

HALF-YEARLY RESULTS 2017

Improvements in productivity and extensions of the area planted

New organisation in place in line with the strategic plan presented with the annual results 2016

Paris & Brussels, 19th October 2017 (8.30 am) – KKO INTERNATIONAL (BE0974284169 – ALKKO.BR – PEA-PME), a world leader in the innovative production of cocoa, has today published its half-yearly results for 2017 ending on 30th June and approved at the meeting of the Board of Directors held on 18th October 2017.

First half of the year dedicated to improving productivity and extending the area planted

During the first six months of the year, KKO International extended its area planted by several hundreds of hectares. This means that at 30th June 2017, the Group had total lease holdings of 2 403 hectares, compared with 1 976 hectares at the end of December 2016. These are divided as follows:

- 1 192 hectares at Kotokonou I and II, of which 788 hectares are developed for growing cocoa and 404 hectares are used for growing yams;
- 1 211 hectares at Akossikro I and II and Abugnikro, of which 761 hectares are in the process of being developed for growing cocoa.

As a result, the number of hectares already developed or in the process of being developed for growing cocoa was 1 549 at 30th June 2017, representing a total number of 844 000 living cocoa trees, down slightly from the number at the end of 2016, due to the fact that the Group has re-organized its plots and voluntarily eliminated certain parcels of land deemed to be insufficiently productive. In parallel, KKO International has continued the development of its plant nurseries and at the end of June 2017 had more than 111 000 cocoa tree plants ready to be planted. As a consequence, the Group remains confident in its ability to get more than one million cocoa trees planted by the end of 2017 in the Bocanda area.

In order to achieve maximum yield from the areas it has developed, the Group would like to remind that it also grows other crops: mainly teak, yams and cassava. At Kotokonou, there are 58 310 teak trees, while at Kotokonou II, a parcel of land dedicated to growing yams, more than 150 000 yams were planted in this first half of the year. Finally, at Akossikro, the Group has decided to grow cassava on land not suited for growing cocoa trees. To date, more than 80 000 cassava plants have been planted. The initial harvests took place after the end of the first half and the Group is current selling 3 tons of cassava a day.

R&D efforts bearing fruit

The R&D efforts undertaken by the Group since it was created are now bearing fruit. Indeed, KKO International has implemented a number of protocols that have had many positive effects. As a result of better selection of land, its choice of plant material and the application of innovative planting techniques, the Group is currently achieving a plant mortality rate of under 5%, with surviving plants entering production after 2 years (much faster than the average elsewhere of approximately 3-4 years). The homogenisation of the plants is also underway and this should improve yields significantly.

Out of the 844 000 trees currently planted, approximately 300 000 have entered production and should produce more than 150 tons this year. A significant increase in the number of plants entering production and their yield is expected in 2018 and 2019.

Half-yearly results 2017

Over the first six months of 2017, KKO International generated a turnover of 110 K€, broken down as follows: 46 K€ in cocoa sales, 33 K€ in sales of yams and 31 K€ in sales of other products.

The operating result saw a loss of 1 427 K€ compared with a loss of 902 K€ at 30th June 2016. This result was impacted mainly by a lesser appreciation in the value of the biological assets and by an increase in staff overheads. Previously, a large proportion of the staff overheads was considered as investment and hence part of the fixed assets, which is no longer the case today.

After taking account of the revaluation of the biological assets reaching maturity, which was 366 K€ for the first six months of the year, compared with 217 K€ at 30th June 2016, the Group's Comprehensive Income for the first half of 2017 was a loss of 1 036 K€.

In terms of the Group's financial situation at 30th June 2017, Total Assets amounted to 6 960 K€, compared with 6 446 K€ at 31st December 2016, with cash and cash equivalents of 207 K€, compared with 48 K€ last year at the same time.

As a reminder, the Group conducted after the closing of the period a capital increase through a private placement with its main shareholders totalling 2 399 623 €, of which 1 200 000 € was in cash and 1 199 623 € in kind. This capital increase gives KKO International additional resources in the context of its Bocanda development plan, strengthens the Group's equity capital and reduces trade accounts payable.

New organisation in place

In line with the strategic plan presented last May, aimed at becoming the world's largest producer of quality cocoa and the benchmark partner for chocolate manufacturers, the Group has implemented a new organisation that emphasises innovation, scientific approach and sustainable development.

This new organisation takes the form of the implementation of four units, with each one dedicated to different projects:

1. The first unit will cover the whole of KKO International's initial project at Bocanda, which aims to develop 1 500 hectares in this region and ultimately to have, in total, more than one million productive trees.
2. The second unit will focus on new plantation development projects in partnership with third parties, manufacturers in the sector. An initial lease for 594 hectares has just been signed in Adi-Kouassikro in the region of M'Brimbo.
3. The third unit will bring together the Group's research and development projects. KKO International is developing new intensive production techniques designed to obtain homogenous plant material produced in the laboratory by somatic embryogenesis. This technique, which makes it possible to achieve much denser planting of trees per hectare, provides a real solution for fighting deforestation in Africa. The Group should also point out that all of the land that it holds was acquired as fallow land and that the Group does not participate in primary deforestation.
4. The fourth unit will relate to all the other crops developed by the Group, such as teak, yams and cassava.

KKO International continues to head toward generating added value by focusing on increasing productivity with several projects currently underway on various scales.

Depending on the project, the Group is examining several funding solutions and is currently in discussion with various potential investors regarding the finalisation of the development at Bocanda. While awaiting the conclusion of these financing arrangements, the main shareholders of KKO International have reached agreement to finance the company through advances from the shareholders to the current account.

Availability of the Half-Yearly Financial Report

The 2017 half-yearly financial report is available to the public and has been lodged this day with the Financial Markets Authority (AMF) and the Financial Services and Markets Authority (FSMA). The report may be viewed on the company's website at the following address: www.kko-international.com under the heading "Investors / Documentation / Half-Yearly Financial Report".



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 2,403 hectares including 1,549 hectares in operation. As Africa's largest cocoa plantation, SOLEA aims to grow 3,000 hectares 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 2017	30th June 2016
Income from ordinary activities	110 334	1 082
Variation in the fair value of the biological assets	29 612	315 514
Raw materials and consumables used	(31 381)	(15 107)
Loss of value on biological assets	(395 374)	(292 679)
Staff benefits	(365 819)	(78 438)
Depreciations	(176 747)	(160 608)
Other operating expenses	(597 491)	(671 538)
Operating result	(1 426 865)	(901 775)
Other non-operating income	44 468	-
Financial result	-	(68)
Result before tax	(1 382 396)	(901 843)
Tax on result	(19 969)	(76 189)
NET RESULT FOR THE PERIOD	(1 402 365)	(978 032)
Revaluation of productive plants	482 769	430 904
Tax on the result relating to it	(116 577)	(213 723)
OVERALL RESULT FOR THE PERIOD	(1 036 173)	(760 851)

In €	30th June 2017	30th December 2016
ASSETS	6 959 921	6 446 465
Non-current assets	6 664 836	6 236 484
Intangible fixed assets	3 085	1 506
Tangible fixed assets	3 242 264	3 342 678
Biological assets	3 405 888	2 878 700
Other non-current assets	13 600	13 600
Current assets	295 085	209 982
Of which cash and cash equivalent	206 723	48 431
LIABILITIES	6 959 921	6 446 465
Equity capital	1 057 472	2 093 645
Non-current liabilities	864 379	730 325
Of which liability for deferred taxes	818 802	682 254
Current liabilities	5 038 069	3 622 495
Of which Debts to the owners of the Company	3 041 548	2 177 909
Of which Commercial Debts and other creditors	1 451 521	1 444 587