SIPEF

Regulated information within
the meaning of the Royal
Decree of 14 November 2007

Press release
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HALF-YEAR RESULTS 2021

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Half-Year Results of the SIPEF group

as per 30 June 2021 (6m/21)

Good production and high prices lead to strong results, notwithstanding high levies

- Total group production of palm oil increased by 18.0%, compared to the first half of last year, due to higher yields in favourable agronomic conditions.
- The coronavirus continues to complicate the management of overseas companies, but without any significant impact on 2021 group production.
- The SIPEF group will be able to exceed the predicted growth in annual palm oil production by more than 10%, barring exceptional weather effects.
- The first semester in the palm oil market can be characterised as a very stable environment, with high prices averaging above USD 1 100 per tonne CIF Rotterdam.
- SIPEF is confident of continued strong prices in the second half of 2021.
- The recent easing of the system of government levies on palm oil supplies will further improve the profitability of Indonesian palm oil companies.
- The recurring* operating result increased from KUSD 4 621 at the end of June 2020 to KUSD 50 129 at the end of June 2021.
- The sale of PT Melania (rubber and tea operations), of which 40% was realised in May, has generated a cash flow of USD 19 million to date and a total capital gain, share of the Group, of KUSD 11 003.
- The net result, share of the Group, including this capital gain, amounted to KUSD 43 519, compared to KUSD -712 at 30 June 2020.
- With 75% of the expected palm oil production sold and the prospect of continued favourable market prices for palm oil, the Group's recurring annual results should be in the range of USD 60 - 70 million.
- Net financial debt position will decrease further.
- The expansion in South Sumatra is being pursued steadily, with 14 490 hectares already cultivated in Musi Rawas and 5 832 hectares replanted in Dendymarker.
- The recently announced project to expand almost 80% of the banana production in Ivory Coast will start in the third quarter.
- SIPEF is offering covid-19 vaccinations, free of charge, to all employees and their families in line with its ESG policies.
- As an RSPO-compliant producer, SIPEF continues to supply certified, traceable sustainable palm oil to the European and Asian markets.

* Recurring results are exclusive of the capital gain of KUSD 11 640 (of which KUSD 11 003 share of the Group) related to the sale of PT Melania.

1. Interim management report

1.1. Group production

Group production

2021 *(in tonnes)*	Own	Third parties	Q2/21	YoY%	Own	Third parties	YTD Q2/21	YoY%
Palm oil	82 312	17 707	**100 019**	19.30%	157 534	34 118	**191 652**	18.04%
Rubber*	741	67	**808**	-43.28%	2 236	219	**2 455**	-19.40%
Tea*	182	45	**227**	-66.02%	829	136	**965**	-34.71%
Bananas	7 204	0	**7 204**	0.76%	16 653	0	**16 653**	2.99%

2020 *(in tonnes)*	Own	Third parties	Q2/20	Own	Third parties	YTD Q2/20
Palm oil	67 752	16 083	**83 835**	130 894	31 474	**162 368**
Rubber	1 370	55	**1 425**	2 787	259	**3 046**
Tea	668	0	**668**	1 478	0	**1 478**
Bananas	7 150	0	**7 150**	16 169	0	**16 169**

******PT Melania tea and rubber productions have only been included for 4 months due to sale of PT Melania per 30/04.*

The coronavirus continues to impose many business restrictions on SIPEF's overseas companies and complicate the management of the plantations and mills. Nevertheless, it has not had a substantial impact on the Group's production.

The Group's total palm oil production grew by 19.3% and 18.0% respectively, compared to the second quarter and the first half of last year.

In Indonesia, the exceptionally good start of the year, in agronomic and operational terms, continued in the second quarter. Thanks to the favourable impact of regular rainfall, the volumes of which approached or exceeded the long-term averages, yields per hectare increased. In all production centres, the volume of fruits harvested exceeded that of the second quarter of last year. As a result, for the whole of Indonesia's palm operations, including the increasing purchases from smallholders, fruit production exceeded that of the second quarter of 2020 by 13.5%, while that of the half-year increased by 13.0%.

Weather conditions in North Sumatra were conducive to palm growth and fruit development. As a result, for the first semester, the own production of both the mature plantations with mineral soil (+3.5%) and the UMW/TUM plantations with organic soil (+14.5%) increased. These latter plantations have meanwhile seen their yields rise again, thanks to the adjusted fertilisation programs.

In Bengkulu province, own fruit production for the first half of the year exceeded that of the same period in 2020 by 10.3%. Barring the effect of positive weather conditions, this growth is due to an increasing number of hectares coming into production after replanting in the second generation, with palms delivering higher yields per hectare.

In South Sumatra, more than 7 000 hectares of young plantings are already in production, resulting in increasing yields (+117.1%). However, the replanting in Dendymarker was temporarily taking more mature hectares out of production, resulting in a 36.6% drop in this production, compared with the first six months of last year. The combined production of palm fruits in South Sumatra still increased by 52.9%.

Due to generally favourable average oil extraction rates (OER) compared with last year, palm oil production in Indonesia rose, including that from the increasing purchases from smallholders. This rise was 14.9% and 12.9% for the second quarter and six months respectively, compared with those for the same periods last year.

After a relatively 'dry' rainy season in the first quarter in Papua New Guinea, normalised precipitation volumes in the second quarter provided agronomically good conditions in the region. In particular, the plantings recovering from the 2019 ash fall experienced almost a doubling of their production, compared with the first half of last year. As a result, own plantations recorded an overall growth of 38.1% on a half-year basis. The harvested fruit volumes of smallholders, who were much less affected by the volcanic eruptions two years ago, increased by only 2.1%.

Due to favourable oil extraction rates at the three palm oil extraction mills, (OER of 25.5% on average versus 24.4% last year), the palm oil production of Hargy Oil Palms in Papua New Guinea increased by 26.6% versus the first half of 2020.

Despite higher precipitation volumes, rubber production in the Group decreased by 8.8%, compared with the first half of last year. The main reasons for this decrease were, besides the sale of PT Melania, for which the rubber productions have only been included until 30 April 2021, the delayed leaf formation after the wintering period, combined with the effects of the *Pestalotiopsis* fungus. In addition, the productive hectares decreased in preparation for the divestment in natural rubber and conversion to oil palm plantations.

Due to the sale of PT Melania, tea production has only been included until 30 April 2021. During these four months in the Cibuni tea plantation in West Java, the production limiting effect of an intensive pruning was felt in the first semester, compensated by purchases from third parties. Even so, total production decreased by 34.7%. After the sale of PT Melania, no more additional tea production will be included in the group productions of the SIPEF group.

In Ivory Coast, the banana production at Plantations J. Eglin increased by 3.0%, compared with the first half of last year. A limited impact of the colder Harmattan wind at the start of the year, combined with good production cycles, resulted in more bunches with a higher average weight and a consequently better volume for export to Europe and Africa.

1.2. Markets

Average market prices

In USD/tonne		**YTD Q2/21**	**YTD Q2/20**	**YTD Q4/20**
Palm oil	CIF Rotterdam*	1 116	649	715
Rubber	RSS3 FOB Singapore**	2 263	1 479	1 728
Bananas	CFR Europe***	641	671	628

** Oil World Price Data*
*** World Bank Commodity Price Data (updated database)*
**** CIRAD Price Data (in EUR)*

The second quarter in the palm oil market started off from a high price level and continued to rally until mid-May, where the market reached its highs. The massive inverses in the market, with the nearby prices at a USD 50 to USD 100 premium to the forward months, had taken their toll on demand. Slowly but surely, the origin stocks were also coming out of the ultra-low situation, albeit still in a very low stock-to-usage scenario.

Demand was particularly slow from India, where the covid-19-driven lockdowns were hurting demand and the Indian government was working towards an import duty reduction. Importers were waiting for this decision, which finally became effective late June. More countries were importing hand-to-mouth and destination pipelines remained rather thin.

June was a month where many price-determining factors were relatively bearish: palm production was picking up; demand was sluggish; US oilseed and Russian/Ukrainian sun seed crops were looking promising, facilitating a sell-off by financial investors; and the Indonesian government announced a change in the export levy system.

The Indonesian CPO fund had sufficient reserves built in the first six months to guarantee the B30 blending program. Therefore, it was considered fair to reduce the export levy as from 2 July onwards. The adjustment, where only USD 20 is taken as the levy for every USD 50 price increase instead of USD 30, with a cap at USD 175 instead of USD 255, is positive for growers, but it was viewed negatively by the market. Earlier in the year when the export levy and taxes went up, it triggered higher markets, so the tax changes are often quickly offset.

The palm oil traded from USD 1 000 in April to above USD 1 200 mid-May, but it was gradually sold off and settled just below USD 1 000 at the end of the quarter. The absolute spot premiums also reduced during the quarter.

Palm kernel oil (PKO) followed the palm market till mid-May, but struggled due to lack of demand. The tightness in coconut oil was certainly not felt in the PKO market, and the price dropped during the quarter to a relatively small premium over palm oil. The PKO prices hovered around USD 1 400, but dropped gradually to USD 1 200 at the end of June.

The natural rubber market seemed to be paralysed, due to the high container freight prices. The rates increased tenfold and it became a serious price element of the total price for delivered goods. If consumers were forced to pay that price, shipments were often pushed forward. On the other hand, covid-19 lockdowns have negative effects on the production front as well. They kept rubber prices in a headlock and little physical business was executed.

Prices of Sicom RSS3 traded gradually lower from USD 2 200 to USD 2 000 per tonne, with physical deliveries at a slight premium.

Encouraged by a relatively strong EUR/USD ratio, the second quarter saw a significant supply of ‘dollar bananas’, mainly from Colombia, resulting in gradually declining prices on the European spot market.

1.3. Consolidated income statement

Consolidated income statement

In KUSD (management presentation)	30/06/2021	30/06/2020
Revenue	182 261	117 673
Cost of sales	-116 376	-96 938
Changes in the fair value	2 632	-712
Gross profit	**68 517**	**20 023**
General and administrative expenses	-17 007	-15 515
Other operating income/(charges) – excluding sale of PT Melania	-1 381	113
Operating result	**50 129**	**4 621**
Financial income	675	863
Financial charges	-1 936	-2 497
Exchange differences	-609	-519
Financial result	**-1 871**	**-2 153**
Profit before tax	**48 258**	**2 468**
Tax expense	-13 159	-1 686
Profit after tax	**35 099**	**782**
Share of results of associated companies and joint ventures	-482	-578
Profit for the period	**34 617**	**204**
Gain on sale PT Melania	11 640	0
Result for the period after the sale of PT Melania	**46 257**	**204**
Attributable to:		
- Equity holders of the parent – before sale of PT Melania	32 516	-712
- Equity holders of the parent – after sale of PT Melania	43 519	-712

Consolidated gross profit

In KUSD (management presentation)	30/06/2021	%	30/06/2020	%
Palm oil	66 382	96.9%	19 823	99.0%
Rubber	-887	-1.3%	-1 498	-7.5%
Tea	65	0.1%	-518	-2.6%
Bananas and horticulture	2 412	3.5%	1 844	9.2%
Corporate	545	0.8%	373	1.9%
Total	**68 517**	**100%**	**20 023**	**100%**

Total revenue increased by 54.8% versus the first semester of 2020 to USD 182 million. Palm oil revenue rose by 61.8%, due to a combination of higher volume and a higher world market price for crude palm oil (CPO). Rubber revenue increased by 60.3%, due to a higher unit selling price and higher sales volume. Tea revenue almost halved. Due to the deconsolidation of PT Melania from 2021, direct sales by this company to external customers will no longer be included in the Group's sales figures. Revenue in the banana segment, expressed in the functional currency euro, grew mainly due to a 4.0% increase in volumes sold. As bananas are traded in euro, USD revenue increased by 18.3%, due to the EUR/USD exchange rate evolution.

The total cost of sales increased by KUSD 19 438.

Purchases of fresh fruit bunches (FFB) from third parties increased by KUSD 19 227 or 28.8%, mainly due to increased purchase prices of FFB, the price of which is related to CPO.

The average unit cost price at mill gate for the mature oil palm plantations and the banana segment remained approximately identical compared with the first half of 2020. For the rubber activities, the unit cost prices increased significantly (21.20%); in preparation for the conversion of the rubber to palm, the depreciation of the remaining net book value is accelerated.

The changes in the fair value relate to the impact of valuing the hanging fruits at their fair value (IAS 41R).

The gross profit increased from KUSD 20 023 in June 2020 to KUSD 68 517 in June 2021.

The gross profit in the palm segment (96.9% of total gross profit) rose by KUSD 46 560, due to higher productions and especially higher net palm oil prices. The average world market price for CPO recorded USD 1 116 per tonne CIF Rotterdam during the past semester. This is 71.9% higher than for the same period last year. It should be noted, however, that in Indonesia the export levy and export tax have increased significantly compared with last year. For the first half of 2021, the average export levy and export tax was USD 345 per tonne, compared with USD 54 per tonne during the first six months of last year.

The chart below shows Indonesia's export levy and export tax by month:

In Papua New Guinea, the Group did benefit fully from the increase in CPO prices.

Despite this export levy and export tax, the total average sales price at mill gate (gross sales price reduced by local and international transport costs and export levy and export tax) for CPO increased. This evolved from USD 559 per tonne over the first six months of 2020, to USD 696 per tonne over the first six months of 2021, or an increase of 24.5%.

The negative contribution of the rubber segment to the gross margin improved compared with last year. This is due to the strong rebound in sales prices since the second half of last year.

The net result of the tea activities since 2021 exclusively represents the commissions received by SIPEF from the sale of tea volumes in the market.

In the banana and horticulture activities profitability was confirmed with a gross margin of KUSD 2 412.

General and administrative expenses increased compared with last year, mainly due to the increased bonus provision as a result of the better profit outlook.

Other operating charges and income included an exceptional write-off on earlier than foreseen replanting in PT Dendymarker (KUSD 1 580).

The recurring operating result amounted to KUSD 50 129 against KUSD 4 621 last year.

The financial income mainly comprised the positive time effect of the discount of the receivable from the sale of the SIPEF-CI oil palm plantation in Ivory Coast at the end of 2016 (KUSD 321) and interest income from the growing receivables on plasma holders in South Sumatra.

The financial charges were mainly related to long-term and short-term financing. Three causes were the basis for the interest costs decreasing by KUSD 561:

1. A reduced net debt position
2. A smaller margin on top of the hedged Libor interest rate for the long-term loans as a result of the improved financial covenant
3. A lower variable interest rate on short-term loans

The recurring profit before tax was KUSD 48 258 compared with KUSD 2 468 in June 2020.

The recurring tax expense, including the usual tax-exempt expenses of approximately USD 1 million, amounted to 27.27%. This figure is in line with the theoretical recurring tax expense of 25.83%.

The 'share of results of associated companies and joint ventures' (KUSD -482) included the research activities centralised in PT Timbang Deli and Verdant Bioscience Pte Ltd (KUSD -423), and four months of results from PT Melania (KUSD -59).

The recurring profit for the period was KUSD 34 617.

The recurring net profit, share of the Group, came to KUSD 32 516 compared with a loss of KUSD 712 in June 2020.

On 30 April 2021, an agreement was signed with PT Shamrock regarding the sale of PT Melania for USD 36 million. The total capital gain of KUSD 11 640 (share of the Group KUSD 11 003) realised on this transaction is further detailed in annex 6.

The net profit, share of the Group, amounted to KUSD 43 519.

1.4. Consolidated cash flow

Consolidated cash flow

In KUSD (management presentation)	30/06/2021	30/06/2020
Cash flow from operating activities	72 576	26 416
Change in net working capital	-32 877	160
Income taxes paid	-4 897	-3 821
Cash flow from operating activities after tax	**34 802**	**22 755**
Acquisitions intangible and tangible assets	-23 433	-21 948
Selling price of PP&E and financial assets	23 779	2 715
Acquisition financial assets	0	-1 609
Free cash flow	**35 147**	**1 913**
Other financing activities	-31 837	573
Net movement in investments, cash and cash equivalents	**3 310**	**2 486**

In USD per share	30/06/2021	30/06/2020
Weighted average shares outstanding	10 419 328	10 419 328
Basic operating result	5.93	0.44
Basic/diluted net earnings	4.18	-0.07
Recurring basic/diluted net earnings	3.06	-0.07
Cash flow from operating activities after tax	3.34	2.18

In line with the increase in operating result, the cash flow from operating activities increased from KUSD 26 416 for the first six months in 2020, to KUSD 72 576 over the same period this year.

The variation in working capital of KUSD -32 877 involved various elements:

- An increase of stock by KUSD 16 404, due to higher stock volumes primarily of finished products and a higher unit cost price of CPO
- An increase in trade receivables by KUSD 4 442
- An increase in other receivables by KUSD 7 745 (of which KUSD 2 908 as advance payment for the expansion of the banana segment)
- An increase of KUSD 3 225 in receivables from the plasma development in South Sumatra

The above use of working capital, with the exception of the increasing receivables from the plasma development, concerned the usual temporary variations.

In Indonesia and Papua New Guinea, in accordance with local legislation, the Group made tax prepayments. These were made partly based on the 2019 results and partly on the basis of the 2020 results, both of which are lower than the 2021 results. Therefore, the tax prepayments of KUSD 4 897 were significantly below the tax payable of KUSD 10 014.

Acquisitions in intangible and tangible assets (KUSD -23 433) were related to the usual replacement investments, but mainly to the expansions in South Sumatra (KUSD -12 835). Due to covid-19 related logistical and operational impediments, investments remained temporarily below expectations.

The selling price of PP&E and financial assets (KUSD 23 779) mainly related to funds received from 2 operations:

- The sale of PT Melania for KUSD 18 999
- A penultimate balance from the sale of SIPEF-CI in 2016 for KUSD 4 303

The free cash flow amounted to KUSD 35 147 compared with KUSD 1 913 during the same period last year.

Other financing activities (KUSD -31 837) include the partial repayment of long-term financing (KUSD -9 000 for the long-term loan and KUSD -123 for the lease debts), the repayment of the short-term financing (KUSD -18 744), dividend payments to minority shareholders (KUSD -2 306) and interest payments (KUSD -1 664).

1.5. Consolidated balance sheet

Consolidated balance sheet

In KUSD (management presentation)	**30/06/2021**	**31/12/2020**
Biological assets (depreciated costs) – bearer plants	301 718	315 826
Goodwill	104 782	104 782
Other fixed assets	356 121	359 994
Receivables > 1 year	22 228	16 101
Assets held for sale	13 520	0
Net current assets, net of cash	100 888	86 137
Net cash position	-119 989	-151 165
Total net assets	**779 269**	**731 675**

Shareholders’ equity, Group share	678 964	638 688
Non-controlling interest	35 893	35 862
Provisions and deferred tax liabilities	55 246	57 126
Advances received > 1 year	9 167	0
Total net liabilities	**779 269**	**731 675**

The main variations in the balance sheet positions were related to the deconsolidation of PT Melania. annex 6 summarises the impact on the various balance sheet items in addition to the impact on the income statement.

The reduction in biological assets (KUSD 14 108) is almost exclusively the result of the deconsolidation of PT Melania (KUSD 12 482). The other fixed assets showed a slight decrease, due to the slower than expected utilisation of the investment budget. As a result, the depreciations were higher than the investments.

The receivables after more than one year increased, due to the granting of loans to the plasma holders in South Sumatra for the financing of their new plantings, as well as an advance payment (KUSD 2 908) done for the acquisition, announced in June, of the assets of an existing insolvent banana plantation Wanita in Ivory Coast.

Net current assets, net of cash, increased by KUSD 14 751. The main movements (combined KUSD 12 178) were as follows:

- An increase in stocks (KUSD 14 966), due to a temporary increase in the number of tonnes of palm oil in stock and an increased valuation per unit, due to increased market prices
- A temporary increase in trade and other receivables (KUSD 6 871)
- An increase of the net taxes payable (KUSD -5 327)
- An increase of the dividends to be paid included in the other debts (KUSD -4 332)

The net financial debt decreased by KUSD 31 177 thanks to the positive cash flow, and amounts to KUSD 119 989 as of the end of June 2021.

The assets held for sale of KUSD 13 520 (55% of KUSD 24 582) are related to the estimated net sales value of the part of PT Melania that is still held by the Group until all terms and conditions for a final sale have been fulfilled.

The advances received on more than one year relates to the payment of the first instalment of KUSD 19 000 for 40% of the shares of PT Melania and includes the difference between the amount received (KUSD 19 000) and the value of 40% of the shares of PT Melania (KUSD 9 833) which were transferred. This amount was recorded as an advance payment received for the sale of PT Melania.

1.6. Prospects

1.6.1. Covid-19 impact

Once again, it has to be pointed out, that the Group did not experience any direct negative financial impact from the covid-19 pandemic. The consequences were mainly concentrated at the human and social level for the more than 21 000 employees employed in countries where local medical support is very limited. It was, and still is, SIPEF management's primary concern to protect these employees and their families from infection by limiting travel and business contacts. On the other hand, the Company has proactively started the gradual local provision of vaccines to all these people, if they wish.

1.6.2. Production

Taking into account the outlook of the Company agronomists, based on representative counts in the field, the Group expects relatively more limited growth figures for palm oil for the third quarter. This will probably also dampen the annual figures for the growth in palm oil production. Moreover, this slight decline is in line with the expectations of other Indonesian producers. Although it is not easy to plan more than three months ahead, the SIPEF group is well on track, barring exceptional weather effects, to achieve the forecast annual production increase in 2021 of more than 10%.

Furthermore, it is expected that, during the remainder of the year, the *Pestalotiopsis* fungus will adversely affect rubber production, which is already in decline. The banana volumes produced to date are also fully in line with expectations. Consequently, the SIPEF group expects 2021 to be a year in which banana production will again pick up slightly. This outlook does not yet consider the additional plantings in the recently acquired Wanita project, as the harvests will only start from the second half of 2022 onwards.

1.6.3. Markets

Where June was fed with bearish inputs, it was July where most factors were bullish. It started off late June with the heat wave in western US and Canada, hurting the soybean and canola crops. The palm oil crops were slightly below expectation and the more positive forecasters had to make significant reductions in their total 2021 projections. The consumers were forced to buy into the strengthening markets, initiated by the Indian buyers who were benefitting from the lower import duties.

The palm oil supply and demand story will remain very tight till the end of the year, and with the current less than ideal weather circumstances in the US, Canada and also in Russia and Ukraine, it needs to be questioned as to what extent the new summer crops will bring any relief. If there is any major disturbance in the weather in the month of August, there will be a tight vegetable oil picture for the foreseeable future.

External factors can still play a role, and certainly the covid-19 impact in the growing nations is a threat to production, but the underlying fundamentals for vegetable oils are looking healthy, and SIPEF is looking forward to a high palm oil price environment with a degree of confidence.

The rubber market will be determined by the reaction of end-users to the disrupted supply chain. After months of receiving below par volumes, the Company foresees that the end receivers have to accept the extreme highly priced freight market. It is expected that more physical sales will be at a higher landed cost, though this does not necessarily translate into higher prices for the grower.

Summer is traditionally a period of lower banana consumption because of the school holidays across Europe. Due to the continuing large supply of ‘dollar bananas’, prices are currently falling sharply on the spot market. This malaise is likely to continue until the end of the third quarter.

1.6.4. Results

In a continued strong market, which has been firm since the fourth quarter of last year, SIPEF has been able to sell its palm oil volumes at prices unprecedented in recent years. To date, 75% of the expected palm oil volumes have been sold at an average price of USD 1 005 per tonne CIF Rotterdam equivalent, including premiums for sustainability and origin. This is 45.2% higher than the average price of USD 692 per tonne at the same time last year, when 76% of the volumes had been sold.

In Papua New Guinea, the exceptionally high palm oil prices are fully benefiting the palm activities. But in Indonesia, sales prices are being significantly skimmed by a combined export levy and tax to finance the local biodiesel program strongly encouraged by the Indonesian government. Due to the continued rise in crude oil prices during the first semester, the export levy mechanism was eased from 2 July 2021 on. The levy and tax are calculated by the government on a monthly basis, according to the prevailing palm oil prices on the international markets. Given the uncertainty of determining the local reference price for palm oil, available palm oil volumes in Indonesia are placed on the market on a monthly basis. However, in Papua New Guinea, the expected volumes from the own plantations can be hedged over time.

Meanwhile, about three quarters of the expected rubber productions were sold at an average price of USD 2 057 per tonne FOB. This represents a price increase of 33.8% compared with the volumes sold at USD 1 537 per tonne at the same time last year.

Unit production cost prices, with the exception of those for the rubber activities, remain well under control. This is explained by the relative weakness of local currencies against the USD, which offset the limited increase in Group workers' wages, and by the strong increase in production volumes.

The combination of these positive elements with the unprecedentedly strong sales prices would make the recurring results, share of the Group, significantly better than the annual result for the fiscal year 2020 (KUSD 14 122). They would probably be in the range of USD 60 -70 million at the end of the year, despite the high levies on palm oil production in Indonesia. This figure will be increased by the exceptional capital gain, share of the Group, of KUSD 11 003 on the sale of PT Melania.

The remaining 25% of expected production should also benefit from these aforementioned price effects of the palm oil market. In addition, the final recurring result will largely be determined by the achievement of the expected production growth, the evolution of the relaxed policy on export levies and taxes in Indonesia and the evolution of cost prices.

1.6.5. Cash flow and expansion

In Musi Rawas in South Sumatra, during the month of May, the Group received a positive response from the Round Table on Sustainable Palm Oil (RSPO) for the development of AKL East, under the conditions of the New Planting Procedures (NPP). This concession of 3 090 hectares, acquired in 2018, will allow the Group to make additional plantings, which will be in line with the already developed AKL project of 4 748 hectares, thus optimising future profitability. Land compensation and preparation for oil palm planting started immediately.

Two additional concessions totalling 5 504 hectares are now pending with RSPO for potential development. These join the existing AMR project, of which 6 707 hectares have already been developed. SIPEF also expects a positive answer from the RSPO for these concessions by the end of August.

Of the previously approved concessions, already under development since 2013, 374 additional hectares were compensated in the first half of the year. 472 additional hectares were prepared for planting or planted, to reach a total of 14 490 cultivated hectares. This represents 81.4% of the total 17 798 compensated hectares. 2 331 hectares of these were provisionally acquired for planting for smallholders and 15 467 hectares for own development. Currently, 7 772 hectares are in production. Virtually all harvested fruits are processed in Dendymarker's own extraction mill. The expansion works of this mill, in order to increase its processing capacity from 20 to 60 tonnes of palm fruits per hour, are progressing well, despite the restrictions imposed by local corona measures. Replanting of the Dendymarker plantations, acquired in 2017, is also progressing steadily. Meanwhile, 5 832 hectares have been replanted, while 1 637 hectares have been prepared for replanting.

The acquisition of the assets of an existing insolvent banana plantation, Wanita in Ivory Coast, announced in June, has now been completed. Plantations J. Eglin will commence rehabilitation from September, expanding the banana business with 550 hectares of new plantings. The staggered investment of USD 8 million will increase production by nearly 80% over a period of three years, from 32 000 to 57 000 tonnes of bananas for export.

In addition to financing the comprehensive investment budget and the described expansion, thanks to the strongly increasing cash flow from operating activities and the proceeds from the sale of PT Melania, the Group will remain in a position to further reduce its net financial debt.

2. Condensed half-yearly financial statements

2.1. Condensed half-yearly financial statements of the SIPEF group

2.1.1. Condensed consolidated balance sheet (see annex 1)
2.1.2. Condensed consolidated income statement (see annex 2)
2.1.3. Condensed consolidated statement of comprehensive income (see annex 2)
2.1.4. Condensed consolidated cash flow statement (see annex 3)
2.1.5. Condensed statement of changes in consolidated equity (see annex 4)
2.1.6. Segment information (see annex 5)
2.1.7. Sale PT Melania (see annex 6)

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 first six months ended 30 June 2021 were established by the board of directors on 11 August 2021.

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 2020, because the financial statements herein do not include all the information and disclosures required in the annual financial statements.

The amounts in this document are presented in KUSD, unless noted otherwise.

A summary of the accounting standards can be found in the audited consolidated financial statements for the year ended 31 December 2020 (https://www.sipef.com/hq/investors/annual-reports). The accounting policies of the SIPEF group which are used as of 1 January 2021 are consistent with the accounting standards used for the audited consolidated financial statements of 31 December 2020, with the exception that the Group has applied the new accounting standards and interpretations applicable for annual periods beginning on or after 1 January 2021. These new standards and interpretations have a minimal impact.

2.2.3. Updated use of accounting estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRS requires the Group to use accounting estimates and judgements and make assumptions that may affect the reported amounts of assets and liabilities at the date of the balance sheets and reported amounts of revenue and expense during the reporting periods. Actual results could differ from those estimates. We refer to Note 4 of the annual report of 2020.

Below we present an update of the most important estimates and judgement applicable in the half-year report:

The main areas in which estimates are used for the first 6 months of 2021 are:
- Deferred tax assets
- Estimate of the costs relating to the sale of PT Melania

The key estimates used in the calculation of deferred tax assets testing rely on making an estimate on commodity prices over a longer period. By nature, the commodity prices used in such estimates are volatile and will therefore in reality will be different from the estimated amounts.

The Group has made an estimation of the costs that will occur in order to fulfil the requirements included in the sale and purchase agreement for the sale of PT Melania with the Shamrock Group. Any difference between the estimated costs and actually incurred costs will result in an increase or decrease of the capital gain upon finalisation of the SPA, no later than 2024. We refer to annex 6 for more information on the sale of PT Melania.

2.2.4. Consolidation scope

Following the sale and purchase agreement with the Shamrock Group relating to the sale of PT Melania, PT Melania has been deconsolidated and included as a joint venture classified as held for sale and measured at it's fair value on the balance sheet. We refer to annex 6 for an overview of the impact of this transaction on the consolidated financial statements of the SIPEF group.

2.2.5. 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	30/06/2021	30/06/2020	31/12/2020
Result before tax	59 898	2 468	28 064
	25.1%	12.3%	23.3%
Theoretical tax charge	-15 024	-304	-6 545
Capital gain sale PT Melania	2 561	0	0
Impairment on deferred taxes for fiscal losses	270	-964	-3 130
Other non-deductible	-965	-1 103	-1 915
Change in tax-%	0	+685	685
Corrections on last year	0	0	76
Tax charge	-13 159	-1 686	-10 828
Effective tax rate	22.0%	68.3%	38.6%

The capital gain on the sale of PT Melania (KUSD 11 640) is non-deductible income, resulting in a difference with the theoretical tax charge of KUSD 2 561.

Applying the principles of IAS 12, a total impairment of KUSD 270 on tax losses carried forward has been reversed per June 30, 2021. Based on the Group's latest estimations the Group expects to recover these fiscal losses before they expire.

The total tax charge of KUSD 13 159 (2019: KUSD -1 686) can be split into a current tax component of KUSD 10 014 (2020: KUSD 3 637) and a deferred tax component of KUSD 3 145 (2020: KUSD -1 952).

2.2.6. Segment information

See annex 5.

2.2.7. Turnover

More information relating to the turnover can be found in annex 5. The timing of the revenue recognition always takes place at a point in time.

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

The share of results of 'associated companies and joint ventures' contains the research activities which are centralised in PT Timbang Deli and Verdant Bioscience PTE Ltd, and also 4 months of results of PT Melania included as a joint – venture until the sale on April 30, 2021, after which it was classified as a joint-venture as held for sale. After April 30, 2021, no results of PT Melania have been included in the profit and loss of the SIPEF group.

2.2.9. Shareholders' equity

On June 9, 2021, SIPEF shareholders approved the distribution of a EUR 0.35 gross dividend (coupon 13) for the financial year 2020, payable as from July 7, 2021. The total dividend paid amounts to EUR 3 646 765. Converted at the USD exchange rate of the day of the general assembly, this amounts to USD 4 442 940.

There were no changes in issued capital compared to 31 December 2020.

2.2.10. Net financial assets/(liabilities)

In KUSD	**30/06/2021**	**31/12/2020**
Short-term obligations – credit institutions	-67 456	-86 128
Long-term obligations – credit institutions	-45 000	-54 000
Current portion of amounts payable after one year	-18 000	-18 000
Short-term leasing obligations	-471	-543
Long-term leasing obligations	-2 162	-2 285
Investments and deposits	0	0
Cash and cash equivalents	13 100	9 790
Net financial assets/(liabilities)	**-119 989**	**-151 165**

The short-term liabilities have a term of less than twelve months and comprise of USD straight loans with bankers of KUSD 43 700, a 'commercial paper' debt of KUSD 23 756 and the current portion of KUSD 18 000 related to the long-term loan for a total amount of KUSD 63 000. The short-term and long-term leasing obligations are a result of the IFRS 16 – leasing standard.

At June 30, 2021, the Group had one financial covenant connected to the long-term obligations which states that the net financial debt may not exceed 2.75 times REBITDA ('recurring earnings before interest, tax and depreciations') of the financial year. At June 30, 2021 the Group has complied with the covenant (0.9978 times REBITDA).

The EBITDA of the Group consists of the operating results + profit/loss from equity companies + depreciation and additional impairment/increases on assets. The REBITDA consists of the same calculation, but excluding the one-off, non-recurring effects.

The current maximum credit lines available amount to KUSD 188 756 (2020: KUSD 198 528). Compared to the current total debt (excluding leasing) of KUSD 130 456, this leaves a freely available headroom of KUSD 58 300.

2.2.11. Financial instruments

The financial instruments were categorised according to principles that are consistent with those applied for the preparation of note 26 of the 2020 financial statements. No transfer between levels occurred during the first six months of 2021.

All derivatives outstanding per 30 June 2021 measured at fair value relate to forward exchange contracts and interest rate swaps. 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 2021 the fair value amounts to KUSD -2 009 versus KUSD -793 per 31 December 2020.

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

2.2.12. Business combinations, acquisitions and divestitures

SIPEF has signed a sale and purchase agreement with Shamrock Group (SG) on the sale of 100% of the share capital of its Indonesian subsidiary, PT Melania. SG is an Indonesian group that runs several rubber plantations and factories, and specialises in the production and sale of latex gloves. SIPEF controls 95% of PT Melania through its Indonesian 95% subsidiary, PT Tolan Tiga, the remaining 5% being owned by an Indonesian pension fund.

As a reminder, PT Melania owns half of the Group's Indonesian rubber operations in Sumatra and the entire tea operations in Java. Initially, 40% of the shares was sold for a payment of USD 19 million. After this first stage the Shamrock Group will take over the management of the rubber activities. The second tranche of 60% of the shares (of which 55% are held by SIPEF) will be transferred no later than 2024 for USD 17 million, after the renewal of the permanent land rights (HGU) for the whole of the rubber and tea business. The gross transaction price for 100% of the shares is USD 36 million.

For more detail on the impact of the sale of PT Melania on the financial statements of the SIPEF group we refer to annex 6.

2.2.13. Related party transactions

There are no changes to the transactions with associated companies with regard to the annual report of December 2020.

2.2.14. Important events

See management report.

2.2.15. Events after balance sheet date

There are no events after the balance sheet date that have a significant impact on the results and/or the shareholders' equity of the Group.

2.2.16. 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 2020 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.

2.2.17. Covid-19

We refer to 1.6.1 – Covid-19 effects of the management report.

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 30 June 2021 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 the 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 2021 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 7.

Translation: this press release is available in Dutch and English. The Dutch version is the original; the English version is a free translation. We have made every reasonable effort to avoid any discrepancies between the different language versions. However, should such discrepancies exist, the Dutch version will take precedence.

Schoten, 12 August 2021

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SIPEF is a Belgian agro-industry group listed on Euronext Brussels and specialised in the – as sustainable certified - production of tropical agricultural commodities, primarily crude palm oil and palm products. These labour-intensive activities are consolidated in Indonesia, Papua New Guinea and Ivory Coast and are characterised by broad stakeholder involvement, which sustainably supports the long-term investments.

Condensed consolidated balance sheet

ANNEX 1

In KUSD (condensed)	30/06/2021	31/12/2020
Non-current assets	**797 497**	**809 753**
Intangible assets	449	473
Goodwill	104 782	104 782
Biological assets - bearer plants	301 718	315 826
Other property, plant & equipment	351 380	354 811
Investment property	0	0
Investments in associated companies and joint ventures	4 207	4 630
Financial assets	85	80
Other financial assets	85	80
Receivables > 1 year	22 228	16 101
Other receivables	22 228	16 101
Deferred tax assets	12 647	13 049
Current assets	**177 287**	**136 888**
Inventories	41 993	29 648
Biological assets	9 384	6 763
Trade and other receivables	83 748	76 877
Trade receivables	32 110	27 731
Other receivables	51 638	49 146
Current tax receivables	12 005	11 766
Investments	0	0
Other investments and deposits	0	0
Derivatives	0	0
Cash and cash equivalents	13 100	9 790
Other current assets	3 536	2 043
Assets held for sale	13 520	0
Total assets	**974 783**	**946 641**
Total equity	**714 856**	**674 550**
Shareholders' equity	678 964	638 688
Issued capital	44 734	44 734
Share premium	107 970	107 970
Treasury shares (-)	-10 277	-10 277
Reserves	546 782	507 299
Translation differences	-10 244	-11 038
Non-controlling interests	35 893	35 862
Non-current liabilities	**124 222**	**126 460**
Provisions > 1 year	1 113	1 354
Provisions	1 113	1 354
Deferred tax liabilities	47 909	44 010
Trade and other liabilities > 1 year	0	0
Financial liabilities > 1 year	45 000	54 000
Leasing liabilities > 1 year	2 162	2 285
Pension liabilities	18 871	24 810
Advances received > 1 year	9 167	0
Current liabilities	**135 705**	**145 631**
Trade and other liabilities < 1 year	41 476	35 947
Trade payables	15 573	21 384
Advances received	2 409	1 071
Other payables	13 241	8 805
Income taxes	10 253	4 687
Financial liabilities < 1 year	85 927	104 671
Current portion of amounts payable > 1 year	18 000	18 000
Financial liabilities	67 456	86 128
Leasing liabilities < 1 year	471	543
Derivatives	2 009	793
Other current liabilities	6 293	4 220
Liabilities associated with assets held for sale	0	0
Total equity and liabilities	**974 783**	**946 641**

Condensed consolidated income statement
ANNEX 2

In KUSD (condensed)	30/06/2021	30/06/2020
Revenue	182 261	117 673
Cost of sales	-116 376	-96 938
Changes in the fair value of the biological assets	2 632	- 712
Gross profit	**68 517**	**20 023**
General and administrative expenses	-17 007	-15 515
Other operating income/(charges)	10 258	113
Operating result	**61 768**	**4 621**
Financial income	675	863
Financial charges	-1 936	-2 497
Exchange differences	- 609	- 519
Financial result	**-1 871**	**-2 153**
Result before tax	**59 898**	**2 468**
Tax expense	-13 159	-1 686
Result after tax	**46 739**	**782**
Share of results of associated companies and joint ventures	- 482	- 578
Result from continuing operations	**46 257**	**204**
Result from discontinued operations	0	0
Result for the period	**46 257**	**204**
Attributable to:		
- Non-controlling interests	2 738	916
- Equity holders of the parent	43 519	- 712

Earnings per share (in USD)		
From continuing and discontinued operations		
Basic earnings per share	4.18	-0.07
Diluted earnings per share	4.18	-0.07
From continuing operations		
Basic earnings per share	4.18	-0.07
Diluted earnings per share	4.18	-0.07

Condensed consolidated statement of comprehensive income

In KUSD (condensed)	30/06/2021	30/06/2020
Result for the period	**46 257**	**204**
Other comprehensive income:		
Items that may be reclassified to profit and loss		
in subsequent periods		
- Exchange differences on translating foreign operations	793	13
- Cash flow hedges - fair value result for the period	423	-2 155
- Income tax effect	- 106	539
Items that will not be reclassified to profit and loss		
in subsequent periods		
- Defined Benefit Plans - IAS 19R	301	2
- Income tax effect	- 66	0
Total other comprehensive income:	**1 345**	**-1 602**
Other comprehensive income for the year attributable to:		
- Non-controlling interests	25	0
- Equity holders of the parent	1 320	-1 602
Total comprehensive income for the year	**47 602**	**-1 398**
Total comprehensive income attributable to:		
- Non-controlling interests	2 763	916
- Equity holders of the parent	44 840	-2 314

Condensed consolidated cash flow statement

ANNEX 3

In KUSD (condensed)	30/06/2021	30/06/2020
Operating activities		
Profit before tax	**59 898**	**2 468**
Result from discontinued operations before tax		
Adjusted for:		
Depreciation	23 952	21 371
Movement in provisions	- 46	400
Stock options	61	64
Exchange results not yet realised	0	- 2
Changes in fair value of biological assets	-2 632	712
Other non-cash results	- 400	- 545
Hedge reserves and financial derivatives	1 639	- 141
Financial income and charges	1 657	2 343
Capital (gain)/loss on receivables	0	0
Capital (gain)/loss on sale of investments	0	0
(Gain)/loss on disposal of property, plant and equipment	86	- 254
(Gain)/loss on disposal of financial assets	-11 640	0
Cash flow from operating activities before change in net working capital	72 576	26 416
Change in net working capital	-26 744	160
Variation in long term receivables	-6 133	0
Cash flow from operating activities after change in net working capital	39 699	26 576
Income taxes paid	-4 897	-3 821
Cash flow from operating activities	**34 802**	**22 755**
Investing activities		
Acquisition intangible assets	- 17	- 35
Acquisition biological assets	-9 173	-11 483
Acquisition property, plant & equipment	-14 243	-10 430
Acquisition investment property	0	0
Acquisition subsidiaries	0	-1 609
Dividends received from associated companies and joint ventures	0	0
Proceeds from sale of property, plant & equipment	477	1 344
Proceeds from sale of financial assets	23 302	1 371
Cash flow from investing activities	**346**	**-20 842**
Free cash flow	**35 147**	**1 913**
Financing activities		
Capital increase	0	0
Equity transactions with non-controlling parties	0	0
Decrease/(increase) of treasury shares	0	0
Decrease long-term financial borrowings	-9 123	-4 500
Increase long-term financial borrowings	0	0
Decrease short-term financial borrowings	-18 744	0
Increase short-term financial borrowings	0	7 932
Last year's dividend paid during this bookyear	0	0
Dividends paid by subsidiaries to minorities	-2 306	- 516
Interest received - paid	-1 664	-2 343
Cash flow from financing activities	**-31 837**	**573**
Net increase in investments, cash and cash equivalents	**3 310**	**2 486**
Investments and cash and cash equivalents (opening balance)	9 790	10 653
Effect of exchange rate fluctuations on cash and cash equivalents	0	0
Investments and cash and cash equivalents (closing balance)	13 100	13 139

Condensed consolidated statement of changes in equity

ANNEX 4

In KUSD (condensed)	Issued capital	Share premium	Treasury shares	Defined benefit plans - IAS 19R	Reserves	Translation differences	Shareholders' equity	Non-controlling interests	Total equity
January 1, 2021	**44 734**	**107 970**	**-10 277**	**-4 539**	**511 838**	**-11 038**	**638 688**	**35 862**	**674 550**
Result for the period					43 519		**43 519**	2 738	**46 257**
Other comprehensive income				210	317	793	**1 320**	25	**1 345**
Total comprehensive income				**210**	**43 836**	**793**	**44 840**	**2 763**	**47 602**
Last year's dividend paid					-4 443		**-4 443**	-2 306	**-6 749**
PT Melania sale							**0**	- 559	**- 559**
Other					- 120		**- 120**	133	**13**
June 30, 2021	**44 734**	**107 970**	**-10 277**	**-4 329**	**551 111**	**-10 245**	**678 963**	**35 893**	**714 856**
January 1, 2020	**44 734**	**107 970**	**-10 277**	**-3 598**	**501 650**	**-11 793**	**628 686**	**34 325**	**663 010**
Result for the period					- 712		**- 712**	916	**204**
Other comprehensive income				1	-1 617	13	**-1 602**		**-1 602**
Total comprehensive income				**1**	**-2 329**	**13**	**-2 314**	**916**	**-1 398**
Last year's dividend paid							**0**		**0**
Other					- 585		**- 585**		**- 585**
June 30, 2020	**44 734**	**107 970**	**-10 277**	**-3 597**	**498 736**	**-11 780**	**625 786**	**35 241**	**661 026**

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 in Indonesia and sold by the SIPEF group,
    - Ribbed Smoked Sheets (RSS)
    - Standard Indonesia Rubber (SIR)
    - Scraps and Lumps
- Tea: Includes the 'cut, tear, curl' (CTC) tea produced by SIPEF in Indonesia
- Bananas and horticulture: Includes all sales of bananas and horticulture originating from Ivory Coast.
- Corporate: 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:

- Instead of revenue the gross margin per segment is used as the starting point.

In KUSD (condensed)	30/06/2021	30/06/2020
Gross margin per product		
Palm	66 383	19 823
Rubber	- 887	-1 498
Tea	65	- 519
Bananas and horticulture	2 412	1 844
Corporate	545	373
Total gross margin per product	**68 517**	**20 023**
General and administrative expenses	-17 007	-15 515
Other operating income/(charges)	-1 381	113
Financial income/(charges)	-1 582	-2 247
Discounting Sipef-CI	321	613
Exchange differences	- 609	- 519
Result before tax	**48 258**	**2 468**
Tax expense	-13 159	-1 686
Effective tax rate	-27.3%	-68.3%
Result after tax	**35 099**	**782**
Share of results of associated companies	- 482	- 578
Result for the period before sale of PT Melania	**34 617**	**204**
Gain on sale PT Melania	11 640	0
Result for the period	**46 257**	**204**

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

The 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
2021 - KUSD					
Palm	162 198	-98 686	2 870	66 382	96.9
Rubber	4 995	-5 882	0	- 887	-1.3
Tea	1 475	-1 410	0	65	0.1
Bananas and horticulture	13 048	-10 398	- 238	2 412	3.5
Corporate	545	0	0	545	0.8
Total	**182 261**	**-116 376**	**2 632**	**68 517**	**100.0**
2020 - KUSD					
Palm	100 229	-80 011	- 396	19 823	99.0
Rubber	3 116	-4 614	0	-1 498	-7.5
Tea	2 922	-3 408	- 32	- 518	-2.6
Bananas and horticulture	11 033	-8 905	- 284	1 844	9.2
Corporate	373	0	0	373	1.9
Total	**117 673**	**-96 938**	**- 712**	**20 023**	**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
2021 - KUSD						
Indonesia	87 526	-55 816	193	2 475	34 377	50.1
Papua New Guinea	75 980	-44 999	0	395	31 376	45.8
Ivory Coast	18 211	-15 561	0	-238	2 412	3.5
Europe	351	0	0	0	351	0.6
Total	**182 068**	**-116 376**	**193**	**2 632**	**68 517**	**100.0**
2020 - KUSD						
Indonesia	67 015	-53 654	68	- 187	13 242	66.2
Papua New Guinea	37 813	-33 009	0	- 241	4 563	22.7
Ivory Coast	12 404	-10 276	0	-284	1 844	9.2
Europe	373	0	0	0	373	1.9
Total	**117 605**	**-96 938**	**68**	**- 712**	**20 023**	**100.0**

Sale PT Melania

ANNEX 6

SIPEF has signed a sale and purchase agreement with Shamrock Group (SG) on the sale of 100% of the share capital of its Indonesian subsidiary, PT Melania. SG is an Indonesian group that runs several rubber plantations and factories, and specialises in the production and sale of latex gloves. SIPEF controls 95% of PT Melania through its Indonesian 95% subsidiary, PT Tolan Tiga, the remaining 5% being owned by an Indonesian pension fund.

As a reminder, PT Melania owns half of the Group's Indonesian rubber operations in Sumatra and the entire tea operations in Java. Initially, 40% of the shares was sold for a payment of USD 19 million. After this first stage the Shamrock Group has taken over the management of the rubber activities. The second tranche of 60% of the shares (of which 55% are held by SIPEF) will be transferred no later than 2024 for USD 17 million, after the renewal of the permanent land rights (HGU) for the whole of the rubber and tea business. The gross transaction price for 100% of the shares is USD 36 million. The final net sale price and any capital gain on the sale of PT Melania will depend largely on the cost of renewing the permanent land rights (HGU) and on the compensation for the accumulated social rights of the employed personnel, who will presumably be taken over almost entirely. The gain on the sale of PT Melania may be adjusted as per 31 December 2021 and going forward depending on revision of the estimate of these costs in the future.

SIPEF has made a best estimate of the costs related to the sale of PT Melania. Below we present the calculation of the net selling price

In KUSD	Selling price
Total amount to be received	36 000
Estimated costs related to the sale	-11 418
Net selling price (100% of the shares)	**24 582**
Net selling price for 95%	23 353
Net selling price for 40% of the shares	9 833
Net selling price for 55% of the shares	13 520

Upon signing of the SPA, SIPEF has lost full control of PT Melania. Subsequently, PT Melania has been accounted for as a joint venture held for sale on 30 April 2021. The assets and liabilities of PT Melania have been measured at fair value, equaling the net selling price of KUSD 23 353.

The results of PT Melania have been included in the share of results of associated companies and joint ventures for the first four months of 2021. As of 30 April 2021, the results of PT Melania are no longer included in the consolidated profit and loss of the SIPEF group as PT Melania is classified as a joint venture held for sale.

The classification as a joint venture held for sale, including subsequent remeasurement at fair value, and sale of 40% of the shares of PT Melania has the following impact on the balance sheet and profit and loss accounts of the SIPEF group:

In KUSD	Classification as JV	Sale of 40%	Total impact
Assets			
Non-current assets	-17 319		-17 319
Assets held for sale	23 353	-9 833	13 520
Current assets	- 170		- 170
Cash	- 1	19 000	18 999
Total assets	**5 864**	**9 167**	**15 031**
Liabilities			
Currency translation adjustments	1 091		1 091
Minorities	- 559		- 559
Non-current liabilities	-5 833		-5 833
Non-current liabilities - advances received > 1 year	0	9 167	9 167
Current liabilities	- 475		- 475
Total liabilities	**-5 776**	**9 167**	**3 391**
Profit and loss			
Other operating income/(charges)	11 640		11 640
Of which:			
Share of the group	11 003		11 003
Minorities	637		637
Total	**11 640**	**0**	**11 640**

Upon classification as joint venture as held for sale, a capital gain of KUSD 11 640 is realised, being the difference between the net selling price for 95% of the shares (KUSD 23 353) and the value of the net assets of PT Melania in the consolidated financial statements of the SIPEF group (KUSD 11 713).

The sale of 40% of the shares of PT Melania for KUSD 19 000 has been recorded as a sale of 40% the value of the assets held for sale (KUSD 9 833) and the remaining part as a non-current advance received (KUSD 9 167).

Total cash received (KUSD 18 999) is included in the cash flow as part of the proceeds from sales of financial assets (KUSD 23 302)

Report of the statutory auditor

ANNEX 7

Building a better working world

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Statutory auditor's report to the board of directors of SIPEF NV on the review of the condensed consolidated interim financial information as at 30 June 2021 and for the 6-month period then ended

Introduction

We have reviewed the accompanying condensed consolidated statement balance sheet of SIPEF NV as at 30 June 2021, the condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in consolidated equity and condensed consolidated cash flow statement for the 6-month period then ended, and notes ("the condensed consolidated interim financial information"). The board of directors is responsible for the preparation and presentation of this 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.

The condensed consolidated interim financial Information shows a balance sheet total of 974.783 (000) USD and the condensed consolidated income statement shows a profit (share of the group) for the 6-month period ended 30 June 2021 of 43.519 (000) USD.

The board of directors is responsible for the preparation of the condensed consolidated interim financial information in accordance with IAS 34 'Interim Financial Reporting' as approved by the European Union. It is our responsibility to express an opinion on the condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the 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 accompanying condensed consolidated interim financial information as at 30 June 2021 and for the 6-month period then ended is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Antwerp, 11 August 2021

EY Bedrijfsrevisoren BV
Statutory auditor
represented by

Christoph Oris*	Wim Van Gasse*
Partner	Partner
*Acting on behalf of a BV	*Acting on behalf of a BV

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