

## Half-year results of the SIPEF group as per 30 June 2016 (6m/16)

- ♦ The total palm oil production for the first 6 months rose by 3.1% due to the steady growth of the own production in the young plantings of UMW/TUM (+36.4%) and Hargy Oil Palms (+8.3%) despite an El Niño-related production decline in the mature plantations in North Sumatra (-11.9%);
- ♦ Market prices for palm oil experienced wide fluctuations with a low of USD 560/tonne in January and a high of USD 725/tonne in April;
- ♦ The net result, share of the group, amounted to KUSD 10 857, a decrease of 21% compared to the first half of last year;
- ♦ A positive free cash flow of KUSD 6 154 allows us to continue the steady expansion of the plantation business in Indonesia;
- ♦ Given the improving production outlook for the second half of the year and the sales already achieved, we are in the meantime more positive about the 2016 recurring profit, which should surpass that of last year.

## 1. Interim management report

### 1.1. Group production

2016 (In tonnes)	Second Quarter			
	Own	Third parties	Q2/16	YoY %
Palm oil	59 137	13 835	72 972	-2.24%
Rubber	2 708	113	2 821	-0.18%
Tea	714	0	714	-8.93%
Bananas	5 415	0	5 415	-6.41%

2015 (In tonnes)	Own	Third parties	Q2/15
Palm oil	60 052	14 592	74 644
Rubber	2 715	111	2 826
Tea	784	0	784
Bananas	5 786	0	5 786

Year To Date			
Own	Third parties	Q2/16	YoY %
112 424	26 994	139 418	3.13%
5 234	175	5 409	-4.54%
1 507	0	1 507	-1.12%
12 186	0	12 186	-5.17%

Own	Third parties	Q2/15
108 674	26 511	135 185
5 515	151	5 666
1 524	0	1 524
12 851	0	12 851

Palm oil production in the second quarter, even more so than at the beginning of the year, experienced the delayed effects of the El Niño drought of 2015. The mature plantations in North Sumatra in particular witnessed markedly less fruit bunch formation, causing production in the second quarter to be down (-18.7%) on the same quarter last year. At the mature plantations in Agro Muko in Bengkulu, the effect was far less pronounced (-1.8%) partly due to the extensive replanting programme. The young plantations in the UMW/TUM project in North Sumatra also saw their steady growth continue undiminished (+24.1%), based on the growing maturity of the palms and favourable average extraction rates at the new mill (24.0%).

The same phenomenon was observed in palm oil production in Papua New Guinea, where in the second quarter we were unable to equal the 12.8% growth of the first quarter (+4.5%). Production of the older oil palms, and of the more upland plantations in particular, suffered as a result of last year's drought. The smallholders, who mainly have mature plantations, witnessed the same decrease in fruit bunch formation (-5.6%), a trend which is set to continue in the third quarter.

This El Niño-related production shrinkage at the mature plantations led to a decrease (-2.2%) in palm oil volumes for the group compared to the second quarter of last year; nevertheless, an overall 3.1% growth was recorded at the end of June thanks to a strong first quarter.

Rubber production also presented a chequered picture in the second quarter, with overall group volumes in line with the same period last year. A strong volume increase was reported in Agro Muko, where the young plantations give higher yields per hectare, whereas yields at the plantations in North Sumatra (-6.0%) and South Sumatra (-2.0%) dropped due to longer-than-usual wintering. As of 1 June, the rubber acreages in Papua New Guinea were finally handed over and consequently, overall volumes for the first six months fell (-4.5%) compared to the same period last year.

The strong tea production of the first quarter (+7.2%), as a result of favourable weather conditions in Java, could not be maintained in the second quarter (-8.9%) because of cloudy weather and limited photosynthesis, which led to a slight fall (-1.1%) in overall volume for the first six months compared to last year.

A strong Harmattan wind in January gave cooler temperatures in Ivory Coast, slowing down banana production, while related quality issues led to generally lower export volumes from the existing plantations. Despite the additional first harvest from the new Sainte-Thérèse acreages of Plantations J. Eglin, total production was -6.4% lower than in the first six months of 2015.

## 1.2. Markets

		Average market prices		
		YTD Q2/16	YTD Q2/15	YTD Q4/15
in USD/tonne*				
Palm oil	CIF Rotterdam	667	674	623
Rubber	RSS3 FOB Singapore	1 483	1 762	1 559
Tea	Mombasa	2 263	2 553	2 742
Bananas	FOT Europe	922	918	903

\* World Commodity Price Data

The price rally of palm oil at the end of the first quarter, on the back of lower production due to the El Niño drought, was sustained for a while but gradually prices settled back down as demand was relatively weak. Palm oil had lost its competitiveness versus liquid oils. Production in the second quarter dropped 20% in comparison with 2015 and, despite depleting stocks at origin, the exports were very poor. The lack of buying interest took its toll on prices in June and, as a result. The market dropped from USD 725/tonne in early April to USD 635/tonne CIF Rotterdam by the end of June.

The price of palm kernel oil seemed to mirror the price movement of palm oil, but only in a more extreme setting. It is still strongly supported by a shortage of its substitute, coconut oil, and hence continues to command a steep premium over palm oil. The price of palm kernel oil traded from USD 1 300/tonne to USD 1 200/tonne CIF Rotterdam at the end of June.

The prolonged wintering of the rubber trees in Thailand and Vietnam, impacted by the El Niño weather phenomenon and followed by heavy rains affecting the tapping, did have a significant effect on the supply side and particularly on the latex-derived rubber products. The initiated export quota by the Tripartite (the governments of Thailand, Indonesia and Malaysia) provided support in the beginning but faded slightly over the months so its impact would be minimum for the tyre grades. As a result latex-derived products increased their premium over this standard rubber. The SICOM RSS3 market traded around USD 1 500/tonne for most of the quarter with spikes for physical spot material.

Kenya, our reference market, experienced exceptional rains in the traditional dry season in the first quarter, hence they experienced an excellent production. After 2015's poor crop due to extended drought, this brought the supply and demand back into equilibrium. Initially it triggered a price drop, however, they recovered during May.

### 1.3. Consolidated income statement

Consolidated income statement		
	30/06/2016	30/06/2015*
<b>In KUSD (condensed)</b>		
Revenue	117 353	117 944
Cost of sales	-91 479	-90 969
<b>Gross profit</b>	<b>25 874</b>	<b>26 975</b>
Selling, general and administrative expenses	-12 599	-12 280
Other operating income/(charges)	21	- 152
<b>Operating result</b>	<b>13 296</b>	<b>14 543</b>
Financial income	54	39
Financial charges	- 451	- 311
Exchange differences	67	- 249
<b>Financial result</b>	<b>- 330</b>	<b>- 521</b>
<b>Profit before tax</b>	<b>12 966</b>	<b>14 022</b>
Tax expense	-4 330	-3 218
<b>Profit after tax</b>	<b>8 636</b>	<b>10 804</b>
Share of results of associated companies and joint ventures	3 140	4 006
<b>Result from continuing operations</b>	<b>11 776</b>	<b>14 810</b>
<b>Profit for the period</b>	<b>11 776</b>	<b>14 810</b>
<b>Share of the group</b>	<b>10 857</b>	<b>13 743</b>

\* The 30 June 2015 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			
	30/06/2016	%	30/06/2015*
<b>In KUSD (condensed)</b>			
Palm	23 590	91.1	22 443
Rubber	- 23	-0.1	651
Tea	357	1.4	700
Bananas and plants	949	3.7	1 898
Corporate and others	1 001	3.9	1 283
<b>Total</b>	<b>25 874</b>	<b>100.0</b>	<b>26 975</b>

\* The 30 June 2015 comparative figures have been restated due to the amendments to IAS 16 and IAS 41 : Property, plant and equipment and agriculture - bearer plants.

SIPEF has opted for the early implementation of the amendments to IAS 16 and IAS 41 – 'Property, plant and equipment and agriculture - bearer plants'. As a result, the financial statements of the previous periods have been restated. The impact of that change on the income statement and cash flow is shown in note 7.

Total revenue remained virtually unchanged at USD 117 million.

Revenue for palm oil was up 4%. The increased volumes were sold at slightly lower unit selling prices.

Rubber revenue fell substantially (-36%), primarily as a result of lower selling prices. Revenue for tea remained stable in relation to the same period last year, whereas revenue for the banana segment fell as a result of a temporary downturn in production.

The gross profit fell from KUSD 26 975 in June 2015 to KUSD 25 874 (-4.1%).

The gross profit for palm oil increased by KUSD 1 147. Although the profitability of the Tolan Tiga group suffered from a temporary decline in selling prices and volumes, this was entirely made up for by the increased profitability of the UMW group. We can say that, after ten years of investment, this group can now little by little be regarded as a full-grown entity, which from now on will make a steadily growing positive contribution to the operating result. During the first six months of the year, a new export tax of USD 50/tonne introduced in July last year was levied on sales of Indonesian crude palm oil, regardless of world market price levels. The gross margin at Hargy Oil Palms in Papua New Guinea remained virtually stable due to the effect of lower selling prices combined with an improved unit cost.

As a result of lower rubber prices, the gross margin for rubber fell by KUSD 674 to KUSD -23.

Margins for tea and bananas also came under pressure, and their contributions to the gross profit were virtually halved to KUSD 357 and KUSD 949 respectively.

The operating result amounted to KUSD 13 296, or 8.6% less than last year.

The financial result included the interest on our short-term debt and a very modest exchange result, a direct consequence of our consistently applied hedging policy.

The profit before tax amounted to KUSD 12 966 compared to KUSD 14 022 in June 2015, a decrease of 7.5%.

At 33.4%, the effective tax rate was higher than the theoretical tax rate of 27.7% owing to the fact that we had reversed some deferred tax assets on tax losses.

The share in the results of associated companies and joint ventures includes the fairly stable results of PT Agro Muko (KUSD 3 711), PT Timbang Deli (KUSD -247) and Verdant Bioscience (KUSD -206). In our insurance segment (KUSD -118), higher claims incurred led to a reduction in the contribution by KUSD 642.

The profit for the period amounted to KUSD 11 776 compared to KUSD 14 810 the previous year, a decrease of 20.5%.

The net result, share of the group, amounted to KUSD 10 857, 21.0% down on 2015.

## 1.4. Consolidated cash flow

Consolidated cash flow		
	30/06/2016	30/06/2015*
<b>In KUSD (condensed)</b>		
Cash flow from operating activities	28 511	27 987
Change in net working capital	-3 652	-13 819
Income taxes paid	-1 225	-4 642
<b>Cash flow from operating activities after tax</b>	<b>23 634</b>	<b>9 526</b>
Acquisitions intangible and tangible assets	-18 952	-21 980
Acquisitions financial assets	-1 500	0
<b>Operating free cash flow</b>	<b>3 182</b>	<b>-12 454</b>
Dividends received from associated companies and joint ventures	2 365	4 951
Proceeds from sale of assets	607	201
<b>Free cash flow</b>	<b>6 154</b>	<b>-7 302</b>
Equity transactions with non-controlling parties	- 7	0
Decrease/(increase) of treasury shares	0	0
<b>Net free cash flow</b>	<b>6 147</b>	<b>-7 302</b>
	30/06/2016	30/06/2015*
<b>In USD per share</b>		
Weighted average shares outstanding	8 851 740	8 887 305
Basic operating result	1.50	1.64
Basic/Diluted net earnings	1.23	1.55
Cash flow from operating activities after tax	2.58	1.07

\* The 30 June 2015 comparative figures have been restated due to the amendments to IAS 16 and IAS 41 : Property, plant and equipment and agriculture - bearer plants.

At KUSD 28 511, cash flow from operating activities was slightly up on the first six months of 2015 (KUSD 27 987).

The decrease in working capital (KUSD -3 652) is primarily the result of a temporary increase in stocks of finished products (KUSD 4 850).

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

During the first six months of 2016, a further payment of KUSD 1 500 was made as part of our original commitment to set aside KUSD 5 000 cash for Verdant Bioscience for the construction of a research centre. There still remains a balance of KUSD 1 750 to be paid during the next few months.

The dividends received from associated companies and joint ventures were the dividend the group received from PT Agro Muko.

Proceeds from the sale of assets (KUSD 607) mainly concerned the sale of Galley Reach Holdings, the rubber operations in Papua New Guinea, which was closed at approximately the carrying value (capital loss of KUSD 39). The sales price will be collected in instalments between 2016 and 2020. A first instalment of KUSD 660 was received with the signing of the final agreement.

The first six months were characterized by a positive free cash flow of KUSD 6 154, compared to a deficit of KUSD 7 302 in June 2015.

## 1.5. Consolidated balance sheet

Consolidated balance sheet		
	30/06/2016	31/12/2015
<b>In KUSD (condensed)</b>		
Biological assets (depreciated costs) - bearer plants	173 100	163 505
Other fixed assets	302 687	302 492
Net assets held for sale	0	6 943
Net current assets, net of cash	39 167	40 419
Net cash position	-44 520	-50 521
<b>Total net assets</b>	<b>470 434</b>	<b>462 838</b>
Shareholders' equity, group share	418 791	413 862
Non controlling interest	24 036	23 312
Provisions and deferred tax liabilities	27 607	25 664
<b>Total net liabilities</b>	<b>470 434</b>	<b>462 838</b>

The continued land compensations and expansion of plantations in Indonesia in particular have led to a further increase in intangible assets and biological assets.

The net assets held for sale at year-end 2015 concerned the net assets of the recently sold Galley Reach Holdings.

The net current assets, net of cash, decreased by KUSD 1 252, primarily through the combined effect of:

- an increase resulting from the partial repayment of our investment in Verdant Bioscience (KUSD 1 500);
- an increase resulting from a temporary rise in stocks of crude palm oil (KUSD 4 850);
- a reduction resulting from the dividend approved by the shareholders in June - but only paid in July - totalling KUSD 6 043 (EUR 0.60 per share).

## 1.6. Prospects

Production.

A slight improvement in palm oil volumes could already be observed in North Sumatra in July, while the trend is clearly positive for the fruit bunch formation of the fourth quarter's harvest. In Papua New Guinea, too, small harvest volumes are expected in the third quarter, but with favourable prospects for the last quarter. We can safely say that in 2016, despite the significant delayed drought effects of El Niño, volumes are again set to increase compared to last year.

Due to the sale of the rubber plantations in Papua New Guinea, the total group volumes will be lower than in 2015, although Indonesian production is expected to grow out of Agro Muko. Banana volumes have returned to normal since July, and production will pick up again in the second half of the year with new harvests from the additional acreages.

Markets.

The palm oil market is currently being driven by different factors, whereby the biggest trigger is how quickly the low production will recover from the El Niño impact. Timing could be of the essence in this respect, as demand is kicking in, whereas most destinations have been holding off the buying for several months and the destination stocks are dropping fast. As a result, we are seeing an inflated spot market that could drag prices up further.

At the same time, August is the essential month for the US soybean crop where it is currently hot but the soil moisture seems to be sufficient. Therefore, we expect quite a degree of volatility with a mild rise from current price levels.

The supply and demand side seems to be balanced for the rubber market and the nearby tightness on latex-derived products should fade away. Therefore, we expect a steady market in the coming months for the rubber market.

Kenya's tea production is in its low cycle and with robust demand from the traditional importing countries we expect prices to remain stable to slightly higher.

#### Results.

The better prices of the second quarter allowed us to put bigger volumes on the market, consequently, we have so far sold 70% of the projected palm oil volumes at an average price of USD 704/tonne CIF Rotterdam, premiums included. This is USD 35/tonne higher than the average market price of USD 667/tonne for the first six months, but still USD 35/tonne lower than the average price of sales at the same time last year.

The recovery of rubber prices in the second quarter also gave us the opportunity to already sell 92% of the projected volumes at USD 1 443/tonne FOB, which is USD 160/tonne lower than the average price of sales at the same time last year. Due to the relatively lower prices for tea, based on a larger supply volume from Kenya, we sold 81% of our projected production at USD 2 570/tonne, which is USD 130 higher than the average selling price at the same time last year.

The local currencies of Indonesia and Papua New Guinea remained weak against the USD. The PGK in particular continued to depreciate, which has a favourable impact on our production costs in USD terms. In view of the recent political news, we do not expect a quick recovery of those currencies in the next few months. The unit costs of our operations in North Sumatra are still affected by the current low production volumes, but will be in line with expectations in the second half of the year. Additionally, we do not expect any changes in the present system of export taxes on palm oil in Indonesia.

Despite the expected stable lower market prices, and on the basis of better production forecasts for the second half of the year and the sales already realised, we are in the meantime more optimistic about our recurring profit for 2016, which should exceed that of last year.

#### Cash flow and expansion.

The company's investment policy will continue to focus on the usual replanting of the mature plantations and the expansion of palm oil operations in Sumatra in Indonesia and, to a lesser extent, of the banana plots in Ivory Coast. The expansion of our palm oil activities in Papua New Guinea is nearly completed, and we will first bring the hectares already planted to maturity so that the full capacity of the three mills can be utilised.

Expansion through three concessions in Musi Rawas in South Sumatra remains our priority. In the past six months an additional 1 015 hectares were compensated and an additional 1 070 hectares planted or prepared for planting, totalling 4 461 cultivated hectares, which is 50.6% of the total 8 812 compensated hectares available. The first fruit bunches will be harvested and sold in August.

The expansion of the banana plantations in Ivory Coast continues with the planting of an additional 70 hectares in 2016, after a first plot of 70 hectares last year, of which the first volumes have already been harvested for export. We will have 710 hectares in operation by the year-end.

Since the rubber operations of Galley Reach Holdings were finally disposed of as from 1 June, they will cease to weigh on the company's cash flow.

The reduced investment budget and the projected higher operating cash flows are expected to further diminish *SIPEF's* already modestly improved debt position by the year-end.

## 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. Investments in associated companies and joint ventures (see annex 6)
- 2.1.8. Revision IAS 41R (see annex 7)
- 2.1.9. Business combinations, acquisitions and divestitures (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 June 30, 2016 were authorised for issue by the board of directors on August 16, 2016.

#### 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 December 31, 2015, 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 the 1st of January 2016 are consistent with the accounting standards used for the consolidated financial statements of 31 December 2015, with the exception that the group has applied the new accounting standards and interpretations applicable for annual periods beginning on or after 1 January 2016. These new standards and interpretations have a minimal impact.

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. Due to these amendments "bearer plants" are again accounted for at historical costs rather than fair value. The *SIPEF* group has opted for early adoption of these standards as of 1 January 2015. As a consequence the consolidated financial statements of the previous periods have been restated.

The *SIPEF* group has decided not to value growing agricultural produce of the oil palm fruit, latex and tea leaves at fair value as it grows less costs to sell in accordance with IAS 41.10c as we are of the opinion that all parameters used in any alternative fair value or cost base measurement (future productions, determination of the start of the life cycle, cost allocation,...) are clearly unreliable. As a consequence all alternative fair value measurements are also considered clearly unreliable. Within the industry there is currently a request for clarification and guidance sent to the IFRIC relating to the valuation of growing biological produce and the use of the unreliability exemption.

Growing biological produce of oil palm fruit, latex and tea leaves is therefore recognised at fair value at the point of harvest in accordance with IAS 41.32.

For additional information concerning the restatement of prior financial statements we refer to annex 7.

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

### 2.2.3. Consolidation scope

On 15 February 2016, a sale of shares agreement was signed to finalize the sale of Galley Reach Holdings at approximately the current net carrying value. Following this agreement, the company Galley Reach Holdings, which was already classified as an asset held for sale, was deconsolidated. The deconsolidation was done as per end of February 2016.

For additional information concerning the sale of Galley Reach Holdings we refer to annex 8.

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

### 2.2.4. Income taxes

As recorded earlier and as it appears from 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:

	30/06/2016	30/06/2015*
<b>In KUSD</b>		
Result before tax	12 966	14 022
	27.72%	26.78%
Theoretical tax charge	-3 594	-3 755
Deferred Tax on asset valuation (EUR/USD)	-126	-565
Exchange result EUR/USD	-34	-754
Deferred Tax on carried forward losses of the past	-146	-446
Permanent differences	-430	2 302
Tax charge	-4 330	-3 218
Effective tax rate	33.39%	22.95%

\* The 2015 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 146 on tax losses carried forward has been reversed per June 30, 2016. This amount is positively affected by the reversal of impairments recorded in previous years. There is also a negative effect 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 4 330 (KUSD 3 218) can be split into a current tax component of KUSD 3 252 (KUSD 3 785) and a deferred tax component of KUSD 1 078 (KUSD -567).

### 2.2.5. Segment information

See annex 5.

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

Due to the application of the IFRS 11 standard relating to Joint Arrangements and Joint Ventures, PT Agro Muko, amongst others, is included in the consolidated financial statements using the equity consolidation method.

Therefore, an additional disclosure has been added to the consolidated financial statements, containing information relating to the associated companies and joint ventures. We refer to annex 6.

### 2.2.7. Shareholders' equity

On June 8, 2016, *SIPEF*'s shareholders approved the distribution of a EUR 0.60 gross dividend for 2015, payable as from July 6, 2016.

### 2.2.8. Net financial assets/(liabilities)

	30/06/2016	30/12/2015
<b>In KUSD</b>		
Short-term obligations - credit institutions	-64 652	-69 649
Investments and deposits	0	0
Cash and cash equivalents	20 132	19 128
<b>Net financial assets/(liabilities)</b>	<b>-44 520</b>	<b>-50 521</b>

The short-term obligations have a duration of less than three months and consist of USD straight loans with our bankers of KUSD 44 000 and a commercial paper debt of KUSD 20 652.

From the KUSD 20 132 cash and cash equivalents as per June 30, 2016, KUSD 6 043 was distributed on July 6, 2016 as dividend over 2015.

### 2.2.9. Financial instruments

The financial instruments were categorized according to principles that are consistent with those applied for the preparation of note 27 of the 2015 financial statements. No transfer between levels occurred during the first six months of 2016.

All derivatives outstanding per June 30, 2016 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 June 30, 2016 the fair value amounts to KUSD -196 versus KUSD -837 per December 31, 2015.

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

### 2.2.10. Related party transactions

There were no changes in transactions with related parties compared to the annual report of December 2015.

### 2.2.11. Important events

See management report.

### 2.2.12. 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.

### 2.2.13. Risks

In accordance with Article 13 of the Royal Decree of November 14, 2007, *SIPEF* group states that the fundamental risks confronting the company are unchanged from those described in the 2015 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, 2016 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 2016 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, 18 August 2016.

For more information, please contact:

F. Van Hoydonck,  
managing director  
(mobile +32 478 92 92 82)

J. Nelis,  
chief financial officer

Tel.: +32 3 641 97 00  
Fax : +32 3 646 57 05

[finance@sipef.com](mailto:finance@sipef.com)  
[www.sipef.com](http://www.sipef.com)  
(section "investors")



*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.

# Consolidated balance sheet

Annex 1

	30/06/2016	31/12/2015
<b>In KUSD (condensed)</b>		
<b>Non-current assets</b>	<b>491 910</b>	<b>482 462</b>
Intangible assets	49 041	46 910
Goodwill	1 348	1 348
Biological assets - bearer plants	173 100	163 505
Property, plant & equipment	185 928	193 805
Investment property	0	3
Investments in associated companies and joint ventures	57 561	56 604
Financial assets	3 826	3 822
Other financial assets	3 826	3 822
Receivables > 1 year	4 983	0
Other receivables	4 983	0
Deferred tax assets	16 123	16 465
<b>Current assets</b>	<b>94 981</b>	<b>94 646</b>
Inventories	27 890	21 301
Trade and other receivables	37 202	39 194
Trade receivables	21 941	22 801
Other receivables	15 261	16 393
Current tax receivables	6 328	5 224
Investments	0	0
Other investments and deposits	0	0
Derivatives	0	0
Cash and cash equivalents	20 132	19 128
Other current assets	3 429	2 377
Assets held for sale	0	7 422
<b>Total assets</b>	<b>586 891</b>	<b>577 108</b>

	30/06/2016	31/12/2015
<b>In KUSD (condensed)</b>		
<b>Total equity</b>	<b>442 827</b>	<b>437 174</b>
Shareholders' equity	418 791	413 862
Issued capital	45 819	45 819
Share premium	21 502	21 502
Treasury shares (-)	-6 817	-6 817
Reserves	375 582	370 863
Translation differences	-17 295	-17 505
Non-controlling interests	24 036	23 312
<b>Non-current liabilities</b>	<b>43 730</b>	<b>42 129</b>
Provisions > 1 year	1 067	1 257
Provisions	1 067	1 257
Deferred tax liabilities	31 034	30 363
Trade and other liabilities > 1 year	0	0
Financial liabilities > 1 year (incl. derivatives)	0	0
Pension liabilities	11 629	10 509
<b>Current liabilities</b>	<b>100 334</b>	<b>97 805</b>
Trade and other liabilities < 1 year	34 254	25 401
Trade payables	15 353	11 675
Advances received	415	285
Other payables	15 124	13 212
Income taxes	3 362	229
Financial liabilities < 1 year	64 848	70 486
Current portion of amounts > 1 year	0	0
Financial liabilities	64 652	69 649
Derivatives	196	837
Other current liabilities	1 232	1 439
Liabilities associated with assets held for sale	0	479
<b>Total equity and liabilities</b>	<b>586 891</b>	<b>577 108</b>

# Consolidated income statement

## Annex 2

	30/06/2016	30/06/2015*
<b>In KUSD (condensed)</b>		
Revenue	117 353	117 944
Cost of sales	-91 479	-90 969
<b>Gross profit</b>	<b>25 874</b>	<b>26 975</b>
Selling, general and administrative expenses	-12 599	-12 280
Other operating income/(charges)	21	- 152
<b>Operating result</b>	<b>13 296</b>	<b>14 543</b>
Financial income	54	39
Financial charges	- 451	- 311
Exchange differences	67	- 249
<b>Financial result</b>	<b>- 330</b>	<b>- 521</b>
<b>Profit before tax</b>	<b>12 966</b>	<b>14 022</b>
Tax expense	-4 330	-3 218
<b>Profit after tax</b>	<b>8 636</b>	<b>10 804</b>
<b>Share of results of associated companies and joint ventures</b>	<b>3 140</b>	<b>4 006</b>
<b>Result from continuing operations</b>	<b>11 776</b>	<b>14 810</b>
<b>Result from discontinued operations</b>	<b>0</b>	<b>0</b>
<b>Profit for the period</b>	<b>11 776</b>	<b>14 810</b>
<b>Attributable to:</b>		
- Non-controlling interests	919	1 067
- Equity holders of the parent	10 857	13 743
<b>Earnings per share (in USD)</b>		
<b>From continuing and discontinued operations</b>		
Basic/Diluted earnings per share	1.23	1.55
<b>From continuing operations</b>		
Basic/Diluted earnings per share	1.23	1.55

\* The 30 June 2015 comparative figures have been restated due to the amendments to IAS 16 and IAS 41 : Property, plant and equipment and agriculture - bearer plants.

# Consolidated income statement

Annex 2

## Consolidated statement of comprehensive income

	30/06/2016	30/06/2015*
<b>In KUSD (condensed)</b>		
<b>Profit for the period</b>	<b>11 776</b>	<b>14 810</b>
<b>Other comprehensive income:</b>		
<b>Items that may be reclassified to profit and loss in subsequent periods:</b>		
- Exchange differences on translating foreign operations	209	-1 184
<b>Items that will not be reclassified to profit and loss in subsequent periods:</b>		
- Defined Benefit Plans - IAS 19R	- 237	- 375
- Income tax effect	59	94
<b>Total other comprehensive income:</b>	<b>31</b>	<b>-1 465</b>
<b>Other comprehensive income for the year attributable to:</b>		
- Non-controlling interests	- 14	- 23
- Equity holders of the parent	45	-1 442
<b>Total comprehensive income for the year:</b>	<b>11 807</b>	<b>13 345</b>
<b>Total comprehensive income for the year attributable to:</b>		
- Non-controlling interests	905	1 044
- Equity holders of the parent	10 902	12 301

\* The 2014 comparative figures have been restated due to the amendments to IAS 16 and IAS 41: Property, plant and equipment and Agriculture – bearer plants.

# Consolidated cash flow statement

Annex 3

	30/06/2016	30/06/2015*
<b>In KUSD (condensed)</b>		
<b>Operating activities</b>		
Profit before tax	12 966	14 022
Adjusted for:		
Depreciation	14 751	14 152
Movement in provisions	532	- 535
Stock options	109	212
Changes in fair value of biological assets	0	0
Other non-cash results	35	927
Hedge reserves and financial derivatives	- 641	-1 391
Financial income and charges	348	189
Capital loss on receivables	0	0
Capital loss on sale of investments	39	0
Result on disposal of property, plant and equipment	372	411
Result on disposal of financial assets	0	0
Cash flow from operating activities before change in net working capital	28 511	27 987
Change in net working capital	-3 652	-13 819
Cash flow from operating activities after change in net working capital	24 859	14 168
Income taxes paid	-1 225	-4 642
Cash flow from operating activities	23 634	9 526
<b>Investing activities</b>		
Acquisition intangible assets	-2 473	-2 398
Acquisition biological assets - bearer plants	-8 664	-8 115
Acquisition property, plant & equipment	-7 815	-11 467
Acquisition investment property	0	0
Acquisition financial assets	-1 500	0
Dividends received from associated companies and joint ventures	2 365	4 951
Proceeds from sale of property, plant & equipment	34	201
Proceeds from sale of financial assets	573	0
Cash flow from investing activities	-17 480	-16 828
<b>Free cash flow</b>	<b>6 154</b>	<b>-7 302</b>
<b>Financing activities</b>		
Equity transactions with non-controlling parties	- 7	0
Decrease/(increase) of treasury shares	0	- 208
Repayment in long-term financial borrowings	0	0
Increase/(decrease) short-term financial borrowings	-4 997	15 619
Last year's dividend paid during this bookyear	0	0
Dividends paid by subsidiaries to minorities	- 215	- 581
Interest received - paid	- 346	- 184
Cash flow from financing activities	-5 565	14 646
<b>Net increase in investments, cash and cash equivalents</b>	<b>589</b>	<b>7 344</b>
Investments and cash and cash equivalents (opening balance)	19 537	28 125
Effect of exchange rate fluctuations on cash and cash equivalents	6	- 6
Investments and cash and cash equivalents (closing balance)	20 132	35 463

\* The 30 June 2015 comparative figures have been restated due to the amendments to IAS 16 and IAS 41 : Property, plant and equipment and agriculture - bearer plants.

# 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
<b>January 1, 2016</b>	<b>45 819</b>	<b>21 502</b>	<b>-6 817</b>	<b>-2 186</b>	<b>373 049</b>	<b>-17 505</b>	<b>413 862</b>	<b>23 312</b>	<b>437 174</b>
Result for the period					10 857		10 857	919	11 776
Other comprehensive income				- 164		209	45	- 14	31
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>- 164</b>	<b>10 857</b>	<b>209</b>	<b>10 902</b>	<b>905</b>	<b>11 807</b>
Last year's dividend paid					-6 043		-6 043	- 215	-6 258
Equity transactions with non-controlling parties					- 39		- 39	34	- 5
Other					109		109		109
<b>June 30, 2016</b>	<b>45 819</b>	<b>21 502</b>	<b>-6 817</b>	<b>-2 350</b>	<b>377 933</b>	<b>-17 296</b>	<b>418 791</b>	<b>24 036</b>	<b>442 827</b>
<b>January 1, 2015</b>	<b>45 819</b>	<b>21 502</b>	<b>-4 776</b>	<b>-1 756</b>	<b>502 668</b>	<b>-15 942</b>	<b>547 515</b>	<b>35 838</b>	<b>583 353</b>
Impact of the IAS 41 restatement					-136 569		-136 569	-13 364	-149 933
<b>January 1, 2015*</b> <b>restated</b>	<b>45 819</b>	<b>21 502</b>	<b>-4 776</b>	<b>-1 756</b>	<b>366 099</b>	<b>-15 942</b>	<b>410 946</b>	<b>22 474</b>	<b>433 420</b>
Result for the period					13 743		13 743	1 067	14 810
Other comprehensive income				- 258		-1 184	-1 442	- 23	-1 465
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>- 258</b>	<b>13 743</b>	<b>-1 184</b>	<b>12 301</b>	<b>1 044</b>	<b>13 345</b>
Last year's dividend paid					-12 553		-12 553	- 581	-13 134
Equity transactions with non-controlling parties							0		0
Other			- 208		212		4		4
<b>June 30, 2015*</b>	<b>45 819</b>	<b>21 502</b>	<b>-4 984</b>	<b>-2 014</b>	<b>367 501</b>	<b>-17 126</b>	<b>410 698</b>	<b>22 937</b>	<b>433 635</b>

\* The 30 June 2015 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.

	30/06/2016	30/06/2015*
<b>In KUSD</b>		
<b>Gross margin per product</b>		
Palm	26 951	25 516
Rubber	- 41	674
Tea	335	648
Bananas and flowers	873	1 898
Other	2 873	2 833
<b>Total gross margin</b>	<b>30 991</b>	<b>31 569</b>
Selling, general and administrative expenses	-14 515	-13 951
Other operating income/(charges)	85	149
Financial income/(charges)	- 404	- 278
Exchange differences	- 55	- 168
<b>Profit before tax</b>	<b>16 102</b>	<b>17 321</b>
Tax expense	-5 126	-4 247
Effective tax rate	-31.8%	-24.5%
Insurances	- 119	524
<b>Profit after tax</b>	<b>10 857</b>	<b>13 598</b>
Effect of the IAS 41 restatement*	0	145
<b>Profit after tax after IAS 41 restatement*</b>	<b>10 857</b>	<b>13 743</b>

\* The 30 June 2015 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

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	Gross profit	% of total
<b>2016 - KUSD</b>				
Palm	98 076	-74 486	23 590	91.1
Rubber	6 955	-6 978	- 23	-0.1
Tea	4 009	-3 652	357	1.4
Bananas and plants	7 311	-6 362	949	3.7
Corporate	1 000	0	1 000	3.9
Others	2	- 1	1	0.0
<b>Total</b>	<b>117 353</b>	<b>-91 479</b>	<b>25 874</b>	<b>100.0</b>
<b>2015 - KUSD*</b>				
Palm	93 898	-71 455	22 443	83.2
Rubber	10 922	-10 271	651	2.4
Tea	3 991	-3 291	700	2.6
Bananas and plants	7 848	-5 950	1 898	7.0
Corporate	1 283	0	1 283	4.8
Others	2	- 2	0	0.0
<b>Total</b>	<b>117 944</b>	<b>-90 969</b>	<b>26 975</b>	<b>100.0</b>

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	Gross profit	% of total
<b>2016 - KUSD</b>					
Indonesia	69 903	-56 178	369	14 094	54.5
Papua New Guinea	35 824	-25 637	0	10 187	39.4
Ivory Coast	10 624	-9 662	0	962	3.7
Europe	631	0	0	631	2.4
Others	2	- 2	0	0	0.0
<b>Total</b>	<b>116 984</b>	<b>-91 479</b>	<b>369</b>	<b>25 874</b>	<b>100.0</b>
<b>2015 - KUSD*</b>					
Indonesia	59 977	-44 938	298	15 337	56.9
Papua New Guinea	48 845	-40 079	0	8 766	32.5
Ivory Coast	7 848	-5 950	0	1 898	7.0
Europe	974	0	0	974	3.6
Others	2	- 2	0	0	0.0
<b>Total</b>	<b>117 646</b>	<b>-90 969</b>	<b>298</b>	<b>26 975</b>	<b>100.0</b>

\* The 30 June 2015 comparative figures have been restated due to the amendments to IAS 16 and IAS 41 : Property, plant and equipment and agriculture - bearer plants.

# Investments in associated companies and joint ventures

## Annex 6

The SIPEF group has the following percentage of control and percentage of interest in the associated companies and joint ventures:

Entity	Location	% of control	% of interest
PT Agro Muko	Jakarta / Indonesia	47.29	44.93
Verdant Bioscience Singapore PTE LTD	Singapore / Republic of Singapore	38.00	38.00
PT Timbang Deli Indonesia	Medan / Indonesia	38.00	36.10
Insurances (BDM NV and ASCO NV)	Antwerp / Belgium	50.00	50.00

The investments in associated companies and joint ventures consist of the following 2 sectors:

1. Tropical agriculture - PT Agro Muko, PT Timbang Deli and Verdant Bioscience Singapore PTE LTD
2. The insurance sector: BDM NV and ASCO NV

The total post “investments in associated companies and joint ventures” can be summarized as follows:

	30/06/2016	31/12/2015
In KUSD		
PT Agro Muko	39 681	38 323
Verdant Bioscience Singapore PTE LTD	7 145	7 350
PT Timbang Deli Indonesia	2 085	2 335
Insurances (BDM NV and ASCO NV)	8 650	8 596
<b>Total</b>	<b>57 561</b>	<b>56 604</b>

Below we present the condensed statement of financial position of PT Agro Muko, the most important joint venture. These are prepared in accordance with IFRS and are before intercompany eliminations and excluding goodwill.

	PT Agro Muko	
	30/06/2016	31/12/2015
In KUSD		
Biological assets - bearer plants	33 838	33 411
Other non-current assets	29 294	29 541
Current assets	24 014	15 390
Cash and cash equivalents	2 782	8 272
<b>Total assets</b>	<b>89 928</b>	<b>86 614</b>
Non-current liabilities	6 506	5 882
Financial debts > 1 year	0	0
Current liabilities	6 220	6 404
Financial debts < 1 year	0	0
Equity	77 202	74 328
<b>Total liabilities</b>	<b>89 928</b>	<b>86 614</b>

# Investments in associated companies and joint ventures

## Annex 6

The total post “Share of results of associated companies and joint ventures” can be summarized as follows:

	30/06/2016	30/06/2015*
<b>In KUSD</b>		
PT Agro Muko	3 711	3 852
Verdant Bioscience Singapore PTE LTD	- 206	- 240
PT Timbang Deli Indonesia	- 247	- 130
Insurances (BDM NV and ASCO NV)	- 118	524
<b>Total result</b>	<b>3 140</b>	<b>4 006</b>

Below we present the condensed income statement of PT Agro Muko, the most important joint venture. This is prepared in accordance with IFRS and is before intercompany eliminations and excluding goodwill.

	PT Agro Muko	
	30/06/2016	30/06/2015*
<b>In KUSD</b>		
Inclusion in the consolidation:	47,29%	47,29%
Revenue	26 745	24 960
Depreciation	2 315	2 136
Interest income	9	16
Interest charges	0	0
Net result	7 847	8 145
<b>Share in the consolidation</b>	<b>3 711</b>	<b>3 852</b>
Total share of the group	3 526	3 659
Total share minorities	186	193

## Dividends received from associated companies and joint ventures

During the year the following dividends were received:

	30/06/2016	30/06/2015*
<b>In KUSD</b>		
PT Agro Muko	2 365	4 729
Insurances (BDM NV and ASCO NV)	0	222
<b>Total</b>	<b>2 365</b>	<b>4 951</b>

There are no restrictions on the transfers of funds to the group.

\* The 30 June 2015 comparative figures have been restated due to the amendments to IAS 16 and IAS 41 : Property, plant and equipment and agriculture - bearer plants.

# Revision IAS 41R

## Annex 7

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. Due to these amendments “bearer plants” are again accounted for at historical costs rather than fair value. The *SIPEF* group has opted for early adoption of these standards as of 1 January 2015. As a consequence the consolidated financial statements of the previous periods have been restated.

The *SIPEF* group has decided not to value growing agricultural produce of the oil palm fruit, latex and tea leaves at fair value as it grows less costs to sell in accordance with IAS 41.10c as we are of the opinion that all parameters used in any alternative fair value or cost base measurement (future productions, determination of the start of the life cycle, cost allocation,...) are clearly unreliable. As a consequence all alternative fair value measurements are also considered clearly unreliable.

Growing biological produce of oil palm fruit, latex and tea leaves is therefore recognised at fair value at the point of harvest in accordance with IAS 41.32.

Below we disclose the impact of the restatement on the income statement, the equity, the net assets and the cash flow.

### Effect on the consolidated income statement

	30/06/2015		
	IAS 41	IAS 41R	Difference
<b>In KUSD (condensed)</b>			
Gross Sales	117 944	117 944	0
Cost of Sales	- 87 434	- 90 969	- 3 535
<b>Gross Margin</b>	<b>30 510</b>	<b>26 975</b>	<b>- 3 535</b>
Variation Biological assets	9 659	0	- 9 659
Planting costs (net)	- 8 358	0	8 358
Selling, general and admin expenses	- 12 280	- 12 280	0
Other operating income /(charges)	- 152	- 152	0
<b>Operating Result</b>	<b>19 379</b>	<b>14 543</b>	<b>- 4 836</b>
Financial Income	39	39	0
Financial costs	- 311	- 311	0
Exchange variances	- 249	- 249	0
<b>Financial Result</b>	<b>- 521</b>	<b>- 521</b>	<b>0</b>
<b>Profit before tax</b>	<b>18 858</b>	<b>14 022</b>	<b>- 4 836</b>
Tax	- 4 549	- 3 218	1 331
<b>Profit after tax</b>	<b>14 309</b>	<b>10 804</b>	<b>- 3 505</b>
Share of results of associated companies and joint ventures	4 010	4 006	- 4
<b>Result from continuing operations</b>	<b>18 319</b>	<b>14 810</b>	<b>- 3 509</b>
<b>Profit for the period</b>	<b>18 319</b>	<b>14 810</b>	<b>- 3 509</b>
- Non controlling interests	1 506	1 067	- 439
- Equity holders of the parent	16 813	13 743	- 3 070

# Revision IAS 41R

## Annex 7

### Effect on the cash flow

	30/06/2015		
	IAS 41	IAS 41R	Difference
<b>In KUSD (condensed)</b>			
<b>Profit before tax</b>	<b>18 858</b>	<b>14 022</b>	<b>- 4 836</b>
Adjusted for:			
Depreciation	10 618	14 152	3 534
Movement in provisions	- 535	- 535	0
Stock options	212	212	0
Changes in fair value of biological assets	- 1 302	0	1 302
Other non-cash results	927	927	0
Hedge reserves and financial derivatives	- 1 391	- 1 391	0
Financial income and charges	189	189	0
Capital loss on receivables	0	0	0
Capital gain on sale of investments	0	0	0
Result on disposal of property, plant and equipment	411	411	0
Result on disposal of financial assets	0	0	0
Cash flow from operating activities before change in net working capital	27 987	27 987	0
Change in net working capital	- 13 819	- 13 819	0
Income taxes paid	- 4 642	- 4 642	0
<b>Cash flow from operating activities after tax</b>	<b>9 526</b>	<b>9 526</b>	<b>0</b>
Acquisitions intangible and tangible assets	- 21 980	- 21 980	0
Acquisitions financial assets	0	0	0
<b>Operating free cash flow</b>	<b>- 12 454</b>	<b>- 12 454</b>	<b>0</b>
Dividends received from associated companies and joint ventures	4 951	4 951	0
Proceeds from sale of assets	201	201	0
<b>Free cash flow</b>	<b>- 7 302</b>	<b>- 7 302</b>	<b>0</b>
Financial income and charges	14 646	14 646	0
Net increase in investments, cash and cash equivalents	7 344	7 344	0
<b>Net free cash flow</b>	<b>- 7 510</b>	<b>- 7 510</b>	<b>0</b>

# Business combinations, acquisitions and divestitures

## Annex 8

On 15 February 2016, a sale of shares agreement was signed to finalise the sale of Galley Reach Holdings at approximately the current net carrying value.

Following this agreement, the company Galley reach Holdings, which was already classified as an asset held for sale, was deconsolidated. The deconsolidation was done as per end of February 2016. The results of Galley Reach Holdings until then were included in the consolidated financial statements using the full consolidation method.

On the 1st of June 2016, the company was handed over to the new owners. Until that time, the *SIPEF* group has purchased and sold all remaining productions of Galley Reach Holdings. These transactions were treated as third party purchases.

Per 30 June 2016 an amount of KUSD 640 was already received relating to the sale. On the 1st of July another tranche of KUSD 840 was received. The remaining part will be received over the course of the next 4 years. There “are no interest received on the deferred payments.”

The remaining cash in Galley Reach Holdings (KUSD 87) was already included in the “assets held for sale” and therefore leave the group after the sale of Galley Reach Holdings.

The sale has occurred under the condition that all land rights of Galley Reach Holdings which had come to expire at the time of signing, would be successfully renewed. The *SIPEF* group does not expect any issues to fulfil this condition. Should any of the land rights not be renewed by the government, then the final payment in 2020 will be reduced proportionally with a maximum of KUSD 1 350.

The above mentioned transaction had the following effects on the balance sheet, the income statement and the cash flow:

In KUSD	Total
Other receivables > 1 year	4 983
Other current assets	1 014
Assets held for sale	-7 334
Assets held for sale: cash and cash equivalents	- 87
Cash and cash equivalents	660
<b>Total assets</b>	<b>- 765</b>
Result until February 2016	- 310
Currency translation adjustment	- 76
Liabilities associated with assets held for sale	- 479
Provisions	139
<b>Total liabilities</b>	<b>- 726</b>
Result on disposal of financial assets	- 39
<b>Total result of the sale</b>	<b>- 39</b>
<b>Net cash received (+) / payed (-)</b>	<b>573</b>

# Report of the statutory auditor

Annex 9



Deloitte Bedrijfsrevisoren /  
Reviseurs d'Entreprises  
Lange Lozanastraat 270  
2018 Antwerpen  
Belgium  
Tel. + 32 3 800 85 00  
Fax + 32 3 800 85 01  
www.deloitte.be

## Sipef NV

### Report on review of the interim condensed consolidated financial information for the six-month period ended 30 June 2016

To the board of directors

In the context of our appointment as the company's statutory auditor, we report to you on the interim condensed consolidated financial information. This interim condensed consolidated financial information comprises the consolidated balance sheet as at 30 June 2016, 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 interim condensed consolidated financial information

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

The consolidated balance sheet shows total assets of 586.891 (000) USD and the consolidated income statement shows a consolidated profit (group share) for the period then ended of 10.857 (000) USD.

The board of directors of the company is responsible for the preparation and fair presentation of the interim condensed consolidated 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 interim condensed consolidated financial information based on our review.

#### Scope of review

We conducted our review of the interim condensed consolidated 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 interim condensed consolidated financial information.

# Report of the statutory auditor

Annex 9

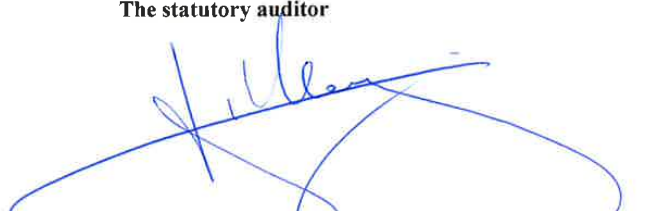
**Deloitte.***Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated 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.

*Emphasis of Matter*

Without prejudice to the unqualified review opinion issued above, we draw attention to note 2 of the interim condensed consolidated financial information where management has determined that all parameters used in any alternative fair value or cost base measurement of a growing agricultural produce are clearly unreliable, and as a consequence, all alternative fair value measurements are also considered clearly unreliable. Therefore the growing produce is only recognised as an asset at point of harvest. The main biological assets are bearer plants which are in scope of IAS 16 as from 2015 onwards, following early adoption of the amendments to IAS 16 and IAS 41 related to bearer plants.

Antwerp, 16 August 2016

**The statutory auditor**  
**DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises**  
BV o.v.v.e. CVBA / SC s.f.d. SCRL  
Represented by Dirk Cleymans