

HALF-YEARLY RESULTS 2016

Significant reduction in the half-yearly losses 2018 target of profitability maintained

R&D partnership signed with ICRAF, a leading institution specialised in agroforestry research

Paris & Brussels, 19th October 2016 (8.30 am) – KKO INTERNATIONAL, a world leader in the innovative production of cocoa, has presented its non-audited half-yearly results to 30th June 2016.

1 000 000 trees planted to 30th June 2016

As of 30th June 2016, SOLEA, KKO International's production subsidiary in Ivory Coast had a registered total of 2 399 hectares of land, which was 554 hectares more compared up to 31st December 2015. This land is broken down as follows:

- 1 188 hectares at Kotokonou I & II, including 788 hectares developed for growing cocoa and 400 hectares dedicated to the growing of yam,
- 1 211 hectares at Akossikro I & II and Abognikro, of which 761 hectares are in the process of being developed to grow cocoa.

This means that the total number of hectares already developed or in the process of being developed to grow cocoa was 1 549 hectares as of 30th June 2016.

The damage caused by the exceptionally difficult weather conditions at the beginning of the year led to plots of land being reorganised and to the replacement of 150 000 plants at Kotokonou. As a result, as of 30th June 2016, the number of trees selected by KKO International to enter production totalled 1 000 000, compared with 840 000 as at 31st December 2015.

Elsewhere, the reorganisation of plots of land at Kotokonou I resulted in the planting of 60 000 teak trees on plots where growing cocoa was not possible. To date, approximately 80 000 teaks have been planted.

To recap, the land at Kotokonou II (400 hectares) has been judged as being of insufficient quality for the production of cocoa. This land is now used to grow yams, which should quickly generate an annual turnover in excess of €1 million.

Half-yearly results 2016

Still in the development phase, the Group has not yet generated a significant harvest and it recorded a variation in the fair value of its biological assets of €315,000.

Operating overheads of €647,000 were considerably lower as the result of the efforts made by the Group in terms of rigorous management. After taking into account the loss in value of €293,000 on biological assets, the operating result showed a loss of €901,000, compared with a loss of €1.9 million as at 30th June 2015.

During this period of investment and after accounting for deferred tax on the result of €76,000, the net result for the period was a loss of €978,000, compared with a loss of €2.047 million as at 30th June 2015.

After a €431,000 revaluation of the productive plants, the overall result for the period was a loss of €761,000, compared with a loss of €1.527 million in the previous year.

Regarding the financial situation for the Group as at 30th June 2016, the balance sheet total amounted to €8.507 million, compared with €9.327 million as at 31st December 2015, with cash assets of €523,000, compared with €3.575 million. The Group is also organising itself with the objective of raising about €6 million to ensure its development and to complete the planting of the 3 000 hectares stated at the time of the IPO.

Highlights for the first six months

In view of adverse weather events at the end of 2015 and the beginning of 2016, KKO International significantly strengthened its infrastructures during the first six months of 2016.

To better secure the quantity of water supplied to each tree and to mitigate the exceptional weather conditions, the Group upgraded its existing drip irrigation system and installed a new sprinkler irrigation unit at Kotokonou II for the yams.

With regard to the efforts made in research and development, KKO International conducted its first tests on using potassium polyacrylate¹. These tests were conclusive and an initial trial plot was planted at Abognikro. The results of the mycorrhiza protocol¹ were fairly inconclusive. Other protocols are currently being tested as a replacement. As a result of these new processes, the target of reducing the tree mortality rate to below 5% was achieved. At the present time it is close to 0%.

RainForest Alliance certification & signature of a partnership with ICRAF, the specialists in agroforestry research

After 18 months of training and upgrading of its facilities, last July, KKO International was awarded RainForest Alliance certification for its plantation at Kotokonou.

As part of its continuing development, KKO International has just signed a *memorandum of understanding* with ICRAF aimed at pooling the two organisations' skills and expertise in research and development in the intensive farming of sustainable cocoa in Ivory Coast. This agreement has been signed for a period of 5 years. As a reminder, ICRAF (*the International Centre for Research in Agroforestry*) is a leading international institution that specialises in agroforestry research. It aims at improving the living conditions of the local populations while increasing food safety in the world and protecting the environment.

Outlook

As stated when the annual results were published, KKO International has extended its presence at Akossikro II by 450 hectares and now has a total of 1 211 hectares in this area. The land at Akossikro I should be totally planted and irrigated by the end of the year. The development of land at Akossikro II is underway and should be completed before the end of Q1 2017.

¹ See Management Report 2015 – Paragraph on Research & Development - page 8

As a consequence, KKO International will have approximately 2 000 hectares in operation by the end of March 2017 and confirms its target of 3 000 hectares in operation by the end of 2017, representing 4 000 000 trees planted.

KKO International continues its research and development work to improve the productivity of its cocoa trees. The Group has tested a technique of propagation and cloning from its most productive trees.

The first harvest took place at the beginning of October at Kotokonou and the results were particularly encouraging. The Group obtained an average of 45 beans per pod, or 97 beans per 100 g. The aim over time is to achieve around a hundred pods per tree, to produce an average of 3 to 4 kg of cocoa per tree. This represents a production target at full maturity (2023-2024) of at least 12 000 tons per year.

For information, the price of cocoa set by Ivory Coast for the 2016-2017 campaign is up by 10% to 1 100 francs CFA.

Finally, with regard to the growing of yams, the drought caused a lack of seed availability at the beginning of 2016, which meant that the Group had to postpone planting from February to April 2016. As a result, the beginning of harvest is expected from December 2016 and should run for the following 3 months. Moreover, the Group is now in a position to produce its own yam seeds.

Availability of the Half-Yearly Financial Report

KKO International states that its Half-Yearly Financial Report, lodged today with the Financial Services and Markets Authority (FSMA) and the Financial Markets Authority (FMA), is available from its website at: www.kko-international.com in the section headed "Investors / Documentation".



About KKO INTERNATIONAL

World production of cocoa, nowadays mainly small scaled, does not allow food industrials/manufacturers to be supplied with consistent quality and quantity. KKO INTERNATIONAL, pioneer in intensive agriculture, brings an ingenious solution to the growing global demand. In less than 3 years, the staffs of SOLEA, production subsidiary of KKO INTERNATIONAL based in Ivory Coast, have managed to develop innovative agricultural techniques, including a dripping irrigation system at the foot of each plant, significantly improving the production of cocoa beans. With a strong local involvement, the company is a socially responsible business model (RainForest Alliance Certification) and holds a surface of 2 399 hectares including 1 549 hectares in operation. As Africa's largest cocoa plantation, SOLEA aims to grow 3000 hectares by the end of 2017, to produce a high-quality cocoa bean year round. SOLEA is thus set to become a natural and favorite partner of the chocolate industry.
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Annexes – Financial statements

Unaudited financial information

In €	30th June 2016	30th June 2015 reprocessed	30th June 2015
Revenue from ordinary activities	1 082	-	-
Variation in fair value of biological assets	315 514	(297 778)	2 751 548
Raw materials and consumables used	(39 204)	(19 971)	(19 971)
Loss of value on biological assets	(292 679)	(355 220)	-
Employee benefits	(78 438)	(116 549)	(582 816)
Depreciation	(160 608)	(126 228)	(180 325)
Other operating overheads	(647 441)	(1 011 247)	(1 192 445)
Operating result	(901 775)	(1 926 992)	775 990
Financial result	(68)	(210 697)	(296 308)
Result before tax	(901 843)	(2 137 690)	479 682
Tax on result	(76 189)	90 675	(517 057)
NET RESULT FOR THE PERIOD	(978 032)	(2 047 015)	(37 375)
Revaluation of productive plants	430 904	883 314	-
Tax on the related result	(213 723)	(363 517)	-
OVERALL RESULT FOR THE PERIOD	(760 851)	(1 527 218)	(37 375)

In €	30th June 2016	31st December 2015
ASSETS	8 507 372	9 326 928
Non-current assets	7 928 387	5 473 752
Intangible fixed assets	1 463	1 828
Tangible fixed assets	3 529 643	2 577 131
Biological assets	4 383 773	2 883 685
Other non-current assets	13 508	11 107
Current assets	578 984	3 853 177
Including cash and cash equivalent	522 833	3 575 023
LIABILITIES	8 507 372	9 326 929
Equity capital	5 514 260	6 275 110
Non-current liabilities	1 017 183	719 734
Including deferred tax liability	980 673	690 760
Current liabilities	1 975 929	2 332 085