand for iron ore and coal in the Pacific as well as steel in China.

The Global Markets Platform (formerly called the Finance Platform) operated profitably, notably helping LDC's other platforms in handling their currency and interest rate risks. Its proven expertise in risk monitoring was especially needed over this period, with the devaluation of the Argentinean Peso and the Brazilian Real against the US Dollar.

The Juice Platform did not have enough volumes processed over the period in order to cover its fixed costs, as is traditionally expected during an off-seasonal first semester. In addition, early in 2018 this low fixed cost dilution was amplified by weak fruit yield in Brazil following rains last summer. In this structurally challenging context, the Platform managed to slightly reduce its inventories as well as to sell by-products with further improved margins. After the close of the period, juice plants started to operate, and full processing was achieved in late July with related margins to be realized in the second half of the year.

Merchandizing

The Merchandizing Segment posted Operating Results of US$207 million, slightly up from US$196 million one year before.

The Cotton Platform delivered solid results, originating and shipping larger quantities. The market saw a surge in prices during the period. This was in part due to lower overall harvest forecasts, particularly in Texas following droughts there, and to higher global demand. Recently, concerns around US-China trade and the tariffs imposed by China on US origin cotton have caused volatility and uncertainty. Despite this uncertainty, the Platform was able to sell cotton at an increased rate, capturing strong logistic margins with its network of US warehouses. Additionally, due to the large crop in Australia, the Platform was also able to secure good ginning margins.

This year, coffee operations started in an environment of slow farmer selling in Brazil, resulting in limited business opportunities and a performance that lagged behind last year's. The Brazilian Arabica crop is expected to hit record highs in 2018 thanks to favorable weather conditions, resulting in an anticipated world production surplus. In this context of pressured price volatility, the pace of sales and purchases slowed down. The Platform however managed to steer through this environment, focusing on improving asset performance and leveraging its long-term local presence in Kenya, Vietnam, Ethiopia and Honduras to deliver profits.

The Sugar Platform recorded significantly improved results year-on-year, despite operating in a market facing global oversupply and low price volatility. These creditable achievements reflect the Platform having found fresh opportunities with sales in new destination markets in the Middle East and in Asia; two regions that are seeing an increase in sugar demand. On the production side, constraints continued for our sugar cane refining activities in the US as the local market was still absorbing high volumes of beet sugar, whereas in China the situation is slightly improved on the back of an enhanced refining capacity.

The Rice Platform performed respectably in the face of slow market demand at destination. With African markets having already largely restocked as 2018 started, the Platform focused on delivering healthy unitary margins rather than on selling additional quantities. Despite a lack of volatility, the Platform was able to leverage its longstanding commercial relationships to record solid margins on several Asian origins.

The Dairy Platform improved its operating results year-on-year in a context of progressively recovering prices. This was a fair performance, primarily driven by profits on origination in Europe, the US and Australia, as well as distribution in China.

Commercial And Administrative Expenses

Commercial and administrative expenses came in at US$(285) million, compared to US$(294) million one year before. This 3% reduction reflected both cautious monitoring of expenses and the impact of the sale of a large part of our former fertilizers and inputs activities.

Net Finance Costs

Net finance costs reached US$(142) million, up from US$(94) million at the same point last year. This increase was mostly due to an interest rate increase (reflecting the substantial rise of US Dollar Libor rates year-on-year), a higher level of short-term debt due to a higher Working Capital Usage and the full-year effect of the bonds issued in the first semester of 2017.

Taxes

Taxes amounted to US$(12) million for the six-month period ended 30 June 2018, compared to US$(49) million one year before (both figures for continuing operations). The decrease in the reported tax expense is mainly attributable to lower earnings before tax, despite overall negative functional currency effects.

Net Income – Discontinued Operations

The US$34 million in Net Income – discontinued operations is comprised of the contribution of the former Metals Platform for US$22 million until May 11th, 2018, together with US$12 million net gain on the sale of that business.

Net Income – Continuing and Discontinued Operations

Net income, Group Share, settled at US$100 million as of 30 June 2018, compared to the US$160 million recorded one year earlier.

Balance Sheet Analysis

Non-Current Assets

At the end of June 2018, total non-current assets amounted to US$6.0 billion compared to US$5.5 billion as at 31 December 2017.

- Fixed assets stood at US$3.8 billion, compared to US$3.9 billion as of December 2017;
- Investments in associates and joint ventures remained at December 2017 levels;
- Other investments, deposits and sundry increased by US$0.5 billion from US$1.2 billion as of December 2017 to US$1.7 billion as at June 2018. This increase is attributable to the US$1.1 billion long-term loan granted by LDC to LDC Netherlands Holding B.V., net of full settlement of non-current export prepayments to Biosev over the semester (US$0.6 billion as of December end 2017).

Capital Expenditure And Divestments

Over the period, LDC invested US$131 million and also successfully divested several assets and businesses, allowing better focus on core activities as well as rationalizing its balance sheet structure.

Focus remained on maintaining robust cash flows, with a highly selective, lean and agile investment strategy, while ensuring that a substantial portion of the Group capital expenditure remains discretionary. Within this strategy, LDC increased its investments in Safety, Health and Environment across all its locations with a focus on industrial assets.

On April 3rd, LDC completed the acquisition of a soybean processing facility in China further extending its presence in a strategic area of the world and strengthening the vertical integration of our oilseeds operations.

In the meantime, the Group completed two key divestments during the first half of 2018.

On March 9th, 2018, the Group successfully completed the sale of its Australian fertilizers and inputs activities, namely Macrofertil Australia Pty Ltd, to Landmark Operations Ltd. This important milestone marks the end of the fertilizers and inputs activities as a standalone platform within LDC. The remaining South American fertilizers and inputs activities were integrated in the Grains and Oilseeds platforms.

On May 11th, 2018, LDC also successfully completed the sale of its Metals subsidiaries to NCCL Natural Resources Investment Fund, managed by New China Capital Legend as general partner, with two limited partners of AXAM Asset Management and China Molybdenum Co., Ltd.

Value Chain
The Value Chain Segment invested US$116 million over the period, mostly in expanding processing and logistics capacities.

In the first half of 2018, the Group made a third planned capital injection into our joint venture with Cargill to operate a berth at the solid bulk terminal at the port of Santos in Brazil. The joint venture commenced in 2015, the first capital injection was made in 2016 and the second in 2017. It will continue to operate the berth for the next 25 years.

Investments for the Grains and Oilseeds platforms jointly remained focused, in the first half of 2018, on the river transport export project in Pará state, Brazil, with the development of a fleet of barges and pushers. The Group also acquired warehouses in Pozueló, Paraguay, to further extend both grains and oilseeds storage capacities on the Paraná River and to enhance its origination footprint locally. Other investments for both platforms consisted in improving existing assets across all regions, concentrating in the Americas.

Within the Oilseeds Platform on April 3rd, 2018 the Group announced the successful completion of the acquisition of Sinarmas Natural Resources Foodstuff Technology (Tianjin) Co., Ltd ("NRFT") in China. NRFT owns and operates oilseeds crushing and refining facilities with a daily soybean crushing capacity of 4,000 tons for the production of soybean meal and crude soybean oil, and a daily refining capacity of 1,200 tons for the production of refined edible vegetable oil. These facilities are complemented by bottling, filling and packaging lines, as well as storage capacity. Investment in NRFT allows the Group to further strengthen both its core activities and its presence in strategic markets for global agricultural trade. In Europe, the Platform acquired a new seed-cleaning system and extended storage capacity at its processing plant in Wittenberg, Germany. In North America, the Platform invested in its processing plant in Claypool, Indiana, US, primarily by adding capacity to the refined glycerin line, and in its plant in Yorktown, Saskatchewan, Canada, by expanding storage and upgrading port elevators with improved barge unloaders. In North Latin America, the Group launched a long-term project to build a transshipment hub in Vila do Conde port in Brazil with a first investment in the anchoring system. The Platform also invested in the bottling capacity extension of its plant in Jataí, Brazil and new hulls grinding equipment at its Itumbiara plant. In Asia, early in 2018, the Group paid the last installment for the acquisition of the remaining 50% share in its Indonesian joint venture, Kencana LDC Pte. Ltd., which operates a palm oil refinery with a port berth. The Group further invested in extending the storage capacity of this asset.

The Grains Platform strengthened its domestic origination capabilities in Ukraine, purchasing new railcars this year and planning to add further railcars in subsequent years.

The Juice Platform continued to invest in its assets, mainly located in Brazil, deploying new industrial equipment to increase transformation capacity, while enhancing safety.

Merchandizing
The Merchandizing segment invested US$15 million during the first half of 2018.

The Coffee Platform nearly completed construction of its new warehouse in Matipo, Minas Gerais, Brazil, and already started operations there. This investment strengthens the Platform's logistic footprint in this important Arabica origination area.

The Cotton Platform continued to invest in strategic logistic and warehouse assets that support its ability to service its customers.

The Sugar Platform focused on maintaining its industrial investment in Imperial Sugar in North America.

Working Capital Usage

Working Capital Usage (WCU) for continuing operations increased to US$7.7 billion as at 30 June 2018, from US$6.3 billion as reported at the end of December 2017. This US$1.4 billion increase was mainly driven by carry opportunities through physical inventories, further supported by higher prices on most of the products the Group handles:

- Within the Value Chain Segment, the increase in WCU was driven by the Oilseeds Platform carrying larger inventories, though this was partially offset by the Juice Platform's reduced working capital needs in the traditionally off-seasonal period;
- Within the Merchandizing Segment, the Cotton Platform drove the increase in WCU through significantly larger inventories and sustained activity in a context of increasing market prices.

Due to their highly liquid nature, certain agricultural inventories are treated as Readily Marketable Inventories (RMI). RMI are readily convertible into cash because of widely available markets and international pricing mechanisms. LDC considers that trading inventories with a liquidity horizon of less than three months qualify as RMI if they can be sold in local markets without discount. At the end of June 2018, RMI represented 89% of total inventories, above the 85% mark of December 2017. This reflects a slightly different platform mix.

Financing

The Louis Dreyfus Company funding model is designed to support the Group's long-term strategy. To preserve a balanced capital structure and to match financial resources with funding requirements, the key guidelines are that long-term debt is primarily used to support long-term investments, while short-term debt is used to support ongoing business in financing its main working capital needs. To further enhance its funding model, the Group has implemented a sound and resilient strategy based on the following pillars:

- Diversified sources of funds: 39% of long-term debt came from debt capital markets as at 30 June 2018.
- Well distributed debt maturity profile: the average maturity of long-term debt was 3.7 years as at 30 June 2018.
- Sizeable amount of committed facilities: 37% of the total Group facilities are committed, of which US$2.7 billion remained undrawn as of 30 June 2018.

Debt and Leverage
As at 30 June 2018, long-term debt stood at US$3.5 billion, flat compared to December 2017. Short-term debt[1] has increased to US$6.3 billion, from US$4.0 billion in December 2017, following the growth of WCU.

Current financial assets stood at US$1.3 billion compared to US$0.8 billion as at 31 December 2017. As is common practice in the agribusiness sector, short-term debt should be netted against RMIs as those inventories can be considered as quasi-cash due to their highly liquid nature. That put total adjusted net debt at US$3.6 billion, compared to US$2.6 billion in December 2017. Adjusted net gearing was 0.74 at the end of June 2018, compared to 0.51 as at December 31st, 2017.

Liquidity
The Group prudently manages financial risks, ensuring resilient access to liquidity. At the end of June 2018, the Group had US$2.7 billion of undrawn committed bank lines (with maturities beyond 1 year). Available liquidity, which is made up of Current Financial Assets plus RMIs plus undrawn committed bank lines, remained at a very strong level throughout the period and stood at US$9.0 billion as at June 30th, 2018, enabling the Group to cover 143% of its short-term debt.

Financing Arrangements
The Group has six Revolving Credit Facilities (RCF) through three of its regional hubs for a total amount of US$3.3 billion as of June 30th, 2018. The Group limits the risk of refinancing by maintaining both geographical diversification and staggered maturity dates. To that end, each of these three regional hubs refinances one of its RCFs each year, one year ahead of maturity. Following the successful divestment of the Metals Platform, the Group has decided to reduce the size of LDC Suisse's RCFs by US$200 million in December 2017. In line with this Group policy to reduce the overall amount of RCF, in May 2018 Louis Dreyfus Company LLC, a North American subsidiary of Louis Dreyfus Company B.V., renewed a syndicated RCF with a syndicate of local and international banks, for an amount of US$600 million, down from US$800 million. The loan matures in 2021 and is guaranteed by Louis Dreyfus Company B.V.

Louis Dreyfus Company B.V.'s unrated EU Commercial Paper allowed the Group to benefit from diversified access to short-term financing, with the amount of commercial paper outstanding during the period peaking above €290 million across maturities ranging up to 12 months.

Subsequent events
On July 30th, 2018, Louis Dreyfus Company B.V. redeemed its €400 million unrated senior unsecured bond issued in July 2013. In August 2018, Louis Dreyfus Company Asia Pte. Ltd. signed a US$600 million RCF with a syndicate of regional and international banks in order to refinance a US$643 million RCF maturing in 2019. The new loan matures in 2021 and is guaranteed by Louis Dreyfus Company B.V.

Equity

Equity attributable to Owners of the Company stood at US$4,775 million as of 30 June 2018 (US$5,127 million as of 31 December 2017), with total equity of US$4,783 million (US$5,135 million as of 31 December 2017).

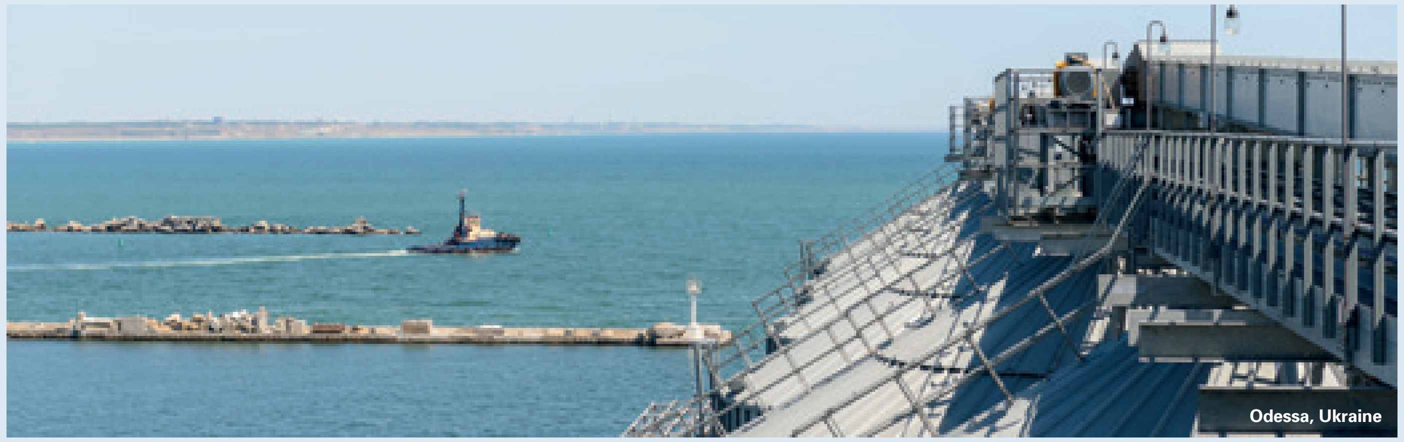
The US$352 million reduction in equity attributable to Owners of the Company over the six-month period ended 30 June 2018 resulted mainly from the US$411 million dividend payment in May 2018. Change in fair value of cash flow hedges on foreign exchange risk as well as unfavorable currency translation adjustments also contributed, to a lesser extent, to this decrease, while the Group's earnings over the period positively contributed.

Risk

The identification and quantification of risks is deeply embedded in LDC's business, and the Group has long been committed to developing appropriate organizational structures to mitigate and manage them.

The Group continued to maintain its daily value-at-risk (VaR) significantly below 1% of its equity during the six-month period ended 30 June 2018, with an average VaR usage of 0.24% compared to 0.16% one year earlier. VaR is only one of the risk metrics within a wider risk management system applied within LDC.

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



Odessa, Ukraine

Azov, Russia

Interim Condensed Consolidated Financial Statements.

Auditor's Report on Review of Interim Financial Information.

Period from 1 January 2018 to 30 June 2018

To the Managing Directors of Louis Dreyfus Company B.V.

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of Louis Dreyfus Company B.V. and subsidiaries as of 30 June 2018 and the related consolidated condensed income statement, statement of comprehensive income, statement of cash flows and statement of changes in equity for the six-month period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 – standard of IFRS's as adopted by the European Union applicable to interim financial information. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

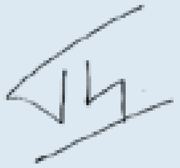
We conducted our review in accordance with International Standard on Review Engagements 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial 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 Financial Information is not prepared, in all material respects, in accordance with IAS 34 – standard of IFRS's as adopted by the European Union applicable to interim financial information.

Paris-La-Défense, France, 5 October 2018

Deloitte & Associés



François-Xavier Ameye

Interim Consolidated Income Statement

Period from 1 January 2018 to 30 June 2018

(in millions of US Dollars)	Notes	30 June 2018 6 months	30 June 2017 6 months
Net sales	24	18,809	18,821
Cost of sales		(18,316)	(18,280)
Gross Margin		**493**	**541**
Commercial and administrative expenses		(285)	(294)
Finance costs, net	25	(142)	(94)
Share of profit in investments in associates and joint ventures, net	7	-	1
Gain on investments	27	7	26
Gain on sale of fixed assets		5	5
Other gains and losses		1	(2)
Income before tax – continuing operations		**79**	**183**
Current taxes	21	(30)	(82)
Deferred taxes	21	18	33
Net income – continuing operations		**67**	**134**
Attributable to:			
Owners of the Company		66	135
Non-controlling Interests		1	(1)
Net income – discontinued operations	2	**34**	**25**
Attributable to:			
Owners of the Company		34	25
Non-controlling Interests		-	-
Net income		**101**	**159**
Attributable to:			
Owners of the Company		**100**	**160**
Non-controlling Interests		1	(1)

Interim Consolidated Balance Sheet

Period from 1 January 2018 to 30 June 2018

(in millions of US Dollars)	Notes	30 June 2018	31 December 2017
Non-Current Assets			
Intangible assets	5	313	292
Property, plant and equipment	6	3,532	3,559
Investments in associates and joint ventures	7	201	210
Other investments, deposits and sundry	8	1,678	1,181
Deferred income tax assets	21	289	290
Total Non-Current Assets		6,013	5,532
Current Assets			
Inventories	9	5,587	4,833
Biological assets	10	58	60
Trade and other receivables	12	4,775	4,141
Derivative assets	11	1,803	957
Margin deposits	11	556	679
Current income tax assets		92	183
Financial advances to related parties	31	12	24
Available-for-sale financial assets	13	-	14
Other financial assets at fair value through profit and loss	14	214	262
Cash and cash equivalents	15	1,053	541
Total Current Assets		14,150	11,694
Assets classified as held-for-sale	2	53	4,029
Total Assets		**20,216**	**21,255**

(in millions of US Dollars)	Notes	30 June 2018	31 December 2017
Equity			
Issued capital and share premium		1,587	1,587
Retained earnings		3,300	3,607
Other reserves		(112)	(67)
Equity attributable to Owners of the Company		***4,775***	***5,127***
Equity attributable to Non-controlling Interests		*8*	*8*
Total Stockholders' Equity and Non-controlling Interests	16	4,783	5,135
Non-Current Liabilities			
Long-term debt	17	3,454	3,526
Retirement benefit obligations	19	141	143
Provisions	20	57	64
Deferred income tax liabilities	21	226	248
Other non-current liabilities	23	81	82
Total Non-Current Liabilities		3,959	4,063
Current Liabilities			
Bank loans, acceptances and commercial paper	18	6,055	3,818
Financial advances from related parties	31	220	221
Accounts payable and accrued expenses	22	3,607	3,439
Derivative liabilities	11	1,546	1,024
Provisions	20	5	4
Current income tax liabilities		37	59
Total Current Liabilities		11,470	8,565
Liabilities associated with assets classified as held-for-sale	2	4	3,492
Total Liabilities		15,433	16,120
Total Equity and Liabilities		**20,216**	**21,255**

Interim Consolidated Statement of Comprehensive Income

Period from 1 January 2018 to 30 June 2018

	30 June 2018 6 months			30 June 2017 6 months
(in millions of US Dollars)	Pre-tax	Tax	Net	
Net income	**117**	**(16)**	**101**	**159**
Items reclassified from equity to net income during the period				
Available-for-sale financial assets	-	-	-	(4)
Cash flow hedges	29	(4)	25	(4)
Exchange differences recycled upon sale/liquidation of investments	(1)	-	(1)	2
Total	**28**	**(4)**	**24**	**(6)**
Items that may be reclassified subsequently from equity to net income				
Cash flow hedges – change in fair value	(65)	19	(46)	(2)
Exchange differences arising on translation of foreign operations	(21)	-	(21)	34
Total	**(86)**	**19**	**(67)**	**32**
Items that will not be reclassified subsequently from equity to net income				
Fixed assets revaluation reserve – change in fair value	-	-	-	(1)
Pensions	1	-	1	-
Total	**1**	**-**	**1**	**(1)**
Changes in Other Comprehensive Income	**(57)**	**15**	**(42)**	**25**
Total Comprehensive Income	**60**	**(1)**	**59**	**184**
Attributable to:				
Owners of the Company			**59**	**185**
Non-controlling Interests			-	(1)

Interim Consolidated Statement of Cash Flows

Period from 1 January 2018 to 30 June 2018

(in millions of US Dollars)	Notes	30 June 2018 6 months	30 June 2017 6 months
Net income		101	159
Adjustments for items not affecting cash			
Depreciation, amortization and biological assets' change in fair value		158	136
Current taxes	21	30	82
Deferred taxes	21	(18)	(33)
Interests, net		139	84
Other provisions, net		(12)	8
Share of profit in investments in associates and joint ventures, net of dividends	7	-	(1)
Gain on investments and on sale of fixed assets		(12)	(31)
Net expense arising from share-based payments	29	23	26
Non-cash items from discontinued operations		5	10
		414	**440**
Changes in operating assets and liabilities			
Inventories		(836)	579
Derivatives		(336)	60
Margin deposits net of margin deposit liabilities		99	(54)
Trade and other receivables		(53)	(188)
Trade and other payables		45	491
Interests paid		(176)	(129)
Interests received		64	69
Income tax paid		(26)	(35)
Net cash from (used in) operating activities, discontinued operations		733	(865)
Net cash from (used in) operating activities		(72)	368
Investing activities			
Purchase of fixed assets		(103)	(105)
Additional investments, net of cash acquired		(28)	(14)
Change in short-term securities		125	37
Proceeds from sale of fixed assets		13	16
Proceeds from sale of investments, net		455	2
Change in loans and advances made		(18)	(7)
Net cash from (used in) investing activities, discontinued operations		(51)	14
Net cash from (used in) investing activities		393	(57)
Financing activities			
Proceeds from (repayments of) bank loans, acceptances, commercial paper and related parties loans and advances, net	18	1,103	(2,036)
Proceeds from long-term debt	17	362	853
Repayment of long-term debt	17	(137)	(149)
Dividends paid to equity owners of the Company	16	(411)	-
Net cash from (used in) financing activities, discontinued operations		(753)	819
Net cash from (used in) financing activities		164	(513)
Exchange difference on cash		(6)	2
Net increase (decrease) in cash and cash equivalents		479	(200)
Cash and cash equivalents, at beginning of the period	15	541	465
Change in cash and cash equivalents reclassified to held-for-sale assets	2	33	(3)
Cash and cash equivalents, at end of the period	15	**1,053**	**262**

Interim Consolidated Statement of Changes in Equity

Period from 1 January 2018 to 30 June 2018

(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**
Balance at 1 January 2017	**1,587**	**350**	**3,306**	**(128)**	**5,115**	**12**	**5,127**
Net income			160		**160**	(1)	**159**
Other Comprehensive Income, net of tax				25	**25**	-	**25**
Total Comprehensive Income			160	25	**185**	(1)	**184**
Accrued capital securities distribution, net of tax			(11)		**(11)**		**(11)**
Balance at 30 June 2017	**1,587**	**350**	**3,455**	**(103)**	**5,289**	**11**	**5,300**
Balance at 1 January 2018	**1,587**	**-**	**3,607**	**(67)**	**5,127**	**8**	**5,135**
Net income			100		**100**	1	**101**
Other Comprehensive Income, net of tax				(41)	**(41)**	(1)	**(42)**
Total Comprehensive Income			100	(41)	**59**	-	**59**
Dividends			(411)		**(411)**	-	**(411)**
Available-for-sale financial assets – change in accounting policies			4	(4)	**-**		**-**
Balance at 30 June 2018	**1,587**	**-**	**3,300**	**(112)**	**4,775**	**8**	**4,783**

Notes to Interim Condensed Consolidated Financial Statements

Period from 1 January 2018 to 30 June 2018

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.

As 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 29.

In September 2012, LDC priced an inaugural hybrid capital securities issuance for US$350 million, 8.25% coupon (resettable every 5 years and with a 100 basis points step-up in 2022). The structure of the perpetual hybrid capital securities qualified the instrument to be classified as equity under IFRS. They were not rated, and were listed on the Official List of the Singapore Exchange. On 12 September 2017, the perpetual capital debt securities were fully redeemed by LDC.

In 2013, LDC completed the issuance of two unrated senior bonds: one in July for €400 million (5-year, 3.875% coupon) and one in December for €500 million (7-year, 4% coupon). Both instruments are listed on the Luxembourg Stock Exchange. As a subsequent event, the €400 million unrated senior bond was reimbursed in July 2018 (Refer to Note 32).

In 2017, LDC completed the issuance of two unrated senior bonds: one in February for €400 million (5-year, 4% coupon) and one in June for US$300 million (6-year, 5.25% coupon). 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 Juice, Grains, Oilseeds, Freight, Global Markets (formerly named Finance platform), Sugar, Coffee, Cotton, Rice and Dairy.

In 2017, the Group sold its Africa-based Fertilizers and Inputs operations to Africa-focused private investment firm Helios Investment Partners.

In 2017, the Group reached an agreement to sell its global Metals Business to NCCL Natural Resources Investment Fund, managed by New China Capital Legend as general partner, with two limited partners of AXAM Asset Management and China Molybdenum Co., Ltd. The completion of the transaction occurred on 11 May 2018 (Refer to Note 2).

1. Accounting Policies

The consolidated financial statements of LDC are prepared in US Dollar, which is the functional currency of the main subsidiaries of the Group.

The interim consolidated financial statements have been approved by the Board of Directors of LDC on 5 October 2018.

The June 2018 consolidated financial statements of LDC have been prepared in accordance with the International Financial Reporting Standards ("IFRS") adopted by the European Union at 30 June 2018. These consolidated financial statements for the first half of 2018 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 the full annual financial statements, and have to be read in conjunction with the consolidated financial statements at 31 December 2017. 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 2017, except for the adoption of new amendments, standards and interpretations at 1 January 2018 detailed below.

Notes continued

New and amended accounting standards and interpretations in effect starting from 2018

- 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 impacts on the Group's consolidated balance sheet at 1 January 2018 correspond to the reclassification of "Available-for-sale" financial assets to "Other financial assets at fair value through profit and loss" for US$14 million and to the reclassification of the related US$4 million Other Comprehensive Income (OCI) reserve to Retained Earnings.

Therefore, the "Available-for-sale financial assets" and "Other financial assets at fair value though profit and loss" paragraphs of accounting policies are modified as follows:

- Available-for-sale financial assets: In 2017, Available-for-sale financial assets mainly consisted of shares of non-consolidated companies for which the Group does not exercise significant influence, joint control or control. Listed shares were valued at fair value corresponding to the listed price. Other shares were generally carried at cost, which was deemed to approximate fair value. Any change in fair value of shares after initial recognition was recorded through other comprehensive income and subsequently recognized in income on disposal of the shares or when the investment was deemed to be impaired. As of 1 January 2018, those financial assets were reclassified to "Other financial assets at fair value through profit and loss";
- 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 initial 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. In 2018, Other financial assets at fair value through profit and loss also include investments in equity instruments not consolidated for which the Group does not exercise significant influence, joint control or control, previously considered as Available-for-sale.

- IFRS 15 "Revenue from Contracts with Customers" including amendments to IFRS 15 "Effective date". The new standard supersedes IAS 11 "Construction Contracts" and IAS 18 "Revenue" on revenue recognition.

- Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers". Those amendments clarify how to:
  - identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract;
  - determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and
  - determine whether the revenue from granting a license should be recognized at a point in time or over time.

The IFRS 15 standard and amendments are applied fully retrospectively. The impacts on the Group's consolidated income statement as of 30 June 2017 correspond to a reclassification of US$3 billion from "Net sales" to "Cost of sales".

Paragraph "**REVENUE**" of the accounting policies is modified as follows:

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.

The Group recognizes revenue to depict the transfer of promised 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.

If the transaction price includes variable consideration, the estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Net sales

Net sales consist of gross sales less returns, discounts and rebates, and taxes on sales.

- Sale of goods

Physical sales of products are recorded in the line "Net sales" of the income statement at the time the control on such products is transferred to the customer, control being the ability to direct the use of and obtain substantially all of the remaining benefits from the assets.
Generally, depending on the incoterm, control is transferred at the point of shipment or at the point of delivery of the product being sold.

If the Group acts in the capacity as an agent rather than as the principal in a transaction, only the margin is recognized within "Net sales".

- Services rendered

When the outcome of services rendered can be estimated reliably, revenue associated is recognized over the time by reference to the stage of completion of the transaction at the balance sheet date.

Financial income

Interest income is recognized in the line "Finance costs, net" of the consolidated income statement on a time-proportion basis using the effective interest method.
Dividend income is recognized when the right to receive payment is established.

- IFRIC 22 "Foreign Currency Transactions and Advance Consideration". This interpretation addresses foreign currency transactions or parts of transactions where:
  - there is consideration that is denominated or priced in a foreign currency;
  - the entity recognized a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and
  - the prepayment asset or deferred income liability is non-monetary.

The interpretation states that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date of the advance consideration (i.e. when the non-monetary asset or liability is recognized). This interpretation, which is applied for annual periods beginning on or after 1 January 2018, has had no effect on the balance sheet or performance of the Group.

- Amendments to IAS 40 "Transfers of Investment Property". Those amendments provide guidance regarding when transfers into, and out of, investment property are permitted. More specifically, an entity shall transfer a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs if property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. Those amendments, which are applied for annual periods beginning on or after 1 January 2018, have had no effect on the balance sheet or performance of the Group.

- Annual improvements to IFRSs 2014-2016 including amendments to IAS 28 "Investments in Associates and Joint Ventures": clarify that the election to measure at fair value through profit and loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. The amendments to IAS 28, which are applied for annual periods beginning on 1 January 2018, have had no effect on the balance sheet or performance of the Group.

- 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.

Those amendments, which are applied for annual periods beginning on or after 1 January 2018, 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

- 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'), shall 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, with a few exceptions defined in the standard. The new standard will come into effect at 1 January 2019.

  The Group is currently finalizing the analysis of the impact of IFRS 16 on the consolidated financial statements.

- Amendments to IFRS 9 "Prepayment features with negative compensation". Those amendments enable entities to measure at amortized cost some prepayable financial assets with so-called negative compensation. The assets affected, that include some loans and debt securities, would otherwise have been measured at fair value through profit or loss. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than unpaid amounts of principal and interest. However, to qualify for amortized cost measurement, the negative compensation – i.e. the difference between the prepayment amount and unpaid amounts of principal and interest – must be "reasonable compensation for early termination of the contract". Those amendments to IFRS 9 are effective for annual periods beginning on 1 January 2019 but are not expected to have any impact on the Group's financial statements.

Accounting standards and interpretations issued by the IASB but not yet approved by the European Union

The following standards and interpretations issued by the IASB are not yet approved by the European Union. Their potential impact is currently under review by the Group:

- IFRIC 23 "Uncertainty over Income Tax Treatments". This interpretation sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The interpretation requires an entity to determine whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, in its income tax filings:
  – if yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings;
  – if no, the entity should reflect the effect of uncertainty in determining its accounting tax position.
  The entity is to assume that a taxation authority will examine any amounts reported and will have full knowledge of all relevant information when doing so.

- Amendments to IAS 28 "Long-term interests in associates and joint ventures". Those amendments apply to "other interests" in an associate or joint venture to which the equity method is not applied: for example, long-term loans which, in substance, form part of the net investment in the associate or the joint venture. Those amendments clarify that such a financial instrument must first be recognized under IFRS 9, including its provisions on the impairment of financial assets, before applying any reduction of its carrying value by allocating the accumulated losses of the equity-accounted entity, where the equity value has already been reduced to zero.

- Annual improvements to IFRSs 2015-2017 including:
  – Amendments to IFRS 3 "Business Combinations" and IFRS 11 "Joint Arrangements": those amendments clarify how an entity accounts for increasing its interest in a joint operation that meet the definition of a business:
    - if a party maintains (or obtains) joint control, then the previously held interest is not remeasured;
    - if a party obtains control, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interests at fair value;
  – Amendments to IAS 12 "Income taxes": those amendments are a removal of the paragraph dealing with the obligating event and the recognition of the income tax consequences of the distribution of dividends from the Measurement section to the Recognition section. This does not alter the fact that the income tax consequences of the distribution should only be accounted for at the date the liability for the dividend is recognized and generally in profit and loss;
  – Amendments to IAS 23 "Borrowing costs": clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, the borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings.
  – Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement": if a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.

Those amendments and interpretation will come into effect for annual reporting periods beginning on or after 1 January 2019 with early application permitted.

2. Assets Classified as Held-For-Sale and Liabilities Associated with Held-for-Sale Assets and Discontinued Operations

According to IFRS 5 – "Non-current assets held-for-sale and discontinued operations", Macrofertil Australia Pty. Ltd. (Fertilizers & Inputs business) was classified as held-for-sale as of 30 June 2017. On 9 March 2018, the Group finalized the sale to Landmark Operations Ltd.

As of 31 December 2017, the Group classified its global Metals business as held-for-sale, and representing a major line of business, it was also classified as discontinued operations. In December 2017, the Group agreed to sell its global Metals business to NCCL Natural Resources Investment Fund, managed by New China Capital Legend as general partner, with two limited partners of AXAM Asset Management and China Molybdenum Co., Ltd. This transaction was closed on 11 May 2018 at a selling price amounting to US$466 million.

As of 30 June 2018, Macrofertil Ghana Ltd. (Fertilizers & Inputs business) has been classified as held-for-sale.

The condensed assets and liabilities with third parties of these Metals and Fertilizers & Inputs businesses as of 30 June 2018 and 31 December 2017 were as follows:

	30 June 2018	31 December 2017		
(in millions of US Dollars)	Fertilizers & Inputs (Ghana)	Metals (Global)	Fertilizers & Inputs (Australia)	**Total**
Non-current assets	1	41	16	**57**
Current assets	18	3,879	82	**3,961**
Total Assets classified as held-for-sale	**19**	**3,920**	**98**	**4,018**
Non-current liabilities	-	(42)	-	**(42)**
Current liabilities	(4)	(3,351)	(99)	**(3,450)**
Total Liabilities associated with held-for-sale assets	**(4)**	**(3,393)**	**(99)**	**(3,492)**

As of 31 December 2017, the 33% share held in the Chinese joint venture Henan Huiyida Agribusiness Co. Ltd. was classified as held-for-sale for an amount of US$6 million. This transaction was closed on 22 January 2018.

As of 30 June 2018, the 25% share held in the Indonesian joint venture PT Andalan Furnindo was also classified as held-for-sale for an amount of US$8 million.

Assets classified as held-for sale can be summarized as follows:

(in millions of US Dollars)	**30 June 2018**	31 December 2017
Metals and Fertilizers & Inputs businesses	19	4,018
PT Andalan Furnindo	8	-
Henan Huiyida Agribusiness Co. Ltd.	-	6
Other[1]	26	5
Total Assets classified as held-for-sale	**53**	**4,029**

1. As of 30 June 2018, it includes US$18 million related to Krishna oilseeds processing refinery based in India (Refer to Note 6).

Notes continued

The discontinued Metals operations excluded from the results of continuing operations are the following:

(in millions of US Dollars)	30 June 2018 6 months	30 June 2017 6 months
Net Sales	4,106	5,422
Depreciation	-	1
Segment Operating Results	58	61
Commercial and administrative expenses	(17)	(26)
Finance costs, net	(15)	(17)
Others	-	5
Income taxes	(4)	2
Subtotal Net income – discontinued operations[1]	22	25
Gain on disposal of Metals business	12	-
Net income - discontinued operations	**34**	**25**

1. It corresponds to the transactions of the global Metals business until 11 May 2018, when the sale was closed.

The cash and cash equivalents of these Metals and Fertilizers & Inputs businesses classified as held-for-sale as of 30 June 2018 and 30 June 2017 are as follows:

	30 June 2018 6 months			30 June 2017 6 months
(in millions of US Dollars)	Metals	Fertilizers & Inputs	Total	Fertilizers & Inputs
Cash and cash equivalents held-for-sale, at beginning of the period	33	1	**34**	19
Change in cash and cash equivalents held-for-sale	(33)	-	**(33)**	3
of which cash sold	*(37)*	-	***(37)***	-
Cash and cash equivalents held-for-sale, at end of the period	-	1	**1**	22

3. Segment Information

The Group operates its business worldwide under two segments: Value Chain and Merchandizing.

Each reportable segment is responsible for the farming, origination, processing, refining, storage, transport and distribution of its products (where applicable).

In 2018, the Group modified the composition of its two segments. The Value Chain Segment now includes the Juice, Grains and Oilseeds platforms, along with Freight and Global Markets (formerly called the Finance Platform) both of which are key facilitators of all Group businesses. The Merchandizing Segment combines Sugar, Coffee, Cotton, Rice, and Dairy, all platforms with more consumer-centric business models, and shared challenges and opportunities.

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.

Inter-segment sales and transfers, where applicable, are generally valued at market.

Income Statement segment information for the six-month periods ended 30 June 2018 and 30 June 2017 is as follows:

	30 June 2018		
(in millions of US Dollars)	Value Chain	Merchandizing	Total
Net Sales	13,378	5,431	**18,809**
Depreciation	(108)	(23)	**(131)**
Share of profit in investments in associates and joint ventures, net	-	-	**-**
Segment Operating Results	286	207	**493**
Commercial and administrative expenses			**(285)**
Finance costs, net			**(142)**
Others			**13**
Income taxes			**(12)**
Non-Controlling Interests			**(1)**
Net income attributable to Owners of the Company – continuing operations			**66**

	30 June 2017		
(in millions of US Dollars)	Value Chain	Merchandizing	Total
Net Sales	13,203	5,618	**18,821**
Depreciation	(101)	(23)	**(124)**
Share of profit in investments in associates and joint ventures, net	1	-	**1**
Segment Operating Results	346	196	**542**
Commercial and administrative expenses			**(294)**
Finance costs, net			**(94)**
Others			**29**
Income taxes			**(49)**
Non-Controlling Interests			**1**
Net income attributable to Owners of the Company – continuing operations			**135**

Balance Sheet segment information at 30 June 2018 and 31 December 2017 is as follows:

	30 June 2018		
(in millions of US Dollars)	Value Chain	Merchandizing	Total
Segment Assets	11,524	5,366	**16,890**
Segment Liabilities	(4,033)	(1,124)	**(5,157)**
Other Assets[1]			**3,326**
Other Liabilities[2]			**(10,276)**
Total Net Assets	**7,491**	**4,242**	**4,783**
Additions to Fixed Assets – continuing operations[3]	**116**	**15**	**131**

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.

Notes continued

(in millions of US Dollars)	Value Chain	31 December 2017 Merchandizing	Total
Segment Assets	10,148	4,716	**14,864**
Segment Liabilities	(3,408)	(1,154)	**(4,562)**
Other Assets[1]			**2,471**
Other Liabilities[2]			**(8,165)**
Net Assets and Liabilities associated to discontinued operations[3]			**527**
Total Net Assets	**6,740**	**3,562**	**5,135**
Additions to Fixed Assets – continuing operations[4]	**221**	**50**	**271**

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. Metals business, which was comprised in the Merchandizing segment, was classified as discontinued operations as of 31 December 2017 (Refer to Note 2).
4. Additions to Fixed Assets include purchase of fixed assets and additional investments net of cash acquired.

Net sales for continuing operations by geographical destination, based on the country of incorporation of the counterparty, consist of the following for the six-month periods ended 30 June 2018 and 30 June 2017:

(in millions of US Dollars)	**30 June 2018 6 months**	30 June 2017 6 months
Asia	8,409	8,124
North Latin America	1,177	1,143
South & West Latin America	1,277	963
Europe, Middle East & Africa[1]	5,486	5,835
North America	2,460	2,756
	18,809	**18,821**

1. Net sales to Europe & Black Sea geographical area amounted to US$2,906 million for the six-month period ended 30 June 2018 (US$3,074 million a year before). Net sales to Middle East & Africa geographical area amounted to US$2,580 million for the six-month period ended 30 June 2018 (US$2,761 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 2018 and 31 December 2017:

(in millions of US Dollars)	**30 June 2018**	31 December 2017
Asia	358	298
North Latin America	1,211	1,221
South & West Latin America	625	632
Europe, Middle East & Africa	402	412
North America	1,249	1,288
	3,845	**3,851**

There is no major revenues and non-current assets attributed to the entity´s country of domicile, the Netherlands.

4. Change in List of Consolidated Companies

On 9 March 2018, LDC finalized the sale of Macrofertil Australia Pty. Ltd. to Landmark Operations Ltd. The gain derived from the sale amounted to US$4 million (Refer to Note 27). As of 31 December 2017, it was classified as held-for-sale (Refer to Note 2).

In April 2018, the Group acquired 100% of Sinarmas Natural Resources Foodstuff Technology (Tianjin) Co., Ltd.[1], which owns and operates oilseeds crushing and refining facilities in the Lingang Economic Area in Tianjin's Binghai New Area district, for a total purchase price of US$32 million. In accordance with IFRS 3 (revised), the Group recognized a preliminary US$12 million gain from bargain purchase which was recognized as a profit in the income statement within the line "Cost of sales". The preliminary purchase price allocation is as follows:

(in millions of US Dollars)	**Book value at date of acquisition under local GAAP**	**Preliminary fair value under IFRS**
Intangible assets	26	29
Property, plant and equipment	103	80
Deferred income tax assets	-	1
Non-Current Assets	129	110
Inventories	1	1
Trade and other receivables	8	8
Cash and cash equivalents	14	14
Current Assets	23	23
Total Assets	**152**	**133**
Other non-current liabilities	10	-
Non-Current Liabilities	10	-
Bank loans, acceptances and commercial paper	29	29
Accounts payable and accrued expenses	60	60
Current Liabilities	89	89
Total Liabilities	**99**	**89**
Net Equity	**53**	**44**
Consideration transferred		32
Gain from bargain purchase		**12**

On 11 May 2018, LDC finalized the sale of its global Metals business to NCCL Natural Resources Investment Fund, managed by New China Capital Legend as general partner, with two limited partners of AXAM Asset Management and China Molybdenum Co., Ltd. The gain derived from the sale amounted to US$12 million. As of 31 December 2017, LDC's global Metals business was classified as held-for-sale and representing a major line of business, it was also classified as discontinued operations according to IFRS 5 "Non-current assets held-for-sale and discontinued operations" (Refer to Note 2).

1. The Group renamed this entity LDC (Tianjin) Food Technology Limited Liability Company.

Notes continued

In May 2017, the Group acquired the remaining 50% shares of its joint venture Kencana LDC Pte. Ltd.[2], primarily comprised of a palm oil refinery and storage tanks in Indonesia, for a purchase price of US$14 million. Before the acquisition, the joint venture was accounted for the equity method in the Group consolidated financial statements and the book value amounted to US$6 million. In accordance with IFRS 3 (revised), the Group recognized a US$8 million gain on sale of investments related to the 50% shares previously held in Kencana LDC Pte. Ltd. (fair value amounted to US$14 million less book value) (Refer to Note 27) and subsequently accounted for the purchase price allocation as follows:

(in millions of US Dollars)	Book value at date of acquisition under local GAAP	Fair value under IFRS
Intangible assets	1	4
Property, plant and equipment	36	46
Non-Current Assets	37	50
Current Assets	29	29
Total Assets	**66**	**79**
Long-term debt	3	3
Deferred income tax liabilities	2	5
Non-Current Liabilities	5	8
Current Liabilities	49	49
Total Liabilities	**54**	**57**
Net Equity	12	22
Consideration transferred @ 100%		28
Goodwill		**6**

In November 2017, LDC finalized the sale of its Africa-based Fertilizers and Inputs operations, Fertilizers and Inputs Holding B.V., to Africa-focused private investment firm, Helios Investment Partners. The gain derived from the sale amounted to US$9 million, out of which US$2 million were booked in 2017 and US$7 million were booked in 2018. In accordance with the signed agreement, adjustments were performed following the reception of the final closing notice (Refer to Note 27).

No other significant change in list of consolidated companies occurred during the first half of 2018 neither during the year ended 31 December 2017.

2. During the second-half of 2017, the Group renamed this new fully-owned entity LDC Balikpapan Pte. Ltd.

5. Intangible Assets

At 30 June 2018 and 31 December 2017, intangible assets consist of the following:

	30 June 2018			31 December 2017		
(in millions of US Dollars)	Gross value	Accumulated amortization	**Net value**	Gross value	Accumulated amortization	**Net value**
Goodwill	74	(31)	**43**	75	(31)	**44**
Other intangible assets	512	(242)	**270**	462	(214)	**248**
	586	**(273)**	**313**	**537**	**(245)**	**292**

Accumulated amortization of goodwill corresponds essentially to the amortization recorded prior to the adoption of IFRS.

Changes in the net value of intangible assets for the six-month period ended 30 June 2018 and for the year ended 31 December 2017 are as follows:

	30 June 2018			31 December 2017
(in millions of US Dollars)	Goodwill	Other intangible assets	**Total**	**Total**
Balance at 1 January	44	248	**292**	**277**
Disposal of a subsidiary	(1)	-	**(1)**	(3)
Acquisitions and additions[1]	-	19	**19**	82
Amortization of the period	-	(25)	**(25)**	(54)
Goodwill recognized through business combinations[2]	-	-	**-**	6
Other intangible assets acquired through business combinations[3 2]	-	29	**29**	4
Foreign currency translation adjustment	-	(3)	**(3)**	5
Reclassification to held-for-sale assets[4]	-	-	**-**	(29)
Other reclassifications	-	2	**2**	4
Closing Balance	**43**	**270**	**313**	**292**

1. During the year ended 31 December 2017, the acquisitions and additions included the Atalaya Metals offtake contract for US$26 million, which was reclassified to held-for-sale as of 31 December 2017.
2. In May 2017, the Group acquired the remaining 50% shares in its joint venture Kencana LDC Pte. Ltd. (Refer to Note 4).
3. In April 2018, the Group acquired 100% of the shares of Sinarmas Natural Resources Foodstuff Technology (Tianjin) Co., Ltd. (renamed LDC (Tianjin) Food Technology Limited Liability Company), a company based in China with a license to use land for the amount of US$29 million (Refer to Note 4).
4. As of 31 December 2017, the Group classified as held-for-sale assets the intangible assets owned by Metals business and Macrofertil Australia Pty. Ltd. (Fertilizers & Inputs business) for respectively US$28 million and US$1 million. In May and March 2018, respectively, the Group finalized the sale of these businesses (Refer to Note 2).

6. Property, Plant and Equipment

At 30 June 2018 and 31 December 2017, the consolidated property, plant and equipment, consist of the following:

	30 June 2018			31 December 2017		
(in millions of US Dollars)	Gross value	Accumulated depreciation	**Net value**	Gross value	Accumulated depreciation	**Net value**
Land	229	-	**229**	234	-	**234**
Buildings	2,004	(636)	**1,368**	1,940	(589)	**1,351**
Machinery and equipment	2,781	(1,265)	**1,516**	2,677	(1,185)	**1,492**
Bearer plants	210	(42)	**168**	210	(38)	**172**
Other tangible assets	206	(149)	**57**	199	(142)	**57**
Tangible assets in process	194	-	**194**	253	-	**253**
	5,624	**(2,092)**	**3,532**	**5,513**	**(1,954)**	**3,559**

Changes in the net value of property, plant and equipment for the periods ended 30 June 2018 and 31 December 2017 are as follows:

	30 June 2018							31 December 2017
(in millions of US Dollars)	Land	Buildings	Machinery and equipment	Bearer plants	Other tangible assets	Tangible assets in process	**Total**	**Total**
Balance at 1 January	**234**	**1,351**	**1,492**	**172**	**57**	**253**	**3,559**	**3,595**
Disposal of a subsidiary	-	-	-	-	-	-	**-**	(1)
Acquisitions and additions[1]	-	1	4	-	2	74	**81**	206
Disposals	(3)	(3)	(1)	-	-	-	**(7)**	(29)
Depreciation of the period	-	(45)	(71)	(4)	(9)	-	**(129)**	(255)
Impairment[2]	-	(4)	(9)	-	-	-	**(13)**	-
Acquisitions through business combinations[3]	-	33	47	-	-	-	**80**	46
Foreign currency translation adjustment	(1)	(8)	(7)	-	-	-	**(16)**	26
Reclassification to held-for-sale assets[4]	(1)	(6)	(13)	-	-	-	**(20)**	(25)
Other reclassifications	-	49	74	-	7	(133)	**(3)**	(4)
Closing Balance	**229**	**1,368**	**1,516**	**168**	**57**	**194**	**3,532**	**3,559**

1. During the six-month period ended 30 June 2018, the Group invested in an anchoring system in Brazil as part of a wider transshipment hub construction project, that is expected to extend its logistic capacities in the country. In addition, a new project was initiated in Ukraine with a first step in the acquisition of a railcars fleet. The Group also invested in its coffee storage facilities in Brazil and its grains and oilseeds processing plants in Argentina. Other investments include improvements in the acquired soybean crushing plant in Tianjin (China), Port Wentworth (US) installation, new seed-cleaning system and extended storage capacity in Wittenberg (Germany), and retrofitting of juice processing facilities in Brazil. During the year ended 31 December 2017, the main acquisitions and additions included the development of a fleet of barges and pushers in Brazil (Pará State) as well as improved logistic capabilities with the construction of new storage facilities in Brazil and Egypt. In addition, investments to increase productivity of the German plant in Wittenberg were performed. Some investments were also carried out in Port Wentworth installation in the United States to enhance the sugar transformation system, and for the maintenance of processing and agricultural juice assets in Brazil.
2. A US$13 million impairment has been recognized at 30 June 2018 on Krishna oilseeds processing refinery based in India. The residual value of this asset has been reclassified to held-for-sale assets at the same date.
3. In April 2018 the Group acquired a soybean crushing plant and refining facilities in Tianjin (China) through the acquisition of 100% of the shares of Sinarmas Natural Resources Foodstuff Technology (Tianjin) Co., Ltd., renamed LDC (Tianjin) Food Technology Limited Liability Company (Refer to Note 4).
   In May 2017, the Group acquired the remaining 50% shares in its joint venture Kencana LDC Pte. Ltd. (Refer to Note 4).
4. As of 30 June 2018, the Group classified as held-for-sale Krishna processing refinery based in India, with net book value of US$18 million and other individually not significant property, plant and equipment.
   As of 31 December 2017, the Group classified as held-for-sale assets the property, plant and equipment owned by Metals business and Macrofertil Australia Pty. Ltd. (Fertilizers & Inputs business) for respectively US$11 million and US$14 million. In May and March 2018, respectively, the Group finalized the sale of these businesses.

7. Investments in Associates and Joint Ventures

Changes in investments in associates and joint ventures for the six-month period ended 30 June 2018 and for the year ended 31 December 2017 are as follows:

(in millions of US Dollars)	**30 June 2018**	31 December 2017
Balance at 1 January	210	241
Acquisitions and additional investments[1]	3	4
Capital reduction[2]	-	(7)
Disposals[3]	(1)	(13)
Reclassification[4]	(5)	(2)
Share of profit (loss)	-	(9)
Dividends	-	(2)
Change in Other Reserves[5]	(6)	4
Change in list of consolidated companies[6]	-	(6)
Closing Balance	**201**	**210**

1. In 2018, the Group performed a new capital injection in the joint venture Terminal Exportador de Santos S.A. (concession in the Santos port Terminal in Brazil) in which an initial capital injection had been made in 2016 and an additional capital injection in 2017.
2. In 2017, Kromdraii Best Milling Pty. Ltd. reduced its capital by ZAR100 million and Calyx Agro Ltd. by US$18 million, representing respectively US$2 million and US$5 million for the Group.
3. In 2018, the Group signed the sale of its 30% stake in Kromdraii Best Milling Pty. Ltd In 2017, the Group sold a 16.66% stake in the Brazilian joint venture Amaggi & LDC holding S.A.
4. It includes mainly the reclassifications to held-for-sale assets of the Group's share in the Indonesian joint venture PT Andalan Furnindo in 2018, and of the Group's share in the Chinese joint venture Henan Huiyida Agribusiness Co. Ltd. in 2017.
5. The variation in Other Reserves is mainly due to the depreciation of the Australian Dollar, the Brazilian Real and the South African Rand for the six-month period ended 30 June 2018 and to the appreciation of the Australian Dollar and the South African Rand for the year ended 31 December 2017.
6. In 2017, the Group acquired the remaining 50% share in its joint venture Kencana LDC Pte. Ltd., which then became fully consolidated (Refer to Note 4).

The most significant investments in associates and joint ventures are as follows:

Investment	**Activity**	**Ownership**	
		30 June 2018	31 December 2017
All Asian Countertrade Inc. (Philippines)	Sugar merchandizing	18%	18%
Amaggi & LD Commodities S.A. (Brazil)	Grain and Soya storage and processing	33%	33%
Amaggi & LDC Terminais Portuarios S.A. (Brazil)	Logistics Facilities	33%	33%
Calyx Agro Ltd. (Cayman Islands)	Land fund	29%	29%
Cisagri Holland Cooperatief U.A. (The Netherlands)	Logistics Facilities	25%	25%
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)[1]	Feed mill plants	N/A	N/A
Kencana LDC Pte. Ltd. (Singapore)[2]	Logistics Facilities	N/A	N/A
Kromdraii Best Milling Pty. Ltd. (South Africa)[3]	Wheat mill plants	N/A	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)[4]	Sugar refinery	N/A	25%
Riddoch Holdings Pty. Ltd. (Australia)	Dairy processing plant	30%	30%
TEG – Terminal Exportador Do Guarujá Ltda. (Brazil)	Logistics Facilities	40%	40%
TES – Terminal Exportador De Santos S.A. (Brazil)	Logistics Facilities	60%	60%

1. In 2018, the Group sold its 33% share in the joint venture Henan Huiyida Agribusiness Co. Ltd. which was reclassified to held-for-sale assets as of 31 December 2017. Accordingly, balance sheet data of this joint venture are not included in the tables below. Nevertheless, profit and loss data are included for the six-month period ended 30 June 2017.
2. In 2017, the Group acquired the remaining 50% shares in its joint venture Kencana LDC Pte. Ltd., which then became fully consolidated (Refer to Note 4). Profit and loss data are included for the six-month period ended 30 June 2017 in the tables below.
3. In 2018, the Group sold its 30% stake in Kromdraii Best Milling Pty. Ltd.
4. In 2018, the Group reclassified its 25% share in the joint venture PT Andalan Furnindo to held-for-sale assets. Accordingly, balance sheet data of this joint venture are not included in the tables below.

Notes continued

A summary of the financial information of the companies listed above is as follows:

Balance sheet (in millions of US Dollars)	**30 June 2018**	31 December 2017
Non-current assets	812	891
Current assets	1,078	563
Total Assets	1,890	1,454
Non-current liabilities	234	222
Current liabilities	992	530
Total Liabilities	1,226	752
Net Equity	664	702
Equity – Owners of the Company share	**195**	**206**

Income statement (in millions of US Dollars)	**30 June 2018 6 months**	30 June 2017 6 months
Revenue	1,070	923
Net income	15	9
Owners of the Company's share of profit	**4**	**2**

Investments in associates and joint ventures can be summarized as follows:

Balance sheet (in millions of US Dollars)	**30 June 2018**	31 December 2017
Entities as listed above	195	206
Other entities	6	4
Investment in associates and joint ventures[1]	**201**	**210**

1. The Investments in associates and joint ventures include a goodwill of US$7 million at 30 June 2018 (US$10 million at 31 December 2017) as the US$3 million goodwill recorded in PT Andalan Furnindo was reclassified to held-for-sale assets.

Income statement (in millions of US Dollars)	**30 June 2018 6 months**	30 June 2017 6 months
Entities as listed above	4	2
Other entities[1]	(4)	(1)
Share of profit in investments in associates and joint ventures	**-**	**1**

1. In 2018, mainly relates to losses incurred in South-African associates and joint ventures.

8. Other Investments, Deposits and Sundry

At 30 June 2018 and 31 December 2017, other investments, deposits and sundry consist of the following:

(in millions of US Dollars)	**30 June 2018**	31 December 2017
Long-term deposits and advances	1,478	974
Long-term loans to commercial partners	168	168
Long-term loans to associates and joint ventures	8	8
Others	24	31
	1,678	**1,181**

At 30 June 2018, the long-term deposits and advances mainly include a loan granted by LDC to LDCNH in the amount of US$1,051 million with maturity in 2023. At 31 December 2017, this line mainly included the non-current portion of the exports prepaid to Biosev S.A. and its subsidiaries ("Biosev", an indirect subsidiary of LDCH) regarding the 2017/2018 to 2019/2020 sugar crops amounting to US$569 million (Refer to Note 31).

In addition, long-term deposits and advances include income tax credits in Brazil for US$288 million at 30 June 2018 (US$247 million at 31 December 2017) as well as judicial deposits (Refer to Note 20) for US$28 million at 30 June 2018 (US$27 million at 31 December 2017).

At 30 June 2018 and 31 December 2017, the long-term loans to commercial partners include US$148 million related to a loan granted to the joint venture partner Infragos Consortium for the development of a deep sea grain terminal at the Black Sea coast in southern Russia.

9. Inventories

At 30 June 2018 and 31 December 2017, inventories consist of the following:

(in millions of US Dollars)	**30 June 2018**	31 December 2017
Trading inventories	5,129	4,393
Finished goods	232	205
Raw materials	231	240
Inventories (gross value)	**5,592**	**4,838**
Depreciation of non-trading inventories	(5)	(5)
Inventories (net value)	**5,587**	**4,833**

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.

The inventories held by Macrofertil Ghana Ltd. (Fertilizers & Inputs business) amounting to US$11 million were reclassified to held-for-sale assets as of 30 June 2018 (Refer to Note 2) and therefore not included in above table. These inventories consist of merchandises.

The inventories held by Metals business and Macrofertil Australia Pty. Ltd. (Fertilizers & Inputs business), respectively amounting to US$2,273 million and US$65 million, were reclassified to held-for-sale assets as of 31 December 2017 (Refer to Note 2) and therefore not included in above table. These inventories consist of trading inventories for Metals business and finished goods for Macrofertil Australia Pty. Ltd.

Notes continued

10. Biological Assets

The Group owns biological assets located in Brazil. In the balance sheet, production growing from bearer plant is recorded under biological assets whereas the bearer plants are recorded in property, plant and equipment. Orange groves are considered immature during the first three years. Mature orange groves sustain around 17 years of production. At 30 June 2018, the Group owns 40 mature orange groves.

Changes in biological assets, for the six-month period ended 30 June 2018 and for the year ended 31 December 2017, are as follows:

(in millions of US Dollars)	**30 June 2018**	31 December 2017
Balance at 1 January	60	58
Change in fair value	(2)	2
Closing Balance	**58**	**60**

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; and monitoring risk limits under the supervision of Macro and Risk Committees. Limits are established for the level of acceptable risk at a corporate level and are allocated at platform and profit center levels. Compliance with the limits is reported to the Risk Committee daily.

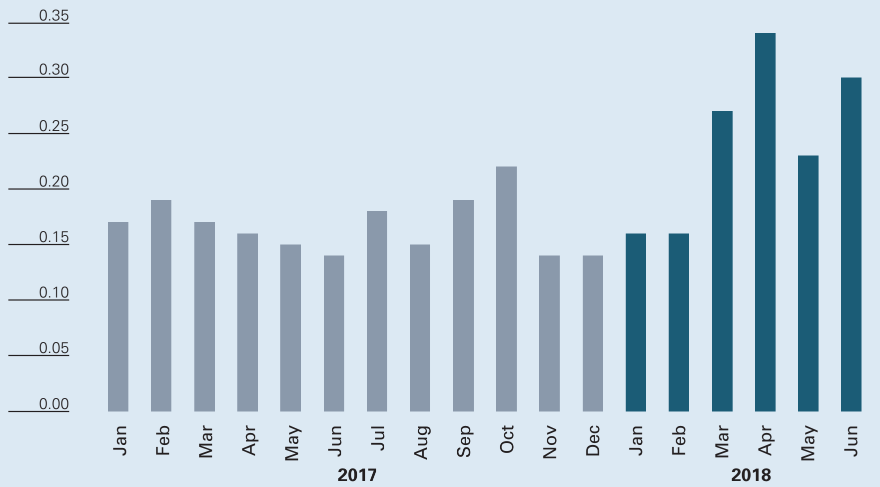
Limits are based on a daily measure of market risk exposure referred to as value at risk (VAR). The VAR that the Group measures is a model-based estimate grounded upon various assumptions such as that the returns of risk factors affecting the market environment follow a lognormal distribution, and parameters 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 a 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 2018 and the year ended 31 December 2017, the monthly average Group VAR for trading activities has been less than 1% of Stockholders' equity. The average VAR for the Group reached 0.24% over the six-month period ended 30 June 2018, compared to 0.17% over the year ended 31 December 2017.

VAR is only one of the risk metrics within a wider risk management system applied within the Group.

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 2018 and 31 December 2017:

	30 June 2018					
(in millions of US Dollars)	US Dollar	Chinese Yuan	Euro	Brazilian Real	Other currencies	**Total**
Inventories – gross value	4,232	1,156	100	3	101	**5,592**
Biological assets	58	-	-	-	-	**58**
Trade and other receivables – gross value	3,636	164	341	281	485	**4,907**
Derivative assets – gross value	1,634	136	10	4	21	**1,805**
Margin deposits	324	184	2	-	46	**556**
Current income tax assets	1	2	4	9	76	**92**
Assets	9,885	1,642	457	297	729	**13,010**
Accounts payable and accrued expenses	2,721	181	111	208	386	**3,607**
Derivative liabilities	1,393	130	5	5	13	**1,546**
Current income tax liabilities	3	5	13	1	15	**37**
Liabilities	4,117	316	129	214	414	**5,190**
Net Current Assets and Liabilities	**5,768**	**1,326**	**328**	**83**	**315**	**7,820**

Notes continued

(in millions of US Dollars)	31 December 2017					
	US Dollar	Chinese Yuan	Euro	Brazilian Real	Other currencies	**Total**
Inventories – gross value	3,725	689	286	19	119	**4,838**
Biological assets	60	-	-	-	-	**60**
Trade and other receivables – gross value	3,126	116	376	209	442	**4,269**
Derivative assets – gross value	898	33	13	-	19	**963**
Margin deposits	485	152	5	-	37	**679**
Current income tax assets	1	2	3	101	76	**183**
Assets	8,295	992	683	329	693	10,992
Accounts payable and accrued expenses	2,452	106	140	311	430	**3,439**
Derivative liabilities	981	22	3	-	18	**1,024**
Current income tax liabilities	2	3	12	21	21	**59**
Liabilities	3,435	131	155	332	469	4,522
Net Current Assets and Liabilities	**4,860**	**861**	**528**	**(3)**	**224**	6,470

At 30 June 2018, 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 2017).

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 towards other commodity trading companies. Margin deposits generally consist of deposits 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 net carrying amount of US$509 million that are past due at 30 June 2018. 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 2018**			31 December 2017		
	Gross value	Provision	**Net value**	Gross value	Provision	**Net value**
Not due	3,533	(4)	**3,529**	3,467	(3)	**3,464**
Due since < 3 months	382	(5)	**377**	432	(7)	**425**
Due since 3-6 months	39	(2)	**37**	45	(4)	**41**
Due since 6 months-1 year	52	(7)	**45**	49	(10)	**39**
Due since > 1 year	164	(114)	**50**	149	(104)	**45**
Closing Balance	**4,170**	**(132)**	**4,038**	**4,142**	**(128)**	**4,014**
Including:						
Trade receivables	*2,359*	*(97)*	***2,262***	*2,293*	*(89)*	***2,204***
Prepayments and advances to suppliers	*627*	*(5)*	***622***	*596*	*(7)*	***589***
Staff and tax receivables	*437*	*(27)*	***410***	*325*	*(29)*	***296***
Other receivables	*179*	*(3)*	***176***	*225*	*(3)*	***222***
Margin deposits	*556*	-	***556***	*679*	-	***679***
Financial advances to related parties	*12*	-	***12***	*24*	-	***24***

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 assets and liabilities at 30 June 2018 and 31 December 2017.

Notes continued

(in millions of US Dollars)	30 June 2018 Under 3 months	3 to 6 months	Over 6 months	Total	31 December 2017 Under 3 months	3 to 6 months	Over 6 months	Total
Trading inventories	4,956	133	40	**5,129**	4,105	263	25	**4,393**
Derivative assets	1,497	167	139	**1,803**	821	53	83	**957**
Trade and other receivables	4,204	337	234	**4,775**	3,689	217	235	**4,141**
Derivative liabilities	(1,302)	(101)	(143)	**(1,546)**	(906)	(42)	(76)	**(1,024)**
Accounts payable and accrued expenses	(3,505)	(28)	(74)	**(3,607)**	(3,279)	(109)	(51)	**(3,439)**
Total Assets net of Liabilities	**5,850**	**508**	**196**	**6,554**	**4,430**	**382**	**216**	**5,028**

The schedule below analyses the Group's financial interests that will be settled on future periods based on the financial debt at 30 June 2018 and 31 December 2017. These interests are grouped into maturity based on the contractual maturity date of the interests.

(in millions of US Dollars)	30 June 2018	31 December 2017
Maturity < 1 year	217	189
Maturity between 1-2 years	148	157
Maturity between 2-3 years	93	117
Maturity between 3-4 years	62	74
Maturity between 4-5 years	36	46
Maturity > 5 years	13	28
Interests future cash outflows related to financial debt existing at closing date	**569**	**611**
of which:		
Fixed rate	446	513
Floating rate	123	98

Interest Rate Risk

At 30 June 2018 and 31 December 2017, the allocation of Group financing between fixed and floating interest rates is as follows:

(in millions of US Dollars)	30 June 2018	31 December 2017
Fixed rate	4,691	4,055
Floating rate	4,818	3,289
Total short and long-term financing	**9,509**	**7,344**

(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 30 June 2018, 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	Total
Other investments, deposits and sundry	-	-	1,678	**1,678**
Total Non-Current Assets	-	-	1,678	**1,678**
Financial advances to related parties	-	-	12	**12**
Trade and other receivables	-	-	4,775	**4,775**
Derivative assets	1,783	20	-	**1,803**
Margin deposits	-	-	556	**556**
Other financial assets at fair value through profit and loss	214	-	-	**214**
Cash and cash equivalents	647	-	406	**1,053**
Total Current Assets	2,644	20	5,749	**8,413**
Total Financial Assets	**2,644**	**20**	**7,427**	**10,091**

(in millions of US Dollars)	Liabilities at fair value through profit and loss	Liabilities at fair value through OCI	Other financial liabilities	Total
Long-term debt	-	-	3,454	**3,454**
Other non-current liabilities	-	-	81	**81**
Total Non-Current Liabilities	-	-	3,535	**3,535**
Bank loans, acceptances and commercial paper	-	-	6,055	**6,055**
Financial advances from related parties	-	-	220	**220**
Accounts payable and accrued expenses (except Margin deposit liabilities)	-	-	3,596	**3,596**
Margin deposit liabilities	-	-	11	**11**
Derivative liabilities	1,500	46	-	**1,546**
Total Current Liabilities	1,500	46	9,882	**11,428**
Total Financial Liabilities	**1,500**	**46**	**13,417**	**14,963**

Other financial assets (for which the net booked value is deemed to correspond to the fair value) and Other financial liabilities are measured at amortized cost.

At 31 December 2017, 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	Total
Other investments, deposits and sundry	-	-	1,181	**1,181**
Total Non-Current Assets	-	-	1,181	**1,181**
Financial advances to related parties	-	-	24	**24**
Trade and other receivables	-	-	4,141	**4,141**
Derivative assets	949	8	-	**957**
Margin deposits	-	-	679	**679**
Available-for-sale financial assets	-	-	14	**14**
Other financial assets at fair value through profit and loss	262	-	-	**262**
Cash and cash equivalents	169	-	372	**541**
Total Current Assets	1,380	8	5,230	**6,618**
Total Financial Assets	**1,380**	**8**	**6,411**	**7,799**

(in millions of US Dollars)	Liabilities at fair value through profit and loss	Liabilities at fair value through OCI	Other financial liabilities	Total
Long-term debt	-	-	3,526	**3,526**
Other non-current liabilities	-	-	82	**82**
Total Non-Current Liabilities	-	-	3,608	**3,608**
Bank loans, acceptances and commercial paper	-	-	3,818	**3,818**
Financial advances from related parties	-	-	221	**221**
Accounts payable and accrued expenses (except Margin deposit liabilities)	-	-	3,422	**3,422**
Margin deposit liabilities	-	-	17	**17**
Derivative liabilities	1,031	(7)	-	**1,024**
Total Current Liabilities	1,031	(7)	7,478	**8,502**
Total Financial Liabilities	**1,031**	**(7)**	**11,086**	**12,110**

Classification of Derivative Financial Instruments

At 30 June 2018 and 31 December 2017, derivative financial instruments are as follows:

	30 June 2018		31 December 2017	
(in millions of US Dollars)	Assets	Liabilities	Assets	Liabilities
Forward purchase and sale agreements	905	566	503	380
Forward foreign exchange contracts	506	551	327	334
Futures	341	198	114	177
Options	26	9	6	2
Swaps	7	176	5	138
Provision on derivative assets	(2)	-	(6)	-
Derivatives at fair value through profit and loss	1,783	1,500	949	1,031
Forward foreign exchange contracts	2	61	7	1
Swaps	18	(15)	1	(8)
Derivatives at fair value through OCI – Cash Flow Hedges	20	46	8	(7)
Total Derivatives	**1,803**	**1,546**	**957**	**1,024**

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 that are executed either on regulated exchanges or in the over-the-counter ("OTC") market.

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.

The derivative assets and liabilities held by Metals business as of 31 December 2017, respectively amounting to US$199 million and US$379 million, were reclassified to held-for-sale assets and liabilities (Refer to Note 2) and therefore not included in above table.

Since 2008, the Group has utilized Non-Deliverable Forwards in order to hedge its exposure to fluctuations in future capital expenditure, production costs and commercial and administrative expenses in Brazilian Real. These operations represent at 30 June 2018 a total US$1,782 million nominal value and are effective until October 2019 with an average fixed exchange rate of 3.63 Brazilian Real to US Dollar.

At 30 June 2018, the Group recognized a provision of US$2 million on performance risk to offset unrealized gains on counterparties identified as being at risk by the credit management department. At 31 December 2017, this provision was US$6 million.

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: techniques that use inputs that have a significant effect on the recorded fair value that are based on observable, either directly or indirectly, market data; and
- Level 3: techniques that use inputs that 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 2018 and 31 December 2017:

	30 June 2018				31 December 2017			
(in millions of US Dollars)	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Biological assets	-	-	58	**58**	-	-	60	**60**
Trading inventories	54	4,986	89	**5,129**	96	3,977	320	**4,393**
Derivative assets	361	1,422	20	**1,803**	122	774	61	**957**
Available-for-sale financial assets[1]	-	-	-	**-**	10	4	-	**14**
Other financial assets at fair value through profit and loss[1]	167	3	44	**214**	151	64	47	**262**
Cash and cash equivalents	1,053	-	-	**1,053**	541	-	-	**541**
Total Assets	**1,635**	**6,411**	**211**	**8,257**	**920**	**4,819**	**488**	**6,227**
Derivative liabilities	205	1,332	9	**1,546**	181	832	11	**1,024**
Total Liabilities	**205**	**1,332**	**9**	**1,546**	**181**	**832**	**11**	**1,024**

1. Investments in equity instruments previously considered as available-for-sale (US$14 million as of 31 December 2017) were reclassified to "Other financial assets at fair value through profit and loss" as of 1 January 2018 due to application of IFRS 9 (Refer to Note 13).

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 30 June 2018 and 31 December 2017, trade and other receivables consist of the following:

	30 June 2018			31 December 2017		
(in millions of US Dollars)	Gross value	Provision	**Net value**	Gross value	Provision	**Net value**
Trade receivables	2,359	(97)	**2,262**	2,293	(89)	**2,204**
Accrued receivables	1,249	-	**1,249**	791	-	**791**
Prepayments and advances to suppliers	627	(5)	**622**	596	(7)	**589**
Staff and tax receivables	437	(27)	**410**	325	(29)	**296**
Prepaid expenses	56	-	**56**	39	-	**39**
Other receivables	179	(3)	**176**	225	(3)	**222**
	4,907	**(132)**	**4,775**	**4,269**	**(128)**	**4,141**

Notes continued

Trade and other receivables include US$22 million with Biosev S.A. and its subsidiaries ("Biosev", an indirect subsidiary of LDCH) at 30 June 2018 (US$262 million at 31 December 2017, of which US$176 million consisted of the current portion of the exports prepaid regarding the 2017/2018 and 2018/2019 sugar crops) (Refer to Note 31).

The receivables held by Macrofertil Ghana Ltd. (Fertilizers & Inputs business) amounting to US$6 million were reclassified to held-for-sale assets as of 30 June 2018 (Refer to Note 2) and therefore not included in above table.

The receivables held by Metals business and Macrofertil Australia Pty. Ltd. (Fertilizers & Inputs business), respectively amounting to US$1,014 million and US$16 million, were reclassified to held-for-sale assets as of 31 December 2017 (Refer to Note 2) and therefore not included in above table.

At 30 June 2018, the amount of the provision for trade and other receivables is US$132 million (US$128 million at 31 December 2017). The changes in the depreciations on trade and other receivables are as follows:

(in millions of US Dollars)	**30 June 2018**	31 December 2017
Balance at 1 January	(128)	(134)
Increase in provision[1]	(12)	(31)
Reversal of provision[2]	14	32
Reclassification to held-for-sale assets[3]	-	4
Change in list of consolidated companies[4]	(7)	-
Other reclassifications	-	3
Foreign currency translation adjustment	1	(2)
Closing Balance	**(132)**	**(128)**

1. During the six-month period ended 30 June 2018, the increase in provision mainly corresponded to default risk on customers for US$11 million for their estimated non-recoverable portions (US$20 million at 31 December 2017).
2. During the six-month period ended 30 June 2018, the reversal of provision mainly corresponded to provisions for receivables reversed for US$9 million and to provisions on advances to suppliers for US$2 million. During the year ended 31 December 2017, the reversal of provision mainly corresponded to provisions for receivables reversed for US$26 million and to provisions on VAT for US$4 million.
3. As of 31 December 2017, the reclassification to held-for-sale assets was related to US$(4) million provisions on trade and other receivables held by Metals business (Refer to Note 2).
4. It consists of existing provisions related to receivables incoming through the acquisition of the 100% of the shares of Sinarmas Natural Resources Foodstuff Technology (Tianjin) Co.Ltd. (renamed LDC (Tianjin) Food Technology Limited Liability Company) in April 2018 (Refer to Note 4).

13. Available-For-Sale Financial Assets

As of 1 January 2018, the financial assets previously considered as Available-for-sale are reclassified to "Other financial assets at fair value through profit and loss" due to the application of IFRS 9 (Refer to Note 1).

At 31 December 2017, the consolidated available-for-sale financial assets consist of the following:

	31 December 2017	
(in millions of US Dollars)	Ownership	Balance
Namoi Cotton Limited, publicly traded in Australia	10.0%	6
InterContinental Exchange, Inc., publicly traded in the United States	less than 1%	1
CME Group, Inc., publicly traded in the United States	less than 1%	3
Listed Available-For-Sale Financial Assets		10
Others		4
Unlisted Available-For-Sale Financial Assets		4
		14

14. Other Financial Assets at Fair Value Through Profit and Loss

At 30 June 2018 and 31 December 2017, other financial assets consist of the following:

(in millions of US Dollars)	**30 June 2018**	31 December 2017
Financial assets held for trading purpose	79	11
Short-term securities (maturity > 3 months)[1]	121	251
Investments in equity Instruments[2]	14	-
	214	**262**

1. Including US$6 million at 30 June 2018 of securities pledged as collaterals for exchange (US$6 million at 31 December 2017).
2. Investments in equity instruments previously considered as available-for-sale are reclassified to "Other financial assets at fair value through profit and loss" as of 1 January 2018 due to the application of IFRS 9 (Refer to Note 1).

15. Cash and Cash Equivalents

Cash and cash equivalents at 30 June 2018 and 31 December 2017 are as follows:

(in millions of US Dollars)	**30 June 2018**	31 December 2017
Short-term securities (maturity < 3 months)[1]	647	169
Cash	406	372
	1,053	**541**

1. Including US$21 million at 30 June 2018 of securities pledged as collaterals for exchange (US$23 million at 31 December 2017).

At 30 June 2018 and 31 December 2017, 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)	**30 June 2018**	31 December 2017
Issued capital	1	1
Share premium	1,586	1,586
Retained earnings	3,300	3,607
Other reserves	(112)	(67)
Equity attributable to Owners of the Company	4,775	5,127
Non-controlling Interests	8	8
Total Equity	**4,783**	**5,135**

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, the 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 capital in order to reduce its cost.

At 30 June 2018 and 31 December 2017, 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 2018, LDC distributed US$411 million as dividends to LDCNH, leading to a dividend payment of US$4.11 per share (no dividends were paid during the year ended 31 December 2017). These US$411 million dividends were distributed in relation to the results of the years 2016 and 2017.

Other Reserves

Other Reserves at 30 June 2018 and 31 December 2017 relate to:

	30 June 2018				31 December 2017			
(in millions of US Dollars)	Pre-tax	Tax	Non-controlling share	Owners of the company share	Pre-tax	Tax	Non-controlling share	Owners of the company share
Other comprehensive income	(156)	12	(6)	**(138)**	(94)	(4)	(5)	**(93)**
Deferred compensation	26	-	-	**26**	26	-	-	**26**
Other reserves	**(130)**	**12**	**(6)**	**(112)**	**(68)**	**(4)**	**(5)**	**(67)**

Other Comprehensive income

Changes in other comprehensive income at 30 June 2018 and 30 June 2017 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
Balance at 1 January 2018 – Owners of the Company share	4	(13)	6	23	(113)	**(93)**
of which:						
Pre-tax	5	(16)	7	29	(119)	**(94)**
Tax	(1)	3	-	(6)	-	**(4)**
Non-controlling share	-	-	1	-	(6)	**(5)**
Current period gains (losses)	-	(46)	-	1	(20)	**(65)**
Reclassification to profit and loss	-	25	-	-	(1)	**24**
Available-for-sale financial assets – change in accounting policies	(4)	-	-	-	-	**(4)**
Other comprehensive income for the period – Owners of the Company share	(4)	(21)	-	1	(21)	**(45)**
of which:						
Pre-tax	(5)	(36)	-	1	(22)	**(62)**
Tax	1	15	-	-	-	**16**
Non-controlling share	-	-	-	-	(1)	**(1)**
Balance at 30 June 2018 – Owners of the Company share	-	(34)	6	24	(134)	**(138)**
of which:						
Pre-tax	-	(52)	7	30	(141)	**(156)**
Tax	-	18	-	(6)	-	**12**
Non-controlling share	-	-	1	-	(7)	**(6)**

(in millions of US Dollars)	Available-for-sale financial assets	Cash flow hedges	Fixed assets revaluation reserve	Pensions	Foreign Currency translation adjustment	Total
Balance at 1 January 2017 – Owners of the Company share	6	(2)	7	14	(181)	**(156)**
of which:						
Pre-tax	7	(2)	8	20	(188)	**(155)**
Tax	(1)	-	-	(6)	-	**(7)**
Non-controlling share	-	-	1	-	(7)	**(6)**
Current period gains (losses)	-	(2)	(1)	-	34	**31**
Reclassification to profit and loss	(4)	(4)	-	-	2	**(6)**
Other comprehensive income for the period – Owners of the Company share	(4)	(6)	(1)	-	36	**25**
of which:						
Pre-tax	(4)	(8)	(1)	-	36	**23**
Tax	-	2	-	-	-	**2**
Non-controlling share	-	-	-	-	-	**-**
Balance at 30 June 2017 – Owners of the Company share	2	(8)	6	14	(145)	**(131)**
of which:						
Pre-tax	3	(10)	7	20	(152)	**(132)**
Tax	(1)	2	-	(6)	-	**(5)**
Non-controlling share	-	-	1	-	(7)	**(6)**

17. Long-term Financing

The Group's long-term financing includes senior debts, bank loans and financial lease commitments. The maturity of long-term financing at 30 June 2018 and 31 December 2017 can be analyzed as follows:

(in millions of US Dollars)	30 June 2018	31 December 2017
Maturity between 1-2 years	761	831
Maturity between 2-3 years[1]	989	965
Maturity between 3-4 years[2]	802	265
Maturity between 4-5 years[3]	551	815
Maturity > 5 years	351	650
Non-Current portion of long-term financing	3,454	3,526
Maturity < 1 year[4]	847	618
Current portion of long-term financing *(presented in bank loans, acceptances and commercial paper)*	847	618
Total Long-term Financing (including current portion)	**4,301**	**4,144**
of which:		
Fixed rate	2,947	3,039
Floating rate	1,354	1,105

1. At 30 June 2018, it includes a €500 million, 7-year, 4.00% coupon unrated senior bond listed on the Luxembourg Stock Exchange issued by LDC on 4 December 2013 (swapped to US Dollars).
2. At 30 June 2018, it includes a €400 million, 5-year, 4.00% coupon unrated senior bond listed on the Luxembourg Stock Exchange issued by LDC on 7 February 2017.
3. At 30 June 2018, it includes a US$300 million, 6-year, 5.25% coupon unrated senior bond listed on the Luxembourg Stock Exchange issued by LDC on 13 June 2017.
4. At 30 June 2018, it includes a €400 million, 5-year, 3.875% coupon unrated senior bond listed on the Luxembourg Stock Exchange issued by LDC on 30 July 2013 (swapped to US Dollars), which became current in July 2017.

Notes continued

The long-term debt financing held by Metals business amounting to US$2 million as of 31 December 2017 was reclassified to held-for-sale liabilities (Refer to Note 2) and therefore not included in above table.

Certain portions of this debt, aggregating US$23 million at 30 June 2018 and US$29 million at 31 December 2017 are secured by mortgages on assets.

Certain senior debt and bank loans contain covenants that 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 2018 and 31 December 2017:

(in millions of US Dollars)	30 June 2018	31 December 2017
US Dollar	3,794	3,656
Euro	470	484
Canadian Dollar	34	-
Other currencies	3	4
Total Long-term Financing (including current portion)	**4,301**	**4,144**

The following is a comparative summary of long-term debt outstanding, current and non-current portion:

(in millions of US Dollars)	30 June 2018	31 December 2017
Bank loans, from 0.80% to 3.05% over LIBOR due through 2019	80	350
Bank loans, from 1.00% to 3.33% over LIBOR due through 2020	704	566
Bank loans, from 0.70% to 2.85% over LIBOR due through 2021	476	-
Bank loans, from 1.80% to 3.00% over LIBOR due through 2024	85	178
Bank loans, 3.10% over TJLP due through 2023	6	7
Other variable rates through 2023	3	4
Fixed rate through 2025	2,947	3,039
Total Long-term Financing (including current portion)	**4,301**	**4,144**

At 30 June 2018, the main difference between the fair value of long-term financing and its historical value amounts to US$53 million. It relates to the unrated senior bonds for which fair value is US$1,863 million compared to US$1,810 million net book value.

The non-current portion of long-term financing at 30 June 2018 and 31 December 2017 can be analyzed as follows:

(in millions of US Dollars)	30 June 2018	31 December 2017
Debt capital markets	1,343	1,372
Revolving credit facilities	750	425
Term loans from banks	1,361	1,729
Non-current portion of Long-term Financing	**3,454**	**3,526**

Changes in long-term financing for the six-month period ended 30 June 2018 are as follows:

(in millions of US Dollars)	30 June 2018 6 months
Balance at 1 January	4,144
Proceeds from long-term debt	362
Repayment of long-term debt	(137)
Foreign exchange	(68)
Closing Balance	**4,301**

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 30 June 2018 and 31 December 2017, bank loans, acceptances and commercial paper consist of the following:

(in millions of US Dollars)	30 June 2018	31 December 2017
Commercial paper	139	105
Bank loans	4,717	2,857
Bank overdrafts	342	231
Repurchase agreements	10	-
Securities short positions	-	7
Total Short-term Financing	**5,208**	**3,200**
Current portion of long-term financing[1]	847	618
Total Bank Loans, Acceptances and Commercial Paper	**6,055**	**3,818**
of which:		
Fixed rate[1]	2,381	1,509
Floating rate	3,674	2,309

1. Includes a €400 million, 5-year, 3.875% coupon unrated senior bond listed on the Luxembourg Stock Exchange issued by LDC on 30 July 2013 (swapped to US Dollars), which became current in July 2017 and was repaid in July 2018 (Refer to Note 32).

The bank overdraft held by Macrofertil Ghana Ltd. (Fertilizers & Inputs business) amounting to US$3 million as of 30 June 2018, was reclassified to held-for-sale liabilities (Refer to Note 2) and therefore not included in above table.

The bank loans and acceptances held by Metals business and Macrofertil Australia Pty. Ltd. (Fertilizers & Inputs business) respectively amounting to US$2,565 million and US$85 million as of 31 December 2017, were reclassified to held-for-sale liabilities (Refer to Note 2) and therefore not included in above table. The US$2,565 million comprised US$2,324 million of bank loans (of which US$1,998 million secured on LDC Metals Suisse S.A. inventories and trade receivables) as well as US$241 million of bank overdrafts.

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 2018 and 31 December 2017, there is no significant difference between the historical value of bank loans, acceptances and commercial paper and their fair value.

Notes continued

The debt outstanding is comprised of loans in the following currencies at 30 June 2018 and 31 December 2017:

(in millions of US Dollars)	30 June 2018	31 December 2017
US Dollar	4,853	3,116
Chinese Yuan	896	269
Euro	121	110
Russian Ruble	105	179
Other currencies	80	144
Total Bank Loans, Acceptances and Commercial Paper	**6,055**	**3,818**

Changes in short-term financing for the six-month period ended 30 June 2018 are as follows:

(in millions of US Dollars)	30 June 2018 6 months
Balance at 1 January	3,200
Proceeds from (repayments of) bank loans, acceptances and commercial paper[1]	2,021
Foreign exchange	(36)
Change in list of consolidated companies[2]	26
Reclassification to held-for-sale liabilities[3]	(3)
Closing Balance	**5,208**

1. Includes changes in securities short position (US$(7) million) and repurchase agreements (US$10 million) which are reported as changes in derivatives in the Cash Flow Statement.
   Excludes changes in related parties advances amounting to US$(915) million which are reported as Proceeds from (repayments of) bank loans, acceptances, commercial paper and related parties loans and advances, net in the Cash Flow Statement.
2. Refer to Note 4.
3. The bank overdraft held by Macrofertil Ghana Ltd. (Fertilizers & Inputs business) amounting to US$3 million as of 30 June 2018, was reclassified to held-for-sale liabilities (Refer to Note 2).

19. Retirement Benefit Obligations

At 30 June 2018 and 31 December 2017, retirement benefit obligations consist of the following:

(in millions of US Dollars)	30 June 2018	31 December 2017
Long-term pension benefit	102	104
Post-retirement benefit	33	33
Other long-term employee benefits	6	6
Retirement benefit obligations	**141**	**143**
Net plan asset[1]	**(2)**	**(2)**

1. Included in "Trade and other receivables".

Current pension benefit and net plan asset are almost nil at 30 June 2018 and 31 December 2017.

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 that require funding are in the United States.

20. Provisions

At 30 June 2018 and 31 December 2017, provisions consist of the following:

(in millions of US Dollars)	30 June 2018	31 December 2017
Current provisions	5	4
Non-current provisions	57	64
	62	**68**

Changes in provisions for the six-month period ended 30 June 2018 and for the year ended 31 December 2017 are as follows:

(in millions of US Dollars)	30 June 2018				31 December 2017
Provisions for:	Tax and social risks	Litigations	Other	Total	Total
Balance at 1 January	50	9	9	68	76
Allowance	3	4	1	8	24
Reversal of used portion	(4)	(3)	(1)	(8)	(19)
Reversal of unused portion	(5)	(1)	-	(6)	(17)
Reclassification	1	(1)	-	-	4
Closing Balance	**45**	**8**	**9**	**62**	**68**

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 30 June 2018 and 31 December 2017 are as follows:

(in millions of US Dollars)	30 June 2018	31 December 2017
Deferred income tax assets	289	290
Deferred income tax liabilities	(226)	(248)
	63	**42**

The consolidated net deferred income tax assets (liabilities) recorded at 30 June 2018 and 31 December 2017 arise from:

(in millions of US Dollars)	30 June 2018	31 December 2017
Tax benefits from carry forward losses	391	358
Unrealized exchange gains and losses	166	120
Functional currency on non-monetary balance sheet items	(299)	(251)
Fixed assets (other temporary differences than functional currency)	(222)	(232)
Other temporary differences	64	86
Valuation allowance for deferred tax assets	(37)	(39)
	63	**42**

The valuation allowance for deferred tax assets is fully ascribed to available loss carry forwards at 30 June 2018 and 31 December 2017.

Notes continued

Changes in net deferred income tax assets (liabilities) are as follows:

(in millions of US Dollars)	30 June 2018	31 December 2017
Balance at 1 January	42	(12)
Deferred tax recognized in income – continuing operations	18	12
Deferred tax recognized in Net income – discontinued operations	-	(4)
Change in list of consolidated companies[1]	1	(5)
Reclassification from current income tax assets (liabilities)	(8)	8
Deferred tax recognized in equity	14	10
Reclassification to held-for-sale assets/liabilities[2]	(1)	32
Exchange differences	(3)	1
Closing Balance	**63**	**42**

1. In April 2018, the Group acquired 100% of the shares of Sinarmas Natural Resources Foodstuff Technology (Tianjin) Co., Ltd. renamed LDC (Tianjin) Food Technology Limited Liability Company. In May 2017, the Group acquired the remaining 50% shares in its joint venture Kencana LDC Pte. Ltd. (Refer to Note 4).
2. As at 31 December 2017, it relates to net deferred income tax (assets) liabilities held by Metals business (Refer to Note 2).

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 2018 and 30 June 2017 for the following reasons:

(in millions of US Dollars)	30 June 2018 6 months	30 June 2017 6 months
Theoretical tax on income	(20)	(46)
Differences in income tax rates	36	7
Difference between local currency and functional currency[1]	(17)	(6)
Permanent differences on investments	7	3
Other permanent differences	(18)	(7)
Reported tax expense	**(12)**	**(49)**

1. 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 Group's Brazilian entities. Within these entities, most of the impact derived from the revaluation, in US Dollars, of net current and deferred tax assets denominated in Brazilian Reals.

22. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at 30 June 2018 and 31 December 2017 consist of the following:

(in millions of US Dollars)	30 June 2018	31 December 2017
Trade payables	1,817	1,763
Accrued payables	1,282	1,128
Staff and tax payables	163	216
Prepayments and advances received	238	200
Margin deposits	11	17
Deferred income	15	35
Payable on purchase of fixed assets and investments	6	19
Other payables	75	61
	3,607	**3,439**

The accounts payable and accrued expenses recorded by Macrofertil Ghana Ltd. (Fertilizers & Inputs business) and amounting to US$1 million as of 30 June 2018 were reclassified to held-for-sale liabilities (Refer to Note 2) and therefore not included in above table.

The accounts payable and accrued expenses recorded by Metals business and Macrofertil Australia Pty. Ltd. (Fertilizers & Inputs business), amounting respectively to US$380 million and US$14 million as of 31 December 2017, were reclassified to held-for-sale liabilities (Refer to Note 2) and therefore not included in above table.

23. Other Non-Current Liabilities

Other non-current liabilities at 30 June 2018 and 31 December 2017 consist of the following:

(in millions of US Dollars)	30 June 2018	31 December 2017
Non-current tax and social liabilities	10	10
Debts associated to business combinations and put options	58	58
Other non-current liabilities	13	14
	81	**82**

24. Net Sales

Net sales consist of the following:

	30 June 2018 6 months			30 June 2017 6 months		
(in millions of US Dollars)	Value Chain	Merchandizing	Total	Value Chain	Merchandizing	Total
Sales of goods	13,196	5,369	**18,565**	13,063	5,556	**18,619**
Income from services rendered	97	62	**159**	92	59	**151**
Other income	85	-	**85**	48	3	**51**
	13,378	**5,431**	**18,809**	**13,203**	**5,618**	**18,821**

25. Finance Costs, Net

Finance costs, net in the income statement can be analyzed as follows:

(in millions of US Dollars)	30 June 2018 6 months	30 June 2017 6 months
Interest expense	(202)	(136)
Interest income	40	27
Foreign exchange	47	(80)
Net gain (loss) on derivatives	(47)	67
Other financial income and expense	20	28
	(142)	**(94)**

26. Foreign Exchange

Foreign exchange results, excluding results from derivatives used for hedging foreign currency exposure, are allocated in the following lines of the income statement:

(in millions of US Dollars)	30 June 2018 6 months	30 June 2017 6 months
Net sales	-	31
Cost of sales	(79)	3
Commercial and administrative expenses	1	1
Finance costs, net	47	(80)
	(31)	**(45)**

Notes continued

27. Gain on Investments

Gain on investments in the income statement can be analyzed as follows:

(in millions of US Dollars)	30 June 2018 6 months	30 June 2017 6 months
Gain on sale of consolidated companies[1]	11	1
Gain on investments in associates and joint ventures[2]	1	37
Loss on other financial assets at fair value through profit and loss	(5)	(12)
	7	**26**

1. In 2018, the gain derived from the sale of Macrofertil Australia Pty. Ltd. for US$4 million and from the finalization of the sale of the Africa-based Fertilizers and Inputs operations which lead to a US$7 million adjustment of the gain on sale (Refer to Note 4). In 2017, the gain derived from the sale of Tassinsky elevator in Russia for US$1 million.
2. In 2018, the gain derived from the sale of Kromdraii Best Milling Pty. Ltd. In 2017, the gain related to the sale of a 16.66% stake in the Brazilian joint venture Amaggi & LDC holding S.A. amounted to US$30 million. On the other hand, in May 2017 the Group acquired the remaining 50% shares of its joint venture Kencana LDC Pte. Ltd., and in accordance with IFRS 3 (revised), a US$8 million gain was recognized related to the 50% shares previously held and subsequently accounted for the purchase price allocation (Refer to Note 4).

28. Commitments and Contingencies

The Group leases facilities, warehouses, offices and equipment under operating leases, and vessels under time charter 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 2018 and 31 December 2017:

(in millions of US Dollars)	30 June 2018	31 December 2017
Leases and other commitments:		
< 1 year	125	137
Between 1 and 5 years	333	194
> 5 years	175	106
	633	**437**

During the first half of 2018, the operating leases expenses and expenses related to other commitments reported in the income statement, amounted to US$(336) million (US$(151) million during the same period in 2017), 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)	30 June 2018	31 December 2017
Letters of credit:		
Bid and performance bonds	122	111
Commodity trading	549	355
	671	**466**

At 30 June 2018, the Group has a commitment to purchase a minimum of 102 million boxes of oranges until 2030 (92 million boxes at 31 December 2017), which at 30 June 2018 price levels may represent a total amount of US$473 million (US$452 million at 31 December 2017), out of which US$188 million may fall in the following twelve months.

At 30 June 2018, the Group has a commitment to sell 21 thousand tons of frozen concentrate orange juice until 2021 (30 thousand tons at 31 December 2017), which at 30 June 2018 price levels may represent a total amount of US$36 million (US$43 million at 31 December 2017).

At 30 June 2018, the Group has a commitment to purchase 1,183 thousand tons of sugar until 2030 (1,184 thousand tons at 31 December 2017), which at 30 June 2018 price levels may represent a total amount of US$675 million (US$690 million at 31 December 2017). The Group also has a commitment to sell 289 thousand tons of refined sugar (258 thousand tons at 31 December 2017) for US$226 million (US$203 million at 31 December 2017).

At 30 June 2018, the Group has a commitment to purchase fuel until 30 September 2019 for 12 MMBtus (Million British Thermal Units) (4 MMBtus at 31 December 2017) for an estimated amount of US$39 million (US$13 million at 31 December 2017).

At 30 June 2018, the Group has a commitment to sell 41 thousand tons of hulls and glycerin (49 thousand tons at 31 December 2017) for an estimated amount of US$16 million (US$22 million at 31 December 2017).

At 30 June 2018, the Group has an approximate US$77 million of commitments mainly related to export terminals and to investments (US$77 million at 31 December 2017).

At 30 June 2018, the Group received US$398 million of guarantees and collaterals (US$459 million at 31 December 2017).

In addition, there are US$193 million of other commitments at 30 June 2018 (US$173 million at 31 December 2017), including US$146 million guarantees at 30 June 2018 (US$123 million at 31 December 2017).

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 exports for different years between 2005 and 2014 (with the last three received for 2011, 2012 and 2014 still at a preliminary stage). As of 30 June 2018, these tax assessments amounted to US$219 million, compared to US$426 million as of 31 December 2017, mainly due to clearance of 2006 and 2007 assessments during 2018.
LDC Argentina S.A. could receive additional tax notifications for subsequent years.
LDC Argentina S.A. also received tax assessments in connection with certain custom duties related to Paraguayan soybean 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.
As of 30 June 2018, 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 counsel, 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 pre-trial proceedings and the Company cannot predict its ultimate outcome.

LDC LLC and one of its subsidiaries were named as defendants 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 United States. The Louis Dreyfus Company companies and other grain companies have been named as defendants in numerous individual and purported class action suits filed by farmers and other parties in several U.S. state and federal courts beginning in the fourth quarter of 2015, alleging that the Louis Dreyfus Company companies 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. The MDL court and federal and state courts in Illinois granted motions to dismiss the claims against the Louis Dreyfus Company companies and the other grain companies in all cases where Louis Dreyfus Company companies were named as defendants. Although named as a defendant in the above-described cases, LDC was only required to respond to the complaint in one of the cases and was dismissed on the same grounds as LDC LLC. Plaintiffs have the right to appeal the dismissals of those actions.

Notes continued

On 21 October 2016, a subsidiary of LDC LLC brought an action in U.S. federal court against Syngenta for damages arising out those companies' marketing and distribution of genetically modified corn seed (containing the MIR 162 trait) in the United States. The action seeks damages in excess of US$35 million. Syngenta moved to dismiss the action, which the court granted in part. The case is in pre-trial proceedings and LDC cannot predict its ultimate outcome.

In 2017, Syngenta filed a petition in state court in Iowa against a Louis Dreyfus Company entity and other grain companies seeking indemnification or contribution for any damages recovered by the plaintiffs in the underlying action relating to Syngenta's marketing and distribution of genetically modified corn. The Louis Dreyfus Company defendant, along with other grain companies, moved to dismiss the action. The action is currently stayed.

There are various claims and ongoing regulatory investigations asserted against and by the Group that, in the opinion of counsel, 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 certain 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$24 million during the first half of 2018 (US$2 million during the full year 2017) to LDCH relating to reimbursement agreements, and recorded a liability of US$87 million at 30 June 2018 (US$100 million at 31 December 2017).

Awards granted to employees during 2018 are of US$46 million while awards forfeited by employees represent US$9 million. During the 2018 transfer window period, LDCH purchased shares from employees corresponding to US$52 million in attribution value bringing the attribution value of outstanding EPP awards granted to employees to US$214 million. At 31 December 2017, the attribution value of outstanding EPP awards granted to employees was US$229 million, of which US$36 million corresponded to awards granted in 2017, while awards forfeited by employees during 2017 amounted to US$12 million. During the 2017 transfer window period, LDCH purchased shares from employees corresponding to US$63 million in attribution value.

At 30 June 2018, EPP awards fully vested represent US$116 million and awards vesting ratably over periods ranging from nine months to four years are of US$98 million. At 31 December 2017, they were respectively of US$120 million and US$109 million vesting ratably over periods ranging from three months to three years.

During the first semester, compensation costs recognized in commercial and administrative expenses are of US$23 million in 2018 and of US$26 million in 2017. US$1 million was booked in 2018 in the line "Net income – discontinued operations".

Unrecognized compensation costs expected to be recognized from 2018 to 2022 are of US$53 million at 30 June 2018 and of US$35 million at 31 December 2017.

30. Number of Employees and Personnel Expenses

For the six-month period ended 30 June 2018, personnel expenses related to continuing operations reached US$396 million for an average number of employees of 16,977. For the six-month period ended 30 June 2017, personnel expenses related to continuing operations amounted to US$407 million for 17,738 employees.

The average number of employees is as follows:

	30 June 2018	30 June 2017
Managers and traders	1,626	1,761
Supervisors	1,226	1,283
Employees	3,969	4,240
Workers	7,933	8,160
Seasonal workers	2,223	2,294
	16,977	**17,738**

The decrease in the average number of employees is mainly resulting from the disposal of Juice operations in North America and the Fertilizers and Inputs business in Africa.

31. Related Parties Transactions

Transactions with related parties are reflected as follows:

Income Statement (in millions of US Dollars)	**30 June 2018 6 months**	30 June 2017 6 months
Sales[1]	111	76
Cost of sales[1]	(552)	(699)
Commercial and administrative expenses	2	3
Finance costs, net[1]	34	39
Discontinued operations[1]	(1)	(1)

1. Mainly correspond to transactions with associates and joint ventures and/or with Biosev.

Balance Sheet (in millions of US Dollars)	**30 June 2018**			31 December 2017		
	Biosev[1]	Others	**Total**	Biosev[1]	Others	**Total**
Other investments, deposits and sundry[2]	-	1,069	**1,069**	569	12	**581**
Financial advances to related parties	-	12	**12**	-	24	**24**
Trade and other receivables	22	61	**83**	262	24	**286**
Margin deposits	-	12	**12**	-	2	**2**
Derivative assets	-	2	**2**	-	1	**1**
Total Assets	**22**	**1,156**	**1,178**	**831**	**63**	**894**
Financial advances from related parties[3]	-	220	**220**	-	221	**221**
Trade and other payables	26	57	**83**	22	13	**35**
Derivative liabilities	2	17	**19**	3	5	**8**
Total Liabilities	**28**	**294**	**322**	**25**	**239**	**264**

1. Biosev S.A. is an indirect subsidiary of LDCH and a Brazilian company listed on the Brazilian stock exchange.
2. As of 30 June 2018, it comprises a loan granted by LDC to LDCNH in the amount of US$1,051 million with maturity in 2023.
3. Comprises financing from LDCH of US$220 million at 30 June 2018 (US$220 million at 31 December 2017), including a liability relating to reimbursement agreements with LDCH of US$87 million at 30 June 2018 (US$100 million at 31 December 2017) (Refer to Note 29).

Notes continued

32. Subsequent Events

In July 2018, Louis Dreyfus Company B.V. reimbursed the €400 million (5-year, 3.875% coupon) unrated senior bond issued in July 2013 that was listed on the Luxembourg Stock Exchange.

33. List of Main Subsidiaries

The main subsidiaries of LDC that are consolidated at 30 June 2018 and 31 December 2017 are the following:

	30 June 2018		31 December 2017	
Company	% 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)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Grain Storage and Handling Pty. Ltd. (Australia)	100.00	100.00	100.00	100.00
Ilomar Holding N.V. (Belgium)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Brasil S.A. (Brazil)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Sucos S.A. (Brazil)	100.00	100.00	100.00	100.00
Macrofértil – Indústria e Comércio de Fertilizantes S.A. (Brazil)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Bulgaria Eood. (Bulgaria)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Canada ULC (Canada)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Yorkton Investment ULC (Canada)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Yorkton Trading LP (Canada)	100.00	100.00	100.00	100.00
LDC (Bazhou) Feedstuff Protein Company Ltd. (China)	100.00	100.00	100.00	100.00
LDC (China) Trading Company Ltd. (China)	100.00	100.00	100.00	100.00
LDC (Fujian) Refined Sugar Co. Ltd. (China)	67.00	67.00	67.00	67.00
LDC (Shanghai) Metals Company Ltd. (China)[1]	0.00	0.00	100.00	100.00
LDC (Tianjin) Food Technology Limited Liability Company (China)[2]	100.00	100.00	0.00	0.00
Louis Dreyfus Company (Shaanxi) Juices Co. Ltd. (China)[3]	100.00	100.00	100.00	100.00
Louis Dreyfus Company Colombia S.A.S. (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 Silos S.A.S. (France)	61.12	100.00	61.12	100.00
Louis Dreyfus Company Distribution France S.A.S. (France)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Wittenberg GmbH (Germany)	100.00	100.00	100.00	100.00
Louis Dreyfus Company India Pvt. Ltd. (India)	100.00	100.00	100.00	100.00
PT LDC Trading Indonesia (Indonesia)	99.99	99.99	98.98	99.98
PT LDC East Indonesia (Indonesia)	100.00	100.00	100.00	100.00
Louis Dreyfus Company 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 Company Kenya Ltd. (Kenya)	99.33	99.33	99.33	99.33
Louis Dreyfus Company Mexico S.A. de C.V. (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)[1]	0.00	0.00	100.00	100.00
Louis Dreyfus Company 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

	30 June 2018		31 December 2017	
Company	% 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)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Polska SP. z.o.o. (Poland)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Portugal Lda. (Portugal)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Vostok LLC (Russia)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Asia Pte. Ltd. (Singapore)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Metals Asia Pte. Ltd. (Singapore)[1]	0.00	0.00	100.00	100.00
Louis Dreyfus Company Africa Pty. 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 Company Espana S.A. (Spain)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Metals Suisse S.A. (Switzerland)[1]	0.00	0.00	100.00	100.00
Louis Dreyfus Company 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 Company Tanzania Ltd. (Tanzania)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Uganda Ltd. (Uganda)[4]	100.00	100.00	100.00	100.00
Louis Dreyfus Company Ukraine Ltd. (Ukraine)	100.00	100.00	100.00	100.00
Louis Dreyfus Company MEA Trading DMCC (United Arab Emirates)	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.)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Biofuels Holdings LLC (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Citrus Inc. (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Claypool Holdings LLC (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Dairy Merchandising LLC (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Holding Inc. (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Interior Elevators LLC (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Investment LLC (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Company LLC (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Norfolk LLC (U.S.A.)	100.00	100.00	100.00	100.00
Louis Dreyfus Company Port Allen Elevator 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 Company Vietnam Trading and Processing Co. Ltd. (Vietnam)	100.00	100.00	100.00	100.00

1. The Group sold its global Metals business on 11 May 2018 (Refer to Note 2).
2. In April 2018, the Group acquired Sinarmas Natural Resources Foodstuff Technology (Tianjin) Co. Ltd., renamed LDC (Tianjin) Food Technology Limited Liability Company (Refer to Note 4).
3. Louis Dreyfus Company (Shaanxi) Juices Co. Ltd. is the new name of Shaanxi Sanchuan Juice Co. Ltd.
4. Louis Dreyfus Company Uganda Ltd. is the new name of LD Commodities Uganda Ltd.

Governance.


Aveiro, Portugal

Supervisory Board

Louis Dreyfus Company Holdings B.V.

- **Margarita Louis-Dreyfus**
  Non-Executive Chairperson
- **Jean-René Angeloglou**
- **Michel Demaré**
- **Mehdi El Glaoui**
- **Andreas Jacobs**
- **Marwan Shakarchi**
- **Victor Balli**

Supervisory Board Committees

Audit Committee

- **Jean-René Angeloglou** Chairperson
- **Mehdi El Glaoui**
- **Victor Balli**

Strategy Committee

- **Michel Demaré** Chairperson
- **Margarita Louis-Dreyfus**
- **Andreas Jacobs**
- **Marwan Shakarchi**

Compensation, Nomination and Governance Committee

- **Mehdi El Glaoui** Chairperson
- **Michel Demaré**
- **Margarita Louis-Dreyfus**

Managing Board

Louis Dreyfus Company Holdings B.V.

- **Maurice Kreft**
- **Johannes Schol**

Louis Dreyfus Company B.V.

- **Ian McIntosh**
- **Johannes Schol**

Executive Group

Ian McIntosh	Chief Executive Officer
Guy-Laurent Arpino	Chief Information Officer
Tim Bourgois	Global Trading Manager, Cotton Platform
Miguel Catella	Head, Global Markets
Federico Cerisoli	Group Chief Financial Officer
Thomas Couteaudier	Head, South & Southeast Asia Region
Jean-Marc Foucher	Head, Dairy Platform
Tim Harry	Global Head, Business Development
Adrian Isman	Senior Head, Grains and Value Chain Platforms, Head, North America Region & Chairman of the Board, Calyx Agro Ltd.
Sébastien Landerretche	Head, Freight Platform
Andrea Maserati	Chief Operating Officer
Guy de Montulé	Head, Rice Platform
Joe Nicosia	Head, Cotton Platform
Pedro Nonay Vela	Head, Europe, Middle East & Africa Region & Regional Head of Grains for EMEA
Murilo Parada	Head, Juice Platform and Head, North Latin America Region
Javier Racciatti	Head, South & West Latin America Region & Regional Head of Oilseeds for SWLA
Markus Reis	Head, Coffee Platform
André Roth	Senior Head, Oilseeds and Value Chain Platforms, Chairman, North Latin America Region
Anthony Tancredi	Head, Sugar Platform
Jessica Teo	Global Head of Human Resources
Patrick Treuer	Chief Strategy Officer
James Zhou	Head, North Asia Region

LDC.
Louis Dreyfus Company

Louis Dreyfus Company B.V.
Westblaak 92
3012 KM Rotterdam
The Netherlands
www.ldc.com