PRESS RELEASE 2017

Regulated information I June 2017

SIPEF

Half-Year Results

of the SIPEF group as per 30 June 2017 (6m/17)

- *Total palm oil production over the first 6 months increased by 15.9%, with rising volumes at all our production centres in Indonesia and Papua New Guinea.*
- *Market prices for palm oil experienced wide fluctuations with a high of USD 760/tonne in January and a low of USD 625/tonne end June.*
- *After the acquisition of a controlling interest in PT Agro Muko in February, a successful capital increase of KUSD 97 122 was completed on 24 May 2017.*
- *A one-off consolidated gain of KUSD 79 324 on the remeasurement of the previously held interest in PT Agro Muko in accordance with IFRS 3.*
- *The net earnings, share of the group, excluding a one-off gain share of the group of KUSD 75 182, amounted to KUSD 32 250, which is 164.0% higher than in the first half of 2016.*
- *The positive recurring free cash flow of KUSD 40 388 will enable us to continue the steady expansion of the plantation activities in South Sumatra and in the meantime, the acquisition of 95% of PT Dendy Marker Indah Lestari was completed on 31 July.*
- *With due consideration for the rising palm oil production volumes and the sales already completed, we expect recurring annual earnings to surpass those of 2016.*

1. Interim management report

1.1. Group production

	Second Quarter				Year To Date			
2017 (In tonnes)	**Own**	**Third parties**	**Q2/17**	**YoY %**	**Own**	**Third parties**	**Q2/17**	**YoY %**
Palm oil	64 888	15 772	80 660	10.54%	129 160	32 381	161 541	15.87%
Rubber	2 091	0	2 091	-25.88%	4 424	0	4 424	-18.21%
Tea	591	0	591	-17.23%	1 169	0	1 169	-22.43%
Bananas	6 671	0	6 671	23.19%	14 812	0	14 812	21.55%

2016 (In tonnes)	**Own**	**Third parties**	**Q2/16**	**Own**	**Third parties**	**Q2/16**
Palm oil	59 137	13 835	72 972	112 424	26 994	139 418
Rubber	2 708	113	2 821	5 234	175	5 409
Tea	714	0	714	1 507	0	1 507
Bananas	5 415	0	5 415	12 186	0	12 186

After a year of lower production volumes in 2016 due to the effects of El Niño, up to now 2017 is characterised by generally rising palm oil production. This trend, which was primarily observed in the first quarter (+21.7%), continued to a large degree in the second quarter (+10.5%), which means that *SIPEF* was able to close the first half of the year with a rise in the palm oil volume of 15.9% compared with the same period last year.

The rise was particularly observed in the more mature plantations of the Tolan Tiga Group in North Sumatra (+21.4%), which had also suffered most from the aforementioned El Niño drought effects. The young plantations in UMW/TUM continued their steady growth (+8.6%) and only the Agro Muko plantations in Bengkulu province that are being replanted maintained last year's production level (+1.3%).

After a rather exceptional mild rainy season at the beginning of the year, the palm plantations in Papua New Guinea continued to produce abundant fruit in the second quarter, with own plantations and the plantations of neighbouring farmers recording growth at the end of June of 26.9% and 21.5% respectively, compared with the same period last year.

Due to the timing of the wintering period in the first half of the year we often see substantial quarterly fluctuations in the Indonesian rubber production, so the rise of 12.7% in the first quarter has now levelled out to normal growth of 0.5% at the end of the first half of the year. However, the production in the replanted rubber plantations in Agro Muko, Bengkulu continues to rise encouragingly (+10.4%).

The tea plantations in Java, Indonesia again suffered from the weather in the second quarter and continued to struggle with a reduction in the number of sunshine hours of up to 40%, which meant that fresh leaf growth remained under par and production fell by 22.4% compared with the first half of last year.

Due to, among other things, the good development of the 151-hectare expansion zone at the Azaguié 2 plantation, total production volumes at Plantations J. Eglin in Ivory Coast rose by 21.6%, although the existing plantations also recorded growth of 9.5%, compared with the rather low volumes of last year.

1.2. Markets

		Average market prices		
		YTD Q2/17	YTD Q2/16	YTD Q4/16
in USD/tonne*				
Palm oil	CIF Rotterdam	734	667	700
Rubber	RSS3 FOB Singapore	2 274	1 465	1 605
Tea	Mombasa	2 801	2 263	2 298
Bananas	FOT Europe	872	922	905

** World Commodity Price Data*

During the second quarter the palm oil market was caught by bearish sentiments, such as expected strong palm production growth later in the year, big soybean crops in South America and an expected very big US soybean planting. However, at the same time palm oil stocks were very tight. The market was strongly inverted due to the tight stocks environment, and consumers remained very hand-to-mouth in their buying behaviour. The European palm market was at the same time overflowing with South American palm oil and trading only USD 10 to USD 20 over the FOB Indonesia market, far below the true shipping parity. Despite the fact that every production month came out slightly below expectation, as well as good demand in May and June triggering a further stock reduction, the market remained in a downward trend. The palm oil market traded from USD 665/tonne at the beginning of the quarter to USD 625/tonne CIF Rotterdam by the end of June.

The palm kernel oil (PKO) market traded in a similar subdued trend. Although its "partner in laurics", coconut oil, traded at a USD 500 premium, PKO was not attracting a strong buying wave. The price of PKO traded from USD 1 100/tonne at the beginning of April to USD 930/tonne CIF Rotterdam at the end of June.

The rubber market remained very lacklustre in the second quarter and rising production, particularly in Thailand and Vietnam, was received by already well-covered buyers. The Thai government further released some of its stocks and the Chinese consumers were well-covered, with domestic stocks in China rising. Prices for SICOM RSS3 dropped from USD 2 246/tonne to USD 1 735/tonne at the end of June.

Mombasa tea auction prices were firm during the second quarter and appreciated during June, as major packers started building stocks ahead of the Kenyan elections on 8th August. Tea production in Kenya, the biggest exporter of black tea in the world, was 20% lower in the first six months of 2017 versus 2016. As a result, prices in the Mombasa auction at the end of June 2017 were 25% higher versus last year.

1.3. Consolidated income statement

Consolidated income statement

	30/06/2017	30/06/2016*
In KUSD (condensed)		
Revenue	157 017	117 353
Cost of sales	-99 705	-92 212
Changes in the fair value	160	2 463
Gross profit	**57 472**	**27 604**
Selling, general and administrative expenses	-14 930	-12 599
Other operating income/(charges)	80 331	21
Operating result	**122 873**	**15 026**
Financial income	784	54
Financial charges	-1 683	-451
Exchange differences	937	67
Financial result	**38**	**-330**
Profit before tax	**122 911**	**14 696**
Tax expense	-12 391	-4 801
Profit after tax	**110 520**	**9 895**
Share of results of associated companies and joint ventures	3 100	3 314
Result from continuing operations	**113 620**	**13 209**
Profit for the period	**113 620**	**13 209**
Share of the group	**107 432**	**12 216**

* The 30 June 2016 comparative figures have been restated due to the amendments to IAS 16 and IAS 41 : Property, plant and equipment and agriculture - bearer plants.

Consolidated gross profit

	30/06/2017	%	30/06/2016*	%
In KUSD (condensed)				
Palm	51 731	90.1	25 320	91.8
Rubber	2 713	4.7	-23	-0.1
Tea	345	0.6	357	1.3
Bananas and plants	1 966	3.4	949	3.4
Corporate and others	717	1.2	1 001	3.6
Total	**57 472**	**100.0**	**27 604**	**100.0**

* The 30 June 2016 comparative figures have been restated due to the amendments to IAS 16 and IAS 41 : Property, plant and equipment and agriculture - bearer plants.

The financial statements of the previous years were restated in the light of the amended valuation method for the growing biological production of palm fruit. The impact of this restatement is shown in annex 6.
The financial statements of 2017 and the comparison with last year are significantly influenced by the full consolidation of PT Agro Muko in the *SIPEF* group as from 1 March 2017.

Total revenue rose by 33.8% to USD 157 million. The full consolidation of PT Agro Muko had only a minor impact on turnover, given that virtually the whole production of PT Agro Muko used to be sold through *SIPEF*.
Revenue of palm oil rose by 37.2%. The much higher volumes were sold at higher unit prices.

Rubber revenue rose by 27.2%. Excluding the impact of the disposal of Galley Reach Holdings Ltd from the *SIPEF* group at the beginning of June 2016, this rise was even as high as 59.6%. This rise is almost exclusively due to the higher prices, especially during the first half of 2017.

In the tea activities, the lower volumes were offset by a higher unit price, resulting in a virtually unchanged revenue (+2.9%).
Turnover followed the higher volumes in the banana and flower activities (+20.2%).

The average ex-works unit price for the palm segment (90% of the total gross margin) fell by some 5% during the first half of the year, compared with the same period last year, primarily due to the higher volumes and lower purchase prices for fertilisers and energy.

The adjustment in fair value is due to the impacts on the measurement of:
- the stock of finished products at their market value rather than their production cost (IAS2);
- the hanging palm fruits at their fair value (IAS41R).

Gross profit rose from KUSD 27 604 in June 2016 to KUSD 57 472 in June 2017 (+108.2%).

Gross profit in the palm segment doubled (+KUSD 26 411) compared with the first six months of 2016, due to the 'PT Agro Muko' effect (KUSD 6 421), outstanding production and the sharp rise in palm and palm kernel oil prices.
Gross profit in rubber recovered (+KUSD 2 690) compared with the first half of 2016, especially due to higher world market prices. There were also two non-operational effects: the evaporation of the negative margin in 2016 (KUSD 199) through the sale of Galley Reach Holdings in Papua New Guinea and the effect of the full consolidation of PT Agro Muko in 2017 (KUSD 370).
The expansion of the banana and flower activity resulted in much higher banana volumes and a rise in the gross margin by around USD 1 million.

Selling, general and administrative expenses increased sharply (+18.5%), primarily due to a higher bonus provision as a consequence of the higher profit, the increased IT costs, the further development of a regional office in the Musi Rawas region and one-off lawyer and consultancy fees in relation to the acquisition of PT Agro Muko and PT Dendy Marker.

Other operating income/(charges) include a gain of KUSD 79 324 on the remeasurement of the original stake in PT Agro Muko in accordance with IFRS 3 (see annex 7).

The operating result, excluding the aforementioned gain of KUSD 79 324, tripled, ending at KUSD 43 549 compared with KUSD 15 026 last year.

Financial income primarily comprises the positive time effect of the discounting of the receivable from the sale of the interest in the SIPEF-CI SA oil palm plantation in Ivory Coast at the end of 2016 (KUSD 718). This receivable will be paid over the next five years.
The financial charges can be split into a one-off payment to set up the bridge financing for the acquisition of PT Agro Muko (KUSD 576) and an interest expense of KUSD 1 107. The rise in the interest expense compared with 2016 was the consequence of the temporary increase in the debt position ahead of the capital increase in May 2017.

The limited positive exchange differences are primarily due to the hedging of the expected EUR dividend, the exchange differences on the unhedged Euro receivable from the sale of SIPEF-CI and the hedging cost of the short-term EUR financing to USD.

Profit before tax, excluding the aforementioned one-off gain of KUSD 79 324, was KUSD 43 588 compared with KUSD 14 695 in June 2016, a rise of 196.6%. At 28.4%, the effective tax expense, excluding the aforementioned one-off gain, was completely in line with the theoretical tax expense of 27.3%.

The share of results of 'associated companies and joint ventures' includes the result of PT Agro Muko up to and including 28 February 2017 (KUSD 2 011), PT Timbang Deli and Verdant Bioscience Singapore PTE Ltd (combined KUSD -262) and our insurance branch (KUSD 1 351), where good technical results and a one-off gain on the acquisition of Canal Re SA in Luxembourg of KUSD 836 had a favourable impact on the result.

Profit for the period, excluding the aforementioned one-off gain of KUSD 79 324, was KUSD 34 296 compared with KUSD 13 209 the year before, a rise of 159.6%.

The net earnings, share of the group, excluding the one-off gain share of the group of KUSD 75 182, amounted to KUSD 32 250, which is 164.0% higher than in 2016.

1.4. Consolidated cash flow

Consolidated cash flow

In KUSD (management presentation)	30/06/2017	30/06/2016*
Cash flow from operating activities	58 098	28 511
Change in net working capital	6 853	-3 652
Income taxes paid	-2 021	-1 225
Cash flow from operating activities after tax	**62 930**	**23 634**
Acquisitions intangible and tangible assets	-24 175	-18 952
Dividends received from associated companies and joint ventures	0	2 365
Sales of PP&E and financial assets	1 633	607
Recurring free cash flow	**40 388**	**7 654**
Acquisition financial assets	-25 558	-1 500
Equity transactions with non-controlling parties	-99 769	-7
Capital increase	95 037	0
Other financing activities	5 486	-5 558
Net increase in investments, cash and cash equivalents	**15 584**	**589**

In USD per share	30/06/2017	30/06/2016*
Weighted average shares outstanding	9 176 300	8 851 740
Basic operating result	13.39	1.70
Basic net earnings	11.71	1.38
Diluted net earnings	11.67	1.38
Cash flow from operating activities after tax	6.86	2.67

* The 30 June 2016 comparative figures have been restated due to the amendments to IAS 16 and IAS 41 : Property, plant and equipment and agriculture - bearer plants.

Cash flow from operating activities rose by KUSD 29 587 in line with the increased operating result.
The improvement in working capital (+KUSD 6 853) is primarily due to the application of the relevant delivery and payment arrangements with our customers.
In Indonesia we always pay corporate tax one year later. The limited size of the tax paid in 2017 of KUSD 2 021 reflects the lower profit in 2016.

The main investments were the payment of additional land compensation and the planting of oil palms in the new project in South Sumatra, alongside the usual replacement investments and the maintenance of immature plantations.

In June 2017, in accordance with the contractual stipulations, the next tranche of KUSD 1 500 was received from the sale of Galley Reach Holdings Ltd in 2016. We will receive a further KUSD 3 600 from this sale over the next three years.

The recurring free cash flow over the first 6 months of 2017 amounted to KUSD 40 388 versus KUSD 7 654 during the same period last year.

The acquisition of the additional share in PT Agro Muko had the following impact on cash flow:

	KUSD
Total acquisition price	-144 080
Advance paid in 2016	1 250
Available liquidity in PT Agro Muko	17 852
Net impact	-124 978

This net impact was split into acquisitions of financial assets (KUSD -25 208) and equity transactions with non-controlling parties (KUSD -99 769) for IFRS purposes.

In addition, another KUSD 350 was paid to Verdant Bioscience Singapore PTE Ltd for the continued construction of a research centre, as a result of which acquisitions of financial assets were KUSD 25 558.

The capital increase of KUSD 97 122, after deduction of the direct costs of this transaction of KUSD 2 085, had a net impact of KUSD 95 037.

1.5. Consolidated balance sheet

Consolidated balance sheet		
	30/06/2017	31/12/2016*
In KUSD (management presentation)		
Biological assets (depreciated costs) - bearer plants	251 941	178 346
Other fixed assets	429 045	307 409
Net assets held for sale	0	0
Net current assets, net of cash	49 693	61 773
Net cash position	-36 264	-45 061
Total net assets	**694 415**	**502 467**
Shareholders' equity, group share	602 678	448 063
Non controlling interest	32 169	25 063
Provisions and deferred tax liabilities	59 568	29 341
Total net liabilities	**694 415**	**502 467**

* We refer to annex 6 for additional information with regard to the revised comparative figures from 2016

Three aspects had a strong impact on the changes to the balance sheet positions in the first half of 2017:

- The full consolidation of PT Agro Muko in the consolidated financial statements of the *SIPEF* group from 1 March 2017;
- The reclassification of the land rights from intangible assets to tangible assets;
- A capital increase in May 2017.

Due to the acquisition of an additional interest in PT Agro Muko, the assets and liabilities of this company were remeasured at their fair value and the individual items from 1 March 2017 in the consolidated statements were recognised in accordance with the full consolidation method (rather than aggregated under 'Investments in associated companies and joint ventures'). For more details, see annex 8.

Following the acquisition of PT Agro Muko, the *SIPEF* group has reconsidered the presentation of the land rights and concluded to present these land rights as Property, Plant & Equipment instead of intangible assets, consistently with practices in the industry and with relevant guidance in that respect. The comparative balance sheet at 31 December 2016 was restated to include this change in the comparative figures (see annex 6).

On 24 May 2017 a capital increase of KUSD 97 122 was successfully completed through the issue of 1 627 588 new shares.

1.6. Prospects

Production.

At the beginning of the third quarter, we observe a continuing increase in the production volumes at the mature plantations in North Sumatra, the young plantations in UMW/TUM and the total activity in Papua New Guinea compared with the same period last year, which allows us to maintain our expectations for the growth of our annual palm oil production by at least 10%.

The higher yields per hectare of the rubber plantations in Agro Muko, Bengkulu also cause us to expect a slight rise in the annual volumes for this activity in Indonesia. The weather for the tea plantations in Cibuni, Java has improved, which means some of the production losses can be recovered, but last year's volume will not be achieved. The good development of the new areas means that the banana volumes for export are expected to continue to rise in the second half of the year.

Markets.

It took the market till early July to realise how tight the palm oil stocks situation was in the origin before the prices recovered. It coincidentally happened at the same time when there was a general rally in agricultural commodities as growing conditions in the US and Europe were less favourable than expected. A big short-covering wave was clearly visible in the market, led by the funds. Also the petro market seemed to recover toward USD 50/barrel, which should be positive for biodiesel blending. The pace of the palm oil production growth leading to the peak in September/October seems to be the biggest input for future price setting, in combination with August weather in the US when the soybean crop is made. We are positive that prices will remain steady, at the present level of USD 670/tonne, for the remainder of the year, as palm oil is already competitively priced versus its competing oils.

The rubber market is still dealing with a small oversupply now the temporary production hiccups from earlier in the year are over. The market consensus seems to be that current prices (USD 1 800/tonne) are good enough. Therefore, we cannot be very positive that we will see any strong price rallies and expect the market to trade in a very narrow range.

Winter tea demand will be kicking in and, with the shortfall in Kenyan production during the first half of the year, prices are bound to be firm especially during the third quarter of the year.

Results.

Despite the weakening of the palm oil market, especially compared with the first quarter, we continue to gradually put our rising production volumes on the market, capitalising on market fluctuations linked to volume prospects for vegetable oils. To date we have sold 74% of our expected production volumes at an average price of USD 760/tonne CIF Rotterdam, premiums included, compared with 70% at USD 704/tonne CIF Rotterdam at the same time last year.

Primarily because of the price rise at the beginning of the year, 75% of the expected Indonesian rubber production has also already been sold at an average USD 2 099/tonne FOB, compared with USD 1 443/tonne FOB at the same time last year. Also here we continue to gradually sell in a relatively stable market. Around 80% of our expected lower tea volumes were sold at an FOB price of USD 2 550/tonne, a level identical to last year's average price.

Due to the relatively stable prices of the local currencies of Indonesia and Papua New Guinea compared with the weakened USD, we expect the unit cost price to be maintained or, given the rising volumes in Indonesia, even to improve slightly, bearing in mind the low volatility in crude and fertiliser prices. Additionally, we do not expect any changes in the current system of export levies on palm oil in Indonesia.

Despite higher production volumes, due to the current low prices for palm oil compared with the beginning of the year, we do not expect the results of the second half of the year to match those of the first six months, but we do expect to achieve better recurring annual results compared to those in 2016.

Cash flow and expansion.

The investment policy of the *SIPEF* group remains focused on the normal replanting of the mature plantations and the expansion of the palm oil activities in Sumatra, Indonesia and to a limited degree of the banana areas in Ivory Coast. The expansion in palm oil in Papua New Guinea is almost finished and the hectares that have already been planted and that are now maturing will be able to use the capacity of the three factories.

As stated in the press release of 1 August, the acquisition of 95% of PT Dendy Marker Indah Lestari (DMIL) has been completed and management has been transferred to *SIPEF*. To enable us to achieve the expected yield as soon as possible, our priorities over the next five years are optimising the currently loss-making plantation activities, renovating the palm oil factory and gradually replanting the old palms, which are around 20 years old.

The development of the three concessions in Musi Rawas also continues to be successful. Over the past six months, an additional 941 hectares were compensated and an additional 1 068 hectares prepared for planting or planted, bringing the total to 7 729 cultivated hectares, which is 62.9% of the total of 12 296 compensated hectares. Given that more than 900 hectares have already been harvested, we will continue to develop the roads and residential centres for workers and managers over the coming period. The harvested fruits will be sold locally for the time being.

The expansion of the banana plantations in Ivory Coast will be continued with an additional planting of 60 hectares in 2017, after two years of 70-hectare expansions, of which the first productions have already been harvested for export. We will exploit 770 hectares by the end of the year.

After the aforementioned acquisition of a controlling interest in Agro Muko and the most recent purchase of 95% of DMIL, supported by a successful capital increase in May, our net debt position (after dividend) is around USD 93.5 million, some of which we will reduce in the second half of the year with the available cash flows and a considerable part of which we will convert to a structural financial debt.

2. Condensed financial statements

2.1. Condensed financial statements of the *SIPEF* group

2.1.1. Consolidated balance sheet (see annex 1)
2.1.2. Consolidated income statement (see annex 2)
2.1.3. Consolidated statement of comprehensive income (see annex 2)
2.1.4. Consolidated cash flow statement (see annex 3)
2.1.5. Statement of changes in consolidated equity (see annex 4)
2.1.6. Segment information (see annex 5)
2.1.7. Revision IAS 41R & land rights (see annex 6)
2.1.8. Business combinations, acquisitions and divestitures (see annex 7)
2.1.9. Full consolidation PT Agro Muko (see annex 8)

2.2. Notes

2.2.1. General information

SIPEF is a Belgian agro-industrial company listed on Euronext Brussels.
The condensed financial statements of the group for the six months ended 30 June, 2017 were authorised for issue by the board of directors on 16 August, 2017.

2.2.2. Basis of preparation and accounting policies

These financial statements are prepared in accordance with 'International Accounting Standard' IAS 34, "Interim Financial Reporting" as adopted by the EU. This report should be read in conjunction with *SIPEF* group's annual financial statements as at 31 December, 2016, because the financial statements herein do not include all the information and disclosures required in the annual financial statements.

The accounting policies of the *SIPEF* group which are used as of 1 January, 2017 are consistent with the accounting standards used for the consolidated financial statements of 31 December 2016, with the exception that the group has applied the new accounting standards and interpretations applicable for annual periods beginning on or after 1 January 2017. These new standards and interpretations have a minimal impact.

In addition, following the acquisition of PT Agro Muko (see annex 7), the *SIPEF* group has reconsidered the presentation of the land rights and concluded to present these land rights as Property, Plant & Equipment instead of intangible assets, consistently with practices in the industry and with relevant guidance in that respect. The comparative balance sheet at 31 December 2016 was restated to include this change in the comparative figures (see annex 6). In addition the *SIPEF* group closely monitors the situation of each land title in terms of renewal and only depreciates its land rights if there is an indication that the land title might not be renewed. This adjustments is considered to be a change in accounting estimate and will only be applied prospectively from 1 January 2017.

The comparative figures of 30 June 2016 were restated following the amendment of IAS 41 and IAS 16. The comparative figures of 31 December 2016 already reflect this restatement. For additional information with regard to the restatement of the previous financial statements, see annex 6.

The *SIPEF* group is currently analysing the potential impact of the implementation of IFRS 15 and IFRS 9. However, no material impact is expected.

The interim condensed consolidated financial statements have been subject to a limited review by our statutory auditor.

SIPEF

2.2.3. Consolidation scope

On 13 February 2017 Sipef NV acquired 10.87% of the shares and voting rights in PT Agro Muko. As a result, the interest of the *SIPEF* group in the capital and voting rights of PT Agro Muko rose from 47.2919% to 58.1619%, giving the group a controlling interest in PT Agro Muko.

In a separate transaction concluded with MP Evans on 17 March 2017 Sipef NV acquired an additional 36.84% of the total outstanding shares and voting rights in PT Agro Muko from MP Evans, as a result of which the total controlling interest in PT Agro Muko has increased to 95%. Sipef NV then sold the full 47.71% of the shares and voting rights in PT Agro Muko (total of the ANJ and the MP Evans transaction) to PT Tolan Tiga, which means the beneficial interest of the *SIPEF* group in PT Agro Muko is 90.25%.

The *SIPEF* group decided to include PT Agro Muko in accordance with the full consolidation method from 1 March 2017 at a beneficial interest stake of 90.25%. The results of PT Agro Muko for the period January up to and including February 2017 were included in accordance with the equity method at 47.2919%, of which 44.9273% is the share of the group.

For additional information with regard to the acquisition of PT Agro Muko see annex 8.

In 2017 ASCO NV acquired all the shares of Canal Re SA – a reinsurance company in Luxembourg.

There have not been any other changes to the consolidation scope of the *SIPEF* group during this year.

2.2.4. Income taxes

As shown in the table below, the effective tax rate depends to a large extent on other matters than the local results and the applicable local tax rates. The reconciliation can be presented as follows:

In KUSD	30/06/2017	30/06/2017*	30/06/2016**
Result before tax	122 912	43 588	14 696
	25.81%	27.29%	27.66%
Theoretical tax charge	-31 724	-11 893	-4 065
Deferred Tax on asset valuation (USD)			-126
Exchange result USD	2	2	-34
Deferred Tax on carried forward losses of the past	-440	-440	-146
Permanent differences	19 771	-60	-430
Tax charge	-12 391	-12 391	-4 801
Effective tax rate	10.08%	28.43%	32.67%

* For a better understanding, a column was added making abstraction of the effect of the non-taxed remeasurement gain of KUSD 79 324 on the revaluation of the original holding in PT Agro Muko

** The 30 June 2016 comparative figures have been restated due to the amendments to IAS 16 and IAS 41 : Property, plant and equipment and agriculture - bearer plants.

Applying the principles of IAS 12, a net deferred tax asset of KUSD 440 on tax losses carried forward has been reversed per 30 June, 2017. This is caused by the impairment on deferred tax assets recorded in the past, because based on the latest available business plan, it is expected that these deferred tax assets will not be utilized within the near foreseeable future.

The total tax charge of KUSD 12 391 (KUSD 4 801) can be split into a current tax component of KUSD 9 612 (KUSD 3 252) and a deferred tax component of KUSD 2 779 (KUSD 1 549).

2.2.5. Segment information

See annex 5.

2.2.6. Equity consolidation – Share of results of associated companies and joint ventures

Following the change to the consolidation scope (see 2.2.3. Consolidation scope) from 1 March 2017 PT Agro Muko is no longer consolidated in accordance with the equity method. The results of PT Agro Muko for the period January up to and including February 2017 were recognised in accordance with the equity method. These were included in 'Results of associated companies and joint ventures' for a total amount of KUSD 2 011, with KUSD 1 910 share of the group.

For additional information with regard to the impact of the change to the consolidation method, see annex 7 and annex 8.

2.2.7. Shareholders' equity

On 24 May, 2017 a capital increase of KUSD 97 122 was successfully completed through the issue of 1 627 588 new shares. This brings the total number of outstanding shares to 10 579 328.

The total costs attributable to the capital increase (KUSD 2 085) including the tax effect (KUSD -709) was booked directly through equity.

On 14 June, 2017, *SIPEF*'s shareholders approved the distribution of a EUR 1.25 gross dividend (coupon 10) for the financial year 2016, payable as from 5 July, 2017. The total dividend paid (including to own shares) amounts to EUR 11 189 675. Converted at the USD exchange rate of the day of the general meeting, this amounts to USD 12 562 788.

2.2.8. Net financial assets/(liabilities)

In KUSD	30/06/2017	30/12/2016
Short-term obligations - credit institutions	-69 052	-62 265
Investments and deposits	0	0
Cash and cash equivalents	32 788	17 204
Net financial assets/(liabilities)	**-36 264**	**-45 061**

The short-term liabilities have a term of less than three months and comprise USD 'straight loans' with our bankers of KUSD 4 750, a 'commercial paper' debt of KUSD 21 242 and the remaining part of the 'bridge loan' relating to the short-term loan taken out for the purchase of PT Agro Muko of KUSD 43 061.

From cash and cash equivalents, which at 30 June 2017 were KUSD 32 788, as from 5 July, 2017 an amount of KUSD 12 408 was paid out as a dividend for 2016.

2.2.9. Financial instruments

The financial instruments were categorised according to principles that are consistent with those applied for the preparation of note 29 of the 2016 financial statements. No transfer between levels occurred during the first six months of 2017.

All derivatives outstanding per 30 June, 2017 measured at fair value relate to forward exchange contracts. The fair value of the forward exchange contracts is calculated as the discounted value of the difference between the contract rate and the current forward rate, and is classified as level 2 (fair value determination based on observable inputs). As per 30 June, 2017 the fair value amounts to KUSD 1 482 versus KUSD -1 176 per 31 December, 2016.

The carrying amount of the other financial assets and liabilities approximates the fair value.

The current credit lines available amount to KUSD 156 044:

- ‘Straight loans’ for a total of KUSD 104 241 (uncommitted)
- ‘Bridge financing’ for a total of KUSD 30 000 (committed until 31/01/2018)
- ‘Commercial papers’ for a total of KUSD 21 803

2.2.10. Related party transactions

There are no changes to the transactions with associated companies with regard to the annual report of December 2016.

2.2.11. Important events

See management report.

2.2.12. Events after balance sheet date

Referring to the published press release of 21 February 2017 and after completion of the customary ‘due diligence’ and the approval received from the Indonesian authorities, we are pleased to confirm the completion of the definitive acquisition of 95% of the shares of the RSPO-certified PT Dendy Marker Indah Lestari (DMIL) for an amount of KUSD 53 105.

The current owners of PT Agro Inti Semesta (AIS), which is part of the LIPPO group, have retained their 5% shareholding in DMIL and as from 1 August the *SIPEF* group has taken over the management of the company, located in Musi Rawas Utara, South Sumatra, with 6 562 hectares of cleared/planted hectares of oil palm, 2 780 hectares of smallholders cultivation (plasma) and the palm oil extraction mill with a processing capacity up to 25 tonnes of bunches per hour. The large majority of the hectares planted 20 years earlier will in the coming years be replanted with the newest generation of oil palms, which should enable the *SIPEF* group to optimise their development in the Musi Rawas region in South Sumatra.

2.2.13. Risks

In accordance with Article 13 of the Royal Decree of 14 November, 2007, *SIPEF* group states that the fundamental risks confronting the company are unchanged from those described in the 2016 annual report, and that no other risks nor uncertainties are expected for the remaining months of the financial year.

On a regular basis, the board of directors and company management evaluate the business risks that confront the *SIPEF* group.

3. Certification of responsible persons

Baron Bertrand, chairman of the board of directors, and François Van Hoydonck, managing director, confirm that to the best of their knowledge:

- these interim condensed consolidated financial statements for the six month period ending June 30, 2017 are prepared in accordance with IFRS (International Financial Reporting Standards) and give, in all material respects, a true and fair view of the consolidated financial position and consolidated results of *SIPEF* group and of its subsidiaries included in the consolidation;

- the interim financial report gives, in all material respects, a true and fair view of all important events and significant transactions with related parties that have occurred in the first six months of the fiscal year 2017 and their effects on the interim financial statements, as well as an overview of the most significant risks and uncertainties the *SIPEF* group is confronted with.

4. Report of the statutory auditor

See annex 9.

Schoten, 17 August 2017

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SIP LISTED EURONEXT

SIPEF is a Belgian agro-industrial company listed on Euronext Brussels. The company mainly holds majority stakes in tropical businesses, which it manages and operates. The group is geographically diversified, and produces a number of different commodities, principally palm oil. Its investments are largely long-term ventures in developing countries.

SIPEF

Consolidated balance sheet

Annex 1

In KUSD (condensed)	30/06/2017	31/12/2016*
Non-current assets	**694 839**	**501 560**
Intangible assets	206	136
Goodwill	83 605	1 348
Biological assets - bearer plants	251 941	178 346
Property, plant & equipment	315 861	236 643
Investment property	0	0
Investments in associated companies and joint ventures	19 644	60 937
Financial assets	70	22
Other financial assets	70	22
Receivables > 1 year	9 659	8 323
Other receivables	9 659	8 323
Deferred tax assets	13 853	15 805
Current assets	**134 156**	**113 772**
Inventories	33 868	23 757
Biological assets	5 301	4 133
Trade and other receivables	48 377	62 681
Trade receivables	23 262	40 401
Other receivables	25 115	22 280
Current tax receivables	6 258	4 084
Investments	0	0
Other investments and deposits	0	0
Derivatives	1 482	0
Cash and cash equivalents	32 788	17 204
Other current assets	6 082	1 913
Assets held for sale	0	0
Total assets	**828 995**	**615 332**

In KUSD (condensed)	30/06/2017	31/12/2016*
Total equity	**634 847**	**473 126**
Shareholders' equity	602 678	448 063
Issued capital	44 734	37 852
Share premium	107 970	17 730
Treasury shares (-)	-7 221	-7 425
Reserves	470 464	417 997
Translation differences	-13 269	-18 091
Non-controlling interests	32 169	25 063
Non-current liabilities	**73 421**	**45 146**
Provisions > 1 year	2 285	1 702
Provisions	2 285	1 702
Deferred tax liabilities	52 838	31 582
Trade and other liabilities > 1 year	0	0
Financial liabilities > 1 year (incl. derivatives)	0	0
Pension liabilities	18 298	11 862
Current liabilities	**120 727**	**97 060**
Trade and other liabilities < 1 year	48 611	30 515
Trade payables	9 852	16 630
Advances received	841	11
Other payables	22 173	8 223
Income taxes	15 745	5 651
Financial liabilities < 1 year	69 052	63 441
Current portion of amounts > 1 year	0	0
Financial liabilities	69 052	62 265
Derivatives	0	1 176
Other current liabilities	3 064	3 104
Liabilities associated with assets held for sale	0	0
Total equity and liabilities	**828 995**	**615 332**

* The land rights have been reclassified from the intangible assets to the property, plant and equipment. We refer to note 2.2.2. basis of preparation of accounting policies.

Consolidated income statement

Annex 2

In KUSD (condensed)	30/06/2017	30/06/2016*
Revenue	157 017	117 353
Cost of sales	-99 705	-92 212
Changes in the fair value	160	2 463
Gross profit	**57 472**	**27 604**
Selling, general and administrative expenses	-14 930	-12 599
Other operating income/(charges)	80 331	21
Operating result	**122 873**	**15 026**
Financial income	784	54
Financial charges	-1 683	-451
Exchange differences	937	67
Financial result	**38**	**-330**
Profit before tax	**122 911**	**14 696**
Tax expense	-12 391	-4 801
Profit after tax	**110 520**	**9 895**
Share of results of associated companies and joint ventures	**3 100**	**3 314**
Result from continuing operations	**113 620**	**13 209**
Result from discontinued operations	**0**	**0**
Profit for the period	**113 620**	**13 209**
Attributable to:		
- Non-controlling interests	6 188	993
- Equity holders of the parent	107 432	12 216

Earnings per share (in USD)		
From continuing and discontinued operations		
Basic earnings per share	11.71	1.38
Diluted earnings per share	11.67	1.38
From continuing operations		
Basic earnings per share	11.71	1.38
Diluted earnings per share	11.67	1.38

* The 30 June 2016 comparative figures have been restated due to the amendments to IAS 16 and IAS 41 : Property, plant and equipment and agriculture - bearer plants.

SIPEF

Consolidated income statement

Annex 2

Consolidated statement of comprehensive income

In KUSD (condensed)	30/06/2017	30/06/2016*
Profit for the period	**113 620**	**13 209**
Other comprehensive income:		
Items that may be reclassified to profit and loss in subsequent periods:		
- Exchange differences on translating foreign operations	4 822	209
Items that will not be reclassified to profit and loss in subsequent periods:		
- Defined Benefit Plans - IAS 19R	- 77	-237
- Income tax effect	19	59
Total other comprehensive income:	**4 764**	**31**
Other comprehensive income for the year attributable to:		
- Non-controlling interests	-2	-14
- Equity holders of the parent	4 766	45
Total comprehensive income for the year:	**118 384**	**13 240**
Total comprehensive income for the year attributable to:		
- Non-controlling interests	6 186	979
- Equity holders of the parent	112 198	12 261

* The 30 June 2016 comparative figures have been restated due to the amendments to IAS 16 and IAS 41: Property, plant and equipment and Agriculture – bearer plants.

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Consolidated cash flow statement

Annex 3

In KUSD (condensed)	30/06/2017	30/06/2016*
Operating activities		
Profit before tax	122 911	14 696
Adjusted for:		
Depreciation	16 856	14 751
Movement in provisions	468	532
Stock options	80	109
Exchange results not yet realised	-472	0
Changes in fair value of biological assets	140	-1 730
Other non-cash results	-1 275	35
Hedge reserves and financial derivatives	-2 658	-641
Financial income and charges	965	348
Capital loss on receivables	0	0
Capital loss on sale of investments	0	39
(Gain)/loss on disposal of property, plant and equipment	407	372
(Gain)/loss on disposal of financial assets	-79 324	0
Cash flow from operating activities before change in net working capital	58 098	28 511
Change in net working capital	6 853	-3 652
Cash flow from operating activities after change in net working capital	64 951	24 859
Income taxes paid	-2 021	-1 225
Cash flow from operating activities	62 930	23 634
Investing activities		
Acquisition intangible assets	-69	-2 473
Acquisition biological assets - bearer plants	-9 661	-8 664
Acquisition property, plant & equipment	-14 445	-7 815
Acquisition investment property	0	0
Acquisition financial assets	-25 558	-1 500
Dividends received from associated companies and joint ventures	0	2 365
Proceeds from sale of property, plant & equipment	133	34
Proceeds from sale of financial assets	1 500	573
Cash flow from investing activities	-48 100	-17 480
Free cash flow	**14 830**	**6 154**
Financing activities		
Capital increase	95 037	0
Equity transactions with non-controlling parties	-99 769	-7
Decrease/(increase) of treasury shares	204	0
Repayment in long-term financial borrowings	0	0
Increase short-term financial borrowings	142 830	0
Decrease short-term financial borrowings	-136 043	-4 997
Last year's dividend paid during this bookyear	0	0
Dividends paid by subsidiaries to minorities	-430	-215
Interest received - paid	-1 075	-346
Cash flow from financing activities	754	-5 565
Net increase in investments, cash and cash equivalents	**15 584**	**589**
Investments and cash and cash equivalents (opening balance)	17 204	19 537
Effect of exchange rate fluctuations on cash and cash equivalents	1	6
Investments and cash and cash equivalents (closing balance)	32 789	20 132

* The 30 June 2016 comparative figures have been restated due to the amendments to IAS 16 and IAS 41 : Property, plant and equipment and agriculture - bearer plants.

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Statement of changes in consolidated equity

Annex 4

In KUSD (condensed)	Issued capital SIPEF	Share premium SIPEF	Treasury shares	Defined benefit plans - IAS 19R	Reserves	Translation differences	Share-holders' equity	Non-controlling interests	Total equity
January 1, 2017	**37 852**	**17 730**	**-7 425**	**-2 398**	**420 395**	**-18 091**	**448 063**	**25 063**	**473 126**
Result for the period					107 432		107 432	6 188	113 620
Other comprehensive income				-56		4 822	4 766	-2	4 764
Total comprehensive income	**0**	**0**	**0**	**-56**	**107 432**	**4 822**	**112 198**	**6 186**	**118 384**
Last year's dividend paid					-12 408		-12 408	-430	-12 838
Equity transactions with non-controlling parties					-424		-424	424	0
ANJ acquisition PT Agro Muko							0	59 917	59 917
MP Evans acquisition PT Agro Muko					-44 494		-44 494	-55 275	-99 769
Transfer PT Agro Muko to PT Tolan Tiga					3 618		3 618	-3 618	0
Capital increase	6 882	90 240			-1 376		95 746		95 746
Other			204		175		379	-98	281
June 30, 2017	**44 734**	**107 970**	**-7 221**	**-2 454**	**472 918**	**-13 269**	**602 678**	**32 169**	**634 847**
January 1, 2016	**45 819**	**21 502**	**-6 817**	**-2 186**	**374 616**	**-17 505**	**415 429**	**23 400**	**438 829**
Result for the period					12 216		12 216	993	13 209
Other comprehensive income				-164		209	45	-14	31
Total comprehensive income	**0**	**0**	**0**	**-164**	**12 216**	**209**	**12 261**	**979**	**13 240**
Last year's dividend paid					-6 043		-6 043	-215	-6 258
Equity transactions with non-controlling parties					-39		-39	34	-5
Transfers	-7 967	-3 772			11 739		0		0
Other					109		109		109
June 30, 2016*	**37 852**	**17 730**	**-6 817**	**-2 350**	**392 598**	**-17 296**	**421 717**	**24 198**	**445 915**

* The 30 June 2016 comparative figures have been restated due to the amendments to IAS 16 and IAS 41 : Property, plant and equipment and agriculture - bearer plants.

Segment information

Annex 5

SIPEF's activities can be classified into segments based on the type of product. *SIPEF* has the following segments:

- Palm — Includes all palm products, including palm kernels and palm kernel oil, both in Indonesia and Papua New Guinea
- Rubber — Includes all different types of rubber produced and sold by the *SIPEF* group, both in Indonesia and Papua New Guinea
  - Ribbed Smoked Sheets (RSS)
  - Standard Indonesia Rubber (SIR)
  - Scraps and Lumps
- Tea — Includes both types of tea produced by *SIPEF* in Indonesia, i.e.:
  - Orthodox tea
  - "Cut, tear, curl" (CTC) tea
- Bananas and flowers — Includes all sales of bananas and flowers originating from Ivory Coast.
- Other — Mainly includes management fees received from non-group companies, commissions charged on sea freight and other commissions which are not covered by the sales contract.

The overview of segments below is based on the *SIPEF* group's internal management reporting.
The most important differences with IFRS consolidation are:

- All companies are included per segment at their percentage of interests using the proportionate consolidation method instead of the full consolidation method and the equity method.
- There are no inter-company eliminations.
- Instead of revenue the gross margin per segment is used as the starting point.

In KUSD	30/06/2017 (1)	30/06/2016* (2)
Gross margin per product		
Palm	54 129	26 951
Rubber	2 643	-41
Tea	330	335
Bananas and flowers	1 873	873
Other	2 870	2 873
Total gross margin	**61 845**	**30 991**
Selling, general and administrative expenses	-17 022	-14 515
Other operating income/(charges)	1 093	85
Financial income/(charges)	-890	-404
Exchange differences	941	-55
Profit before tax	**45 967**	**16 102**
Tax expense	-13 139	-5 126
Effective tax rate	-28.6%	-31.8%
Insurances	1 350	-119
Profit after tax	**34 178**	**10 857**
Effect of the IAS 41 restatement*	0	1 359
Correction PT Agro Muko @44.9273% January-February	-1 928	0
Correction PT Agro Muko remeasurement gain	75 182	0
Profit after tax after corrections	**107 432**	**12 216**

* The 30 June 2016 comparative figures have been restated due to the amendments to IAS 16 and IAS 41 : Property, plant and equipment and agriculture - bearer plants.

(1) PT Agro Muko included at a beneficial interest of 90.25%
(2) PT Agro Muko included at a beneficial interest of 44.93%

Segment information

Annex 5

Below we present the segment information per product and per geographical region in accordance with the IFRS profit and loss accounts.

Segment result is revenue minus expense that is directly attributable to the segment and the relevant portion of income and expense that can be allocated on a reasonable basis to the segment.

Gross profit by product

	Revenue	Cost of sales	Changes in the fair value	Gross profit	% of total
2017 - KUSD					
Palm	134 541	-82 952	142	51 731	90.0
Rubber	8 845	-6 055	- 77	2 713	4.7
Tea	4 123	-3 873	95	345	0.6
Bananas and plants	8 790	-6 824	0	1 966	3.4
Corporate	717	0	0	717	1.2
Others	1	- 1	0	0	0.0
Total	157 017	-99 705	160	57 472	100.0
2016 - KUSD*					
Palm	98 076	-75 278	2 522	25 320	91.8
Rubber	6 955	-7 311	333	- 23	-0.1
Tea	4 009	-3 260	- 392	357	1.3
Bananas and plants	7 311	-6 362	0	949	3.4
Corporate	1 000	0	0	1 000	3.6
Others	2	- 1	0	1	0.0
Total	117 353	-92 212	2 463	27 604	100.0

The segment “corporate” comprises the management fees received from non group entities, additional commissions on sea freights and any other commissions that are not included in the sales contracts.

Gross profit by geographical segment

	Revenue	Cost of sales	Other income	Changes in the fair value	Gross profit	% of total
2017 - KUSD						
Indonesia	88 504	-58 175	240	1 211	31 780	55.3
Papua New Guinea	59 005	-34 705	0	-1 051	23 249	40.5
Ivory Coast	8 790	-6 824	0	0	1 966	3.4
Europe	477	0	0	0	477	0.8
Others	1	- 1	0	0	0	0.0
Total	156 777	-99 705	240	160	57 472	100.0
2016 - KUSD*						
Indonesia	69 903	-56 254	369	1 035	15 053	54.5
Papua New Guinea	35 824	-26 295	0	1 428	10 957	39.7
Ivory Coast	10 624	-9 662	0	0	962	3.5
Europe	631	0	0	0	631	2.3
Others	2	- 1	0	0	1	0.0
Total	116 984	-92 212	369	2 463	27 604	100.0

* The 30 June 2016 comparative figures have been restated due to the amendments to IAS 16 and IAS 41 : Property, plant and equipment and agriculture - bearer plants.

Restatement IAS 41R & land rights

Annex 6

In November 2015 the amendments to IAS 16 and IAS 41 Agriculture: bearer plants were endorsed in the EU for periods beginning on or after the 1st of January 2016 with earlier application permitted. Due to these amendments bearer plants are now included in the scope of IAS 16 – Property, Plant and Equipment and measured at historical cost rather than fair value. *SIPEF* opted to early adopt the amendments in its 2015 annual financial statements.

Initially, a judgement was made that the portion of the biological asset that conceptually remains in the scope of IAS 41 – Agriculture, generally designated as the "growing agricultural produce", could not be objectively distinguished from the bearer plants and could thus not be measured reliably. As a result and consistent with the internal reporting, fair value measurement was only applied at the point of harvest in the financial statements for the periods ended 31 December 2015 and 30 June 2016.

Subsequently, a benchmark approach has been developed in the palm oil sector to define the growing agricultural produce as the oil contained in the palm fruit, so that the fair value of this distinct asset can be estimated reliably. On this basis, the initial judgement was revised and the financial statements of prior periods were restated to reflect the growing agricultural produce at fair value.

The limited impact of this restatement on the income statement, balance sheet and cash flow statement is disclosed below.

Effect on the consolidated income statement

	30/06/2016		
	IAS 41	IAS 41R	Difference
In KUSD (condensed)			
Gross Sales	117 353	117 353	0
Cost of Sales	- 92 212	- 92 212	0
Changes in the fair value	733	2 463	1 730
Gross Margin	**25 874**	**27 604**	**1 730**
Selling, general and administrative expenses	- 12 599	- 12 599	0
Other operating income /(charges)	21	21	0
Operating Result	**13 296**	**15 026**	**1 730**
Financial Income	54	54	0
Financial costs	- 451	- 451	0
Exchange variances	67	67	0
Financial Result	**- 330**	**- 330**	**0**
Profit before tax	**12 966**	**14 696**	**1 730**
Tax	- 4 330	- 4 801	- 471
Profit after tax	**8 636**	**9 895**	**1 259**
Share of results of associated companies and joint ventures	3 140	3 314	174
Result from continuing operations	**11 776**	**13 209**	**1 433**
Profit for the period	**11 776**	**13 209**	**1 433**
- Non controlling interests	919	993	74
- Equity holders of the parent	10 857	12 216	1 359
Earnings per share (in USD)			
From continuing and discontinued operations			
Basic/Diluted earnings per share	1.23	1.38	0.15

Restatement IAS 41R & land rights

Annex 6

Effect on the cash flow

	30/06/2016		
	IAS 41	IAS 41R	Difference
In KUSD (condensed)			
Profit before tax	**12 966**	**14 696**	**1 730**
Adjusted for:			
Depreciation	14 751	14 751	0
Movement in provisions	532	532	0
Stock options	109	109	0
Changes in fair value of biological assets	0	- 1 730	- 1 730
Other non-cash results	35	35	0
Hedge reserves and financial derivatives	- 641	- 641	0
Financial income and charges	348	348	0
Capital loss on receivables	0	0	0
Capital gain on sale of investments	39	39	0
Result on disposal of property, plant and equipment	372	372	0
Result on disposal of financial assets	0	0	0
Cash flow from operating activities before change in net working capital	28 511	28 511	0
Change in net working capital	- 3 652	- 3 652	0
Income taxes paid	- 1 225	- 1 225	0
Cash flow from operating activities after tax	**23 634**	**23 634**	**0**
Acquisitions intangible and tangible assets	- 18 952	- 18 952	0
Acquisitions financial assets	0	0	0
Operating free cash flow	**4 682**	**4 682**	**0**
Dividends received from associated companies and joint ventures	2 365	2 365	0
Proceeds from sale of assets	34	34	0
Free cash flow	**7 081**	**7 081**	**0**
Financial income and charges	- 5 565	- 5 565	0
Net increase in investments, cash and cash equivalents	1 516	1 516	0
Net free cash flow	**6 873**	**6 873**	**0**

Restatement of the land rights

The Group has reconsidered the presentation of the land rights and concluded to present these land rights as Plant, Property & Equipment i.s.o. Intangible assets, consistently with practices in the industry and with relevant guidance in that respect. In addition, The Group closely monitors the situation of each land title in terms of renewal and only depreciates its land rights if there is an indication that the land title might not be renewed.

The below statement represents the impact on the assets and liabilities of this change in accounting policy.

In KUSD (condensed)	31/12/2016	31/12/2016R	Difference
Non-current assets	**501 560**	**501 560**	**0**
Intangible assets	51 633	136	51 497
Goodwill	1 348	1 348	0
Biological assets - bearer plants	178 346	178 346	0
Property, plant & equipment	185 146	236 643	-51 497
Investment property	0	0	0
Investments in associated companies and joint ventures	60 937	60 937	0
Financial assets	22	22	0
Other financial assets	22	22	0
Receivables > 1 year	8 323	8 323	0
Other receivables	8 323	8 323	0
Deferred tax assets	15 805	15 805	0
Current assets	**113 772**	**113 772**	**0**
Inventories	23 757	23 757	0
Biological assets	4 133	4 133	0
Trade and other receivables	62 681	62 681	0
Trade receivables	40 401	40 401	0
Other receivables	22 280	22 280	0
Current tax receivables	4 084	4 084	0
Investments	0	0	0
Other investments and deposits	0	0	0
Derivatives	0	0	0
Cash and cash equivalents	17 204	17 204	0
Other current assets	1 913	1 913	0
Assets held for sale	0	0	0
Total assets	**615 332**	**615 332**	**0**
Total equity	473 126	473 126	0
Shareholders' equity	448 063	448 063	0
Issued capital	37 852	37 852	0
Share premium	17 730	17 730	0
Treasury shares (-)	-7 425	-7 425	0
Reserves	417 997	417 997	0
Translation differences	-18 091	-18 091	0
Non-controlling interests	25 063	25 063	0
Non-current liabilities	45 146	45 146	0
Provisions > 1 year	1 702	1 702	0
Provisions	1 702	1 702	0
Deferred tax liabilities	31 582	31 582	0
Trade and other liabilities > 1 year	0	0	0
Financial liabilities > 1 year (incl. derivatives)	0	0	0
Pension liabilities	11 862	11 862	0
Current liabilities	97 060	97 060	0
Trade and other liabilities < 1 year	30 515	30 515	0
Trade payables	16 630	16 630	0
Advances received	11	11	0
Other payables	8 223	8 223	0
Income taxes	5 651	5 651	0
Financial liabilities < 1 year	63 441	63 441	0
Current portion of amounts > 1 year	0	0	0
Financial liabilities	62 265	62 265	0
Derivatives	1 176	1 176	0
Other current liabilities	3 104	3 104	0
Liabilities associated with assets held for sale	0	0	0
Total equity and liabilities	**615 332**	**615 332**	**0**

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Business combinations, acquisitions and divestitures

Annex 7

On 13 February 2017, the Group acquired 10.87% of the shares and voting interests in PT Agro Muko. As a result, the Group's equity interest in PT Agro Muko increased from 47.2919% to 58.1619%, obtaining control of PT Agro Muko.

As this business combination was achieved in stages, the previously held interest in PT Agro Muko (classified as an associate) was re-measured at the acquisition date fair value and the difference with the carrying amount was recognized in the profit and loss statement. The fair value of the previously held interest in PT Agro Muko was established at 12 567 USD per ha for the fixed assets. Other assets and liabilities are already at fair value and amount to 1 270 USD per ha. This remeasurement has resulted in a net gain of KUSD 79 324 of which KUSD 75 182 share of the group and KUSD 4 142 attributable to the non controlling interests. This gain has been recognised under the line item 'Other operating income' in the income statement.

Fair value of previously held interest (47.2919%)	128 067	
- Carrying amount of previously held interest	-45 228	
Remeasurement gain	82 839	(a)
Recycling of historical translation adjustments relating to PT Agro Muko	-3 515	(b)
Net gain	**79 324**	
Part of the group: 95% *(a)+(b)	75 182	
NCI: 5% of (a)	4 142	

Taking control of PT Agro Muko will enable the group to continue it's strategy towards obtaining 100 000 (own share) of fully RSPO certified hectares. The acquisition is also expected to protect the Group's market share of the palm oil and rubber market and to continue to provide sufficient palm oil and rubber production to meet our client's demands.

A. Consideration transferred

The Consideration transferred is the total of cash paid to PT Austindo Nusantara Jaya TBK ("ANJ") for 10.87% of the total outstanding shares of PT Agro Muko. The total cash that was paid amounts to KUSD 44 311. No contingent consideration or equity instrument has been used for this transaction.

Considering the amount of cash and cash equivalent acquired from PT Agro Muko amounted to KUSD 17 853 the cash outflow resulting from the acquisition amounts to KUSD 26 458.

B. Acquisition related cost

Direct acquisition related costs in respect of the purchase of the shares of PT Agro Muko are considered as insignificant and are neither reflected.

Business combinations, acquisitions and divestitures

Annex 7

C. Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:

In KUSD	
Property, plant and equipment	
Property, land and equipment - land rights	37 351
Biological assets - bearer plants	67 458
Other Property, plant and equipment	40 742
Financial assets	46
Deferred tax assets	0
Inventories	5 782
Biological assets	727
Other current assets	17 940
Cash and cash equivalents	17 853
Pension provision	-5 439
other provisions	-986
Deferred tax liabilities	-21 176
Other current liabilities	-10 258
Total net assets acquired	**150 040**

There are no contingent liabilities recognised as part of the net assets.

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets acquired	
Property, plant and equipment - land rights	Market comparison technique: The valuation model considers quoted market prices for similar land rights acquired
Property, plant and equipment - Biological assets (bearer plants) & Other PP&E	Discounted cash flow technique and cost technique: The valuation model considers depreciated replacements costs as well as discounted cash flows when appropriate. Depreciated replacement costs reflect adjustments for physical deterioration as well as functional and economical obsolescence.

These fair values have been measured on a provisional basis. If new information obtained within one year of the date of the acquisition about facts and circumstances that identifies adjustments to the fair value amounts, or would indicate any additional provisions that existed at the of acquisition, then the accounting for the acquisition will be revised.

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Business combinations, acquisitions and divestitures

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D. Goodwill acquired

In KUSD	
Fair value of the consideration paid	44 311
+ Fair value of the previously held interest	121 664
+ NCI interest (determined as non-controlling interest in the fair value of the net assets acquired)	66 318
- Fair value of the net assets acquired	-150 036
= Goodwill	82 257

The goodwill is attributable mainly to the palm oil segment relating to additional synergies and economies of scale within the group. None of the goodwill recognised is expected to be deductible for tax purposes.

E. Contribution of PT Agro Muko

Since the acquisition date of 1 March 2017, PT Agro Muko contributed KUSD 2 760 to the consolidated revenue and KUSD 5 295 to consolidated net profit.

Had the acquisition of PT Agro Muko occured on 1 January 2017, the consolidated revenue and net profit would have amounted to KUSD 159 129 and KUSD 115 862 respectively.

F. Acquisition of non-controlling interests in PT Agro Muko

In a distinct transaction with MP Evans closed on 17 March 2017, the Group acquired an additional 36,84% of the total outstanding share in PT Agro Muko for a cash consideration of KUSD 99 769.

The difference with the carrying amount of non-controlling interests acquired (KUSD 55 275) amounts to KUSD 44 494 and has been recognised in Group equity.

Full consolidation PT Agro Muko

Annex 8

The total impact of the inclusion of PT Agro Muko on the consolidated balance sheet can be summarized as 4 movements:

- Two months of result from PT Agro Muko as an equity consolidated company
- Deconsolidation of the equity consolidation of 47,2919% as per 01/03/2017
- Inclusion of all the remeasured assets (including goodwill paid) and liabilities of PT Agro Muko
- Elimination of intercompany positions which were not yet eliminated as PT Agro Muko was an equity consolidated company before

We have included the total impact of the 4 movements above in the summary below. This summary is including the total of all the transactions relating to PT Agro Muko to arrive at the final share of the group of 90,25% in PT Agro Muko, including the financial liabilities that incurred to purchase PT Agro Muko.

In KUSD (condensed)	31/12/2016	PT Agro Muko 2 months equity	PT Agro Muko effect	31/12/2016 reference	30/06/2017 Balance sheet
Non-current assets	**501 560**	**2 011**	**182 626**	**686 197**	**694 839**
Intangible assets	136		0	136	206
Goodwill	1 348		82 257	83 605	83 605
Biological assets - bearer plants	178 346		67 458	245 804	251 941
Property, plant & equipment	236 643		78 093	314 736	315 861
Investment property	0		0	0	0
Investments in associated companies and joint ventures	60 937	2 011	-45 228	17 720	19 644
Financial assets	22		46	68	70
Other financial assets	22		46	68	70
Receivables > 1 year	8 323		0	8 323	9 659
Other receivables	8 323		0	8 323	9 659
Deferred tax assets	15 805		0	15 805	13 853
Current assets	**113 772**		**31 338**	**145 110**	**134 156**
Provisions	23 757		5 782	29 539	33 868
Biological assets	4 133		727	4 860	5 301
Trade and other receivables	62 681		2 761	65 442	48 377
Trade receivables	40 401		-1 007	39 394	23 262
Other receivables	22 280		3 768	26 048	25 115
Current tax receivables	4 084		4 240	8 324	6 258
Investments	0		0	0	0
Other investments and deposits	0		0	0	0
Derivatives	0		0	0	1 482
Cash and cash equivalents	17 204		17 853	35 057	32 788
Other current assets	1 913		-25	1 888	6 082
Assets held for sale	0		0	0	0
Total assets	**615 332**	**2 011**	**213 964**	**831 307**	**828 995**

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Full consolidation PT Agro Muko

Annex 8

In KUSD (condensed)	31/12/2016	PT Agro Muko 2 months equity	PT Agro Muko effect	31/12/2016 reference	30/06/2017 Balance sheet
Total equity	**473 126**	**2 011**	**-36 338**	**438 799**	**634 847**
Shareholders' equity	448 063	1 910	-37 266	412 707	602 678
Issued capital	37 852		0	37 852	44 734
Share premium	17 730		0	17 730	107 970
Treasury shares (-)	-7 425		0	-7 425	-7 221
Reserves	417 997	1 910	-40 781	379 126	470 464
Translation differences	-18 091		3 515	-14 576	-13 269
Non-controlling interests	25 063	101	928	26 092	32 169
Non-current liabilities	45 146		27 601	72 747	73 421
Provisions > 1 year	1 702		986	2 688	2 285
Provisions	1 702		986	2 688	2 285
Deferred tax liabilities	31 582		21 176	52 758	52 838
Trade and other liabilities > 1 year	0		0	0	0
Financial liabilities > 1 year (incl. derivatives)	0		0	0	0
Pension liabilities	11 862		5 439	17 301	18 298
Current liabilities	97 060		143 377	240 437	120 727
Trade and other liabilities < 1 year	30 515		-1 672	28 843	48 611
Trade payables	16 630		-6 719	9 911	9 852
Advances received	11		281	292	841
Other payables	8 223		666	8 889	22 173
Income taxes	5 651		4 100	9 751	15 745
Financial liabilities < 1 year	63 441		144 080	207 521	69 052
Current portion of amounts > 1 year	0		0	0	0
Financial liabilities	62 265		144 080	206 345	69 052
Derivatives	1 176		0	1 176	0
Other current liabilities	3 104		969	4 073	3 064
Liabilities associated with assets held for sale	0		0	0	0
Total equity and liabilities	**615 332**	**2 011**	**134 640**	**751 983**	**828 995**
Remeasurement gain			**79 324**	**79 327**	

Report of the statutory auditor

Annex 9

Report on the review of the condensed consolidated interim financial information of Sipef NV for the six-month period ended 30 June 2017

In the context of our appointment as the company's statutory auditor, we report to you on the condensed consolidated interim financial information. This condensed consolidated interim financial information comprises the consolidated balance sheet as at 30 June 2017, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the period of six months then ended, as well as selective notes 1 to 12.

Report on the condensed consolidated interim financial information

We have reviewed the condensed consolidated interim financial information of Sipef NV ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" as adopted by the European Union.

The consolidated balance sheet shows total assets of 828 995 KUSD and the consolidated income statement shows a consolidated profit (group share) for the period then ended of 107 432 KUSD.

The board of directors of the company is responsible for the preparation and fair presentation of the condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of review

We conducted our review of the condensed consolidated interim financial information in accordance with International Standard on Review Engagements (ISRE) 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 performed in accordance with the International Standards on Auditing (ISA) 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 on the condensed consolidated interim financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information of Sipef NV has not been prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Antwerp, 16 August 2017

The statutory auditor

DELOITTE Bedrijfsrevisoren / Réviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL
Represented by Kathleen De Brabander