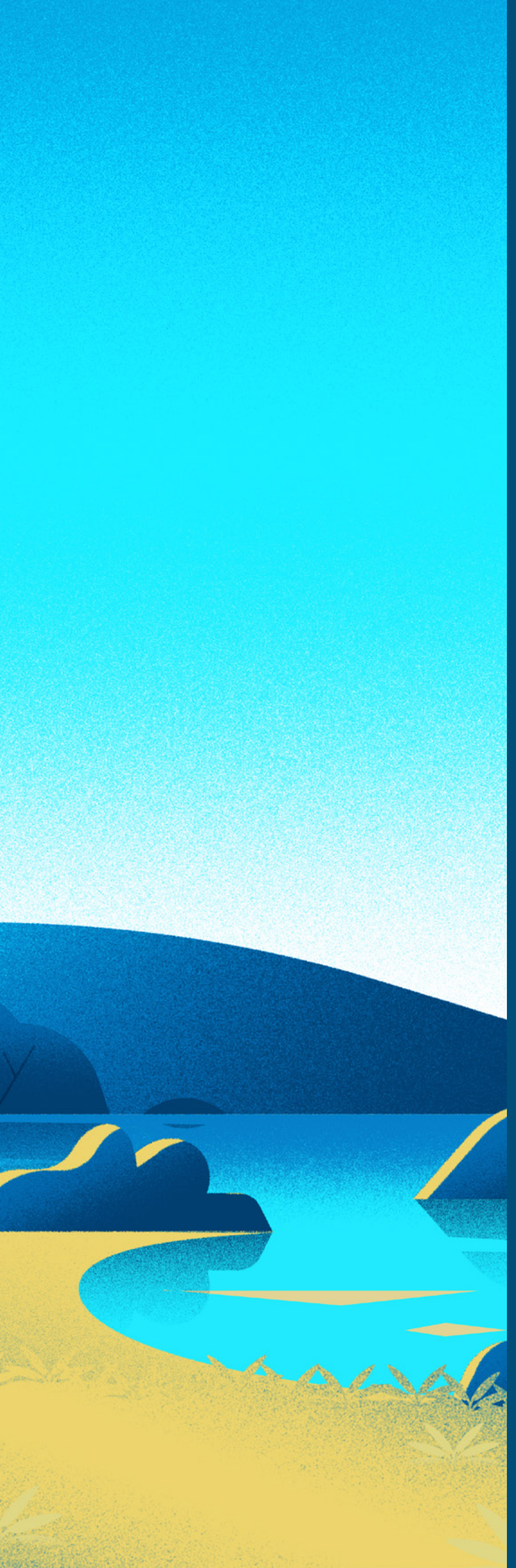
Annual report 2020

PART 2 - **FINANCIAL STATEMENTS**

SIPEF



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Comments on the consolidated financial statements

The consolidated financial statements for the financial year 2020 are prepared in accordance with the International Financial Reporting Standards (IFRS).

1. Balance sheet

Overall, the balance sheet positions have remained fairly stable compared to 31 December 2019.

The biological assets increased, due to continued expansion. Other fixed assets experienced a slight decrease, due to the reduction of investments not related to expansion. As a result, depreciation exceeded capital expenditures.

IN KUSD	31/12/2020	31/12/2019
Inventories	29 648	26 251
Biological assets	6 763	6 030
Trade receivables	27 731	33 284
Other receivables	49 146	45 367
Current tax receivables	11 766	14 787
Derivatives	0	0
Other current assets	2 043	1 639
Trade payables	-21 384	-17 292
Advances received	-1 071	-2 377
Other payables	-8 805	-8 747
Income taxes	- 4 687	- 480
Derivatives	- 793	- 42
Other current liabilities	-4 220	-4 406
Net current assets, net of cash	**86 137**	**94 013**

The net current assets, net of cash, experienced only two major movements, without any impact on the overall structure of the balance sheet:

1 an increase of KUSD 4 479 due to additional advances to smallholders in South Sumatra;
2 a decrease of KUSD 7 229 in net tax assets. This is the result of the limited advance payments compared to the taxes to be paid in accordance with the legislation applicable in Indonesia and Papua New Guinea.

The net financial debt decreased by KUSD 13 458 thanks to the positive free cash flow.

IN KUSD	31/12/2020	31/12/2019
Other investments and deposits	0	0
Cash and cash equivalents	9 790	10 653
Financial liabilities > 1 year	-54 000	-63 000
Leasing liabilities > 1 year	-2 285	-2 513
Current portion of amounts payable > 1 year	-18 000	-18 000
Financial liabilities < 1 year	-86 128	-91 239
Leasing liabilities < 1 year	- 543	- 524
Net cash position	**-151 165**	**-164 623**

2. Result

Total revenue increased to USD 274 million (+10.4% compared with 2019).

Palm oil revenue increased by 12.6% due to a combination of higher production volumes and a higher world market price for crude palm oil (CPO).

In 2020, rubber revenue declined sharply by 14.2%, mainly due to lower production volumes (-5%) and an even larger drop in volumes sold compared with 2019, which was characterised by a significant rundown of rubber stocks.

Tea revenue increased by 15.5%. However, this increase is not representative of the profitability of the tea segment. Indeed, in 2019, very few sales were realised due to the sharp decline in spot prices on the world market. Only in 2020, was the available production gradually sold.

Revenue in the banana and plant activities remained almost unchanged. The slight decrease in volumes sold and in unit selling price (in EUR) was largely offset by the strengthening of the EUR against the USD.

The average ex works unit cost price for the mature oil palm plantations remained roughly identical compared with 2019. There were also no fundamental changes in the unit cost level for the other segments, compared with the same period last year. For rubber, the necessary measures were taken to reduce costs as much as possible, but due to the sharply reduced production volumes, this had no impact on the unit cost price.

The changes in fair value related to the impact on the measurement of hanging fruits at their fair value (IAS 41R).

Gross profit increased from KUSD 37 162 at the end of 2019 to KUSD 62 357 (+67.8%) at the end of 2020.

The gross profit of the palm segment (95.8% of the total gross profit) increased by KUSD 25 301 (+73.5% compared with December 2019) thanks to higher productions and especially higher palm oil prices. The average world market price for CPO recorded USD 715 per tonne of CIF Rotterdam over the past year. This is 26% higher than that for the same period last year. It should be noted that in Indonesia the fixed export levy has been reintroduced since January 2020. For the entire year 2020, the total impact of the export levy and tax is estimated at approximately USD 74 per tonne. This levy thus skimmed off a significant part of the profit potential.

The negative contribution of the rubber segment to the gross margin improved slightly compared with 2019 (increase of KUSD 430). Despite the decreased production volumes, the spectacular recovery of sales prices in the second half-year allowed the loss to be limited in this period.

The unit cost price of tea dropped due to good production volumes compared with last year (-12.2%). However, also in 2020, the Group recorded an increased negative contribution (KUSD -788) for the tea segment, due to a significant drop in the realised sales price.

In the banana and horticulture activities profitability was confirmed with a gross margin of KUSD 4 390.

Overall, the general and administrative expenses remained unchanged compared with 2019, but underwent several contrasting movements. On the one hand, they increased due to inflation, exchange rate fluctuations and an increased bonus provision. On the other hand, this increase was offset mainly by the decrease in travel and training costs due to the restrictions imposed by covid-19 worldwide.

As a result of the decision to convert two of the three rubber activities into oil palm activities at a later stage, an exceptional depreciation of KUSD 678 has been applied to the non-recoverable rubber assets. This amount is included in the other operating expenses of KUSD -6.

The operating result amounted to KUSD 30 778 against KUSD 4 940 the previous year.

Financial income mainly comprises the positive time effect of the discount of the receivable from the sale of the SIPEF-CI oil palm plantation in Ivory Coast at the end of 2016 (KUSD 1 368). This receivable should be collected in full by the end of 2021. In addition, interest income from the growing receivables from plasma smallholders in South Sumatra is increasing.

Financial charges primarily comprised the interest on long-term and short-term financing. Of these, approximately half were hedged through an Interest Rate Swap (IRS).

The result before tax was KUSD 28 065 compared with KUSD 852 in 2019.

The tax expense was KUSD 4 421 higher than the theoretical tax charge of KUSD 6 545. This is mainly due to three elements:

- a positive impact of KUSD 697 on deferred taxes as the result of a reduction in the tax rate in Indonesia from 25% to 22%;
- a negative impact of KUSD 3 152 from the impairment of deferred tax assets that, due to a limitation in time, probably cannot be used;
- a negative impact of KUSD 2 043 related to a number of rejected expenses, of which the limitation of interest deduction in Indonesia is the main contributor (KUSD - 992).

The share of the result of associated companies and joint ventures (KUSD -1 059) included the research activities centralised in PT Timbang Deli and Verdant Bioscience Pte Ltd (SIPEF 38%).

The profit for the period amounted to KUSD 16 178 which is KUSD 23 582 higher than last year's KUSD -7 404.

The net result, share of the Group, amounted to KUSD 14 122.

3. Cash flow

In line with the increase in operating profit, cash flow from operating activities increased from KUSD 48 227 in 2019, to KUSD 73 669 this year.

Net movements in working capital were limited. The main movement was in net payments to smallholders in South Sumatra for pre-financing their expansions and replanting (KUSD 4 479).

In Indonesia and in Papua New Guinea the Group made advance payments of taxes in accordance with local legislation. These related partly to the results of 2018, but mainly to the low results of 2019. Therefore, the prepayments of taxes (KUSD 3 572) were significantly lower than the taxes to be paid (KUSD 10 768).

Acquisitions in intangible and tangible assets (KUSD -51 763) experienced a decrease. This was the result of the temporary reduction to a minimum of the non-expansion related investments, and of the delaying effect of covid-19 on the extension of capacity in the Dendymarker mill.

The selling price of PP&E and financial assets (KUSD 4 279), in addition to the ordinary sales of fixed assets for KUSD 2 401, also included an amount of KUSD 1 371 related to the sale of SIPEF-CI in 2016 and the balance of the sale of Galley Reach Holdings Ltd for KUSD 507.

Free cash flow amounted to KUSD 21 299 compared to KUSD -27 751 during the same period last year.

During the second semester, an additional 5% participation was acquired in PT Dendymarker for an amount of KUSD 2 795 as implementation of agreements made at the time of the original acquisition in 2017.

Other financing activities (KUSD -19 367) include partial repayments of long-term financing (KUSD -9 000 for long-term financing and KUSD -228 for lease payables), repayment of short-term financing (KUSD -5 092), dividend payments to minority shareholders (KUSD -716) and interest payments (KUSD -4 331).

It should be noted that SIPEF made use of the possibility of postponing capital repayments to cope with the impact of covid-19. As a result, repayments at the end of June 2020 (KUSD 4 500) and September 2020 (KUSD 4 500) were postponed to June 2024 and September 2024, respectively.

Consolidated balance sheet

In KUSD	Note	2020	2019
Non-current assets		**809 753**	**805 114**
Intangible assets	8	473	517
Goodwill	8	104 782	104 782
Biological assets - bearer plants	9	315 826	306 342
Other property, plant & equipment	10	354 811	359 071
Investment property		0	0
Investments in associates and joint ventures	24	4 630	5 751
Financial assets		80	73
Other financial assets		80	73
Receivables > 1 year		16 101	13 442
Other receivables	11	16 101	13 442
Deferred tax assets	23	13 049	15 135
Current assets		**136 888**	**138 011**
Inventories	12	29 648	26 251
Biological assets	13	6 763	6 030
Trade and other receivables		76 877	78 651
Trade receivables	26	27 731	33 284
Other receivables	14	49 146	45 367
Current tax receivables	23	11 766	14 787
Investments		0	0
Other investments and deposits		0	0
Derivatives	26	0	0
Cash and cash equivalents	19	9 790	10 653
Other current assets		2 043	1 639
Assets held for sale		0	0
Total assets		**946 641**	**943 125**

In KUSD	Note	2020	2019
Total equity		**674 550**	**663 010**
Shareholders' equity	15	638 688	628 686
Issued capital		44 734	44 734
Share premium		107 970	107 970
Treasury shares (-)		-10 277	-10 277
Reserves		507 299	498 052
Translation differences		-11 038	-11 793
Non-controlling interests	16	35 862	34 325
Non-current liabilities		**126 460**	**137 008**
Provisions > 1 year		1 354	1 548
Provisions	17	1 354	1 548
Deferred tax liabilities	23	44 010	46 850
Trade and other liabilities > 1 year	26	0	1
Financial liabilities > 1 year (incl. derivatives)	19	54 000	63 000
Leasing liabilities > 1 year	27	2 285	2 513
Pension liabilities	18	24 810	23 096
Current liabilities		**145 631**	**143 107**
Trade and other liabilities < 1 year		35 947	28 896
Trade payables	26	21 384	17 292
Advances received	26	1 071	2 377
Other payables	14	8 805	8 747
Income taxes	23	4 687	480
Financial liabilities < 1 year		104 671	109 763
Current portion of amounts payable after one year	19	18 000	18 000
Financial liabilities	19	86 128	91 239
Leasing liabilities < 1 year	27	543	524
Derivatives	26	793	42
Other current liabilities		4 220	4 406
Liabilities associated with assets held for sale		0	0
Total equity and liabilities		**946 641**	**943 125**

Consolidated income statement

In KUSD	Note	2020	2019
Revenue	7	274 027	248 310
Cost of sales	7	-212 404	-212 038
Changes in fair value of biological assets	7	733	889
Gross profit		**62 357**	**37 162**
General and administrative expenses	7	-31 573	-31 480
Other operating income/(charges)	20	- 6	- 741
Operating result		**30 778**	**4 940**
Financial income		2 012	2 161
Financial charges		-5 103	-5 473
Exchange differences		378	- 775
Financial result	21	**-2 713**	**-4 088**
Profit before tax		**28 065**	**852**
Tax expense	23	-10 828	-6 772
Profit after tax		**17 237**	**-5 920**
Share of results of associated companies and joint ventures	24	-1 059	-1 485
Result from continuing operations		**16 178**	**-7 404**
Result from discontinued operations		0	0
Profit for the period		**16 178**	**-7 404**
Attributable to:			
- Non-controlling interests	16	2 055	600
- Equity holders of the parent		14 122	-8 004

Earnings per share (in USD)			
From continuing and discontinued operations			
Basic earnings per share	30	1.36	-0.77
Diluted earnings per share	30	1.36	-0.77
From continuing operations			
Basic earnings per share	30	1.36	-0.77
Diluted earnings per share	30	1.36	-0.77

Statement of consolidated comprehensive income

In KUSD	Note	2020	2019
Profit for the period		**16 178**	**-7 404**
Other comprehensive income:			
Items that may be reclassified to profit and loss in subsequent periods			
- Exchange differences on translating foreign operations	15	755	- 107
- Cash flow hedges - fair value result for the period	26	-1 922	- 392
- Income tax effect (cash flow hedges)	26	489	114
Items that will not be reclassified to profit and loss in subsequent periods			
- Defined Benefit Plans - IAS 19R	18	-1 329	- 289
- Income tax effect		292	72
Total other comprehensive income for the year		**-1 714**	**- 602**
Other comprehensive income attributable to:			
- Non-controlling interests		- 94	- 10
- Equity holders of the parent		-1 619	- 592
Total comprehensive income for the year		**14 464**	**-8 006**
Total comprehensive income attributable to:			
- Non-controlling interests		1 961	590
- Equity holders of the parent		12 503	-8 596

Consolidated cash flow statement

In KUSD	Note	2020	2019
Operating activities			
Profit before tax		**28 065**	**852**
Adjusted for:			
Depreciation	8,9,10	43 581	42 285
Movement in provisions	17	197	3 267
Stock options		128	126
Unrealized exchange result		- 169	65
Changes in fair value of biological assets		- 733	- 889
Other non-cash results		-1 266	-1 634
Hedge reserves and financial derivatives	26	-1 171	-1 120
Financial income and charges		4 330	4 705
Loss on receivables		- 249	0
Loss/(gain) on sale of investments	20	0	0
Result on disposal of property, plant and equipment		957	570
Result on disposal of financial assets		0	0
Cash flow from operating activities before change in net working capital	25	73 669	48 227
Change in net working capital	25	3 165	1 883
Variation in long term receivables	25	-4 479	-3 530
Cash flow from operating activities after change in net working capital		72 355	46 580
Income taxes paid	23	-3 572	-14 693
Cash flow from operating activities		**68 783**	**31 887**
Investing activities			
Acquisition intangible assets	8	- 49	- 160
Acquisition biological assets	9	-26 971	-33 305
Acquisition property, plant & equipment	10	-24 743	-33 081
Acquisition investment property		0	0
Acquisition subsidiaries		0	- 200
Dividends received from associated companies and joint ventures		0	0
Proceeds from sale of property, plant & equipment		2 401	1 795
Proceeds from sale of financial assets	11,29	1 878	5 313
Cash flow from investing activities		**-47 484**	**-59 638**
Free cash flow		**21 299**	**-27 751**
Financing activities			
Capital increase	15	0	0
Equity transactions with non-controlling parties		-2 795	0
Decrease/(increase) of treasury shares	22	0	- 854
Decrease in long-term financial borrowings	19	-9 228	-9 500
Increase in long-term financial borrowings	19	0	50 500
Decrease short-term financial borrowings	19	-5 092	-19 799
Increase short-term financial borrowings	19	0	0
Last year's dividend paid during this book year		0	-6 495
Dividends paid by subsidiaries to minorities	16	- 716	0
Interest received - paid		-4 331	-5 043
Cash flow from financing activities		**-22 162**	**8 809**
Net increase in investments, cash and cash equivalents	19	**- 863**	**-18 942**
Investments and cash and cash equivalents (opening balance)	19	10 653	29 595
Effect of exchange rate fluctuations on cash and cash equivalents	19	0	0
Investments and cash and cash equivalents (closing balance)	19	9 790	10 653

Statement of changes in consolidated equity

In KUSD	Issued capital SIPEF	Share premium SIPEF	Treasury shares	Defined benefit plans IAS19R	Reserves	Translation differences	Share-holder equity	Non-controlling interests	Total equity
January 1, 2020	**44 734**	**107 970**	**-10 277**	**-3 598**	**501 650**	**-11 793**	**628 686**	**34 324**	**663 010**
Result for the period					14 122		**14 122**	2 055	**16 177**
Other comprehensive income				- 941	-1 433	755	**-1 619**	- 95	**-1 714**
Total comprehensive income				**- 941**	**12 689**	**755**	**12 503**	**1 960**	**14 463**
Last year's dividend paid								- 200	**- 200**
Equity transactions with non-controlling parties					-2 573		**-2 573**	- 223	**-2 795**
Other (note 15)					72		**72**		**72**
December 31, 2020	**44 734**	**107 970**	**-10 277**	**-4 539**	**511 838**	**-11 038**	**638 688**	**35 862**	**674 550**
January 1, 2019	**44 734**	**107 970**	**-9 423**	**-3 391**	**516 305**	**-11 686**	**644 509**	**34 250**	**678 759**
Result for the period					-8 004		**-8 004**	600	**-7 404**
Other comprehensive income				- 207	- 278	- 107	**- 592**	- 10	**- 602**
Total comprehensive income				**- 207**	**-8 282**	**- 107**	**-8 596**	**590**	**-8 006**
Last year's dividend paid					-6 495		**-6 495**	- 516	**-7 011**
Other (note 15)			- 855		122		**- 733**		**- 733**
December 31, 2019	**44 734**	**107 970**	**-10 277**	**-3 598**	**501 650**	**-11 793**	**628 686**	**34 325**	**663 010**

Notes

1. IDENTIFICATION

SIPEF (the 'company') is a limited liability company ('naamloze vennootschap' / 'société anonyme') incorporated in Belgium and registered at 2900 Schoten, Calesbergdreef 5. The consolidated financial statements for the year ended 31 December 2020 comprise SIPEF and its subsidiaries (together referred to as 'SIPEF group' or 'the Group'). Comparative figures are for the financial year 2019.
The consolidated financial statements have been established by the Board of Directors on 10 February 2021. The subsequent events were updated and approved for issue by the directors on April 19, 2021. These financial statements will be presented to the shareholders at the general meeting of June 09, 2021. A list of the directors and the statutory auditor, as well as a description of the principal activities of the Group, are included in 'Part 1 – Company report' of this annual report.

2. STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) which have been adopted by the European Union as per 31 December 2020.

The following standards or interpretations are applicable for the annual period beginning on 1 January 2020:

- Amendments to IAS 1 and IAS 8 Definition of Material
- Amendments to IFRS 3 Business Combinations: Definition of a Business
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform – Phase 1
- Amendments to references to the Conceptual Framework in IFRS standards.

These changes did not have a significant impact on the equity or net result of the Group.

The Group did not elect for early application of the following new standards and interpretations which were issued at the date of approval of these financial statements but were not yet effective on the balance sheet date:

- IFRS 17 Insurance Contracts (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (applicable for annual periods beginning on or after 1 January 2023, but not yet endorsed in the EU)
- Amendments to IAS 16 Property, Plant and Equipment: Proceeds before Intended Use (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts — Cost of Fulfilling a Contract (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework (applicable for annual periods beginning on or after 1 January 2022, but not yet endorsed in the EU)
- Amendment to IFRS 4 Insurance Contracts – deferral of IFRS 9 (applicable for annual periods beginning on or after 1 January 2021)
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (applicable for annual periods beginning on or after 1 January 2021)
- Amendment to IFRS 16 Leases: COVID-19-Related Rent Concessions (applicable for annual periods beginning on or after 1 June 2020)
- Annual Improvements to IFRS Standards

At this stage the Group does not expect first adoption of these standards and interpretations to have any material impact on the financial statements of the Group.

3. ACCOUNTING POLICIES

Basis of preparation

Starting in 2007 the consolidated financial statements are presented in US dollar (until 2006 this was done in euro), rounded off to the nearest thousand (KUSD). This modification is the result of the changed policy with regard to the liquidity and debt management since the end of 2006, whereby the functional currency of the majority of the subsidiaries has been changed from the local currency to the US dollar.

The consolidated financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value: investments classified as available-for-sale, financial derivative instruments and biological produce.

The accounting policies have been consistently applied throughout the Group and are consistent with those used in the previous year.

Business combinations

Business combinations are accounted for using the purchase method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of acquisition. Any costs directly attributable to the acquisition are recognized in profit or loss. The purchase consideration to acquire a business, including contingent payments, is recorded at fair value at the acquisition date, while subsequent adjustments to the contingent payments resulting from events after the acquisition date are recognized in profit or loss. The 'full goodwill' option, which can be elected on a case by case basis, allows SIPEF to measure the non-controlling interest either at fair value or at its proportionate share of the acquiree's net assets. All acquisition-related costs, such as consulting fees, are expensed.

If the initial accounting for a business combination is incomplete by the end of the financial year in which the combination occurs, SIPEF group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see paragraph below), and/or additional assets and/or liabilities are recognised to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the acquisition date to the date SIPEF group obtains complete information about facts and circumstances that existed as of the acquisition date. The measurement period shall not exceed one year from the acquisition date

Step acquisitions

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the company.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Consolidation principles

Subsidiaries

Subsidiaries are those enterprises controlled by the company. An investor controls an investee if and only if the investor has all of the following elements, in accordance with IFRS 10:

- Power over the investee, i.e. the investor has existing rights that give it the ability to direct the relevant activities;
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect the amount of the investor's returns.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases (or a date nearby).

Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognized gains and losses of associates on an equity accounting basis, from the date that significant influence effectively commences until the date that significant influence effectively ceases (or a date nearby). When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

Joint ventures

Joint ventures are those enterprises over whose activities the Group has joint control, established by contractual agreement. The consolidated financial statements include the Group's share of the total recognized gains and losses of joint ventures on an equity accounting basis, from the date that significant influence effectively commences until the date that significant influence effectively ceases (or a date nearby).
When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the joint ventures.

Transactions eliminated on consolidation

All intra-group balances and transactions, and any unrealized gains arising on intra-group transactions, are eliminated for companies included using the full consolidation method in preparing the consolidated financial statements.

Unrealized losses are eliminated in the same way as unrealized gains except that they are only eliminated to the extent that there is no evidence of impairment.

Foreign currency

Foreign currency transactions

In the individual Group companies, transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. Foreign exchange differences arising on translation are recognized in the income statement. Non-monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction.

Financial statements of foreign operations

Functional currency: items included in financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the functional currency). Starting from 2007 the consolidated financial statements are presented in USD, this is the functional currency of the majority of the Group companies.

To consolidate the Group and each of its subsidiaries, the financial statements of the individual entities are translated as follows:

- Assets and liabilities at the closing rate;
- Income statements at the average exchange rate for the year;
- The components of shareholders' equity at the historical exchange rate.

Exchange differences arising from the translation of the net investment in foreign subsidiaries, joint ventures and associated entities at the year-end exchange rate are recorded as part of the shareholders' equity under "translation differences". When a foreign entity is sold, such exchange differences are recognized in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as local currency assets and liabilities of the foreign entity and are translated at the closing rate.

Biological assets

SIPEF group only recognizes a biological asset or growing agricultural produce ("agricultural produce") when it controls the asset as a result of past events, when it is probable that future economic benefits associated with the asset will flow to SIPEF group and when the fair value or cost of the asset can be measured reliably.

In accordance with the amendments to IAS 16 and IAS 41, bearer plants are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated using the straight-line method based on the estimated useful life (20 to 25 years).

The growing agricultural produce of palm oil is defined as the oil contained in the palm fruit, so that the fair value of this distinct asset can be estimated reliably.

The growing biological produce of tea is defined as the leaves that are ready to be plucked and processed, even if not yet fully grown, so that the fair value of this distinct asset can be estimated reliably.

SIPEF group has opted to measure growing biological produce of rubber at fair value at the point of harvest in accordance with IAS 41.32 and not to measure it 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.

The growing biological produce of bananas is measured at fair value as it grows less costs to sell, taking into account that all the parameters for the fair value calculation are available and reliable.

A gain or loss arising on initial recognition of a biological asset at fair value less estimated point of sale costs and from the change in fair value less estimated point of sale costs of a biological asset is included in net profit or loss in the period in which it arises.

Goodwill

Goodwill represents the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired in a business combination. Goodwill is not amortized but reviewed for impairment at least annually. For the purpose of testing goodwill for impairment, goodwill is allocated to operating companies which is the lowest level at which the goodwill is monitored for internal management purposes (i.e. cash flow generating unit). Any impairment is immediately recognized in the income statement and is not subsequently reversed.

Negative goodwill represents the excess of the Group's interest in the fair value of the net identifiable assets acquired over the cost of acquisition. Negative goodwill is immediately recognized in the income statement.

Intangible assets

Intangible assets include computer software and various licenses. Intangible assets are capitalized and amortized using the straight-line method over their useful life.

Property, plant and equipment

Property, plant and equipment, including investment property, are stated at cost less accumulated depreciation and any accumulated impairment losses. Borrowing costs attributable to the construction or production of qualifying assets are capitalized. Expenses for the repair of property, plant and equipment are usually charged against income when incurred. Property held for sale, if any, is stated at the lower of amortized cost and fair value less selling charges.

Depreciation is calculated using the straight-line method based on the estimated useful lives of the related assets:

Buildings	5 to 30 years
Infrastructure	5 to 25 years
Installations and machinery	5 to 30 years
Vehicles	3 to 20 years
Office equipment and furniture	5 to 10 years
Other property, plant and equipment	2 to 20 years

Land is not amortized.

The Group presents the cost of land rights as a part of property, plant & equipment, consistently with practices in the industry and with relevant guidance in that respect. In addition, The Group closely monitors the situation of each land title in terms of renewal and only depreciates its land rights if there is an indication that the land title might not be renewed.

Leases

The Group has adopted IFRS 16 Leases on the Group's financial statements from 1 January 2019. The Group has applied the cumulative catch-up approach whereby the assets are measured at an amount equal to the liabilities at 1 January 2019.

Assets, representing the right to use the underlying leased asset, are capitalized as property, plant and equipment at cost, comprising the amount of the initial measurement of lease liability, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and restoration costs. The corresponding lease liabilities, representing the net present value of the lease payments, are recognized as long-term or current liabilities depending on the period in which they are due. Leased assets and liabilities are recognized for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The lease payments are discounted using the lessee's incremental borrowing rate, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. The interest rate implicit in the lease could not be determined.

Lease interest is charged to the income statement as an interest expense.

Leased assets are depreciated, using straight-line depreciation over the lease term, including the period of renewable options, in case it is probable that the option will be exercised.

Lessee accounting

Due to the nature of our business whereby our operations are primarily taking place in relatively remote areas, the Group owns most of the assets used. Therefore, we have only a limited amount of leases which qualify for lease accounting. The three main categories consist of:

Office rental

Office rentals are currently accounted for as operational leases. Analysis shows that these meet the definition of a lease and as such a right-of-use asset and corresponding lease liability will need to be accounted for under the new standard. Considering that most of the office rentals are long-term leases, the main areas management actions are required:

- Determining the lease term;
- Calculating the incremental borrowing rate.

Company cars

Company cars in Belgium meet the definition of a lease and therefore the same approach as office rentals will be applied.

Papua-New-Guinea land rights

In our subsidiary Hargy Oil Palms Ltd in Papua-New-Guinea, a part of the land rights include a fixed annual rental payment for the usufruct of the land, as well as a variable royalty depending on the production levels of the year measured in tons FFB. The annual fixed rental payment meets the definition of a lease, whereby the lease term of asset has been determined as the average lifespan of an oil palm (25 years).

Lessor accounting

The Group has no contracts that could lead to lessor accounting.

We refer to note 27 for the impact of IFRS 16.

Impairment of assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may be higher than the recoverable amount. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of an asset's net selling price and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. If impairment is no longer justified in future periods due to a recovery in assets' fair value or value in use, the impairment reserve is reversed.

Financial instruments

Classification and measurement of financial instruments

Financial assets and financial liabilities are recognised when a Group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The financial assets include the investments in equity instruments designated at fair value through other comprehensive income, loans to related parties, receivables including trade receivables and other receivables, derivative financial instruments, financial assets at fair value through profit or loss, cash and cash equivalents. The acquisitions and sales of financial assets are recognised at the transaction date.

Financial assets – debt instruments

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments include:

- Receivables that are measured at amortised cost
- Trade receivables measured at amortised cost
- Cash and cash equivalents

Financial assets – investments in equity instruments
On initial recognition, the Group made an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment's revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.
Because of the lack of sufficient recent information available to measure fair value, management has assessed that cost is an appropriate estimate of fair value for those unquoted equity investments.

Amortised cost and effective interest method
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

1. Derivatives
The Group uses financial derivative instruments primarily to manage its exposure to interest rate and foreign currency risks arising from operational, financing and investment activities. The Group applies hedge accounting under IFRS 9 – "Financial Instruments".

Derivative instruments are valued at fair value at initial recognition. The changes in fair value are reported in the income statement unless these instruments are part of hedging transactions, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as hedging instruments in respect interest rate risk in cash flow hedges. Derivatives related to the foreign currency risk are not documented in a hedging relationship.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item along with its risk management objectives and its strategy for undertaking various hedge transactions.

Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i. e. rebalances the hedge) so that it meets the qualifying criteria again.

The value fluctuations of a derivative financial instrument that complies with the strict conditions for recognition as a cash flow hedge are recorded in other comprehensive income for the effective part. The ineffective part is recorded directly in the profit and loss account. The hedging results are recorded out of other comprehensive income into the profit and loss account at the moment the hedged transaction influences the result.

A derivative with a positive fair value is recorded as a financial asset, while a derivative with a negative fair value is recorded as a financial liability. A derivate is presented as current or non-current depending on the expected expiration date of the financial instrument.

2. Impairment of financial assets
In relation to the impairment of financial assets an expected credit loss model is applied. The expected credit loss model requires the Group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. Specifically, the following assets are included in the scope for impairment assessment for the Group: 1) trade receivables; 2) non-current receivables and loans to related parties; 3) cash and cash equivalents.

IFRS 9 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group has applied the simplified approach and records lifetime expected losses on all trade receivables.

IFRS 9 requires the Group to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. On the other hand, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Group is required to measure the loss allowance for that financial instrument at an amount equal to 12month expected credit losses.

For long term receivables IFRS 9 provides a choice to measure expected credit losses applying lifetime or a general (3 stages of expected credit loss assessment) expected credit losses model. The Group selected the general model. All bank balances are assessed for expected credit losses as well.

3. Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between a) the asset's carrying amount and b) the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss.

4. Financial liabilities

All financial liabilities of the Group are subsequently measured at amortised cost using the effective interest method.
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

5. Receivables and payables

Amounts receivable and payable are measured at amortised cost price. Amounts receivable and payable are measured at their nominal value. Amounts receivable and payable in a currency other than the functional currency of the subsidiary are translated at the prevailing Group exchange rates on the balance sheet date.

6. Cash and cash equivalents

Cash and cash equivalents are measured at their amortised value and include cash and deposits with an original maturity of three months or less. Negative cash balances are recorded as liabilities.

7. Interest-bearing borrowings

Interest-bearing borrowings are measured at amortised cost price. Borrowings are initially recognized as proceeds received, net of transaction costs. Any difference between cost and redemption value is recognized in the income statement using the effective interest method.

Inventories

Inventories are valued at the lower of cost or net realizable value.

The stock finished products including biological assets are valued by adding production cost to the fair value of the biological asset concerned.

Inventories are written down on a case-by-case basis if the estimated net realizable value declines below the carrying amount of the inventories. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale. When the reason for a write-down of the inventories has ceased to exist, the write-down is reversed.

Shareholders' equity

Dividends of the parent company payable on ordinary shares are only recognized as a liability in the period in which they are declared.

Costs incurred with respect to the issuance of equity instruments are recorded as a deduction in equity.

Non-controlling interest

Non-controlling interests include a proportion of the fair value of identifiable assets and liabilities recognized upon acquisition of a subsidiary, together with the appropriate proportion of subsequent profits and losses.
In the income statement the minority share in the company's profit or loss is separated from the consolidated result of the Group.

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made.

Pensions and other post-employment benefits

Group companies have various pension schemes in accordance with the local conditions and practices in the countries they operate in.

1. Defined benefit plans

The defined benefit plans are generally un-funded but fully provisioned for using the 'projected unit credit'- method. This provision represents the present value of the defined benefit obligation. The actuarial gains and losses are recognized in the Other Comprehensive Income.

2. Defined contribution plans

The Group pays contributions to publicly or privately administered insurance plans. Since the Group is obliged to make additional payments if the average return on the employer's contribution and on the employees' contributions is not attained, those plans should be treated as "defined benefit plans" in accordance with IAS 19.

Revenue recognition

IFRS 15 was published in May 2014 and replaces IAS 18 *Revenue* and IAS 11 *Construction Contracts*. This standard introduces a new model consisting of five steps for the recognition of revenue from contracts with customers, except for revenue from leases, financial instruments and insurance contracts. The core principle of this standard is that an entity recognizes revenue to the extent it represents the transfer of promised goods or services to customers for a consideration that is the reflection of the remuneration to which the entity expects to be entitled in exchange for those goods or services. The timing of the revenue recognition can take place over time or at a point in time, depending on the transfer of ownership.

The standard also introduces new guidance on costs of fulfilling and obtaining a contract, specifying the circumstances in which such costs should be capitalized or expensed when incurred. Furthermore, the new disclosures included in IFRS 15 are more detailed than those applicable under the previous IAS 18.

The SIPEF group's core activity is the sale of goods. SIPEF group recognises revenue at the moment the control over the asset is transferred to the customer. The goods sold are transported by ship and recognized as revenue as soon as the goods are loaded onto the ship. Revenue recognition occurs at the moment when the goods are loaded onto the ship. Revenue is recorded at this point in time for all contracts within the SIPEF group. The payment terms depend on the delivery terms of the contract and can vary between prepayment, cash against documents and 45 days after handover of the bill of lading. Deliveries are at a fixed price. For each contract there is only one performance obligation which needs to be fulfilled: the delivery of the goods.

The Group has no material incremental costs of obtaining a contract which would fulfil the capitalization criteria as defined by IFRS 15.

The Group has adopted the new standard on the required effective date. We can conclude that the IFRS 15 does not have an impact on the financial statements of the SIPEF group. The Group will continue to sell its products at defined incoterms.

Cost of sales

Cost of sales includes all costs associated with harvest, transformation and transport. Purchases are recognized net of cash discounts and other supplier discounts and allowances.

General and administrative expenses

General and administrative expenses include expenses of the marketing and financial department and general management expenses.

Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized directly to equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax liabilities and assets are recognized for temporary differences between the carrying amount in the balance sheet and the tax bases of assets and liabilities and are subsequently adjusted to reflect changes in tax rates expected to be in effect when the temporary differences reverse. Deferred tax assets are included in the consolidated accounts only to the extent that their realization is probable in the foreseeable future.

4. USE OF ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Below we present an update of the most important judgements applicable in the annual report:

- Judging that land rights will not be amortized unless there is an indication that the land title might not be renewed: A total of 12 500 Ha of land rights in PT Agro Muko have matured in 2019 and 2020. All documentation for the renewal of the land rights have been delivered in time to the relevant authorities. Due to covid-19 there has been a delay in the renewal process. The relevant authorities are in the process of reviewing and approving the renewal. There is no indication that these land rights will not be renewed.

The main areas in which estimates are used during 2020 are:

- Deferred tax assets
- Impairment of assets (goodwill impairment)

The key estimates used in the calculation of deferred tax assets and impairment of assets (goodwill impairment) testing rely on making an estimate on commodity prices over a longer period. By nature, the commodity prices used in such estimates are volatile and will therefore in reality will be different from the estimated amounts. There is no unique independent variable on which a relevant sensitivity can be done on the calculation of the deferred tax assets. We refer to note 8 for the goodwill impairment testing.

5. GROUP COMPANIES / CONSOLIDATION SCOPE

The ultimate parent of the Group, SIPEF, Schoten/Belgium, is the parent company of the following significant subsidiaries:

	Location	% of control	% of interest
Consolidated companies (full consolidation)			
PT Tolan Tiga Indonesia	Medan / Indonesia	95.00	95.00
PT Eastern Sumatra Indonesia	Medan / Indonesia	95.00	90.25
PT Kerasaan Indonesia	Medan / Indonesia	57.00	54.15
PT Bandar Sumatra Indonesia	Medan / Indonesia	95.00	90.25
PT Melania Indonesia	Medan / Indonesia	95.00	90.25
PT Mukomuko Agro Sejahtera	Medan / Indonesia	95.00	85.74
PT Umbul Mas Wisesa	Medan / Indonesia	95.00	94.90
PT Citra Sawit Mandiri	Medan / Indonesia	95.00	94.90
PT Toton Usaha Mandiri	Medan / Indonesia	95.00	94.90
PT Agro Rawas Ulu	Medan / Indonesia	95.00	95.00
PT Agro Kati Lama	Medan / Indonesia	95.00	95.00
PT Agro Muara Rupit	Medan / Indonesia	95.00	94.90
Hargy Oil Palms Ltd	Bialla / Papua N.G.	100.00	100.00
Plantations J. Eglin SA	Azaguié / Ivory Coast	100.00	100.00
Jabelmalux SA	Luxembourg / G.D. Luxemburg	99.89	99.89
PT Agro Muko	Medan / Indonesia	95.00	90.25
PT Dendymarker Indah Lestari	Medan / Indonesia	100.00	95.00
Associates and joint ventures (equity method)			
Verdant Bioscience Pte Ltd	Singapore / Republic of Singapore	38.00	38.00
PT Timbang Deli Indonesia	Medan / Indonesia	38.00	36.10
Companies not included			
Horikiki Development Cy Ltd	Honiara / Solomon Islands	90.80	90.80

Despite the possession of the majority of voting rights, the Group has no control over the non-consolidated companies because they are established in inaccessible regions (Horikiki Development Cy Ltd).

There are no restrictions to realise assets and settle liabilities of subsidiaries.

6. EXCHANGE RATES

As a result of a revised liquidity- and debt management as from the end of 2006 the functional currency in the majority of the subsidiaries has been changed to US dollar as from January 1, 2007. Following subsidiary has however a different functional currency:

Plantations J. Eglin SA EUR

The exchange rates below have been used to convert the balance sheets and the results of these entities into US dollar (this is the currency in which the Group presents its results).

	Closing rate			Average rate		
	2020	2019	2018	2020	2019	2018
EUR	0.8154	0.8916	0.8738	0.8727	0.8941	0.8487

7. OPERATIONAL RESULT AND SEGMENT INFORMATION

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

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

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

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

In KUSD	2020	2019
Gross margin per product		
Palm	59 886	34 445
Rubber	-1 814	-2 244
Tea	- 788	- 370
Bananas and horticulture	4 390	4 697
Corporate	682	634
Total gross margin	**62 357**	**37 162**
General and administrative expenses	-31 573	-31 481
Other operating income/(charges)	- 6	- 741
Financial income/(charges)	-4 458	-5 002
Discounting Sipef-CI	1 368	1 689
Exchange differences	378	- 775
Profit before tax	**28 065**	**852**
Tax expense	-10 828	-6 772
Effective tax rate	-38.6%	-794.7%
Profit after tax	**17 237**	**-5 920**
Share of results of associated companies	-1 059	-1 485
Profit for the period	**16 178**	**-7 405**

Below we present the segment information per product and per geographical region in accordance with the IFRS profit and loss accounts. The segment result is revenue minus expense that is directly attributable to the segment and the relevant portion of income and expense that can be allocated on a reasonable basis to the segment.

Gross profit by product

Total revenue increased to USD 274 million (+10.4% compared with 2019).

Palm oil revenue increased by 12.6% due to a combination of higher production volumes and a higher world market price for crude palm oil (CPO).

In 2020, rubber revenue declined sharply by 14.2%, mainly due to lower production volumes (-5%) and an even larger drop in volumes sold compared with 2019, which was characterised by a significant rundown of rubber stocks.

Tea revenue increased by 15.5%. However, this increase is not representative of the profitability of the tea segment. Indeed, in 2019, very few sales were realised due to the sharp decline in spot prices on the world market. Only in 2020, was the available production gradually sold.

Revenue in the banana and plant activities remained almost unchanged. The slight decrease in volumes sold and in unit selling price (in EUR) was largely offset by the strengthening of the EUR against the USD.

The average ex works unit cost price for the mature oil palm plantations remained roughly identical compared with 2019. There were also no fundamental changes in the unit cost level for the other segments, compared with the same period last year. For rubber, the necessary measures were taken to reduce costs as much as possible, but due to the sharply reduced production volumes, this had no impact on the unit cost price.

The changes in fair value related to the impact on the measurement of hanging fruits at their fair value (IAS 41R).

2020 - KUSD	Revenue	Cost of sales	Changes in the fair value	Gross profit	% of total
Palm	236 707	-177 137	176	59 746	95.8
Rubber	8 866	-10 680	0	-1 814	-2.9
Tea	5 858	-6 611	- 35	- 788	-1.3
Bananas and horticulture	21 774	-17 976	592	4 390	7.0
Corporate	823	0	0	823	1.3
Total	**274 027**	**-212 403**	**733**	**62 357**	**100.0**

2019 - KUSD	Revenue	Cost of sales	Changes in the fair value	Gross profit	% of total
Palm	210 250	-176 683	877	34 445	92.7
Rubber	10 330	-12 574	0	-2 244	-6.0
Tea	5 072	-5 454	12	- 370	-1.0
Bananas and horticulture	22 024	-17 327	0	4 697	12.6
Corporate	634	0	0	634	1.7
Total	**248 310**	**-212 038**	**889**	**37 162**	**100.0**

Gross profit increased from KUSD 37 162 at the end of 2019 to KUSD 62 357 (+67.8%) at the end of 2020.

The gross profit of the palm segment (95.8% of the total gross profit) increased by KUSD 25 301 (+73.5% compared with December 2019) thanks to higher productions and especially higher palm oil prices. The average world market price for CPO recorded USD 715 per tonne of CIF Rotterdam over the past year. This is 26% higher than that for the same period last year. It should be noted that in Indonesia the fixed export levy has been reintroduced since January 2020. For the entire year 2020, the total impact of the export levy and tax is estimated at approximately USD 74 per tonne. This levy thus skimmed off a significant part of the profit potential.

The negative contribution of the rubber segment to the gross margin improved slightly compared with 2019 (increase of KUSD 430). Despite the decreased production volumes, the spectacular recovery of sales prices in the second half-year allowed the loss to be limited in this period.

The unit cost price of tea dropped due to good production volumes compared with last year (-12.2%). However, also in 2020, the Group recorded an increased negative contribution (KUSD -788) for the tea segment, due to a significant drop in the realised sales price.

In the banana and horticulture activities profitability was confirmed with a gross margin of KUSD 4 390.

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

2020 - KUSD	Revenue	Cost of sales	Other income	Changes in the fair value	Gross profit	% of total
Indonesia	160 337	-119 228	444	- 421	41 132	66.0
Papua New Guinea	89 279	-73 829	0	562	16 012	25.7
Ivory Coast	23 144	-19 346	0	592	4 390	7.0
Europe	822	0	0	0	822	1.3
Total	**273 583**	**-212 403**	**444**	**733**	**62 357**	**100.0**

2019 - KUSD	Revenue	Cost of sales	Other income	Changes in the fair value	Gross profit	% of total
Indonesia	149 050	-121 260	143	911	28 844	77.6
Papua New Guinea	72 643	-69 610	0	- 22	3 011	8.1
Ivory Coast	25 840	-21 167	0	0	4 673	12.6
Europe	634	0	0	0	634	1.7
Total	**248 167**	**-212 038**	**143**	**889**	**37 162**	**100.0**

Total cost of sales can be split up in the following categories:

1. Estate charges - includes all charges relating to the field work to produce the base agricultural products (i.e. fresh fruit bunches, latex, tea leaves, bananas, horticulture);
2. Processing charges - includes all charges relating to the processing of the base agricultural products to the finished agricultural commodities (i.e. palm oil, rubber, tea, ...);
3. FFB/CPO/latex purchases - includes all purchases from third parties (smallholders) or associates and joint ventures.
4. Stock movement - includes the variance in stock and changes in fair value;
5. Changes in fair value includes the changes in the fair value of the biological assets of palm oil, bananas and tea;
6. Sales charges - includes all direct costs attributable to the sales of the year (i.e. transport charges, palm oil export tax, ...);
7. General and administrative expenses – includes all costs related to the overall organisation (i.e. general management, financial department, marketing, internal audit, sustainability, etc.).

In KUSD	2020	2019
Estate charges	134 547	130 439
Processing charges	30 894	31 065
FFB/CPO/latex purchases	26 297	23 808
Stock movement	-3 462	3 663
Changes in fair value	733	889
Sales charges	22 661	21 286
Cost of sales	**211 670**	**211 149**
General and administrative expenses	31 573	31 480
Total cost of sales and general and administrative expenses	**243 243**	**242 629**

Estate charges have increased slightly compared to last year due to:

- a general increase in costs due to inflation;
- the additional mature hectares in the Musi Rawas region, whereby estate and general field charges are now increasing annually;
- higher FFB productions in 2020

The processing charges remained stable compared to prior year despite a higher number of FFB's being processed.

FFB / CPO / latex purchases have increased with more than 10% compared to prior year. The increase is a consequence of higher CPO prices in 2020 which results in a higher FFB price, an increase in purchased quantities within the framework of the plasma law and the recovery of smallholder productions in Papua New Guinea which resulted in a higher supply of third party FFB's.

The increase in sales charges is primarily due the higher export levy and export tax on the exported crude palm oil in 2020. The biggest part of the increase in export tax and export levy was only recorded in December, when Indonesia changed the export tax and export levy regulations.

The average ex-works unit cost price for the mature oil palm plantations remained stable compared with 2019. Total depreciation in the estate and processing charges amounts to KUSD 38 278. A total of KUSD 3 994 of depreciation charges is recorded in the "General and administrative" expenses and 686 KUSD in "other operating income/charges"

Overall, the general and administrative expenses remained unchanged compared with 2019 but underwent several contrasting movements. On the one hand, they increased due to inflation, exchange rate fluctuations and an increased bonus provision. On the other hand, this increase was offset mainly by the decrease in travel and training costs due to the restrictions imposed by covid-19 worldwide.

Revenue by location of the debtors

In KUSD	2020	2019
Indonesia	133 264	94 352
The Netherlands	85 340	70 595
Singapore	20 507	37 467
France	14 839	14 007
Belgium	4 009	6 308
United States	4 001	3 332
United Kingdom	2 459	2 496
Ivory coast	2 273	3 235
Ireland	2 003	1 293
Malaysia	1 377	3 897
China	1 065	0
Pakistan	914	915
Germany	877	878
Afghanistan	824	1 171
Spain	117	702
Switzerland	44	7 206
United Arab. Emirates	0	203
Luxembourg	0	72
Other	114	182
Total	**274 027**	**248 310**

The revenue of the Group is realised against a relatively small number of first-class buyers: per product about 90% of the turnover is realized with a maximum of 10 clients. For additional information we refer to note 26 – financial instruments.

Segment information – geographical

	2020					
In KUSD	**Indonesia**	**PNG**	**Ivory Coast**	**Europe**	**Others**	**Total**
Intangible assets	0	0	0	473	0	473
Goodwill	104 782	0	0	0	0	104 782
Biological assets	231 602	83 952	273	0	0	315 826
Other property, plant & equipment	248 665	101 487	3 992	668	0	354 811
Investment property	0	0	0	0	0	0
Investments in associates and joint ventures	- 282	0	0	0	4 912	4 630
Other financial assets	46	0	19	15	0	80
Receivables > 1 year	16 092	0	0	9	0	16 101
Deferred tax assets	10 447	0	363	2 240	0	13 049
Total non-current assets	**611 352**	**185 438**	**4 645**	**3 406**	**4 912**	**809 753**
% of total	75.50%	22.90%	0.57%	0.42%	0.61%	100.00%

	2019					
In KUSD	Indonesia	PNG	Ivory Coast	Europe	Others	Total
Intangible assets	0	0	0	517	0	517
Goodwill	104 782	0	0	0	0	104 782
Biological assets	218 923	87 162	257	0	0	306 342
Other property, plant & equipment	247 686	106 766	3 858	761	0	359 071
Investment property	0	0	0	0	0	0
Investments in associates and joint ventures	- 14	0	0	0	5 765	5 751
Other financial assets	46	0	12	15	0	73
Receivables > 1 year	11 612	0	0	1 829	0	13 442
Deferred tax assets	12 581	0	380	2 174	0	15 135
Total non-current assets	**595 618**	**193 928**	**4 506**	**5 297**	**5 765**	**805 114**
% of total	73.98%	24.09%	0.56%	0.66%	0.72%	100.00%

8. GOODWILL AND OTHER INTANGIBLE ASSETS

	2020		2019	
In KUSD	Goodwill	Intangible assets	Goodwill	Intangible assets
Gross carrying amount at January 1	**104 782**	**1 078**	**104 782**	**918**
Acquisitions	0	49	0	160
Sales and disposals	0	- 340	0	0
Transfers	0	0	0	0
Translation differences	0	0	0	0
Gross carrying amount at December 31	**104 782**	**787**	**104 782**	**1 078**
Accumulated amortization and impairment losses at January 1	**0**	**- 561**	**0**	**- 477**
Depreciations	0	- 93	0	- 84
Sales and disposals	0	340	0	0
Transfers	0	0	0	0
Remeasurement	0	0	0	0
Accumulated amortization and impairment losses at December 31	**0**	**- 314**	**0**	**- 561**
Net carrying amount January 1	**104 782**	**517**	**104 782**	**441**
Net carrying amount December 31	**104 782**	**473**	**104 782**	**517**

Goodwill impairment analysis

Goodwill is the positive difference between the acquisition price of a subsidiary, associated company or joint venture and the share of the Group in the fair value of the identifiable assets and liabilities of the acquired entity on the acquisition date. Under standard IFRS 3 – Business Combinations, goodwill is not amortized, but rather tested for impairment.

Goodwill and intangible fixed assets are tested annually by management to see whether they have been exposed to impairment in accordance with the accounting policies in note 3 (regardless of whether there are indications of impairment).

To be able to assess the necessity of an impairment, the goodwill is allocated to a cash-generating unit (CGU). A cash-generating unit is the smallest identifiable group that generates cash that is to a large degree independent of the inflow of cash from other assets or groups of assets. This cash-generating unit is analysed on each balance sheet date to determine whether the carrying value of the goodwill can be fully recovered. If the realizable value of the cash-generating unit is lower in the long term than the carrying value, an impairment is recognized on the income statement in the amount of this difference.

In the SIPEF model, the cash-generating unit is compared with the total underlying asset related to the palm oil segment as of 31 December 2020. This consists of the following items:

Assets (in KUSD)*	2020
Biological assets – bearer plants	300 834
Other fixed assets	344 653
Goodwill	104 782
Current assets – current liabilities	34 106
Total	**784 375**

** Assets include only the entities with palm oil activities*

The SIPEF group has defined the "cash-generating unit" as the operational palm oil segment. It consists of all cash flows from the palm oil activities of all plantations in Indonesia and Papua New Guinea. The cash flows from the sale of rubber, tea and bananas are not included here, as the goodwill has been allocated exclusively to the palm oil segment. This concerns the following entities:

Entities
SIPEF NV
PT Tolan Tiga
PT Eastern Sumatra
PT Kerasaan
PT Mukomuko Agro Sejahtera
PT Umbul Mas Wisesa
PT Citra Sawit Mandiri
PT Toton Usaha Mandiri
PT Agro Rawas Ulu
PT Agro Muara Rupit
PT Agro Kati Lama
PT Agro Muko*
Hargy Oil Palms LTD
PT Dendymarker Indah Lestari

** For PT AM a division is made between the cash flows from palm oil and the cash flows from rubber.*

The recoverable value of the cash-generating units to which goodwill is allocated was determined by means of a calculation using a discounted cash flow model (DCF model). The starting point is the operational plans of the Group, which look a decade ahead (to 2030) and have been approved by the Board of Directors. In this model, the macro-economic parameters, such as palm oil price and inflation, are deemed constant for each year. The constant palm oil price used in the model (USD 713/ton) is management's best estimate of the long-term palm oil price expressed as CIF Rotterdam. The negative impact of the altered export tax and export levy schemes in Indonesia have been included in the future cash flows.

The average palm oil price for 2020 amounts to USD 715/ton whereas the spot price per 31 December 2020 amount to USD 1 035/ton.

In the model, the growth of sales is the same as the normal improvement of the production volumes due to the maturity of the palm trees of the various subsidiaries. Any improvement in the future EBITDA margins in the model is a normal consequence of the same improvement in production volumes.

The current model was established with a weighted average cost of capital (after tax) of 8.01% and an average tax rate of 25%-30%. The terminal value in the discounted cash flow model is based on perpetual growth of 2% in accordance with the Gordon growth model. In the model we use a sensitivity analysis for various palm oil prices and various weighted average costs of capital (WACC):

Palm oil price (CIF Rotterdam)	
Scenario 1	USD 663/ton CIF Rotterdam
Scenario 2 (base case)	USD 713/ton CIF Rotterdam
Scenario 3	USD 763/ton CIF Rotterdam

WACC	
Scenario 1	7.01%
Scenario 2 (base case)	8.01%
Scenario 3	9.01%

Summary assumptions of 2020:

PO / WACC	7.01%	8.01%	9.01%
USD 663/ton CIF Rotterdam	Scenario 1	Scenario 4	Scenario 7
USD 713/ton CIF Rotterdam	Scenario 2	Scenario 5 (base case)	Scenario 8
USD 763/ton CIF Rotterdam	Scenario 3	Scenario 6	Scenario 9

Summary assumptions of 2019:

PO / WACC	7.01%	8.01%	9.01%
USD 640/ton CIF Rotterdam	Scenario 1	Scenario 4	Scenario 7
USD 690/ton CIF Rotterdam	Scenario 2	Scenario 5 (base case)	Scenario 8
USD 740/ton CIF Rotterdam	Scenario 3	Scenario 6	Scenario 9

For the sensitivity analysis, the price was increased and decreased by USD 50/ton. The WACC was increased and decreased with one percent. A sensitivity matrix is shown below for the total discounted cash flow for various palm oil prices and various weighted average costs of capital (WACC).

Sensitivity matrix

WACC/PO price (in KUSD)	7.01%	8.01%	9.01%
USD 663/ton CIF Rotterdam	1 036 516	831 921	686 651
USD 713/ton CIF Rotterdam	1 308 324	1 056 756	877 953
USD 763/ton CIF Rotterdam	1 491 670	1 209 444	1 008 679
Value of underlying assets*	784 375	784 375	784 375

** Concerns the underlying assets related to the palm oil segment*

The headroom is the difference between the total discounted cash flows and the value of the underlying asset:

Headroom (in KUSD)	7.01%	8.01%	9.01%
USD 663/ton CIF Rotterdam	252 141	47 546	-97 724
USD 713/ton CIF Rotterdam	523 949	272 381	93 578
USD 763/ton CIF Rotterdam	707 295	425 069	224 304

Green = base scenario

We also calculate the breakeven palm oil price based on the various WACCs.

Breakeven price	7.01%	8.01%	9.01%
USD/ton	631 $/ton	656 $/ton	685 $/ton

Management is of the opinion that the assumptions used in the calculation of the value in use as described above give the best estimates of future development. The sensitivity analysis shows that goodwill is in most of the cases fully recoverable. As a result, management is of the opinion that there is no indication of any impairment. Future sales prices continue to be difficult to predict over a long period of time and will be continuously monitored in the future.

9. BIOLOGICAL ASSETS – BEARER PLANTS

Movement schedule biological assets - bearer plants

The balance sheet movements in biological assets – bearer plants can be summarized as follows:

In KUSD	2020	2019
Gross carrying amount at January 1	**407 810**	**376 331**
Change in consolidation scope	0	0
Acquisitions	26 971	33 305
Sales and disposals	- 4 261	- 3 945
Transfers	- 1 454	2 254
Other	0	- 108
Translation differences	128	- 28
Gross carrying amount at December 31	**429 192**	**407 810**
Accumulated depreciation and impairment losses at January 1	**- 101 467**	**- 92 619**
Change in consolidation scope	0	0
Depreciation	- 15 120	- 13 452
Sales and disposals	3 326	4 524
Transfers	0	0
Other	0	58
Translation differences	- 104	22
Accumulated depreciation and impairment losses at December 31	**- 113 365**	**- 101 467**
Net carrying amount January 1	**306 343**	**283 712**
Net carrying amount December 31	**315 827**	**306 343**

10. OTHER PROPERTY, PLANT AND EQUIPMENT

	2020							
In KUSD	**Land, buildings and infrastructure**	**Installations and machinery**	**Vehicles**	**Office equipment, furniture and others**	**Leasing**	**In progress**	**Land rights**	**Total**
Gross carrying amount at January 1	**180 654**	**186 614**	**69 811**	**32 711**	**3 253**	**16 696**	**122 422**	**612 163**
Change in consolidation scope	0	0	0	0	0	0	0	0
Acquisitions	6 675	2 990	4 009	668	122	5 655	5 586	25 705
Sales and disposals	- 778	- 1 065	- 1 716	- 322	0	- 3 514	0	- 7 395
Transfers	985	1 525	361	994	0	- 2 411	0	1 454
Other	- 11	11	0	0	- 71	60	- 2 495	- 2 506
Translation differences	1 024	261	164	87	0	6	20	1 562
Gross carrying amount at December 31	**188 549**	**190 336**	**72 629**	**34 138**	**3 304**	**16 492**	**125 533**	**630 983**
Accumulated depreciation and impairment losses at January 1	**- 73 094**	**- 104 561**	**- 52 061**	**- 17 584**	**- 358**	**0**	**- 5 434**	**- 253 092**
Change in consolidation scope	0	0	0	0	0	0	0	0
Depreciation	- 7 767	- 10 884	- 5 768	- 2 953	- 386	0	- 45	- 27 804
Sales and disposals	628	1 029	1 495	180	0	0	0	3 332
Transfers	1	0	0	0	0	0	0	1
Other	- 87	0	0	0	197	0	2 495	2 605
Translation differences	- 779	- 220	- 124	- 74	0	0	- 18	- 1 215
Accumulated depreciation and impairment losses at December 31	**- 81 098**	**- 114 635**	**- 56 458**	**- 20 431**	**- 547**	**0**	**- 3 002**	**- 276 172**
Net carrying amount January 1	**107 560**	**82 053**	**17 750**	**15 127**	**2 895**	**16 696**	**116 988**	**359 071**
Net carrying amount December 31	**107 451**	**75 701**	**16 171**	**13 707**	**2 757**	**16 492**	**122 531**	**354 811**

In KUSD	Land, buildings and infrastructure	Installations and machinery	Vehicles	Office equipment , furniture and others	Leasing	In progress	Land rights	Total
	2019							
Gross carrying amount at January 1	**168 016**	**191 540**	**66 052**	**31 449**	**0**	**23 617**	**115 030**	**595 703**
Change in consolidation scope	0	0	0	0	0	0	0	0
Acquisitions	10 207	5 797	7 137	1 669	0	4 509	4 880	34 200
Sales and disposals	- 1 057	- 10 793	- 3 833	- 1 114	0	- 4 004	0	- 20 800
Transfers	3 695	138	497	714	0	- 7 296	0	- 2 251
Other	0	0	0	0	3 253	- 117	2 516	5 652
Translation differences	- 207	- 68	- 42	- 7	0	- 13	- 4	- 341
Gross carrying amount at December 31	**180 654**	**186 614**	**69 811**	**32 711**	**3 253**	**16 696**	**122 422**	**612 163**
Accumulated depreciation and impairment losses at January 1	**- 66 070**	**- 104 346**	**- 50 051**	**- 15 647**	**0**	**0**	**- 2 865**	**- 238 979**
Change in consolidation scope	0	0	0	0	0	0	0	0
Depreciation	- 7 397	- 10 962	- 5 753	- 2 935	- 358	0	- 55	- 27 460
Sales and disposals	202	10 684	3 696	981	0	0	0	15 563
Transfers	0	0	0	0	0	0	0	0
Other	25	15	11	0	0	0	- 2 516	- 2 465
Translation differences	146	48	36	17	0	0	2	249
Accumulated depreciation and impairment losses at December 31	**- 73 094**	**- 104 561**	**- 52 061**	**- 17 584**	**- 358**	**0**	**- 5 434**	**- 253 092**
Net carrying amount January 1	**101 946**	**87 194**	**16 001**	**15 802**	**0**	**23 617**	**112 165**	**356 724**
Net carrying amount December 31	**107 560**	**82 053**	**17 750**	**15 127**	**2 895**	**16 696**	**116 988**	**359 071**

The acquisitions included, in addition to the standard replacement capital expenditure, investments for the improvement of the logistics and infrastructure of the plantations and the palm oil extraction mills.

Below is a table with the proprietary rights on which the plantations of the SIPEF group are established:

	Hectares	Type	Maturity	Crop
PT Tolan Tiga Indonesia	6 042	Concession	2023	Oil palm
PT Tolan Tiga Indonesia	2 437	Concession	2024	Oil palm
PT Eastern Sumatra Indonesia	3 178	Concession	2023	Oil palm
PT Kerasaan Indonesia	2 362	Concession	2023	Oil palm
PT Bandar Sumatra Indonesia	1 413	Concession	2024	Rubber
PT Melania Indonesia	5 140	Concession	2023	Rubber and tea
PT Toton Usaha Mandiri	1 199	Concession	2046	Oil palm
PT Agro Muko	2 270	Concession	2019*	Oil palm
PT Agro Muko	2 500	Concession	2020*	Oil palm
PT Agro Muko	315	Concession	2031	Oil palm
PT Agro Muko	1 410	Concession	2028	Oil palm
PT Agro Muko	2 903	Concession	2028	Oil palm
PT Agro Muko	7 730	Concession	2019*	Oil palm
PT Agro Muko	2 185	Concession	2022	Oil palm
PT Agro Muko	1 515	Concession	2022	Rubber
PT Agro Muko	2 100	Concession	2022	Oil palm
PT Umbul Mas Wisesa	4 397	Concession	2048	Oil palm
PT Umbul Mas Wisesa	2 071	Concession	2048	Oil palm
PT Umbul Mas Wisesa	679	Concession	2049	Oil palm
PT Umbul Mas Wisesa	462	Concession	2049	Oil palm
PT Umbul Mas Wisesa	155	Concession	2049	Oil palm
PT Dendymarker Indah Lestari	13 705	Concession	2028	Oil palm
PT Mukomuko Agro Sejahtera	1 705	Concession	2053	Oil palm
PT Mukomuko Agro Sejahtera (STGE)	1 770	Concession	2024	Oil palm
PT Timbang Deli Indonesia	972	Concession	2023	Rubber and oil palm
Hargy Oil Palms Limited	128	Concession	2075	Oil palm
Hargy Oil Palms Limited	2 967	Concession	2076	Oil palm
Hargy Oil Palms Limited	17	Concession	2077	Oil palm
Hargy Oil Palms Limited	6 460	Concession	2082	Oil palm
Hargy Oil Palms Limited	2 900	Concession	2101	Oil palm
Hargy Oil Palms Limited	170	Concession	2102	Oil palm
Hargy Oil Palms Limited	694	Concession	2106	Oil palm
Hargy Oil Palms Limited	18	Concession	2113	Oil palm
Hargy Oil Palms Limited	246	Concession	2117	Oil palm
Plantations J. Eglin SA	1 485	Freehold	n/a	bananas and horticulture
Plantations J. Eglin SA	322	Provisional concession	n/a	bananas and horticulture
Total	**86 022**			
PT Agro Muko	242	In negotiation	-	Oil palm
PT Citra Sawit Mandiri	1 814	In negotiation	-	Oil palm
PT Agro Rawas Ulu	5 712	In negotiation	-	Oil palm
PT Agro Kati Lama	7 568	In negotiation	-	Oil palm
PT Agro Kati Lama	3 091	In negotiation	-	Oil palm
PT Agro Muara Rupit	4 811	In negotiation	-	Oil palm
PT Agro Muara Rupit	7 498	In negotiation	-	Oil palm
PT Agro Muara Rupit	1 303	In negotiation	-	Oil palm
PT Agro Muara Rupit	4 201	In negotiation	-	Oil palm
PT Mukomuko Agro Sejahtera	623	In negotiation	-	Oil palm
Total	**36 863**			

** All documentation for the renewal of the land rights which matured in 2019 and 2020 has been delivered in time to the relevant authorities. The authorities are in the process of reviewing and approving. There is no indication that these land rights will not be renewed.*

In addition, our subsidiary Hargy Oil Palms Ltd has a total of 4 022 hectares of planted area on subleased land.

11. RECEIVABLES > 1 YEAR

In KUSD	2020	2019
Receivables > 1 year	16 101	13 442

The receivables > 1 year as per 31 December 2020 mainly consist out of plasma receivables in Indonesia.

In KUSD	2020	2019
Sale of Sipef-CI SA	0	1 813
Plasma receivable	16 092	11 612
Other	9	17
Total	**16 101**	**13 442**

Plasma receivables represent a loan granted to the smallholders for the accumulated costs to develop plasma plantations which are currently being financed by the Group. When the plasma plantations start to mature, the plasma farmers are obliged to sell their harvests to the Group and a portion of the resulting proceeds will be used to repay the loans.

The plasma receivables will be gradually repaid from the moment the plasma holders become a going concern plantation whereby proceeds of the FFB sales will be partly used to repay the loan.

The Group has calculated the expected credit loss in accordance with IFRS 9 and has done an impairment test on the outstanding plasma receivables which showed no basis for impairment based on the long-term repayment plans.

The total sales price of Sipef-CI SA amounts to KEUR 11 500 of which KEUR 5 650 remains to be received in the short term at the end of the year. Converted at the closing rate of the year this amounts to KUSD 6 929, which has all been included in the current receivables (we refer to note 14).

Below we present an overview of the remaining contractually determined non-discounted cash flows related to these receivables:

In KUSD	2021 - short term	2022	> 2022	Total
Sale of Sipef-CI SA	6 929	0	0	6 929
Plasma receivable	0	0	16 092	16 092
Total	**6 929**	**0**	**16 092**	**23 021**

12. INVENTORIES

Analysis of inventories:

In KUSD	2020	2019
Raw materials and supplies	17 658	16 489
Finished goods	11 990	9 762
Total	**29 648**	**26 251**

The remaining stock of raw materials and supplies has increased with KUSD 1 169 in comparison to prior year. This is mainly due to timing differences in purchases.

The increase in finished goods is caused by a slight increase in CPO/PK stock per year-end and the higher CPO prices which results in a higher stock value.

13. BIOLOGICAL ASSETS

The total biological assets at the end of the year is presented below:

In KUSD	2020	2019
Biological assets	6 763	6 030

The growing agricultural produce of palm oil is defined as the oil contained in the palm fruit. When the palm fruit contains oil, then this distinct asset is recognised and the fair value is estimated based on:

- The estimated quantity of oil that is available in the palm fruit;
- The estimated sales price of palm oil at the time of closing;
- The estimated cost to harvest and process the palm fruit;
- The estimated sales charges (transport, export tax, …).

Different scientific studies have shown that the oil in the palm oil fruit develops exponentially in approximately 4 weeks. The estimated quantity of oil in the palm oil fruit is therefore determined based on the harvest of the 4 weeks after the time of closing. In the calculation of the estimated quantity of available oil, the weighted importance of the harvest decreases step-by-step per week, in order to approximate the quantity of oil at the time of closing as well as possible. The fair value of the biological assets calculated at the closing value on the 31st of December 2020 is based on level 2 data input.

Per 31 December 2020 the total biological assets of palm oil amounted to KUSD 3 668 compared to KUSD 3 518 per 31 December 2019.

Impact of the estimated quantity of available oil	-10%	Carrying amount	+10%
Carrying value of the biological assets - palm oil	3 301	3 668	4 035
Gross Impact income statement (before tax)	- 367		367

The estimated sales price and the estimated costs and charges are the actual sales prices and costs at the time of closing. The results from the change of the fair value of the palm fruit are included in “changes in fair value”.

The biological assets at the end of December also contain the growing biological produce of bananas of our subsidiary Plantations J. Eglin SA. The balance of 2020 amounted to KUSD 3 058 (2019 KUSD 2 465) and has increased due to the favourable production outlook in first quarter compared to last year. In addition, it also contains the growing biological produce of Tea for a total of KUSD 37.

Impact of the estimated quantity of available bananas	-10%	Carrying amount	+10%
Carrying value of the biological assets - bananas	2 752	3 058	3 364
Gross Impact income statement (before tax)	- 306		306

14. OTHER CURRENT RECEIVABLES AND OTHER CURRENT PAYABLES

The ‘other receivables’ have increased from KUSD 45 367 in 2019 to KUSD 49 146 in 2020. The other receivables mainly consist of VAT receivables in the various entities, a current account with Verdant Bioscience PTE Ltd (KUSD 7 800 in 2020 and KUSD 6 788 in 2019) and the smallholder receivables in Hargy Oil Palms Ltd.

This section also contains a receivable of KUSD 6 929 (2019: KUSD 4 659) following the sale of Sipef-CI. It concerns a transfer from the long-term receivables to the short-term receivables. For further information relating to the long-term receivables, we refer to note 11.

The increase in ‘other receivables’ (+KUSD 3 779) is explained by an increase in the GST receivable (VAT receivable) in Hargy Oil Palms Ltd. (+ KUSD 1 257), in our Indonesian subsidiaries, primarily the South Sumatra Group due to the continuing expansion (+ KUSD 1 400), as well as in our banana plantation in Ivory Coast (+ KUSD 1 024) The remaining increase consist of various smaller items in our different subsidiaries.

The Group has calculated the expected credit loss in accordance with IFRS 9 and determined it to be immaterial.

The ‘other payables’ (KUSD 8 805 and KUSD 8 747 in 2019) mainly concern social obligations (salaries to be paid, provisions for holiday pay and bonus) and have increased slightly in comparison to prior year.

15. SHAREHOLDERS' EQUITY

Capital stock and share premium

The issued capital of the company as at December 31, 2020 amounts to KUSD 44 734, represented by 10 579 328 fully paid ordinary shares without nominal value.

	2020	2019	Difference
Number of shares	10 579 328	10 579 328	0

In KUSD	2020	2019	Difference
Capital	44 734	44 734	0
Share premium	107 970	107 970	0
Total	**152 704**	**152 704**	**0**

	2020	2019	2020	2019
	KUSD	KUSD	KEUR	KEUR
Treasury shares - opening balance	**10 277**	**9 423**	**8 389**	**7 614**
Acquisition treasury shares	0	854	0	775
Treasury shares - ending balance	**10 277**	**10 277**	**8 389**	**8 389**

Since the start of the share buy-back program on 22 September 2011, SIPEF has bought back 160 000 shares for a total amount of KEUR 8 389, corresponding to 1.5124% of the total shares outstanding, as cover for a share option plan for the management.

Authorised capital

The extraordinary general meeting of shareholders on June 10, 2020 authorised the board of directors to increase the capital in one or more operations by an amount of KUSD 44 734 over a period of 5 years after the publication of the renewal.

Shareholder structure

The company has received following shareholders declarations:

Acting in concert	Number of shares	Date of notifying	Denominator	%
Ackermans & Van Haaren NV**	3 828 770	2/07/2020	10 579 328	36.191
Cabra NV*	1 001 032	2/07/2020	10 579 328	9.462
Cabra P*	100 000	2/07/2020	10 579 328	0.945
Cabra T*	100 000	2/07/2020	10 579 328	0.945
Cabra V*	100 000	2/07/2020	10 579 328	0.945
Theodora Bracht*	2 000	2/07/2020	10 579 328	0.019
Priscilla Bracht*	0	2/07/2020	10 579 328	0.000
Victoria Bracht*	0	2/07/2020	10 579 328	0.000
Total votes acting in concert	**5 131 802**			**48.507**

** Group Bracht*

*** Including own shares*

Translation differences

Translation differences consists of all the differences related to the translation of the financial statements of our subsidiaries for which the functional currency is different from the presentation currency of the Group (USD). The deviation from last year is due to the movement of the USD versus the EUR (KUSD 755).

In KUSD	2020	2019
Opening balance at January 1	**-11 793**	**-11 686**
Movement, full consolidation	755	- 107
Ending balance at December 31	**-11 038**	**-11 793**

Dividends

On February 10, 2021 a dividend of KEUR 3 703 (EUR 0.35 gross per ordinary share) has been recommended by the board of directors but has not yet been approved by the general meeting of shareholders of SIPEF and is therefore not provided for in the financial statements as at December 31, 2020.

Capital management

The capital structure of the Group is based on the financial strategy as defined by the board of directors. Summarized, this strategy consists of an expansion policy while respecting a very limited debt ratio. The management puts forward yearly the plan for approval by the board of directors.

Chain of control

1. Chain of control above Ackermans & Van Haaren NV

I. Ackermans & Van Haaren NV is directly controlled by Scaldis Invest NV, a company incorporated under Belgian law.
II. Scaldis Invest NV is directly controlled by Belfimas NV, a company incorporated under Belgian law.
III. Belfimas NV is directly controlled by Celfloor SA, a company incorporated under Luxembourg law.
IV. Celfloor SA is directly controlled by Apodia International Holding BV, a company incorporated under Dutch law.
V. Apodia International Holding BV is directly controlled by Palamount SA, a company incorporated under Luxembourg law.
VI. Palamount SA is directly controlled by Stichting administratiekantoor “Het Torentje”, incorporated under Dutch law.
VII. Stichting Administratiekantoor “Het Torentje” is the ultimate controlling shareholder. In accordance with article 11, §1 of the Law of 2 May 2007, Stichting administratiekantoor “Het Torentje” is acting under its own name and at the expense of the companies mentioned under (II) and (VI).

2. Chain of control above Cabra NV

Priscilla Bracht, Theodora Bracht and Victoria Bracht exercise joint control over Cabra NV.

3. Chain of control above Cabra P NV, Cabra T NV and Cabra V NV

Cabra P NV, Cabra T NV and Cabra V NV are controlled by, respectively, Priscilla Bracht, Theodora Bracht and Victoria Bracht.

4. Chain of control above SIPEF (SIPEF own shares)

Ackermans & van Haaren NV and Bracht Group jointly exercise control over SIPEF.

16. NON-CONTROLLING INTERESTS

According to Indonesian law, no foreign investor is allowed to own more than 95% of the shares of a plantation company. Therefore, all Indonesian subsidiaries have at least a 5% non-controlling interest. The non-controlling interests of our Indonesian subsidiaries mainly consist of one Indonesian pension fund.

The table below presents the non-controlling interests per company, as well as their share of the equity and the profit of the year.

	2020			2019		
In KUSD	% Non-controlling interests	Share of the equity	Share of the profit of the year	% Non-controlling interests	Share of the equity	Share of the profit of the year
PT Tolan Tiga Indonesia	5.00	18 134	551	5.00	17 402	430
PT Eastern Sumatra Indonesia	9.75	5 600	418	9.75	5 576	310
PT Kerasaan Indonesia	45.85	5 704	1 296	45.85	4 415	962
PT Bandar Sumatra Indonesia	9.75	1 254	- 122	9.75	1 405	- 77
PT Melania Indonesia	9.75	2 648	- 258	9.75	2 917	- 237
PT Mukomuko Agro Sejahtera	14.26	- 362	15	14.26	- 376	- 100
PT Umbul Mas Wisesa	5.10	- 782	- 12	5.10	- 768	- 152
PT Citra Sawit Mandiri	5.10	- 263	- 5	5.10	- 259	- 48
PT Toton Usaha Mandiri	5.10	60	36	5.10	24	9
PT Agro Rawas Ulu	5.00	- 166	- 103	5.00	- 63	- 56
PT Agro Kati Lama	5.00	- 654	- 361	5.00	- 292	- 189
PT Agro Muara Rupit	5.10	- 134	- 131	5.10	- 2	- 127
PT Agro Muko	9.75	6 806	911	9.75	5 928	476
PT Dendymarker Indah Lestari	5.00	-1 924	- 178	9.75	-1 523	- 602
Jabelmalux SA	0.11	- 59	0	0.11	- 59	0
Total		**35 862**	**2 055**		**34 325**	**600**

The non-controlling interest's share of the property, plant and equipment (including biological assets - bearer plants) amounts to KUSD 35 980 in 2020 (2019: KUSD 37 541).

The movements of the year can be summarized as follows:

In KUSD	2020	2019
At the end of the preceding period	34 325	34 250
Profit for the period attributable to non-controlling interests	2 055	600
Defined Benefit Plans - IAS19R	- 95	- 9
Distributed dividends	- 200	- 516
Equity transactions with non-controlling parties	- 223	0
Other	0	0
At the end of the period	**35 862**	**34 325**

The distributed dividends to non-controlling interests consist of:

In KUSD	2020	2019
PT Kerasaan Indonesia	0	516
PT Eastern Sumatra Indonesia	200	0
Total	**200**	**516**

The dividends from PT Eastern Sumatra have been declared and paid in 2020. The dividend from PT Kerasaan was declared in 2019 but was paid in 2020.

There are no limitations to the transfer of funds. The non-controlling interests have no rights to use the assets of the Group or to repay the liabilities of the subsidiaries. The non-controlling interests do not have significant protective rights. There are no restrictions to realise assets and settle liabilities of subsidiaries.

17. PROVISIONS

In KUSD	2020	2019
Provision	1 354	1 548

The provisions are entirely related to a VAT dispute in Indonesia (KUSD 1 354). During 2020 there have only been a limited amount of court cases which were settled. It is difficult to make an estimate of the settlement time of the dispute.

18. PENSION LIABILITIES

Defined benefit plans

Pension liabilities mainly represent defined benefit plans in Indonesia. These pension plans, set up in order to pay a lump sum amount at the time of retirement, are not financed with a third party. The total number of employees affected by the pension plan amounts to 10 168. The pension plan is payable to an employee at the age of 55 or after 30 years of seniority, whichever comes first.

Since the pension plan is adjusted by future salary increases and discount rates, the pension plan is exposed to Indonesia's future salary expectations, as well as Indonesia's inflation and interest rate risk. Furthermore, the pension plan is payable in Indonesian Rupiah, exposing it to a currency risk. We refer to note 26 for further details concerning the currency risk of the Group. As the pension plan is unfunded, there is no risk relating to a return on plan assets.

The following reconciliation summarizes the variation of total pension liabilities between 2019 and 2020:

In KUSD	2019	Pension cost	Payment	Exchange	Translation difference	Change consolidation scope	Other	2020
Indonesia	22 408	5 448	-3 425	- 410	0	0	18	24 039
Ivory Coast	688	166	- 88	0	66	0	- 60	772
Total	**23 096**	**5 614**	**-3 513**	**- 410**	**66**	**0**	**- 42**	**24 811**

Following assumptions are used in the pension calculation of Indonesia:

	2020	2019
Discount rate	7.50%	7.75%
Future salary increase	5.00%	5.25%
Assumed retirement age	55 years or 30 years of seniority	55 years or 30 years of seniority

Pension liabilities in Indonesia have changed as follows:

In KUSD	2020	2019
Opening	22 408	18 881
Service cost	2 260	1 989
Interest cost	1 865	1 793
Benefits paid	-3 426	-1 243
Actuarial gains and losses	1 323	264
Exchange differences	- 409	742
Other	18	- 18
Closing	**24 039**	**22 408**

Actuarial gains and losses consist of the following components:

In KUSD	2020	2019
Experience adjustments	1 312	235
Changes in assumptions used	11	29
Total actuarial gains and losses	**1 323**	**264**

The actuarial gains and losses included in the above table contain the largest part of the total actuarial gains and losses included in the other comprehensive income (KUSD -1 329). The remaining difference (KUSD -6) consists of the actuarial gains and losses of the equity consolidated companies (PT Timbang Deli).

The amounts recognised in the balance sheet are as follows:

In KUSD	2020	2019
Pension liabilities	24 039	22 408

The amounts relating to the pension cost of Indonesia are as follows:

In KUSD	2020	2019
Service cost	2 260	1 989
Interest cost	1 865	1 793
Pension cost	**4 125**	**3 782**
Actuarial gains and losses recorded in Other Comprehensive Income	1 323	264
Total pension cost	**5 448**	**4 046**

These costs are included under the headings cost of sales and general and administrative expenses of the income statement.

Estimated benefit payments in 2021 are KUSD 1 403.

Sensitivity of the variation of the discount rate and of the future salary increase

Values as appearing in the balance sheet are sensitive to changes in the actual discount rate compared to the discount rate used. The same applies to changes in the actual future salary increase compared to the future salary increase used in the calculation. For our Indonesian entities, simulations were made to calculate the impact of a 1% increase or decrease of both parameters on the pension provision, resulting in the following effects:

Impact of the change in discount rate:

In KUSD	+1%	Carrying amount	-1%
Pension liability of the Indonesian subsidiaries	21 930	24 282	26 507
Gross impact on the comprehensive income	2 352		-2 224

Impact of the change in future salary increase:

In KUSD	+1%	Carrying amount	-1%
Pension liability of the Indonesian subsidiaries	26 439	24 282	21 956
Gross impact on the comprehensive income	-2 157		2 326

The pension liability in Indonesia consists of KUSD 24 039 from fully consolidated subsidiaries and of KUSD 243 from equity consolidated companies (PT Timbang Deli).

Defined contribution plans

The Group pays contributions to publicly or privately administered insurance plans. Since the Group is obliged to make additional payments if the average return on the employer's contribution and on the employees' contributions is not attained, those plans should be treated as "defined benefit plans" in accordance with IAS 19.
The liability is based on an analysis of the plans and the limited difference between the legally guaranteed minimum returns and the interest guaranteed by the insurance company, the Group has concluded that the application of the PUC method would have an immaterial impact. The total accumulated reserves amount to KUSD 1 625 by the end of December 2020 (2019: KUSD 2 578) compared to the total minimum guaranteed reserves of KUSD 1 587 at 31 December 2020 (2019: KUSD 2 534).

Contributions paid regarding the defined contribution plans amount to KUSD 508 (KUSD 571 in 2019). SIPEF NV is not responsible for the minimum guaranteed return on the contributions paid for the members of the executive committee (KUSD 451).

19. NET FINANCIAL ASSETS/(LIABILITIES)

Net financial assets/(liabilities) (Non-GAAP measure) can be analysed as follows:

In KUSD	2020	2019
Short-term obligations - credit institutions	-86 128	-91 239
Financial liabilities > 1 year (incl. derivatives)	-54 000	-63 000
Current portion of amounts payable after one year	-18 000	-18 000
Investments and deposits	0	0
Cash and cash equivalents	9 790	10 653
Lease liability	-2 828	-3 037
Net financial assets/(liabilities)	**-151 165**	**-164 623**

Analysis of net financial assets/(liabilities) 2020 per currency:

In KUSD	EUR	USD	Others	Total
Short-term financial obligations	-24 528	-79 600	0	-104 128
Investments and deposits	0	0	0	0
Cash and cash equivalents	1 634	7 301	855	9 790
Financial liabilities > 1 year	0	-54 000	0	-54 000
Lease liability	- 329	-2 499	0	-2 828
Total 2020	**-23 223**	**-128 798**	**855**	**-151 165**
Total 2019	**-21 636**	**-143 714**	**727**	**-164 623**

The short-term financial obligations relate to the commercial papers for a total amount of KUSD 24 528. This financial obligation has been completely hedged at an average rate of 1 EUR = 1.1854 USD.

The financial liabilities with an original maturity of more than one year include an 85.5 million USD loan of which 13.5 million USD has already been repaid in 2019 and 2020. It concerns a long-term loan that was taken out with a banking consortium with a first-class rating for creditworthiness. It concerns an unsecured loan with a term of 5 years. The interest rate is composed as the USD LIBOR 3M + a margin of 1.5% to 2.75%, depending on the debt/EBITDA ratio. The variable LIBOR was hedged at a fixed interest rate of 1.3933% through an "Interest Rate Swap".

It should be noted that SIPEF has made use of the possibility of postponing capital repayments to cope with the impact of covid-19. As a result, the repayments at the end of June 2020 (KUSD 4 500) has been postponed until June 2024, and the repayment at the end of September 2020 (KUSD 4 500) has been postponed until September 2024.

There is one financial requirement applicable to the loan covenant which states that the net financial debt may not exceed 3.0 times the REBITDA of the year. This financial covenant is tested every half-year. The EBITDA of the group consists of the operating results + profit/loss from equity companies + depreciation and additional impairments/increases on assets. The REBITDA consists of the same calculation, but excluding the one-off, non-recurring effects. The Group does not breach borrowing limits or covenants (where applicable) on its borrowing facilities per December 31, 2020. The financial covenant ratio will be lowered to 2.75 at 30 June 2021 and to 2.50 at 31 December 2021. Due to the significant volatility of the palm oil prices and the impact on the result and EBITDA of the Group, this covenant is continuously monitored. It is not expected that this covenant will be breached in 2021.

Covenant ratio	2020	2019
Operating result	30 778	4 940
Exceptional items	0	0
Recurring operating result	**30 778**	**4 940**
Depreciation and result on sale FA	44 539	42 855
REBITDA	**75 317**	**47 795**
(-) minorities recurring	-2 055	- 600
REBITDA group share	**73 262**	**47 195**
Net Senior Leverage	**2.06**	**3.49**

Reconciliation of the net financial assets/(liabilities) and cash flow:

In KUSD	2020	2019
Net financial position at the beginning of the period	**-164 623**	**-121 443**
Decrease in long-term borrowings	9 228	9 500
Increase in long-term borrowings	0	-50 500
Decrease in short-term financial obligations	5 092	19 799
Increase in short-term financial obligations	0	0
Net movement in cash and cash equivalents	- 863	-18 942
Effect of exchange rate fluctuations on cash and cash equivalents	0	0
Lease liability	0	-3 037
Net financial assets/(liabilities) at the end of the period	**-151 165**	**-164 623**

Reconciliation of the total financial liabilities:

In KUSD	2020	2019
Financial liabilities at the beginning of the period	175 276	151 038
Decrease in long-term borrowings	-9 000	-9 500
Increase in long-term borrowings	0	50 500
Decrease in short-term financial obligations	-5 111	-19 799
Increase in short-term financial obligations	0	0
Increase leasing liabilities - non cash	340	3 561
Decrease leasing liabilities - cash	- 549	- 524
Financial liabilities at the end of the period	**160 956**	**175 276**

20. OTHER OPERATING INCOME/(CHARGES)

The other operating income/(charges) can be detailed as follows:

	2020			2019		
In KUSD	Equity holders of the parent	Non-controlling interests	Total	Equity holders of the parent	Non-controlling interests	Total
VAT claim Indonesia	163	18	181	60	6	66
Accelerated depreciation immature rubber assets	- 610	- 66	- 676	0	0	0
Other income/(charges)	604	- 114	489	- 712	- 95	- 807
Other operating income/(charges)	**157**	**- 162**	**- 6**	**- 652**	**- 89**	**- 741**

The other income/charges mainly consist out of the accelerated depreciation of the immature rubber assets in PT Agro Muko (KUSD -360) and PT Bandar Sumatra (KUSD -316), movement in the provision for the Indonesian VAT claim (KUSD 163), stock adjustments for obsolete stock, and warehouse sales to smallholders in Papua New Guinea.

21. FINANCIAL RESULT

The financial income concerns the interests received on current accounts with non-consolidated companies and on temporary excess cash, as well as the income resulting from the discounting of the receivables > 1 year. The financial charges concern the interests on long term and short-term borrowings as well as bank charges and other financial costs.

In KUSD	2020	2019
Interests received	644	472
Discounting of receivables > 1 year	1 368	1 689
Financial charges	-5 103	-5 473
Exchange result	- 728	-1 895
Financial result derivatives	1 106	1 119
Financial result	**-2 713**	**-4 088**

22. SHARE BASED PAYMENT

Grant date	Opening balance	Number of options granted	Number of options exercised	Number of options expired	Ending Balance
2011	16 000				16 000
2012	14 000				14 000
2013	16 000				16 000
2014	18 000				18 000
2015	18 000				18 000
2016	20 000			-2 000	18 000
2017	18 000				18 000
2018	20 000				20 000
2019	20 000				20 000
2020	0	18 000			18 000
Balance	**160 000**	**18 000**	**0**	**-2 000**	**176 000**

SIPEF's stock option plan, which was approved in November 2011, is intended to provide long term motivation for the members of the executive committee and general directors of the foreign subsidiaries whose activities are essential to the success of the Group. The options give them the right to acquire a corresponding number of SIPEF shares.

The remuneration committee is responsible for monitoring this plan and selecting the beneficiaries. The options are provided free of charge and their exercise period is 10 years.

IFRS 2 has been applied to the stock options. The total value of the outstanding options 2011 - 2020 (valued at the fair value at the moment of granting), amounts to KUSD 1 837 and is calculated on the basis of an adjusted Black & Scholes model of which the main characteristics are as follows:

Grant date	Share price (in EUR)	Dividend yield	Volatility	Interest rate	Estimated expected lifetime	Black & Scholes Value (in EUR)
2011	58.00	2.50%	38.29	3.59%	5.00	18.37
2012	58.50	2.50%	37.55	0.90%	5.00	15.07
2013	57.70	2.50%	29.69	1.36%	5.00	12.72
2014	47.68	2.50%	24.83	0.15%	5.00	5.34
2015	52.77	2.50%	22.29	0.07%	5.00	8.03
2016	60.49	3.00%	19.40	-0.37%	5.00	8.38
2017	62.80	3.00%	18.88	-0.12%	5.00	5.57
2018	48.80	3.00%	18.60	-0.03%	5.00	3.54
2019	54.80	3.00%	19.56	-0.32%	5.00	8.12
2020	43.20	3.00%	23.35	-0.66%	5.00	4.57

In 2020, 18 000 new stock options were granted with an exercise price of EUR 44.59 per share. The fair value when granted was fixed at KUSD 101 and is recorded in the profit and loss accounts over the vesting period of 3 years (2021-2023). The total cost of the stock options included in the income statement is KUSD 128 in 2020 (2019: KUSD 126).

To cover the outstanding option liability, SIPEF has a total of 160 000 treasury shares in portfolio.

	Number of shares	Average purchase price (in EUR)	Total purchase price (in KEUR)	Total purchase price (in KUSD)
Opening balance 31/12/2019	160 000	52.43	8 389	10 277
Acquisition of treasury shares	0	0	0	0
Disposal of treasury shares	0	0	0	0
Ending balance 31/12/2020	**160 000**	**52.43**	**8 389**	**10 277**

The extraordinary general meeting of shareholders on June 10, 2020 authorised the board of directors to purchase own shares of SIPEF if deemed necessary over a period of 5 years after the publication of the renewal.

23. INCOME TAXES

The reconciliation between the tax expenses and tax at local applicable tax rates is as follows:

In KUSD	2020	2019
Profit before tax	**28 065**	**852**
Tax at the applicable local rates	-6 545	174
Average applicable tax rate	-23.32%	20.42%
Permanent differences	-1 915	-2 625
Losses of the year for which no DTA is recognised	-1 762	- 566
Impairment losses recognised on DTA recognised in previous years	-2 401	-3 755
Reversal of impairment losses on DTA recognised in previous years	1 034	0
Impact of the change in tax-% in Indonesia on the deferred taxes	685	0
Corrections prior year	76	0
Tax expense	**-10 828**	**-6 772**
Average effective tax rate	-38.58%	-794.71%

We received from the Indonesian tax authorities the formal approval, that starting from financial year 2014 our Indonesian affiliates are allowed to lodge their tax declaration in USD. From the tax authorities in Papua New Guinea the SIPEF group got permission to prepare the tax declaration based on USD accounts from 2015 onwards. For SIPEF NV and Jabelmalux SA a similar authorisation has been obtained with effect from the financial year 2016.

Deferred tax liabilities and assets are offset per taxable entity which leads to the following split between deferred tax assets and deferred tax liabilities:

In KUSD	2020	2019
Deferred tax assets	13 049	15 135
Deferred tax liabilities	-44 010	-46 850
Net deferred taxes	**-30 961**	**-31 714**

The movements in net deferred taxes (assets - liabilities) are:

In KUSD	2020	2019
Opening balance	-31 714	-34 712
Variation (- expense) / (+ income) through income statement	- 58	2 836
Tax impact of IAS 19R through comprehensive income	291	71
Tax impact hedge accounting via OCI	489	114
Change in consolidation scope	0	0
Other	31	- 23
Closing balance	**-30 961**	**-31 714**

Deferred taxes in the income statement are the result of:

In KUSD	2020	2019
Addition/(utilization) of tax losses brought forward	-2 585	1 902
Origin/(reversal) of temporary differences - IAS 41 revaluation	380	- 325
Origin/(reversal) of temporary differences - fixed assets	3 228	921
Origin/(reversal) of temporary differences - pension provision	- 528	734
Origin/(reversal) of temporary differences - other	- 553	- 395
Total	**- 58**	**2 836**

Total deferred tax assets are not entirely recognized in the balance sheet. The breakdown of total recognized and unrecognized deferred taxes is as follows:

	2020		
In KUSD	**Total**	**Not recorded**	**Recorded**
Biological assets	- 588	0	- 588
Non-current assets	-41 935	0	-41 935
Inventories	-3 695	0	-3 695
Pension provision	5 289	0	5 289
Tax losses	14 931	6 484	8 447
Others	1 522	0	1 522
Total	**-24 477**	**6 484**	**-30 961**

The majority of the unrecognized deferred tax assets at the end of 2020 are located at the companies of the South Sumatra group (KUSD 4 869) and the Tolan Tiga group rubber and tea activities (KUSD 1 262). The set-up of and the adjustments to the deferred tax assets are based on the most recently available long-term business plans.

The total tax losses (recognized and unrecognized) have the following maturity structure:

	2020		
In KUSD	**Total**	**Not recorded**	**Recorded**
1 year	6 176	5 930	246
2 years	5 917	3 868	2 049
3 years	9 752	3 918	5 834
4 years	13 511	6 146	7 365
5 years	12 095	8 009	4 086
Unlimited	15 185	1 206	13 979
Total	**62 636**	**29 078**	**33 558**

In Indonesia and in Papua New Guinea the Group made advance payments of taxes in accordance with local legislation. These related partly to the results of 2018, but mainly to the low results of 2019. Therefore, the prepayments of taxes (KUSD 3 572) were significantly lower than the taxes to be paid (KUSD 10 768).

In KUSD	2020	2019
Taxes to receive	11 766	14 787
Taxes to pay	-4 687	- 480
Net taxes to receive/(to pay)	**7 079**	**14 307**

In KUSD	2020	2019
Net taxes to receive/(to pay) at the beginning of the period	14 307	9 209
Change consolidation scope	0	0
Transfer	- 32	0
Taxes to pay	-10 768	-9 608
Paid taxes	3 572	14 706
Net taxes to receive/(to pay) at the end of the period	**7 079**	**14 307**

Taxes paid as presented in the consolidated cash flow statement are detailed as follows:

In KUSD	2020	2019
Tax expense	-10 828	-6 772
Deferred tax	60	-2 836
Current taxes	**-10 768**	**-9 608**
Variation prepaid taxes	3 021	-5 507
Variation payable taxes	4 175	409
Paid taxes	**-3 572**	**-14 706**

24. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

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

Entity	Location	% of control	% of interest
Verdant Bioscience Pte Ltd	Singapore / Republic of Singapore	38.00	38.00
PT Timbang Deli Indonesia	Medan / Indonesia	38.00	36.10

An associate is an entity over which the Group has significant influence. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group has no joint ventures.
The investments in associates and joint ventures consist of Verdant Bioscience Singapore and PT Timbang Deli, both active in tropical agriculture.

Verdant Bioscience Pte Ltd (VBS) is a company located in Singapore. As of 1 January 2014, the Group holds a 38% interest in VBS. The company is a cooperation between Ackermans & Van Haaren (42%), SIPEF NV (38%), PT Dharma Satya Nusantara (10%) and Biosing Pte (10%) with the objective of conducting research into and developing high-yielding seeds with a view to commercializing them.

The Group holds a 36.10% participation in PT Timbang Deli, a company located on the island of Sumatra in Indonesia. PT Timbang Deli is active in growing rubber. Following the Share Swap agreement with Verdant Bioscience Pte Ltd the SIPEF group contributed 95% of the total number of shares of PT Timbang Deli to Verdant Bioscience Pte Ltd.

The total section "investments in associates and joint ventures" can be summarized as follows:

In KUSD	2020	2019
Verdant Bioscience Pte Ltd	4 912	5 763
PT Timbang Deli Indonesia	- 282	- 12
Total	**4 630**	**5 751**

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

In KUSD	2020	2019
Verdant Bioscience Pte Ltd	- 475	- 431
PT Timbang Deli Indonesia	- 584	-1 054
Total result	**-1 059**	**-1 485**

Below we present the condensed statements of financial position of the associated companies and joint ventures. These are prepared in accordance with IFRS and are before intercompany eliminations and excluding goodwill.

	Verdant Bioscience Pte Ltd		PT Timbang Deli	
In KUSD	2020	2019	2020	2019
Biological assets	0	0	3 994	3 906
Other non-current assets	23 701	23 622	7 125	7 763
Current assets	13 846	13 152	1 008	580
Cash and cash equivalents	80	100	170	133
Total assets	**37 627**	**36 874**	**12 297**	**12 382**
Non-current liabilities	0	0	1 309	1 240
Long term financial debts	0	0	0	0
Current liabilities	18 556	15 632	14 004	13 415
Short term financial debts	- 13	0	0	0
Equity	19 084	21 242	-3 016	-2 273
Total equity and liabilities	**37 627**	**36 874**	**12 297**	**12 382**

Below we present the condensed income statements of the associated companies and joint ventures. These are prepared in accordance with IFRS and are before intercompany eliminations and excluding goodwill.

In KUSD	Verdant Bioscience Pte Ltd 2020	Verdant Bioscience Pte Ltd 2019	PT Timbang Deli 2020	PT Timbang Deli 2019
Inclusion in the consolidation:	38.00%	38.00%	36.10%	36.10%
Revenue	0	0	1 319	1 122
Depreciation	8	9	- 955	-1 476
Interest income	47	207	3	2
Interest charges	0	0	- 46	- 227
Net result	-1 251	-1 134	-1 617	-2 919
Share in the consolidation	**- 475**	**- 431**	**- 584**	**-1 054**
Total share of the group	- 475	- 431	- 584	-1 054
Total share minorities	0	0	0	0
Total	**- 475**	**- 431**	**- 584**	**-1 054**

Reconciliation of the associated companies and joint ventures

The below tables are prepared in accordance based on the IFRS financial statements as included in the consolidation, in accordance with the accounting policies of the SIPEF group, before goodwill allocation.

In KUSD	Verdant Bioscience Pte Ltd 2020	Verdant Bioscience Pte Ltd 2019	PT Timbang Deli 2020	PT Timbang Deli 2019
Equity without goodwill	19 085	21 242	-3 016	-2 273
Share of the group	7 252	8 070	-1 089	- 819
Goodwill	0	0	807	807
Equity elimination PT Timbang Deli	-2 340	-2 307	0	0
Total	**4 912**	**5 763**	**- 282**	**- 12**

Dividends received from associated companies and joint ventures

During the year no dividends were received from associated companies and joint ventures.

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

25. CHANGE IN NET WORKING CAPITAL

In line with the increase in operating profit, cash flow from operating activities before change in net working capital increased from KUSD 48 227 in 2019, to KUSD 73 669 this year.

Net movements in working capital were limited. The main movement was in net payments to smallholders in South Sumatra for pre-financing their expansions and replanting (KUSD 4 479).

26. FINANCIAL INSTRUMENTS

Exposure to fluctuations in the market price of core products, currencies, interest rates and credit risk arises in the normal course of the Group's business. Financial derivative instruments are used to a limited extend to reduce the exposure to fluctuations in foreign exchange rates and interest rates.

Fluctuations in the market price of core products

Structural risk

SIPEF group is exposed to structural price risks of their core products. The risk is primarily related to palm oil and palm kernel oil and to a lesser extent to rubber. A change of the palm oil price of USD 10 CIF per ton has an impact of about KUSD 2 700 (without considering the impact of the current export tax and export levies in Indonesia) on result after tax. This risk is assumed to be a business risk.

Transactional risk
The Group faces transactional price risks on products sold. The transactional risk is the risk that the price of products purchased from third parties fluctuates between the time the price is fixed with a customer and the time the transaction is settled. This risk is assumed to be a business risk.

Currency risk
Most of the subsidiaries are using the US dollar as functional currency. The Group's currency risk can be split into three distinct categories: structural, transactional and translational:

Structural risk
Most of the Group's revenues are denominated in USD, while all the operations are located outside the USD zone (particularly in Indonesia, Papua New Guinea, Ivory Coast and Europe). Any change in the USD against the local currency will therefore have a considerable impact on the operating result of the company. Most of these risks are considered to be a business risk.

Transactional risk
The Group is also subject to transactional risks in respect of currencies, i.e. the risk of currency exchange rates fluctuating between the time the price is fixed with a customer, supplier or financial institution and the time the transaction is settled. This risk, with the exception of naturally covered positions, is not covered since most receivables and payables have a short settlement term.

The pension liabilities in Indonesia are important long-term liabilities that are fully payable in IDR. A devaluation or revaluation of 10% of the IDR versus the USD has the following effect on the income statement:

In KUSD	IDR Dev 10%	Book value	IDR Rev 10%
Pension liabilities in Indonesia	22 029	24 232	26 924
Gross impact income statement	2 203		-2 692

The pension liability in Indonesia consists of KUSD 24 039 from fully consolidated subsidiaries and of KUSD 193 from equity consolidated companies (PT Timbang Deli).

The long term receivables on the Indonesian plasma holders are important long term assets that are fully payable in IDR. A devaluation or revaluation of 10% of the IDR versus the USD has the following effect on the income statement:

In KUSD	IDR Dev 10%	Book value	IDR Rev 10%
Plasma receivables	14 629	16 092	17 880
Gross impact income statement	-1 463		1 788

On February 10, 2021 the board of directors has proposed the payment of KEUR 3 703 (EUR 0.35 gross per ordinary share). In line with the Group's liquidity and currency policy the exchange risk was covered in two forward exchange contracts for the sale of KUSD 4 443 for KEUR 3 703 (average exchange rate of 1.2000):

- KUSD 3 100 (KEUR 2 600) before year end.
- KUSD 1 343 (KEUR 1 103) after year end.

Sensitivity analysis
With regard to the cover of the dividend for the end of the year a devaluation or revaluation of 10% of the EUR versus the USD has the following effect on the profit and loss account:

In KUSD	EUR Dev 10%	Closing rate	EUR Rev 10%
Dividend	4 128	4 541	5 046
Gross Impact income statement	- 413		505

Translational risk
The SIPEF group is an international company and has operations which do not use the USD as their reporting currency. When such results are consolidated into the Group's accounts the translated amount is exposed to variations in the value of such local results are consolidated into the Group's accounts the translated amount is exposed to variations in the value of such local currencies against the USD. SIPEF group does not hedge against such risk (see accounting policies).

As from 1st of January 2007 onwards the functional currency of most of our activities is the same as the presentation currency, this risk has been largely restricted.

Interest rate risk

The Group's exposure to changes in interest rates relates to the Group's financial debt obligations. At the end of December 2020, the Group's net financial assets/(liabilities) amounted to KUSD -151 165 (2019: KUSD -164 623), of which KUSD 104 671 short term financial liabilities (2019: KUSD 109 763) and KUSD 9 791 net short-term cash and cash equivalents (2019: KUSD 10 653).

The financial liabilities > 1 year (incl. derivatives) amount to KUSD 56 285 (2019: KUSD 65 513).

Considering that all short-term debts are of a current nature with variable interest rates, we believe a 0.5% change in interest rate will not have a material impact.

Considering that the long-term financial debt is primarily based on a variable interest rate, the risk exists that with an increase of the interest rate, the financing cost will increase. This interest risk is hedged by the use of an interest rate swap (IRS). The goal of this interest rate swap is to decrease the volatility (and with it the interest rate risk) as much as possible

Available funds are invested in short term deposits.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a loss. This credit risk can be split into a commercial and a financial credit risk. With regard to the commercial credit risk management has established a credit policy and the exposure to this credit risk is monitored on a continuous basis.

In practice a difference is made between:

In KUSD	2020	2019
Receivables from the sale of palm oil/rubber/tea	26 315	31 807
Receivables from the sale of bananas and horticulture	1 416	1 477
Total	**27 731**	**33 284**

The credit risk for the first category is rather limited as these sales are for the most part immediately paid against presentation of documents. Moreover, it concerns a relatively small number of first-class buyers: per product about 90% of the turnover is realized with a maximum of 10 clients. For palm oil there are 2 clients who each represent over 30% of the total sales. For tea there is one client which represents over 30% of total sales and two other clients who combined represent over 40% of total revenues. For rubber there are two clients which represent over 30% of total revenues. Contrary to the first category the credit risk for the receivables from the sales of bananas and horticulture is higher.

For both categories there is a weekly monitoring of the open balances due and a proactive system of reminders. Impairments are applied as soon as total or partial payments are seen as unlikely. The elements that are taken into account for these appraisals are the lengths of the delay in payment and the creditworthiness of the client.

The receivables from the sales of bananas and horticulture have the following due date schedule:

In KUSD	2020	2019
Not yet due	812	669
Due < 30 days	604	676
Due between 30 and 60 days	0	132
Due between 60 and 90 days	0	0
Due > 90 days	0	0
Total	**1 416**	**1 477**

During 2020 and 2019, no material impairment on receivables was recorded in the income statement.

The Group applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables based on historical losses. The Group analysed the impact of IFRS 9 and concluded there is no material impact on the bad debt reserve booked. The Group also assessed whether the historic pattern would change materially in the future and expects no significant impact.

Liquidity risk

A material and structural shortage in our cash flow would damage both our creditworthiness as well as the trust of investors and would restrict the capacity of the Group to attract fresh capital. The operational cash flow provides the means to finance the financial obligations and to increase shareholder value. The Group manages the liquidity risk by evaluating the short term and long-term cash flows. The SIPEF group maintains an access to the capital market through short- and long-term debt programs.

The following table gives the contractually determined (not-discounted) cash flows resulting from liabilities at balance sheet date:

2020 - In KUSD	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-3 years	3-4 years	More than 5 years
Financial obligations > 1 year (incl. derivatives)	54 000	-58 053	-1 664	-19 480	-18 737	-18 173	0
Trade & other liabilities < 1 year							
Trade payables	21 384	-21 384	-21 384	0	0	0	0
Advances received	1 071	-1 071	-1 071	0	0	0	0
Financial liabilities < 1 year							
Current portion of amounts payable after one year	18 000	-18 701	-18 701	0	0	0	0
Financial liabilities	86 128	-86 254	-86 254	0	0	0	0
Derivatives	793	- 793	- 793	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0
Current liabilities	**181 375**	**-186 255**	**-129 866**	**-19 479**	**-18 737**	**-18 173**	**0**

2019 - In KUSD	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-3 years	3-4 years	More than 5 years
Financial obligations > 1 year (incl. derivatives)	63 000	-70 186	-2 332	-20 313	-19 572	-27 970	0
Trade & other liabilities < 1 year							
Trade payables	17 292	-17 292	-17 292	0	0	0	0
Advances received	2 377	-2 377	-2 377	0	0	0	0
Financial liabilities < 1 year							
Current portion of amounts payable after one year	18 000	-18 730	-18 730	0	0	0	0
Financial liabilities	91 239	-91 291	-91 291	0	0	0	0
Derivatives	42	- 42	- 42	0	0	0	0
Other current liabilities	0	0	0	0	0	0	0
Current liabilities	**191 949**	**-199 918**	**-132 064**	**-20 312**	**-19 572**	**-27 970**	**0**

In order to limit the financial credit risk SIPEF has spread its more important activities over a small number of banking groups with a first-class rating for creditworthiness. The current maximum credit lines available amount to KUSD 206 328 (2019: KUSD 205 432). In 2020, same as in previous years, there were no infringements on the conditions stated in the credit agreements nor were there any shortcomings in repayments. It should be noted that SIPEF has made use of the possibility of postponing capital repayments to cope with the impact of covid-19. As a result, the repayments at the end of June 2020 (KUSD 4 500) have been postponed until June 2024, and the repayment at the end of September 2020 (KUSD 4 500) has also been postponed until September 2024.

Financial instruments measured at fair value in the statement of financial position

Companies within the Group may use financial instruments for risk management purposes. Specifically, these are instruments principally intended to manage the risks associated with fluctuating interest and exchange rates. The counterparties in the related transactions are exclusively first-ranked banks.

Derivative instruments are measured at fair value at initial recognition. The changes in fair value are reported in the income statement unless these instruments are part of hedging transactions.

Fair values of derivatives are:

In KUSD	2020	2019
Forward exchange transactions	-1 703	- 262
Interest rate swaps	910	220
Fair value (+ = asset; - = liability)	**- 793**	**- 42**

In accordance with IFRS 13 financial instruments are grouped into 3 levels based on the degree to which the fair value is observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly or indirectly;
- Level 3 inputs are unobservable inputs for the asset or liability.

The fair value of the forward exchange contracts and interest rate swap calculated at the closing value on the 31st of December 2020 were also incorporated in level 2. The notional amount from the forward exchange contracts amounts to KUSD 23 707.

The forward exchange contracts are not documented in a hedging relationship and accordingly, all changes in fair value are recorded in the financial result. The Group has documented the interest rate swaps (IRS) in a hedging relationship. The terms of the IRS and the hedged debt match 100%. Therefore, no effectiveness test based on a ratio of changes in fair value of the hedging instrument against that of the hedged debt is required. An IRS with matching contractual terms would have limited inefficiency.

The IRS has a notional amount of KUSD 72 000. The carrying amount is recorded on the derivatives (liabilities) for an amount of KUSD -1 703, the deferred tax assets for an amount of KUSD 426 and the other comprehensive income in the equity for an amount of KUSD -1 277.

Financial instruments per category

The following table presents the financial instruments per category as per end 2020 and end 2019:

2020 - In KUSD	Carrying amount	IFRS 9 category	Fair value	Fair value hierarchy
Financial assets				
Other investments	80	AKP	80	Niveau 2
Receivables > 1 year				
Other receivables	16 101	AKP	16 101	Niveau 2
Total non-current financial assets	**16 180**		**16 180**	
Trade and other receivables				
Trade receivables	27 731	AKP	27 731	Niveau 2
Investments				
Other investments and deposits	0	AKP	0	Niveau 2
Cash and cash equivalents	9 790	AKP	9 790	Niveau 2
Derivatives	0	FVTPL	0	Niveau 2
Derivatives	0	Hedging	0	Niveau 2
Total current financial assets	**37 521**		**37 521**	
Trade and other obligations > 1 year	0		0	
Financial obligations > 1 year	54 000	AKP	54 000	Niveau 2
Total non-current financial liabilities	**54 000**		**54 000**	
Trade & other obligations < 1 year				
Trade payables	21 384	AKP	21 384	Niveau 2
Advances received	1 071	AKP	1 071	Niveau 2
Financial obligations < 1 year				
Current portion of amounts payable after one year	18 000	AKP	18 000	Niveau 2
Financial obligations	86 128	AKP	86 128	Niveau 2
Derivatives	- 910	FVTPL	- 910	Niveau 2
Derivatives	1 703	Hedging	1 703	Niveau 2
Total current financial liabilities	**127 375**		**127 375**	

2019 - In KUSD	Carrying amount	IFRS 9 category	Fair value	Fair value hierarchy
Financial assets				
Other investments	73	AKP	73	Niveau 2
Receivables > 1 year				
Other receivables	13 442	AKP	13 442	Niveau 2
Total non-current financial assets	**13 515**		**13 515**	
Trade and other receivables				
Trade receivables	33 284	AKP	33 284	Niveau 2
Investments				
Other investments and deposits	0	AKP	0	Niveau 2
Cash and cash equivalents	10 653	AKP	10 653	Niveau 2
Derivatives	0	FVTPL	0	Niveau 2
Derivatives	0	Hedging	0	Niveau 2
Total current financial assets	**43 937**		**43 937**	
Trade and other obligations > 1 year	0		0	
Financial obligations > 1 year	63 000	AKP	63 000	Niveau 2
Total non-current financial liabilities	**63 000**		**63 000**	
Trade & other obligations < 1 year				
Trade payables	17 292	AKP	17 292	Niveau 2
Advances received	2 377	AKP	2 377	Niveau 2
Financial obligations < 1 year	0			
Current portion of amounts payable after one year	18 000	AKP	18 000	Niveau 2
Financial obligations	91 239	AKP	91 239	Niveau 2
Derivatives	262	FVTPL	262	Niveau 2
Derivatives	- 220	Hedging	- 220	Niveau 2
Total current financial liabilities	**128 949**		**128 949**	

27. Leasing

The Group has adopted IFRS 16 as from 1 January 2019.On adoption of IFRS 16, the Group recognized lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019.

The lease payments are discounted using the weighted average cost of capital (WACC) implicit in the lease. If that rate cannot be determined, the lessee’s incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The Group leases office space, land rights and vehicles under a number of operating lease agreements with a lease term of one year or more. The rent of the office buildings concerns the monthly rental payments for the offices in Indonesia. The rent of the offices and ancillary parking space in Belgium has not been included in the leases due to the short-term exemption. For the land rights the subject of the lease concerns the usufruct of certain land wherefore a fixed annual rental amount is paid. The remaining land rights in PNG have a duration of 99 years for which no rental amount is paid. These assets will be depreciated over a period of 25 years in line with the lifespan of an oil palm. The vehicles concern the limited number of car leases within the Group.

The future operating lease commitments under these non-cancellable operating leases are due as follows:

In KUSD	2020	2019
Lease liability recognised as at 31 December	**2 828**	**3 037**
Of which are:		
Current lease liabilities	543	524
Non-current lease liabilities	2 285	2 513
Total lease liability as at 31 December	**2 828**	**3 037**

The movement during the year of the lease liability can be summarised as follows:

In KUSD	2020	2019
Operating lease commitments disclosed as at 1 January	**3 037**	**3 020**
Acquisitions	129	233
Financial costs/(income)	237	251
Lease repayments	- 549	- 524
Exchange result	- 26	57
Lease liability recognised as at 31 December	**2 828**	**3 037**

The right-of-use assets can be classified as follows:

Movement (in KUSD)	2020	2019
Total right-of-use assets as at 1 January	**2 895**	**3 020**
Acquisition	122	233
Depreciation	- 387	- 358
Other	127	0
Total right-of-use assets as at 31 December	**2 757**	**2 895**

	Land rights	Office rent	Car rent	Total
Total right-of-use assets as at 31 December 2019	1 003	1 580	312	**2 895**
Total right-of-use assets as at 31 December 2020	958	1 493	306	**2 757**

The total depreciation of the right-of-use assets until 31 December 2020 amounts to 387 KUSD and the financial charges to 237 KUSD. Of the depreciation, 47 KUSD was recorded in the cost of sales of the palm segment of Papua New Guinea and 340 KUSD in the "general and administrative expenses".

28. RIGHTS AND COMMITMENTS NOT REFLECTED IN THE BALANCE SHEET

Guarantees

No guarantees have been issued by third parties as security for the company's account and one guarantee has been issued to a third party for the account of subsidiaries during 2020. A corporate guarantee has been given as part of the share purchase agreement of Verdant Bioscience Singapore Pte. Ltd. for a total amount of KUSD 9 247 to cover the outstanding liability that Verdant Bioscience Singapore Pte. Ltd. has to its previous shareholder Sime Darby Berhad. This liability is due in 3 equal yearly instalments between May 2021 and May 2023.

In connection to the same share purchase agreement, Verdant Bioscience Singapore Pte. Ltd. has received a bank guarantee for a total amount of KUSD 1 778 from the new shareholder PT Dharma Satya Nusantara which will be used to provide a loan to Verdant Bioscience Singapore Pte. Ltd. to repay part (10/52) of the above outstanding liability.

Significant litigation
Nihil

Forward sales
The commitments for the delivery of goods (palm products, rubber, tea, bananas and horticulture) after the year end fall within the normal delivery period of about 3 months from date of sale. Those sales are not considered as forward sales.

29. RELATED PARTY TRANSACTIONS

Transactions with directors and members of the executive committee
Key management personnel are defined as the directors and the Group's management committee. The table below shows an overview of total remuneration received:

In KUSD	2020	2019*
Directors' fees	411	401
Fixed fees	1 686	1 579
Variable fees	0	465
Post-employment benefits	456	499
Other	79	63
Market value vested stock option (on vesting date)	0	27
Total	**2 632**	**3 034**

**The 2019 figures have been restated due to the new calculation method of the fair value of the share option plans. In 2019 the fringe benefits were considered at fair value. In 2020 the fair value of the option plans is calculated as the difference between the strike price and stock price at closing date (i.e., share options which became exercisable in 2020)*

The amounts are paid in EUR. The amount paid in 2020 amounts to KEUR 2 297 (2019: KEUR 2 712). The decrease of KEUR 415 is a consequence of a lower variable fee paid in 2020 compared to 2019.

Starting from the financial year 2007 fixed fees shall be paid to the members of the board of directors, the audit committee and the remuneration committee.

Related party transactions are considered immaterial, except for the rental agreement since 1985 between Cabra NV and SIPEF covering the offices and ancillary parking space at Castle Calesberg in Schoten. The annual rent, adjusted for inflation, amounts to KUSD 196 (2019 KUSD 193) and KUSD 80 (2019 KUSD 78) is invoiced for SIPEF's share of maintenance of the buildings, parking space and park area.

SIPEF's relations with board members and management committee members are covered in detail in the "Corporate Governance statement" section.

Other related party transactions
Transactions with related companies are mainly trade transactions and are priced at arms' length. The revenue and expenses related to these transactions are immaterial to the consolidated financial statements as a whole.

Transactions with group companies
Balances and transactions between the Group and its subsidiaries which are related parties of the Group have been eliminated in the consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

The following table represents the total of the transactions that have occurred during the financial year between the Group and the joint venture PT Timbang Deli and Verdant Bioscience Pte Ltd at 100%:

	Verdant Bioscience Pte Ltd		PT Timbang Deli	
	2020	2019	2020	2019
Total sales during the financial year	0	0	0	0
Total purchases during the financial year	0	0	1 318	1 088
Total receivables as per 31 December 2020	7 800	6 781	56	17
Total payables as per 31 December 2020	300	300	408	195

30. EARNINGS PER SHARE (BASIC AND DILUTED)

From continuing and discontinued operations	2020	2019
Basic earnings per share		
Basic earnings per share - calculation (USD)	1.36	-0.77
Basic earnings per share is calculated as follows:		
Numerator: net result for the period attributable to ordinary shareholders (KUSD)	14 122	- 8 004
Denominator: the weighted average number of ordinary shares outstanding	10 419 328	10 434 244
The weighted average number of ordinary shares outstanding is calculated as follows:		
Number of ordinary shares outstanding at January 1	10 419 328	10 436 028
Effect of shares issued / share buyback programs	0	- 1 784
Effect of the capital increase	0	0
The weighted average number of ordinary shares outstanding at December 31	10 419 328	10 434 244
Diluted earnings per share		
Diluted earnings per share - calculation (USD)	1.36	-0.77
The diluted earnings per share is calculated as follows:		
Numerator: net result for the period attributable to ordinary shareholders (KUSD)	14 122	- 8 004
Denominator: the weighted average number of dilutive ordinary shares outstanding	10 420 091	10 434 542
The weighted average number of dilutive ordinary shares outstanding is calculated as follows:		
The weighted average number of ordinary shares outstanding at December 31	10 419 328	10 434 244
Effect of stock options on issue	763	298
The weighted average number of dilutive ordinary shares outstanding at December 31	10 420 091	10 434 542

From continuing operations	2020	2019
Basic earnings per share		
Basic earnings per share - calculation (USD)	1.36	-0.77
Basic earnings per share is calculated as follows:		
Numerator: net result for the period attributable to ordinary shareholders (KUSD)	14 122	- 8 004
Denominator: the weighted average number of ordinary shares outstanding	10 419 328	10 434 244
The weighted average number of ordinary shares outstanding is calculated as follows:		
Number of ordinary shares outstanding at January 1	10 419 328	10 436 028
Effect of shares issued / share buyback programs	0	- 1 784
Effect of the capital increase	0	0
The weighted average number of ordinary shares outstanding at December 31	10 419 328	10 434 244
Diluted earnings per share		
Diluted earnings per share - calculation (USD)	1.36	-0.77
The diluted earnings per share is calculated as follows:		
Numerator: net result for the period attributable to ordinary shareholders (KUSD)	14 122	- 8 004
Denominator: the weighted average number of dilutive ordinary shares outstanding	10 420 091	10 434 244
The weighted average number of dilutive ordinary shares outstanding is calculated as follows:		
The weighted average number of ordinary shares outstanding at December 31	10 419 328	10 434 244
Effect of stock options on issue	763	298
The weighted average number of dilutive ordinary shares outstanding at December 31	10 420 091	10 434 542

31. EVENTS AFTER THE BALANCE SHEET DATE

Sale of PT Melania

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

The potential sale of PT Melania to Indonesia's Shamrock group, announced in early March, is proceeding favorably. As a reminder, PT Melania owns half of Indonesia's rubber operations in Sumatra and the entire tea operations in Java. The due diligence procedures have been completed. It will therefore be possible to proceed rapidly to the signing of the agreements. Initially, 40% of the shares will be sold for a payment of USD 19 million. After this first stage the Shamrock group will take over the management of the rubber activities. The second tranche of 60% of the shares (of which 55% are held by SIPEF) will be transferred no later than 2024 for USD 17 million, after the renewal of the permanent land rights (HGU) for the whole of the rubber and tea business. The gross transaction price for 100% of the shares is USD 36 million. The final net sale price and any capital gain on the sale of PT Melania will depend largely on the cost of renewing the permanent land rights (HGU) and on the compensation for the accumulated social rights of the employed personnel, who will presumably be taken over almost entirely.

As a result of this transaction, the Group will divest itself of about half of its rubber plantations and its entire tea business, after which the remaining rubber plantations will gradually be converted to oil palm plantations. The planned divestment is in line with the Group's strategy of reducing debt and further developing the palm oil activities in Indonesia and Papua New Guinea as a core business.

32. SERVICES PROVIDED BY THE AUDITOR AND RELATED FEES

The statutory auditor of the SIPEF group is Deloitte Bedrijfsrevisoren CVBA represented by Kathleen de Brabander.
The fees for the annual report of SIPEF were approved by the general meeting after review and approval of the audit committee and by the board of directors. These fees correspond to an amount of KUSD 95 (against KUSD 90 last year). For the Group, Deloitte has provided services for KUSD 419 in 2020 (against KUSD 503 the year before), of which KUSD 20 (2019: KUSD 108) are for non-audit services.

33. Covid-19

All the Group's production units have remained operational in 2020 and to date, with no loss of volumes or yields per hectare. After the previously reported negative financial effects of a sudden drop in palm oil prices, bottoming out in May last year, prices recovered nicely from the third quarter onwards. This was also the case for the market prices of natural rubber.

For the time being, the main challenge remains the organised protection of the close to 20 000 Group employees and their families against the coronavirus infections. Large-scale infection has been avoided by rigorously enforcing the internal measures issued by the SIPEF management in each country, which in most cases exceed the measures imposed by the local authorities. The intention for the time being is to continue to avoid travel that is not strictly necessary and to not ease quarantine measures.

Due to the travel restrictions, a number of planned industrial investment projects were further. In particular, the implementation of the necessary expansion of the processing capacity of the Dendymarker palm oil mill in South Sumatra was postponed to 2021. The start-up of a 'biocoal' plant for high calorific value pellets manufactured from palm fibre at UMW/TUM in North Sumatra is now only anticipated for the end of February 2021.

Due to the imposed restrictions, there was a decrease in travel and training costs which resulted in a decrease in general and administrative expenses in 2020 (estimated at approximately 1 mio USD). No other significant costs incurred as a result of covid-19.

Statutory auditor’s report on consolidated financial statements

Statutory auditor’s report to the shareholders’ meeting of Sipef NV for the year ended 31 December 2020 - Consolidated financial statements

In the context of the statutory audit of the consolidated financial statements of Sipef NV (“the company”) and its subsidiaries (jointly “the group”), we hereby submit our statutory audit report. This report includes our report on the consolidated financial statements and the other legal and regulatory requirements. These parts should be considered as integral to the report.

We were appointed in our capacity as statutory auditor by the shareholders’ meeting of 10 June 2020, in accordance with the proposal of the board of directors (“bestuursorgaan” / “organe d’administration”) issued upon recommendation of the audit committee. Our mandate expires on the date of the shareholders’ meeting deliberating on the annual accounts for the year ending 31 December 2020, in view of Article 41 of EU Regulation nr. 537/2014 that states that as from 17 June 2020, an audit mandate can no longer be prolonged for those audit mandates running 20 years or more at the date of entry into force of the regulation. We have performed the statutory audit of the consolidated financial statements of Sipef NV for at least 30 consecutive periods.

Report on the consolidated financial statements

Unqualified opinion

We have audited the consolidated financial statements of the group, which comprise the consolidated balance sheet as at 31 December 2020, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, as well as the summary of significant accounting policies and other explanatory notes. The consolidated balance sheet shows total assets of 946 641 (000) USD and the consolidated statement of comprehensive income shows a profit for the year then ended of 16 178 (000) USD.

In our opinion, the consolidated financial statements give a true and fair view of the group’s net equity and financial position as of 31 December 2020 and of its consolidated results and its consolidated cash flow for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

Basis for the unqualified opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), as applicable in Belgium. In addition, we have applied the International Standards on Auditing approved by the IAASB applicable to the current financial year, but not yet approved at national level. Our responsibilities under those standards are further described in the “Responsibilities of the statutory auditor for the audit of the consolidated financial statements” section of our report. We have complied with all ethical requirements relevant to the statutory audit of consolidated financial statements in Belgium, including those regarding independence.

We have obtained from the board of directors and the company’s officials the explanations and information necessary for performing our audit.

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Impairment assessment of goodwill As at 31 December 2020, the carrying amount of goodwill amounted to 104 782 (000) USD. The annual goodwill impairment test is significant to our audit because the recoverable value is determined by a value-in-use calculation prepared by management using a discounted cash flow model which is complex, highly judgemental and subjective. The palm oil segment is identified as a single cash generating unit (CGU) for impairment testing. The recoverable value of the CGU to which the goodwill is attributed, was determined by using the discounted cash flow model. The cash flow model estimates the relevant cash flows, which are expected to be generated in the future, and are discounted to the present value by using a discount rate approximating the weighted average cost of capital. The estimation of future cash flows requires the use of a number of operational and predictive assumptions. Key assumptions in determining the value-in-use estimate are the projected crude palm oil price and the weighted average cost of capital. We refer to the financial statements, including notes to the financial Statements: Goodwill and other intangible assets (note 8).	• We obtained an understanding of the internal control processes around the goodwill impairment exercise, more specifically management's review process of the discounted cash flow model, and the approval of the board of directors of the underlying business plan; • We reviewed the discounted cash flow model to assess the appropriateness of the methodology employed by management and critically evaluated management's assumptions; • We engaged the assistance of our internal valuation expert to assess the reasonableness of the key predictive assumptions such as the weighted average cost of capital as discount rate; • We considered the robustness of the management's budgeting process by comparing the actual results versus previously forecasted figures; • We also assessed whether the future cash flows were based on the business plan approved by the board of directors; • We reviewed management's analysis of the sensitivity of the value-in-use amounts to changes in the respective assumptions; • We reviewed the adequacy of the note disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive. The group's disclosures about goodwill are in Note 8 to the financial statements, which explains that changes in the key assumptions used could give rise to an impairment of the goodwill balance in the future.
Recoverability of deferred tax assets The group recognized deferred tax assets amounting to 8 447 (000) USD on unutilized tax losses. The group exercised its judgement to determine the amount of deferred tax assets that can be recognized, to the extent it is probable that future taxable profit will be available. We refer to the financial statements, including notes to the financial statements: Income taxes (note 23).	• We considered the internal controls implemented by management and we carried out testing relating to the design and implementation of controls over the recoverability of deferred tax assets; • We challenged group and local management in respect of the recognition of deferred tax assets and tax provisions by utilizing both internal as well as

	external tax experts in Indonesia and Papua New Guinee in order to help understand the potential impacts of local tax regulations on the group's operations; • We assessed, tested and challenged management's assumptions to determine the probability that deferred tax assets will be recovered through taxable income in future years, including comparing the consistency of management's forecasts of taxable income as used in the deferred tax analysis with those included in the financial budgets as approved by the board of directors; • We assessed the historical accuracy of management's assumptions and estimation process by comparing the forecasted results against actual results of operations to determine the probability that deferred tax assets will be recovered through taxable income in future years; • We assessed the adequacy of the disclosure Note 23 in the financial statements.

Responsibilities of the board of directors for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the board of directors is responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters to be considered for going concern and using the going concern basis of accounting unless the board of directors either intends to liquidate the group or to cease operations, or has no other realistic alternative but to do so.

Responsibilities of the statutory auditor for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a statutory auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

During the performance of our audit, we comply with the legal, regulatory and normative framework as applicable to the audit of consolidated financial statements in Belgium. The scope of the audit does not comprise any assurance regarding the future viability of the company nor regarding the efficiency or effectiveness demonstrated by the board of directors in the way that the company's business has been conducted or will be conducted.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from an error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors;
- conclude on the appropriateness of the use of the going concern basis of accounting by the board of directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our statutory auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our statutory auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated financial statements, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, amongst other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and we communicate with them about all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes any public disclosure about the matter.

Other legal and regulatory requirements

Responsibilities of the board of directors

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements, including the statement of non-financial information and other matters disclosed in the annual report on the consolidated financial statements.

Responsibilities of the statutory auditor

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing (ISA) as applicable in Belgium, our responsibility is to verify, in all material respects, the director's report on the consolidated financial statements, including the statement of non-financial information and other matters disclosed in the annual report on the consolidated financial statements, as well as to report on these matters.

Aspects regarding the directors' report on the consolidated financial statements and other information disclosed in the annual report on the consolidated financial statements

In our opinion, after performing the specific procedures on the directors' report on the consolidated financial statements, this report is consistent with the consolidated financial statements for that same year and has been established in accordance with the requirements of article 3:32 of the Code of companies and associations.

In the context of our statutory audit of the consolidated financial statements we are also responsible to consider, in particular based on information that we became aware of during the audit, if the directors' report on the consolidated financial statements and other information disclosed in the annual report on the consolidated financial statements, i.e.:

- Annual report 2020 – part 1 – corporate governance report;
- Annual report 2020 – part 1 – other company information;
- Annual report 2020 – part 2 – comments on the consolidated financial statements;

are free of material misstatements, either by information that is incorrectly stated or otherwise misleading. In the context of the procedures performed, we are not aware of such a material misstatement.

The non-financial information as required by article 3:32, § 2 of the Code of companies and associations, has been disclosed in the directors' report on the consolidated financial statements (annual report 2020 – part 3 – sustainability report). This non-financial information has been established by the company in accordance with international reporting frameworks (RSPO and SDG). In accordance with article 3:80 § 1, 5° of the Code of companies and associations we do not express any opinion on the question whether this non-financial information has been established in accordance with these internationally recognised frameworks.

Statements regarding independence

- Our audit firm and our network have not performed any prohibited services and our audit firm has remained independent from the group during the performance of our mandate.
- The fees for the additional non-audit services compatible with the statutory audit, as defined in article 3:65 of the Code of companies and associations, have been properly disclosed and disaggregated in the notes to the consolidated financial statements.

Other statements

- This report is consistent with our additional report to the audit committee referred to in article 11 of Regulation (EU) No 537/2014.

Signed at Antwerp.

The statutory auditor

Digitally signed by
Kathleen De Brabander
DocuSign
4E773E123035451498D84B77A1EF503C

Signed By: Kathleen De Brabander (Signature)
Signing Time: 19-Apr-21 | 15:51 CEST

C: BE
Issuer: Citizen CA

Deloitte Bedrijfsrevisoren/Réviseurs d'Entreprises BV/SRL
Represented by Kathleen De Brabander

Deloitte.

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Member of Deloitte Touche Tohmatsu Limited

Parent company summarised statutory accounts

The annual accounts of SIPEF are given below in summarized form. In accordance with the Belgian Code on Companies, the annual accounts of SIPEF, together with the management report and the auditor's report will be deposited with the National Bank of Belgium.

These documents may also be obtained on request from:

SIPEF, Calesbergdreef 5, B-2900 Schoten

Only the consolidated annual financial statements as set forth in the preceding pages present a true and fair view of the financial position and performance of the SIPEF-group.

The statutory auditor's report is unqualified and certifies that the annual accounts of SIPEF NV give a true and fair view of the company's net equity and financial position as of 31 December 2020 and of its results for the year then ended, in accordance with the financial reporting framework applicable in Belgium.

The balance sheet total of the company as per 31 December 2020 amounts to KUSD 464 111 compared to KUSD 473 371 in previous year.

The 'financial assets – receivables from affiliated companies' increased with KUSD 30 521, mainly due to the financing of the further expansion in Indonesia.

The equity of SIPEF before profit appropriation amounts to KUSD 264 941, which corresponds to 25.04 USD per share.

The individual results of SIPEF are large determined by dividends and capital gains/losses. As SIPEF does not directly hold all of the Group's participating interest, the consolidated result of the Group is a more accurate reflection of the underlying economic development.

The statutory profit for the year 2020 amounts to KUSD 2 222 compared to a profit of KUSD 30 827 in the previous year.

On February 10, 2021, a dividend of KEUR 3 703 (EUR 0.35 gross per ordinary share) has been recommended by the board of directors. After deduction of the withholding tax (30%), the net dividend will amount to EUR 0,245 per share. Since the treasury shares are not entitled to a dividend in accordance with Article 7:217 §3 of the Code of Companies and Associations, the total dividend amount depends on the number of treasury shares for account of SIPEF, on June 10, 2021 at 11.59 pm CET (i.e. the day be-fore the ex-date). The board of directors proposes to be authorised accordingly to enter the final total dividend amount (and the resulting change) in the statutory financial statements. The maximum proposed total amount is KEUR 3 703. If the annual general meeting approves this dividend proposal, the dividend will be payable from July 7, 2021.

Taking into account the number of treasury shares held on the date of establishment of the annual report, the Board of Directors proposes to allocate the result (in KUSD) as follows:

- Profit carried forward from previous year: KUSD 95 575
- Profit of the year: KUSD 2 222
- Total available for appropriation: KUSD 97 797
- Addition to the legal reserve: KUSD 0
- Additional to the other reserves: KUSD - 879
- Dividend: KUSD -4 472
- Result to be carried forward: KUSD 92 445

Condensed balance sheet

(after appropriation)

In KUSD	2020	2019
Assets		
Fixed assets	**387 529**	**357 140**
Formation expenses	0	0
Intangible assets	473	517
Tangible assets	362	450
Financial assets	386 694	356 173
Current assets	**76 582**	**116 231**
Amounts receivable after more than one year	9	1 829
Stocks and contracts in progress	411	508
Amounts receivable within one year	64 109	102 244
Investments	8 477	9 409
Cash at bank and in hand	3 223	2 183
Other current assets	353	58
Total assets	**464 111**	**473 371**
Liabilities		
Equity	**260 469**	**262 720**
Capital	44 734	44 734
Share premium account	107 970	107 970
Reserves	15 320	14 441
Profit/ (loss) carried forward	92 445	95 575
Provisions and deferred taxation	**0**	**0**
Provisions for liabilities and charges	0	0
Creditors	**203 642**	**210 651**
Amounts payable after more than one year	54 000	63 000
Amounts payable within one year	149 608	147 185
Accrued charges and deferred income	35	466
Total liabilities	**464 111**	**473 371**

Condensed income statement

In KUSD	2020	2019
Operating income	150 279	160 695
Operating charges	- 149 026	- 159 791
Operating result	**1 253**	**904**
Financial income	6 363	35 266
Financial charges	- 5 081	- 5 321
Financial result	**1 282**	**29 945**
Result for the period before taxes	**2 535**	**30 849**
Income taxes	- 313	- 22
Result for the period	**2 222**	**30 827**

Appropriation account

In KUSD	2020	2019
Profit/ (loss) to be appropriated	97 797	96 270
Profit / (loss) for the period available for appropriation	2 222	30 827
Profit / (loss) brought forward	95 575	65 443
Appropriation account	**97 797**	**96 270**
Transfers to legal reserve	0	0
Transfers to other reserves	879	695
Result to be carried forward	92 445	95 575
Dividends	4 472	0
Remuneration to directors	0	0

Notes

For further information

SIPEF

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Dit jaarverslag is ook verkrijgbaar in het Nederlands.

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

Concept and realisation: Focus advertising

Photography:
Portraits of the chairman, the members of the board of directors and the members of the executive committee © Wim Kempenaers - some images of estates and products © Jez O'Hare Photography, © Adrian Tan Photography and © Hien Bamouroukoun

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Responsible persons

RESPONSIBILITY FOR THE FINANCIAL INFORMATION

François Van Hoydonck
managing director

Johan Nelis
chief financial officer

DECLARATION OF THE PERSONS RESPONSIBLE FOR THE FINANCIAL STATEMENTS AND FOR THE MANAGEMENT REPORT

Baron Luc Bertrand, chairman and François Van Hoydonck, managing director declare that, to their knowledge:

- the consolidated financial statements for the financial year ended on 31 December 2020 were drawn up in accordance with the 'International Financial Reporting Standards' (IFRS) and provide an accurate picture of the consolidated financial position and the consolidated results of the SIPEF group and its subsidiary companies that are included in the consolidation;
- the financial report provides an accurate overview of the main events and transactions with affiliated parties, which occurred during the financial year 2020 and their effects on the financial position, as well as a description of the main risks and uncertainties for the SIPEF group.

STATUTORY AUDITOR

Deloitte Bedrijfsrevisoren CVBA/
Réviseurs d'Entreprises SCRL

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SIPEF