Press release 2015

Regulated information | December 2015

SIPEF

Results of the SIPEF group as per 31 December 2015 (12m/15)

- Annual palm oil production rose by 8.4% after a strong fourth quarter (+11.3%).
- Persistently low world market prices for palm oil and rubber were observed.
- Devaluation of local currencies (IDR, PGK and EUR) has helped our constant efforts to manage production costs.
- Low selling prices have resulted in a 64.5% decrease in profit before tax.
- Early implementation of the new standard for biological assets (IAS 41) cancels out past revaluations through equity.
- The net result, group share, amounted to KUSD 19 226, or 60.7% down on 2014.
- As a result of the continuing investment programme, the net free cash flow amounted to KUSD -11 991.
- At current selling prices we expect an even slightly lower result in 2016.
- Proposal for the distribution of a gross dividend of EUR 0.60 per share, in line with the payout ratio of previous years.

1. Management report

1.1. Group production

	Fourth Quarter				Year To Date			
2015 (In tonnes)	Own	Third parties	Q4/15	YoY %	Own	Third parties	Q4/15	YoY %
Palm oil	63 383	13 926	77 309	11.28%	238 548	52 359	290 907	8.35%
Rubber	2 079	136	2 215	-10.25%	9 622	447	10 069	-3.28%
Tea	707	0	707	-10.28%	2 726	0	2 726	-3.20%
Bananas	5 606	0	5 606	+13.12%	24 286	0	24 286	+2.93%

2014 (In tonnes)	Own	Third parties	Q4/14	Own	Third parties	Q4/14
Palm oil	55 975	13 497	69 472	219 623	48 865	268 488
Rubber	2 229	239	2 468	9 675	736	10 411
Tea	788	0	788	2 816	0	2 816
Bananas	4 956	0	4 956	23 595	0	23 595

The continuing favourable conditions for palm oil production, particularly in the third quarter, persisted in the last quarter, allowing production year 2015 to close with an 8.4% increase on the previous year.

The vigorous overall growth in the fourth quarter (+11.3%) was recorded in particular on our own plantations in Indonesia where, both in the mature plantations in North Sumatra and those in Bengkulu province, palm oil volumes increased by more than 10% compared to the relatively weaker fourth quarter of 2014, which was affected by the delayed effects of the drought. At Hargy Oil Palms in Papua New Guinea, too, the growing maturity of the newly planted areas led to a 8.2% growth, an effect that was observed even more strongly in the young plantations of the UMW/TUM Group in North Sumatra (+35.5%). We can, therefore, safely say that the negative impact of El Niño, which nevertheless was clearly noticeable in the overall output volumes of Indonesia and Malaysia, has left the places where our plantations are located virtually unaffected.

The growth in palm oil volumes from fruit bunches purchased from neighbouring farmers was fairly limited (+3.2%) in the last quarter. The 7.15% increase on an annual basis was primarily attributable to the support programme developed by Hargy Oil Palms and the start of purchases from neighbouring farmers in the UMW/TUM project in North Sumatra.

The operational impact of the two new mills, one in Papua New Guinea and the other in North Sumatra, was also one of the underlying reasons for an overall growth in palm oil volumes this year, and especially for the 12.5% increase in palm kernel oil tonnages in Papua New Guinea.

Rubber production volumes on the Indonesian plantations experienced relatively little effect from the El Niño drought, except for the areas in South Sumatra, where production was 27.8% down on the fourth quarter of the previous year. On an annual basis, finished rubber volumes rose by 3.9% in Sumatra and 8.8% in Bengkulu, primarily as a result of improved yields in the mature plantations and extra latex production volumes from areas being replanted. In the rubber plantations of Papua New Guinea, there was a decrease in production from our own trees and volumes sourced from third parties. The persistently low rubber prices give local farmers little incentive to harvest.

Tea production in Java, on the other hand, did experience the effect of the El Niño drought, which strongly inhibited foliation and caused production volumes in both the third and fourth quarters to remain well below (-10.3%) those of the previous year. As a result, the cumulative 11.3% production increase of the first six months was entirely neutralized, ending the year with a slightly negative volume effect of -3.2%.

After adverse climatic conditions in the first six months, banana production in Ivory Coast showed an upward trend with a 13.1% increase on the fourth quarter of the previous year, putting the annual volume 2.9% higher than in 2014.

1.2. Markets

Average market prices			
		YTD Q4/15	YTD Q4/14
in USD/tonne*			
Palm oil	CIF Rotterdam	622	821
Rubber	RSS3 FOB Singapore	1 559	1 958
Tea	Mombasa	2 742	2 045
Bananas	FOT Europe	903	1 043

* *World Commodity Price Data*

Due to a significant stocks increase in the producing countries, the nearby positions in the palm oil market traded at a discount. Good production up until November and a lack of exports were the main factors that caused stocks in Malaysia to grow to a record 2.9 million tonnes. However, production felt the impact of the El Niño drought in the summer months. From November onwards the monthly production reductions were unprecedented, and in December there was already a strong stock decrease. The negative macro environment, predominantly driven by China, and the slump in petroleum prices put a lot of downward pressure on the palm oil market. As a result the market was very subdued and the market price hovered between USD 555/tonne and USD 610/tonne CIF Rotterdam.

The price of palm kernel oil was very volatile again in the fourth quarter, where the market place seemed to be divided between the fundamental supply and demand situations versus the premium that palm kernel oil was commanding over palm oil. The value of palm kernel oil traded between USD 770/tonne and USD 900/tonne CIF Rotterdam.

The rubber market remained very lacklustre and the Chinese economic unrest in the fourth quarter had a negative effect on rubber prices. The Sicom RSS3 market traded at new lows of around USD 1 220/tonne at the end of the year.

After the black CTC tea market had enjoyed record prices in the third quarter the price dropped in the fourth quarter, as most urgent needs were covered and production was back on track in Kenya. The weather in Kenya was supportive of a good crop and this was priced in. The average price was still around USD 3 000/tonne FOB for our Cibuni teas.

1.3. Consolidated income statement

Consolidated income statement		
	31/12/2015	31/12/2014*
In KUSD (condensed)		
Revenue	225 935	285 899
Cost of sales	-181 740	-206 996
Gross profit	**44 195**	**78 903**
Selling, general and administrative expenses	-22 660	-25 447
Other operating income/(charges)	457	7 363
Operating result	**21 992**	**60 819**
Financial income	81	181
Financial charges	-820	-870
Exchange differences	62	-11
Financial result	**-677**	**-700**
Profit before tax	**21 315**	**60 119**
Tax expense	-6 339	-20 262
Profit after tax	**14 976**	**39 857**
Share of results of associated companies and joint ventures	6 115	12 586
Result from continuing operations	21 091	52 443
Profit for the period	**21 091**	**52 443**
Share of the group	**19 226**	**48 967**

* 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 gross profit				
	31/12/2015	%	31/12/2014*	%
In KUSD (condensed)				
Palm	37 921	85.8	71 828	91.1
Rubber	-1 350	-3.1	1 147	1.5
Tea	1 715	3.9	39	0.0
Bananas and plants	4 142	9.4	3 588	4.5
Corporate and others	1 767	4.0	2 301	2.9
Total	**44 195**	**100.0**	**78 903**	**100.0**

* 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.

In November 2015, the amendments to IAS 16 and IAS 41 – "Property, plant and equipment and Agriculture – bearer plants" were approved for implementation within the European Union from 1 January 2016 at the latest. Consequently, "bearer plants" must again be valued at historical cost instead of at fair value. *SIPEF* has opted for the early implementation of this standard to take effect from 1 January 2015. As a result, the balance sheet and income statement of the previous periods have been restated. The impact of those changes on equity, balance sheet and income statement is shown in Note 7.

Total revenue decreased by 21% primarily as a result of a sharp fall in world market prices for palm oil and rubber. Revenue for palm oil was down 22%, despite increased volumes. Rubber declined by as much as 25% owing to the cumulative effect of decreased volumes on top of substantially lower selling prices. Revenue for our tea operations showed a different picture: better prices more than made up for the effect of disappointing production volumes (+13%). The lower revenue in USD terms of our "Euro" banana activities (-10%) is entirely due to the trend of the EUR against the USD.

The cost of sales for palm oil, rubber and bananas remained stable in 2015 or even improved versus 2014 owing to a combination of permanent efforts to control cost prices, increased volumes and a favourable trend of the USD against the currencies of the countries where our activities are located (IDR, PGK and EUR). Only the unit cost of sales for tea increased in relation to the previous year (+4.4%) due to lower volumes and a sharp rise in minimum wages in Indonesia.

The net effect of decreasing revenue and improved cost of sales led to a fall in gross margin from KUSD 78 903 to KUSD 44 195, in which palm oil accounts for 85.8% (91.1% in 2014). The negative gross margin for rubber is entirely attributable to Galley Reach Holdings Ltd in Papua New Guinea. After a difficult 2014, our tea activity recovered with a satisfactory contribution (KUSD 1 715), while bananas have made a stable and even slightly increasing contribution year by year.

General expenses fell (-10.9%) in line with the trend of the main currencies in which the salaries in our organization are paid, and due to lower provisions for variable result-based remuneration.

Low net financial charges reflect the group's strategy of financing expansion with equity. Foreign exchange results had very limited impact, a direct consequence of a consistently applied hedging policy.

The profit before tax amounted to KUSD 21 315 compared to KUSD 60 119 in 2014, a decrease of 64.5%.
At 29.7%, the effective tax rate was higher than the theoretical tax rate of 26.58% (25% in Indonesia/Ivory Coast, 30% in Papua New Guinea and 34% in Belgium) owing to the fact that we had reversed some deferred tax assets.

The share in the results of associated companies and joint ventures includes the result of PT Agro Muko (KUSD 6 526), PT Timbang Deli (KUSD -70), the start-up losses of Verdant Bioscience (KUSD -517), and finally our insurance segment (KUSD 176). The sharp decrease compared to 2014 (-51.4%) was in line with the weakened profitability of the fully consolidated subsidiaries.

The profit for the period amounted to KUSD 21 090 compared to KUSD 52 443 the previous year, a decrease of 59.8%.

The net result, group share, amounted to KUSD 19 226, 60.7% down on 2014.

In mid-July 2015 we were unpleasantly surprised by changes in the export tax system in Indonesia, which now also imposes a flat tax of USD 50/tonne on all exports of crude palm oil, even if the price level of USD 750/tonne is not reached. That extra charge diminished our net result, group share, by as much as USD 2.6 million.

1.4. Consolidated cash flow

Consolidated cash flow	31/12/2015	31/12/2014*
In KUSD (condensed)		
Cash flow from operating activities	49 890	80 599
Change in net working capital	-8 062	11 654
Income taxes paid	-10 471	-18 516
Cash flow from operating activities after tax	**31 357**	**73 737**
Acquisitions intangible and tangible assets	-49 002	-58 380
Acquisitions financial assets	-1 750	0
Operating free cash flow	**-19 395**	**15 357**
Dividends received from associated companies and joint ventures	7 315	12 087
Proceeds from sale of assets	2 132	- 180
Free cash flow	**-9 948**	**27 264**
Equity transactions with non-controlling parties	- 3	- 8
Decrease/(increase) of treasury shares	-2 040	0
Net free cash flow	**-11 991**	**27 256**

	31/12/2015	31/12/2014*
In USD per share		
Weighted average shares outstanding	8 880 661	8 889 740
Basic operating result	2.48	6.84
Basic/Diluted net earnings	2.16	5.51
Cash flow from operating activities after tax	3.53	8.29

* 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.

Cash flow from operating activities decreased to a lesser degree than the pre-tax operating profit (KUSD -30 790 compared to KUSD -38 804). This difference is due to the substantially higher level of depreciation from 2015 onward (KUSD +6 638), primarily as a result of the commissioning and concomitant depreciation of two new palm oil extraction mills.

The change in working capital (KUSD -8 062) was primarily attributable to a structural change in the use of this working capital as a result of altered export conditions in Indonesia. Which means that, as of the second quarter of 2015, we have to pay our suppliers for all exports immediately by documentary letters of credit.

Since tax prepayments in Indonesia are based on the result of the previous year, we made substantial tax prepayments in 2015, which we will be able to recover in the next few years.

The main investments during the year concerned, besides the usual replacement investments, the payment of additional land compensations, planting of additional oil palms (1 592 hectares in the new project in South Sumatra and 593 hectares in Papua New Guinea), and maintaining the approximately 10 000 hectares of immature plantations.

At the start-up of Verdant Bioscience, *SIPEF* was obliged, besides the contribution of PT Timbang Deli Indonesia, to set aside an amount of KUSD 5 000 to finance the construction of the requisite research infrastructure. Of that amount, KUSD 1 750 was withdrawn in 2015.

The "dividends received from associated companies and joint ventures" were dividends the group received from PT Agro Muko (KUSD 7 094) and those from the insurance branch (KUSD 221).

2015 was characterized by a negative net free cash flow of KUSD 9 948, which, in combination with the redemption of shares (KUSD 2 040) and the dividend payment in July 2015 (KUSD 12 554), essentially resulted in a decrease in the net financial position by KUSD 25 904.

1.5. Consolidated balance sheet

Consolidated balance sheet	31/12/2015	31/12/2014*
In KUSD (condensed)		
Biological assets (depreciated costs) - bearer plants	163 505	149 459
Other fixed assets	302 492	301 198
Net assets held for sale	6 943	7 522
Net current assets, net of cash	40 419	26 472
Net cash position	-50 521	-24 617
Total net assets	**462 838**	**460 034**
Shareholders' equity, group share	413 862	410 946
Non controlling interest	23 312	22 474
Provisions and deferred tax liabilities	25 664	26 614
Total net liabilities	**462 838**	**460 034**

* 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.

The continued expansion of plantations in Indonesia and Papua New Guinea has led to a further increase in biological assets.

The "net assets held for sale" concerned the net assets of Galley Reach Holdings. On 15 February 2016, a purchase/sale agreement was signed to finalize the sale of Galley Reach Holdings at approximately the current net carrying value.

The increase in net current assets, net of cash, related primarily to the increased working capital of KUSD 8 062, the partial repayment of our investment in Verdant Bioscience (KUSD 1 750), and an increased tax asset (see above).

1.6. Dividends

The board of directors proposes to pay a gross dividend of EUR 0.60 per share on 6 July 2016; this corresponds to a payout of 30.84% on the profit, share of the group, and in line with the payout ratio of previous years.

1.7. Prospects

Productions.

Our Indonesian operations showed a somewhat variable production pattern in the first month of the new year, with mature plantations producing larger or smaller volumes than last year, depending on their location. Only the young plantations in the UMW/TUM project in North Sumatra continue to exhibit a steady production growth, and account to a large extent for the slightly improved volume at the beginning of the year.

The expansion of young oil palms in planted areas in Hargy Oil Palms in Papua New Guinea will undoubtedly help to boost production volumes compared to last year, although weather conditions have not permitted it so far.

Markets.

The production of palm oil in Malaysia and Indonesia continued to decline in January and the first half of February, as a result of the drought triggered by El Niño. Despite moderate exports the stocks have decreased dramatically as well, and the belief that the Indonesian biodiesel program is living up to its promise has increased, given the actual offtake. It is expected that the stocks will drop to a very tight scenario in the second quarter. The limited discount of palm oil versus soybean oil will cap the upside. The weaker macro environment and low petroleum prices will not play a significant role, as the fundamentals of palm oil are very solid. We expect a positive price development, which had already started at the end of January, to continue with a moderate upside.

The rubber market will continue to struggle with an overhang of stocks. The negative economic sentiment in China and low petroleum prices will not support an increase in demand. The fact that the Tripartite, the producing countries of Thailand, Indonesia and Malaysia, has decided to limit exports and support the local farmers could assist in the near term. All in all, a significant price movement in the coming months is not expected.

The black CTC market is likely to trade range-bound. Consuming countries remain hand to mouth in their buying behavior but they have to step into the market on a regular basis given their low stocks. The Kenyan weather so far indicates a good crop and the country is not expected to face another poor crop year.

Results.

So far, we have sold 27% of the projected palm oil production for 2016 at an average price of USD 649/tonne CIF Rotterdam equivalent, premiums included, and we continue to steadily put our volumes on the market. In addition, 36% of our projected rubber volumes has been sold at an average price of USD 1 186/tonne, while roughly 23% of our tea volumes has been sold at current higher market prices. In 2016 we are also continuing our marketing strategy of selling bananas in England and France at fixed prices for the whole year.

If prices for our main products palm oil, rubber and tea are maintained at current market levels, we expect the results for 2016 to be slightly down on last year's annual results, despite higher production volumes for palm oil. The end result will to a large extent depend on the projected production volumes being attained, the level of market prices for the rest of the year, the maintenance of current export tax levies on palm oil in Indonesia, and the evolution of costs, which despite compulsory increases in workers' wages are still favourably influenced by the persistently weak currencies of Indonesia and Papua New Guinea against the reporting currency USD.

Cash flow and expansion.

In 2016, our investment programmes, apart from reduced replacement investment budgets, will continue to focus on the expansion of our activities in Musi Rawas in South Sumatra. In view of the diminished projected operating free cash flow, we decided to suspend the expansion at Hargy Oil Palms and to concentrate primarily on bringing all recently planted areas to maturity.

In Musi Rawas, compensation of local landowners will continue on three concessions, whereupon these areas will be planted. At the end of the year, approximately 7 800 hectares had already been compensated, of which just over 3 300 hectares have since been planted and/or fully prepared for planting, since the drought has slightly delayed actual planting in the fourth quarter. Meanwhile, the construction of the first groups of workers' houses and functional buildings has also begun.

In North Sumatra we are working on the completion of a new system for the recovery of methane gas from wastewater and the construction of an organic composting plant, which will help to diminish the use of chemical fertilizers.

It is our intention to complete these programmes without accumulating structural debt for the company.

Nominations.

At the next general meeting and after a highly appreciated mandate of more than 40 years we say farewell to Baron Bracht as director and chairman of *SIPEF*. The board of directors has the honor to propose Baron Bertrand – after renewal of his director's mandate - as the new chairman of the group.

2. Agenda 2016

21 April 2016	Interim report Q1
29 April 2016	Annual report online available (at the latest) at www.sipef.com
8 June 2016	Annual general meeting
6 july 2016	Dividend payment
18 August 2016	Announcement on the half year results
20 October 2016	Interim report Q3

3. Condensed financial statements

3.1. Condensed financial statements of the *SIPEF* group

3.1.1. Consolidated balance sheet (see annex 1)
3.1.2. Consolidated income statement (see annex 2)
3.1.3. Consolidated statement of comprehensive income (see annex 2)
3.1.4. Consolidated cash flow statement (see annex 3)
3.1.5. Statement of changes in consolidated equity (see annex 4)
3.1.6. Segment information (see annex 5)
3.1.7. Investments in associates and joint ventures (see annex 6)
3.1.8. Revision IAS 41R (see annex 7)

4. Report of the statutory auditor

The statutory auditor has confirmed that his audit procedures, which have been substantially completed, have revealed no material adjustments that would have to be made to the accounting information included in this press release.

The statutory auditor draws the reader's attention to the fact that management has determined that the fair value of the growing produce (biological assets in scope of IAS 41), is not reliably measurable. Therefore the growing produce is only valued 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.

Deloitte Bedrijfsrevisoren - represented by Dirk Cleymans

Schoten, 18 February 2016.

For more information, please contact:

F. Van Hoydonck,
managing director
(GSM +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
www.sipef.com
(section "investor relations")

SIP LISTED EURONEXT

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

Consolidated balance sheet

Annex 1

In KUSD (condensed)	31/12/2015	31/12/2014*
Non-current assets	**482 462**	**465 489**
Intangible assets	46 910	43 453
Goodwill	1 348	1 348
Biological assets - bearer plants	163 505	149 459
Property, plant & equipment	193 805	193 737
Investment property	3	3
Investments in associates and joint ventures	56 604	58 835
Financial assets	3 822	3 822
Other financial assets	3 822	3 822
Receivables > 1 year	0	0
Other receivables	0	0
Deferred tax assets	16 465	14 832
Current assets	**94 646**	**105 894**
Inventories	21 301	26 498
Trade and other receivables	39 194	35 197
Trade receivables	22 801	23 795
Other receivables	16 393	11 402
Current tax receivables	5 224	6 751
Investments	0	80
Other investments and deposits	0	80
Derivatives	0	0
Cash and cash equivalents	19 128	27 579
Other current assets	2 377	1 839
Assets held for sale	7 422	7 950
Total assets	**577 108**	**571 383**

In KUSD (condensed)	31/12/2015	31/12/2014*
Total equity	**437 174**	**433 420**
Shareholders' equity	413 862	410 946
Issued capital	45 819	45 819
Share premium	21 502	21 502
Treasury shares (-)	-6 817	-4 776
Reserves	370 863	364 343
Translation differences	-17 505	-15 942
Non-controlling interests	23 312	22 474
Non-current liabilities	**42 129**	**41 446**
Provisions > 1 year	1 257	1 479
Provisions	1 257	1 479
Deferred tax liabilities	30 363	29 555
Trade and other liabilities > 1 year	0	0
Financial liabilities > 1 year (incl. derivatives)	0	0
Pension liabilities	10 509	10 412
Current liabilities	**97 805**	**96 517**
Trade and other liabilities < 1 year	25 401	40 188
Trade payables	11 675	20 274
Advances received	285	219
Other payables	13 212	14 505
Income taxes	229	5 190
Financial liabilities < 1 year	70 486	54 032
Current portion of amounts payable after one year	0	0
Financial liabilities	69 649	52 276
Derivatives	837	1 756
Other current liabilities	1 439	1 869
Liabilities associated with assets held for sale	479	428
Total equity and liabilities	**577 108**	**571 383**

* 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 income statement

Annex 2

In KUSD (condensed)	31/12/2015	31/12/2014*
Revenue	225 935	285 899
Cost of sales	-181 740	-206 996
Gross profit	**44 195**	**78 903**
Selling, general and administrative expenses	-22 660	-25 447
Other operating income/(charges)	457	7 363
Operating result	**21 992**	**60 819**
Financial income	81	181
Financial charges	- 820	- 870
Exchange differences	62	- 11
Financial result	**- 677**	**- 700**
Profit before tax	**21 315**	**60 119**
Tax expense	-6 339	-20 262
Profit after tax	**14 976**	**39 857**
Share of results of associated companies and joint ventures	**6 115**	**12 586**
Result from continuing operations	**21 091**	**52 443**
Result from discontinued operations	**0**	**0**
Profit for the period	**21 091**	**52 443**
Attributable to:		
- Non-controlling interests	1 865	3 476
- Equity holders of the parent	19 226	48 967

Earnings per share (in USD)		
From continuing and discontinued operations		
Basic earnings per share	2.16	5.51
Diluted earnings per share	2.16	5.51

* 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.

SIPEF

Consolidated income statement

Annex 2

Consolidated statement of comprehensive income

In KUSD (condensed)	31/12/2015	31/12/2014*
Profit for the period	**21 091**	**52 443**
Other comprehensive income:		
Items that may be reclassified to profit and loss in subsequent periods:		
- Exchange differences on translating foreign operations	- 1 563	- 1 714
Items that will not be reclassified to profit and loss in subsequent periods:		
- Defined Benefit Plans - IAS 19R	- 474	- 939
Other comprehensive income for the year	**- 2 037**	**- 2 653**
Other comprehensive income for the year attributable to:		
- Non-controlling interests	- 44	- 78
- Equity holders of the parent	- 1 993	- 2 575
Total comprehensive income for the year	**19 054**	**49 790**
Total comprehensive income for the year attributable to:		
- Non-controlling interests	1 821	3 398
- Equity holders of the parent	17 233	46 392

* 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.

SIPEF

Consolidated cash flow statement

Annex 3

In KUSD (condensed)	31/12/2015	31/12/2014*
Operating activities		
Profit before tax	21 315	60 119
Adjusted for:		
Depreciation	28 126	21 488
Movement in provisions	- 659	-1 366
Stock options	293	424
Changes in fair value of biological assets	0	0
Other non-cash results	- 320	-1 659
Hedge reserves and financial derivatives	- 919	2 742
Financial income and charges	445	445
Capital loss on receivables	657	888
Capital gain on sale of investments	0	0
Result on disposal of property, plant and equipment	952	1 149
Result on disposal of financial assets	0	-3 631
Cash flow from operating activities before change in net working capital	49 890	80 599
Change in net working capital	-8 062	11 654
Cash flow from operating activities after change in net working capital	41 828	92 253
Income taxes paid	-10 471	-18 516
Cash flow from operating activities	31 357	73 737
Investing activities		
Acquisition intangible assets	-4 138	-6 992
Acquisition biological assets - bearer plants	-19 566	-20 349
Acquisition property, plant & equipment	-25 298	-31 039
Acquisition investment property	0	0
Acquisition financial assets	-1 750	0
Dividends received from associated companies and joint ventures	7 315	12 087
Proceeds from sale of property, plant & equipment	2 132	330
Proceeds from sale of financial assets	0	- 510
Cash flow from investing activities	-41 305	-46 473
Free cash flow	**-9 948**	**27 264**
Financing activities		
Equity transactions with non-controlling parties	- 3	- 8
Decrease/(increase) of treasury shares	-2 040	0
Repayment in long-term financial borrowings	0	0
Increase/(decrease) short-term financial borrowings	17 372	- 144
Last year's dividend paid during this bookyear	-12 554	-15 041
Dividends paid by subsidiaries to minorities	- 995	-1 225
Interest received - paid	- 429	- 437
Cash flow from financing activities	1 351	-16 855
Net increase in investments, cash and cash equivalents	**-8 597**	**10 409**
Investments and cash and cash equivalents (opening balance)	28 126	17 726
Effect of exchange rate fluctuations on cash and cash equivalents	8	- 9
Investments and cash and cash equivalents (closing balance)	19 537	28 126

* 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.

SIPEF

Statement of changes in consolidated equity

Annex 4

In KUSD (condensed)	Issued capital SIPEF	Share premium SIPEF	Treasury shares	Defined benefit plans - IAS 19R	Reserves	Translation differences	Share-holders' equity	Non-controlling interests	Total equity
January 1, 2015	**45 819**	**21 502**	**-4 776**	**-1 756**	**366 099**	**-15 942**	**410 946**	**22 474**	**433 420**
Result for the period					19 226		19 226	1 865	21 091
Other comprehensive income				- 430		-1 563	-1 993	- 44	-2 037
Total comprehensive income	**0**	**0**	**0**	**- 430**	**19 226**	**-1 563**	**17 233**	**1 821**	**19 054**
Last year's dividend paid					-12 554		-12 554	- 995	-13 549
Equity transactions with non-controlling parties					- 15		- 15	12	- 3
Other			-2 041		293		-1 748		-1 748
December 31, 2015	**45 819**	**21 502**	**-6 817**	**-2 186**	**373 049**	**-17 505**	**413 862**	**23 312**	**437 174**
January 1, 2014	**45 819**	**21 502**	**-4 776**	**- 895**	**460 636**	**-14 228**	**508 058**	**33 828**	**541 886**
Impact of the IAS 41 restatement					-129 253		-129 253	-13 146	-142 399
January 1, 2014 restated	**45 819**	**21 502**	**-4 776**	**- 895**	**331 383**	**-14 228**	**378 805**	**20 682**	**399 487**
Result for the period					48 967		48 967	3 476	52 443
Other comprehensive income				- 861		-1 714	-2 575	- 78	-2 653
Total comprehensive income	**0**	**0**	**0**	**- 861**	**48 967**	**-1 714**	**46 392**	**3 398**	**49 790**
Last year's dividend paid					-15 041		-15 041	-1 225	-16 266
Equity transactions with non-controlling parties					- 40		- 40	33	- 7
Other					830		830	- 414	416
December 31, 2014*	**45 819**	**21 502**	**-4 776**	**-1 756**	**366 099**	**-15 942**	**410 946**	**22 474**	**433 420**

* 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.

SIPEF

Segment information

Annex 5

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

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

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

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

In KUSD	31/12/2015	31/12/2014*
Gross margin per product		
Palm	43 084	81 906
Rubber	-1 186	1 399
Tea	1 577	63
Bananas and flowers	4 033	3 425
Other	5 567	6 048
Total gross margin	**53 075**	**92 841**
Selling, general and administrative expenses	-26 520	-29 191
Other operating income/(charges)	888	7 995
Financial income/(charges)	- 709	- 619
Exchange differences	102	57
Profit before tax	**26 836**	**71 083**
Tax expense	-7 786	-23 077
Effective tax rate	-29.0%	-32.5%
Insurances	176	514
Profit after tax	**19 226**	**48 520**
Effect of the IAS 41 restatement	0	447
Profit after tax after IAS 41 restatement	**19 226**	**48 967**

* 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.

SIPEF

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. 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.Segment reporting is based on two segment reporting formats. The primary reporting format represents business segments – palm products, rubber, tea, bananas and plants and insurance – which represent the management structure of the group. The result of the insurance segment amounts to KUSD 176 and is included in the share of results of associated companies and joint ventures.
The secondary reporting format represents the geographical locations where the group is active. Gross profit per geographical market shows revenue minus cost of sales based on the location where the enterprise's products are produced.
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
2015 - KUSD				
Palm	186 001	-148 080	37 921	85.8
Rubber	15 758	-17 108	-1 350	-3.1
Tea	7 345	-5 630	1 715	3.9
Bananas and plants	15 062	-10 920	4 142	9.4
Corporate	1 767	0	1 767	4.0
Others	2	- 2	0	0.0
Total	225 935	-181 740	44 195	100.0
2014 - KUSD*				
Palm	239 100	-167 272	71 828	91.1
Rubber	21 141	-19 994	1 147	1.5
Tea	6 502	-6 463	39	0.0
Bananas and plants	16 712	-13 124	3 588	4.5
Corporate	2 280	0	2 280	2.9
Others	164	- 143	21	0.0
Total	285 899	-206 996	78 903	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	Gross profit	% of total
2015 - KUSD					
Indonesia	124 759	-97 108	584	28 235	63.8
Papua New Guinea	84 344	-73 709	0	10 635	24.1
Ivory Coast	15 063	-10 921	0	4 142	9.4
Europe	1 183	0	0	1 183	2.7
Others	2	- 2	0	0	0.0
Total	225 351	-181 740	584	44 195	100.0
2014 - KUSD*					
Indonesia	167 571	-127 037	575	41 109	52.2
Papua New Guinea	99 185	-66 692	0	32 493	41.2
Ivory Coast	16 712	-13 124	0	3 588	4.5
Europe	1 692	0	0	1 692	2.1
Others	164	- 143	0	21	0.0
Total	285 324	-206 996	575	78 903	100.0

* 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.

Investments in associates and joint ventures

Annex 6

The *SIPEF* group has the following percentage of control and percentage of interest in the assocates 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 associates 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 associates and joint ventures" can be summarized as follows:

In KUSD	31/12/2015	31/12/2014*
PT Agro Muko	38 323	38 971
Verdant Bioscience Singapore PTE LTD	7 350	7 867
PT Timbang Deli Indonesia	2 335	2 412
Insurances (BDM NV and ASCO NV)	8 596	9 585
Total	**56 604**	**58 835**

* 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.

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	
In KUSD	31/12/2015	31/12/2014*
Biological assets - bearer plants	33 411	30 757
Other non-current assets	29 541	27 979
Current assets	15 390	21 118
Cash and cash equivalents	8 272	11 466
Total assets	**86 614**	**91 320**
Non-current liabilities	5 882	6 558
Long term financial debts	0	0
Current liabilities	6 405	9 065
Short term financial debts	0	0
Equity	74 327	75 697
Total liabilities	**86 614**	**91 320**

* 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.

Investments in associates and joint ventures

Annex 6

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

In KUSD	31/12/2015	31/12/2014*
PT Agro Muko	6 526	12 812
Verdant Bioscience Singapore PTE LTD	- 517	- 569
PT Timbang Deli Indonesia	- 70	- 171
Insurances (BDM NV and ASCO NV)	176	514
Total result	6 115	12 586

* 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.

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	
In KUSD	31/12/2015	31/12/2014*
Inclusion in the consolidation:	47.29%	47.29%
Revenue	50 619	69 492
Depreciation	4 350	4 855
Interest income	27	105
Interest charges	0	0
Net result	13 799	27 091
Share in the consolidation	**6 526**	**12 812**
Total share of the group	6 200	12 171
Total share minorities	326	641

* 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.

Dividends received from associated companies and joint ventures

During the year the following dividends were received:

In KUSD	31/12/2015	31/12/2014*
PT Agro Muko	7 094	11 823
Insurances (BDM NV and ASCO NV)	221	264
Total	7 315	12 087

* 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.

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

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.

SIPEF 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.

SIPEF has opted not to value growing agricultural produce 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 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 is therefore measured 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

	31 December 2014		
	IAS 41	**IAS 41R**	**Difference**
In KUSD (condensed)			
Gross Sales	285 899	285 899	0
Cost of Sales	- 201 485	- 206 996	- 5 511
Gross Margin	84 414	78 903	- 5 511
Variation Biological assets	29 937	0	- 29 937
Planting costs (net)	- 22 308	0	22 308
Selling, general and admin expenses	- 25 447	- 25 447	0
Other operating income/charges	4 798	7 363	2 565
Operating Result	71 394	60 819	- 10 575
Financial Income	181	181	0
Financial costs	- 870	- 870	0
Exchange variances	- 11	- 11	0
Financial Result	- 700	- 700	0
Profit/Loss before tax	70 694	60 119	- 10 575
Tax	- 22 644	- 20 262	2 382
Profit/Loss after tax	48 050	39 857	- 8 193
Share of results of associated companies and joint ventures	12 124	12 586	462
Profit for the Period (continuing operations)	60 174	52 443	- 7 731
Profit for the Period (incl. discontinued operations)	60 174	52 443	- 7 731
- Non controlling interests	3 906	3 476	- 430
- Equity holders of the parent	56 268	48 967	- 7 301

Revision IAS 41R

Annex 7

Effect on the net assets

In KUSD (condensed)	31 December 2014 IAS 41	IAS 41R	Difference
Balance sheet			
Tangible and intangible assets	238 541	238 541	0
Biological assets	328 859	149 459	- 179 400
Investments in associates and joint ventures	73 557	58 835	- 14 722
Financial assets	3 822	3 822	0
Deferred tax assets	3 013	14 832	11 819
Total non-current assets	647 792	465 489	- 182 303
Inventories	26 498	26 498	0
Receivables	41 948	41 948	0
Cash and cash equivalents	27 659	27 659	0
Other current assets	1 839	1 839	0
Assets held for sale	8 845	7 950	- 895
Total current assets	106 789	105 894	- 895
Total assets	754 581	571 383	- 183 198
Provisions	1 479	1 479	0
Deferred tax liabilities	62 820	29 555	- 33 265
Pension liabilities	10 412	10 412	0
Trade liabilities	40 188	40 188	0
Financial liabilities < 1 year	54 032	54 032	0
Other current liabilities	1 869	1 869	0
Liabilities associated with assets held for sale	428	428	0
Total liabilities	171 228	137 963	- 33 265
(Net impact on) equity			
Attributable to:			
- Non-controlling interests	35 838	22 474	- 13 364
- Equity holders of the parent	547 515	410 946	- 136 569

Revision IAS 41R

Annex 7

Effect on the cash flow

	31 december 2014		
	IAS 41	IAS 41R	Verschil
In KUSD (condensed)			
Profit before tax	**70 694**	**60 119**	**- 10 575**
Adjusted for:			
Depreciation	15 977	21 488	5 511
Movement in provisions	- 1 366	- 1 366	0
Stock options	424	424	0
Changes in fair value of biological assets	- 7 629	0	7 629
Other non-cash results	- 939	- 1 659	- 720
Hedge reserves and financial derivatives	2 742	2 742	0
Financial income and charges	445	445	0
Capital loss on receivables	888	888	0
Capital gain on sale of investments	0	0	0
Result on disposal of property, plant and equipment	1 149	1 149	0
Result on disposal of financial assets	- 1 786	- 3 631	- 1 845
Cash flow from operating activities before change in net working capital	80 599	80 599	0
Change in net working capital	11 654	11 654	0
Income taxes paid	- 18 516	- 18 516	0
Cash flow from operating activities after tax	**73 737**	**73 737**	**0**
Acquisitions intangible and tangible assets	- 58 380	- 58 380	0
Acquisitions financial assets	0	0	0
Operating free cash flow	**15 357**	**15 357**	**0**
Dividends received from associated companies	12 087	12 087	0
Proceeds from sale of assets	- 180	- 180	0
Free cash flow	**27 264**	**27 264**	**0**
Financial income and charges	- 16 855	- 16 855	0
Net increase in investments, cash and cash equivalents	10 409	10 409	0
Net free cash flow	**27 256**	**27 256**	**0**