

INTERIM FINANCIAL REPORT
HALF YEAR ENDED 30TH JUNE 2020

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Société Financière des Caoutchoucs
<< SOCFIN >>

Board of Directors

Mr. Hubert Fabri	Chairman
Mr. Vincent Bolloré	Director
Mr. Philippe de Traux de Wardin	Director
Administration and Finance Corporation « AFICO » represented by Mr. Luc Boedt	Director
Mr. François Fabri	Director
Mr. Philippe Fabri	Executive Director

Chief Financial Officer

Mr. Daniel Haas

Independent statutory auditor

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Statement of compliance

Mr. Philippe de Traux, Director and Mr. Daniel Haas, Chief Financial Officer, indicate that, to the best of their knowledge,

(a) the abridged financial statements prepared in accordance with the applicable body of accounting standards provide a true and fair view of the assets and liabilities, the financial position and the profits or losses attributable to the Group and all of the entities included in consolidation and

(b) that the semi-annual management report fairly represents the information required under section 4(4) of the law on commercial companies.

Management report
on the interim consolidated financial statements
as at 30th June 2020

The Board of Directors meeting on 16th September 2020 reviewed the interim consolidated financial statements as at 30th June 2020.

These interim consolidated financial statements have not been audited, nor have they been subject to a limited review by the independent statutory auditor.

Activities

The Company holds interests in companies that operate directly or indirectly in South-East Asia and Tropical Africa, in the production of rubber and palm oil.

Portfolio

During the first half of 2020, Socfin S.A. acquired 446 089 shares in Socfinaf S.A. (+2.50%) for EUR 5.31 million and 45 449 shares in Socfinasia S.A. (+0.28%) for EUR 0.78 million.

As at 30th June 2020, Socfin held 64.50% of Socfinaf and 58.09% of Socfinasia. The scope of consolidation accounts for these movements.

Consolidated results

At 30th June 2020, the consolidated result "Group's share" was EUR 8.5 million compared to EUR 3.6 million at 30th June 2019. This resulted in a net profit "Group's share" of EUR 0.60 per share compared to EUR 0.25 per share at 30th June 2019.

Consolidated revenues for the six months ended 30th June 2020 amounted to EUR 312 million compared to EUR 277.8 million in the previous year (EUR +34.2 million). This increase in turnover is mainly due to the increase in quantities sold (EUR +20.3 million) and the increase in crude palm oil prices (EUR +17.4 million). It is however reduced by the exchange rate effect on sales (EUR -2.9 million).

Operating profit amounted to EUR 62.1 million compared to EUR 50.8 million at 30th June 2019.

Financial expenses amounted to EUR 12.8 million at 30th June 2020 compared to EUR 8.3 million at 30th June 2019. They are mainly comprised of EUR 5.5 million in foreign exchange losses compared to EUR 2.3 million last year and interest expense of EUR 6.6 million compared to EUR 5.1 million at 30th June 2019.

Other financial income amounted to EUR 5.8 million (EUR 2.8 million at 30th June 2019). They are mainly comprised of foreign exchange gains (EUR 5.4 million).

Despite the increase in pre-tax profits (EUR +9.8 million), the income tax expense is stable at EUR 24.4 million compared to EUR 24.8 million last year. To be recalled, during the 1st semester of 2019, a change in tax rules in Nigeria negatively impacted the Group income tax expense for EUR 3.7 million.

The deferred tax expense amounted to EUR 1.7 million at 30th June 2020, compared to EUR 2.8 million at 30th June 2019.

Consolidated statement of financial position

As at 30th June 2020, Socfin's total balance sheet amounted to EUR 1 105 million compared to EUR 1 101 million as at 31st December 2019.

Socfin's assets consisted of:

- non-current assets amounting to EUR 850 million compared to EUR 874.1 million as at 31st December 2019, that is a decrease of EUR 24.1 million. Property, plant and equipment and biological assets are subject to the following movements: acquisitions (EUR +32.2 million), depreciation (EUR -32.7 million), translation adjustments (EUR -19.6 million);
- current assets amounting to EUR 255.2 million compared to EUR 227.1 million as at 31st December 2019 (incremental seasonal effect of inventory of EUR 10.3 million).

Shareholders' equity, Group's share, amounted to EUR 312.9 million compared to EUR 319.6 million as at 31 December 2019. The decrease in shareholders' equity of EUR 6.7 million is mainly due to the distribution of dividends (EUR -7.1 million euro), the variation in the translation reserves (EUR -9.4 million) and the half-year profits (EUR 8.5 million).

Based on the consolidated shareholders' equity, the Group's share of net assets per share was EUR 22.10 as at 30th June 2020 compared to EUR 22.57 as at 31st December 2019.

As at 30th June 2020, Socfin's share price was EUR 20.40.

Current and non-current liabilities increased to EUR 482.2 million compared to EUR 457.4 million six months earlier. Financial debt increased to EUR 235.6 million from EUR 233.1 million at 31st December 2019. Current tax liabilities increased by EUR 7.2 million and other payables by EUR 10.2 million.

Taking into consideration the debt to shareholders included in "other payables", the Group's consolidated net debt amounted to EUR 223.9 million compared to EUR 230.8 million as at 31st December 2019.

Consolidated cash flow

At 30th June 2020, net cash and cash equivalents amounted to EUR 64.5 million, an increase of EUR 18.8 million over the first half of the year (EUR +5 million in the first half of 2019).

Net cash flow from operating activities amounted to EUR 73.7 million during the first half of 2020 (EUR 52.2 million in the first half of 2019) and cash flow from operating activities was EUR 88.2 million (EUR 67.7 million in the first half of 2019).

Investing activities mobilised EUR 37.3 million (compared to EUR 33.3 million in the first half of 2019), which was mainly for the acquisition of property-plant and equipment for EUR 32.2 million and EUR 6.1 million related to the acquisition cost of affiliated undertakings.

Financing activities mobilised EUR 15.7 million in the first half of 2020 (compared to EUR 13.8 million in the first half of 2019), considering the distribution of dividends for EUR 23.6 million (EUR 23.9 million in the first half of 2019).

At 30th June 2020, EBITDA amounted to EUR 95.4 million compared to EUR 74.8 million at 30th June 2019.

Outlook 2020

Since the beginning of the Covid-19 pandemic, the Group has reinforced safety and hygiene measures in its subsidiaries in Africa and South-East Asia. Local actions have thus been focused on protecting the employees and their families, helping local communities in their efforts to fight the pandemic, and maintaining the continuity of our activities so as to protect jobs and support the local markets which independent producers rely on.

A crisis unit is operational to assess on a daily basis and to coordinate the measures to be taken locally to face such an unprecedented health crisis.

It is noted that after six months into the crisis, the agronomic, industrial and commercial activity have hardly been disrupted. Production has increased due to the entry into production of new areas which were planted during the last ten years.

Palm oil production, which accounts for two thirds of turnover, was sold at prices globally higher than in the previous year.

Despite the shutdown of the tyre factories, our main customers acquired rubber based on their annual contracts. The quantities of rubber not covered by these contracts were sold on a spot basis in a particularly difficult environment.

The global supply of rubber continues to exceed demand. Prices on the world markets, which had recovered at the beginning of the year compared to 2019, reached a low of almost USD 1 000 per ton FOB Singapore at the height of the crisis. However, since the beginning of September they have been around USD 1 400 per ton.

To-date, even if the economic activity has picked up almost everywhere, the uncertainties caused by the health crisis on the world economy remain nevertheless significant. Consequently, it is still too early to assess the impact on the Group's accounts.

Distribution of an interim dividend

In view of the recent unforeseen developments of the health crisis, the Board of Directors does not plan to distribute any interim dividend.

Consolidated income statement
For the period from 1st January to 30th June
(Unaudited)

	Note	<u>30/06/2020</u> EUR (6 months)	<u>30/06/2019</u> EUR (6 months)
Revenue		311 970 050	277 829 923
Work performed by entity and capitalized		9 211 579	8 504 747
Changes in inventories of finished goods and work in progress		21 858 863	32 888 443
Other operational income		6 624 594	6 242 820
Raw materials and consumables used		-111 344 113	-112 650 046
Other expenses		-56 225 007	-52 033 994
Staff costs		-64 443 583	-61 345 682
Depreciation and impairment expense	10	-34 065 965	-30 635 513
Other operating expenses		-21 491 555	-17 966 913
<i>Operating profit</i>		62 094 863	50 833 785
Other financial income	11	5 809 696	2 817 249
Gain on disposals		16 642	42 306
Impairment on disposals of assets		-822 844	-807 232
Financial expenses	12	-12 763 157	-8 310 912
<i>Profit before taxes</i>		54 335 200	44 575 196
Income tax expense		-24 448 613	-24 808 879
Deferred tax expense		-1 681 138	-2 827 866
<i>Profit for the period</i>		28 205 449	16 938 451
<i>Profit attributable to non-controlling interests</i>		19 733 031	13 377 437
<i>Profit attributable to the owners of the Parent</i>		8 472 418	3 561 014
<i>Basic earnings per share undiluted</i>		0.60	0.25
<i>Number of Socfin shares</i>		14 159 720	14 159 720
Basic earnings per share		0.60	0.25
Diluted earnings per share		0.60	0.25

The accompanying notes form an integral part of the consolidated financial statements

Consolidated statement of other comprehensive income
For the period from 1st January to 30th June
(unaudited)

	<u>30/06/2020</u> EUR (6 months)	<u>30/06/2019</u> EUR (6 months)
<i>Profit of the year</i>	28 205 449	16 938 451
<i>Other comprehensive income</i>		
Fair value changes of securities measured at fair value through other comprehensive income, before taxes	-17 251	-12 281
Deferred tax on fair value changes of securities measured at fair value through other comprehensive income	4 671	3 327
<i>Subtotal of items that cannot be reclassified to profit or loss</i>	-12 580	-8 954
Fair value changes of financial instruments of subsidiaries, before taxes	0	-7 831
Deferred tax on fair value changes of financial instruments of subsidiaries	0	2 121
Gains (losses) on exchange differences on translation of subsidiaries	-18 982 831	-2 052 627
<i>Subtotal of items eligible for reclassification to profit or loss</i>	-18 982 831	-2 058 337
<i>Total other comprehensive income</i>	-18 995 411	-2 067 291
<i>Comprehensive income</i>	9 210 038	14 871 160
<i>Comprehensive income attributable to non-controlling interests</i>	10 189 021	12 879 909
<i>Comprehensive income attributable to the owners of the Parent</i>	-978 983	1 991 251

The accompanying notes form an integral part of the consolidated financial statements

Consolidated statement of financial position
As at 30th June 2020
(Unaudited)

ASSETS	Note	<u>30/06/2020</u> <u>EUR</u>	<u>31/12/2019</u> <u>EUR</u>
<i>Non-Current Assets</i>			
Goodwill		4 951 057	4 951 057
Right-of-use assets		12 039 008	10 934 472
Intangible assets		4 050 709	4 034 412
Property, plant and equipment	3	304 359 548	312 342 403
Biological assets	3	501 113 710	515 251 088
Investment properties		4 061 695	4 223 095
Financial assets at fair value through other comprehensive income		878 762	896 015
Long-term advances		4 498 934	4 577 585
Deferred tax assets		12 221 294	15 119 822
Other non-current assets		1 795 237	1 749 253
		849 969 954	874 079 202
<i>Current Assets</i>			
Inventories	5	108 370 462	98 099 755
Trade receivables		51 084 189	46 847 599
Other receivables		14 606 288	13 117 000
Current tax assets		14 528 079	13 014 084
Cash and cash equivalent		66 654 939	56 069 031
		255 243 957	227 147 469
TOTAL ASSETS		1 105 213 911	1 101 226 671

The accompanying notes form an integral part of the consolidated financial statements

Consolidated statement of financial position
As at 30th June 2020
(Unaudited)

EQUITY AND LIABILITIES	Note	<u>30/06/2020</u> <u>EUR</u>	<u>31/12/2019</u> <u>EUR</u>
<i>Equity attributable to the owners of the Parent</i>			
Share capital	6	24 779 510	24 779 510
Share premium		501 847	501 847
Legal reserve		2 477 951	2 477 951
Consolidated reserves		378 840 485	375 175 037
Translation reserves		-102 167 030	-91 472 394
Profit for the period/year		8 472 418	8 185 721
		312 905 181	319 647 672
<i>Non-controlling interests</i>			
		310 064 717	324 228 591
<i>Total Equity</i>			
		622 969 898	643 876 263
<i>Non-Current Liabilities</i>			
Deferred tax liabilities		8 242 589	9 079 416
Employee Benefits Obligations		51 866 968	50 524 301
Long-term debt, net of current portion	7	153 304 709	148 727 610
Long-term lease liabilities	4,7	12 942 318	11 958 683
Other payables	8	8 029 995	8 001 208
		234 386 579	228 291 218
<i>Current Liabilities</i>			
Short-term debt and current portion of long-term debt	7	82 344 891	84 417 308
Short-term lease liabilities	4,7	1 517 798	1 381 083
Trade payables		45 534 558	41 943 416
Current tax liabilities		29 434 747	22 182 525
Provisions		805 089	1 145 768
Other payables	8	88 220 351	77 989 090
		247 857 434	229 059 190
TOTAL EQUITY AND LIABILITIES			
		1 105 213 911	1 101 226 671

The accompanying notes form an integral part of the consolidated financial statements

Consolidated statement of cash flows
For the period from 1st January to 30th June
(Unaudited)

	<u>30/06/2020</u>	<u>30/06/2019</u>
	<u>EUR</u>	<u>EUR</u>
	(6 months)	(6 months)
Operating activities		
Profit attributable to the owners of the Parent	8 472 414	3 561 014
Profit attributable to non-controlling shareholders	19 733 036	13 377 440
Fair value of agricultural production	-3 034 443	-10 342 628
Other adjustments having no impact on cash position (IFRS and others)	-254 666	-1 605 688
Depreciation, amortization and provisions and allowances	36 346 106	34 279 715
Net loss on disposals of assets	806 203	764 926
Income tax expense	26 129 752	27 636 745
Cash flow from operating activities	88 198 402	67 671 524
Interest received	6 531 899	5 043 800
Income tax paid	-24 448 614	-24 808 879
Change in inventory	-10 042 752	-17 583 789
Change in trade and other receivables	-8 980 670	5 501 812
Change in trade and other payables	22 010 441	17 047 467
Accruals and prepayments	420 660	-691 607
Change in working capital requirement	3 407 679	4 273 883
Net cash from operating activities	73 689 366	52 180 328
Investing activities		
Acquisition of additional interests in subsidiaries	-6 101 431	-1 150 769
Acquisitions / disposals of intangible assets	-271 082	83 396
Acquisitions of property, plant and equipment	-32 172 881	-33 420 622
Disposals of property, plant and equipment	1 156 983	1 166 150
Acquisitions / disposals of financial fixed assets	71 978	-25 361
Net cash flows from investing activities	-37 316 433	-33 347 206
Financing activities		
Dividends paid to the owners of the Parent	-7 079 860	-7 079 860
Dividends paid to non-controlling shareholders	-16 527 862	-16 863 230
Proceeds from borrowings	33 114 143	40 049 249
Repayment of borrowings	-17 715 796	-23 896 272
Repayment of lease liabilities	-916 183	-953 648
Interest paid	-6 531 899	-5 043 800
Net cash flows from financing activities	-15 657 457	-13 787 561
Effect of foreign currency translation	-1 913 405	397 719
Effect of transfer of funds in transit	0	-439 367
Net cash flow	18 802 071	5 003 913
Cash and cash equivalent on 1 st January	45 657 888	21 000 735
Cash and cash equivalent on 30 th June	64 459 959	26 004 648
Net variation in cash and cash equivalents	18 802 071	5 003 913
EBITDA	95 406 524	74 773 060

The accompanying notes form an integral part of the consolidated financial statements

Consolidated statement of changes in equity
For the period from 1st January to 30th June
(Unaudited)

EUR	Share capital	Share premium	Legal reserve	Translation reserve	Consolidated reserves	Equity attributable to the owners of the parent	Non-controlling interests	TOTAL EQUITY
Balance at 1st January 2019	24 779 510	501 847	2 492 000	-91 405 853	382 183 355	318 550 859	327 637 345	646 188 204
Profit/(loss) of the period					3 561 014	3 561 014	13 377 437	16 938 451
Change in fair value of financial instruments					-5 710	-5 710	0	-5 710
Change in fair value of securities at fair value through Other comprehensive income					-5 220	-5 220	-3 734	-8 954
Foreign currency translation adjustments				-1 558 833	0	-1 558 833	-493 794	-2 052 627
Impact of the adoption of IFRS 16: Leases (Note 4)					-878 604	-878 604	-1 006 157	-1 884 761
Transfer between reserves			-14 049		14 049	0	0	0
Other comprehensive income			-14 049	-1 558 833	2 685 529	1 112 647	11 873 752	12 986 399
Dividends					-7 079 860	-7 079 860	-16 863 230	-23 943 090
Other movements					561 453	561 453	-1 166 616	-605 163
Transactions with shareholders					-6 518 407	-6 518 407	-18 029 846	-24 548 253
Balance at 30th June 2019	24 779 510	501 847	2 477 951	-92 964 686	378 350 477	313 145 099	321 481 251	634 626 350
Profit/(loss) for the period					4 624 707	4 624 707	9 799 660	14 424 367
Actuarial losses and gains					-187 192	-187 192	-22 557	-209 749
Change in fair value of securities at fair value through other comprehensive income					-9 076	-9 076	-6 369	-15 445
Foreign currency translation adjustments				1 947 774	0	1 947 774	2 628 038	4 575 812
Impact of the adoption of IFRS 16: Leases (Note 4)					82 939	82 939	102 037	184 976
Other comprehensive income				1 947 774	4 511 378	6 459 152	12 500 809	18 959 961
Dividends					0	0	-3 937 658	-3 937 658
Interim dividends					-707 986	-707 986	-2 160 047	-2 868 033
Other movements					-455 482	1 206 889	751 407	-3 655 764
Transactions with shareholders					-455 482	498 903	43 421	-9 753 469
Balance at 31st December 2019	24 779 510	501 847	2 477 951	-91 472 394	383 360 758	319 647 672	324 228 591	643 876 263

EUR	Share capital	Share premium	Legal reserve	Translation reserve	Consolidated reserves	Equity attributable to the owners of the parent	Non-controlling interests	TOTAL EQUITY
Balance at 1st January 2020	24 779 510	501 847	2 477 951	-91 472 394	383 360 758	319 647 672	324 228 591	643 876 263
Profit/(loss) for the period					8 472 418	8 472 418	19 733 031	28 205 449
Changes in fair value of securities at fair value through Other comprehensive income					-7 462	-7 462	-5 118	-12 580
Foreign currency translation adjustments				-9 443 939	0	-9 443 939	-9 538 892	-18 982 831
Other comprehensive income			0	-9 443 939	8 464 956	-978 983	10 189 021	9 210 038
Dividends					-7 079 860	-7 079 860	-16 948 881	-24 028 741
Other movements				-1 250 697	2 567 049	1 316 352	-7 404 014	-6 087 662
Transactions with shareholders				-1 250 697	-4 512 811	-5 763 508	-24 352 895	-30 116 403
Balance at 30th June 2020	24 779 510	501 847	2 477 951	-102 167 030	387 312 903	312 905 181	310 064 717	622 969 898

	2020	2019
Dividends and interim dividends distributed during the period	7 079 860	7 787 846
Number of shares	14 159 720	14 159 720
Dividend per share distributed during the period	0.50	0.55

The accompanying notes form an integral part of the consolidated financial statements

Notes to the IFRS consolidated financial statements at 30th June 2020

Note 1. Overview and accounting policies

1.1. Overview

The Société Financière des Caoutchoucs, abbreviated Socfin (formerly Société Financière Luxembourgeoise, Socfinal), (the “Company”) was incorporated on 5th December 1959. The registered office is established at 4, avenue Guillaume, L-1650 in Luxembourg.

The Company holds participations in companies that operate directly or indirectly in South-East Asia and Tropical Africa, in the production of rubber and palm oil.

The Board of Directors held a meeting on 16th September to examine and approve the interim consolidated financial statements for the period ended 30 June 2020.

1.2. Accounting framework

The interim financial report for the period ended 30 June 2020 has been prepared in accordance with IAS 34. This financial report does not include all the information required by the revised IAS 1 with regards to the annual financial report.

The accounting and calculation methods adopted in the interim financial statements are identical to those used in the annual financial statements at 31st December 2019.

On 1st January 2020, the Group adopted the following amendments without any material impact on the Group's consolidated financial statements:

Amendments to IAS 1 “Presentation of financial statements” and to IAS 8 “Accounting methods, changes in accounting estimates and errors”:

On 31st October 2018, the IASB published amendments to IAS 1 and to IAS 8 in order to clarify the definition of “significant” and to harmonize the definitions given in the Conceptual Framework for Financial Reporting and in the standards themselves.

Amendments to IFRS 9 “Financial Instruments”, IAS 39 “Financial instruments: recognition and measurement” and IFRS 7 “Financial Instruments: Disclosures”:

On 26th September 2019, the International Accounting Standards Board (IASB) issued amendments to IFRS 9, IAS 39 and IFRS 7 as part of the benchmark interest rate reform as a first step in addressing the potential impact of the reform of interbank offered rates “IORP” on financial reporting. The amendments apply to fiscal years beginning on or after 1st January 2020; early application is permitted.

1.3. Use of estimates

These financial statements should be read in conjunction with the consolidated financial statements for 2019 and in particular note 1.27 on the use of estimates in the preparation of consolidated financial statements according to IFRS. The Group's management has had to use assumptions based on its best estimates which affect the carrying amount of assets and liabilities, the information related to contingent assets and liabilities, and the carrying amount of income and expenses recognised during the period. Depending on changes of these assumptions, or changes of economic conditions, the amounts that will appear in the Group's future consolidated financial statements may differ from current estimates. Sensitive accounting methods, for which the Group has used estimates, mainly concern the application of IAS 19, IAS 2/IAS 41, IAS 16, IAS 36, IFRS 9 and IFRS 16.

In the absence of observable data within the scope of IFRS 13, the Group has developed a model for measuring the fair value of agricultural production based on local production costs and conditions. This method is inherently more volatile than the historical cost method.

1.4. Seasonal nature of the business

The Company's revenue and operating income are seasonal. Palm oil and rubber production are influenced by external factors such as climate, location and the biological nature of the palm and rubber trees. The palm activity is more productive in the first half of the calendar year, whereas the rubber business is more productive in the second half. The extent of this seasonality can vary between years.

The following exchange rates have been used to convert the consolidated interim accounts:

1 Euro equals to:	Closing rate		Average rate	
	06/2020	12/2019	06/2020	06/2019
CFA franc	655.957	655.957	655.957	655.957
Ghanaian cedi	6.3464	6.2166	6.0805	5.7977
Indonesian rupiah	16 015	15 615	16 214	16 050
Cambodian riel	4 583	4 578	4 504	4 564
Nigerian naira	403.72	344.26	376.12	346.03
São Tomé dobra	24.50	24.50	24.50	24.50
Congolese franc	2 132	1 879	1 933	1 856
US dollar	1.1198	1.1234	1.1031	1.1313

Note 2. Subsidiaries and affiliates

Socfin acquired additional shares in Socfinaf S.A. and Socfinasia S.A. during the first half of 2020.

Consequently, Socfin's stake in Socfinaf now stands at 64.50% compared to 62% in 2019 and the stake in Socfinasia stands at 58.09% compared to 57.81% in 2019. These percentage changes added EUR 2.6 million to Socfin's consolidated reserves.

The scope of consolidation at period end accounted for these movements.

Note 3. Property, plant and equipment

EUR	Land and nurseries	Buildings	Machinery and equipment	Furniture, motor vehicles and others	Construction in progress	Advances and Down-payments	Biological assets	TOTAL
From 01/01/2019								
To 30/06/2019								
Additions	826 304	1 123 100	1 499 844	3 164 037	11 378 338	445 193	14 982 029	33 418 845
Disposals	0	0	-35 036	-1 657 068	0	0	-3 463 735	-5 155 839
From 01/01/2020								
To 30/06/2020								
Additions	673 329	4 832 625	1 378 657	4 296 207	9 735 957	153 320	11 101 263	32 171 358
Disposals	0	-26 898	-1 290 835	-383 607	0	0	-5 657 888	-7 359 228

As at 30th June 2020, the net book value of property, plant and equipment includes depreciation for EUR 32.7 million and translation adjustments (EUR-19.6 million).

Note 4. Leases

The Group has adopted IFRS 16 "Leases" retrospectively from 1st January 2019, without restatement of comparative figures as permitted by the transition provisions of the standard. Reclassifications and adjustments arising from the new leasing rules have been recognized at the opening of the period starting on 1st January 2019.

Following the adoption of IFRS 16, the Group has recognized in the statement of financial position right-of-use assets and lease liabilities for leases that were previously treated as operating leases under the principles of IAS 17. Lease liabilities were measured at the value of the remaining lease payments discounted at the incremental borrowing rate at 1st January 2019.

The right-of-use assets have been measured on a retrospective basis as if the new rules had always been applied.

The Group has used the following practical expedients permitted by the standard:

- use of a single discount rate for contracts with similar characteristics;
- non-recognition of right-of-use assets and lease liabilities for leases with a remaining lease term of less than 12 months on 1st January 2019. The corresponding expenses have been recognized with the expenses related to short-term leases;
- exclusion of initial direct costs for the initial valuation of rights-of-use of assets;
- non-separation of the non-leasing component in vehicles leases.

The change in accounting policy impacted the following items in the statement of financial position on 1st January 2019:

- property, plant and equipment: decrease by EUR 0.3 million
- rights-of-use of assets: increase by EUR 11.9 million
- deferred tax assets: increase by EUR 0.7 million
- borrowings: decrease by EUR 0.3 million
- lease liabilities: increase by EUR 14.3 million.

The net impact on retained earnings at 1st January 2019 was a decrease of EUR 1.7 million.

For leases previously treated as finance leases, the right-of-use assets and the lease liability were recognized on 1st January 2019 at their carrying amount measured in accordance with IAS 17 immediately prior to that date.

*** Right-of-use assets**

EUR	<i>Furniture, motor vehicles and others</i>	<i>Buildings</i>	<i>Land and agricultural land concessions</i>	<i>Total</i>
From 01/01/2019				
To 30/06/2019				
Additions	211 561	0	0	211 561
Depreciation	-550 615	-235 053	-159 591	-945 259
Foreign currency translation	3 169	21 303	-13 561	10 911
From 01/01/2020				
To 30/06/2020				
Additions	2 190 334	0	0	2 190 334
Depreciation	-701 236	-155 391	-100 471	-957 098
Foreign currency translation	-89 987	-226	-38 487	-128 700

*** Lease liabilities**

EUR	30/06/2020	31/12/2019
Long-term lease liabilities	12 942 318	11 958 683
Short-term lease liabilities	1 517 798	1 381 083
Total	14 460 116	13 339 766

*** Impact on the income statement**

EUR	30/06/2020	30/06/2019
Depreciation of right-of-use assets	957 098	945 259
Short-term lease liabilities and low value assets	732 420	400 595
Interest expense (included in the financial expenses)	462 915	364 389
Total	2 152 433	1 710 243

Note 5. Inventories

	30/06/2020	31/12/2019
	EUR	EUR
Raw materials	13 330 336	22 907 990
Consumables	20 400 561	28 915 408
Spare parts	28 984 065	17 967 577
Production in progress	7 564 232	9 796 669
Finished products	39 288 240	18 775 630
Down-payments and orders in progress	3 904 765	4 853 418
Gross amount before impairment	113 472 199	103 216 692
Inventory write-downs	-5 101 737	-5 116 937
Net amount	108 370 462	98 099 755

* Reconciliation of inventories

	2020	2019
	EUR	EUR
Situation as at 1st January	103 216 692	88 241 896
Change in inventory	9 981 957	16 543 473
Fair value of agricultural production	3 034 443	-2 898 149
Foreign currency translation	-2 760 893	1 329 472
Gross amount as at 30th June / 31st December before impairment	113 472 199	103 216 692
Inventory write-downs	-5 101 737	-5 116 937
Net amount as at 30th June / 31st December	108 370 462	98 099 755

* Quantity of inventory by category

31/12/2019

	Raw materials	Production in progress	Finished products
Palm oil (tons)	751	0	9 776
Rubber (tons)	28 457	0	10 965
Others (units)	0	15 414 927	2 122 838

30/06/2020

	Raw materials	Production in progress	Finished products
Palm oil (tons)	1 762	0	40 134
Rubber (tons)	17 734	0	11 179
Others (units)	0	13 544 856	3 261 296

Note 6. Share capital

Fully paid up share capital amounted to EUR 24 779 510 as at 30th June 2020. This is represented by 14 159 720 shares.

In accordance with the law of 28th July 2014 on the cancellation of treasury shares, 80 280 shares have been cancelled in 2018 as the holders of these shares did not register with the depository.

To-date, the “Caisse de Consignation” has not yet opened a claim file.

Note 7. Financial debts

31/12/2019

EUR	< 1 year	> 1 year	TOTAL
Loans held by financial institutions	54 331 945 (*)	67 229 650	121 561 595
Bank overdrafts	10 184 246	0	10 184 246
Other debts	19 901 117	81 497 960	101 399 077
Lease liabilities	1 381 083	11 958 683	13 339 766
TOTAL	85 798 391	160 686 293	246 484 684

30/06/2020

EUR	< 1 year	> 1 year	TOTAL
Loans held by financial institutions	64 702 292 (*)	71 671 069	136 373 361
Bank overdrafts	1 833 011	0	1 833 011
Other debts	15 809 588	81 633 640	97 443 228
Lease liabilities	1 517 798	12 942 318	14 460 116
TOTAL	83 862 689	166 247 027	250 109 716

(*) This balance includes a short-term revolving credit facility of EUR 40 million for which in 2019 the Group has committed to obtain within 3 years the RSPO (Roundtable on Sustainable Palm Oil) certification for all its palm plantations. The Group is continuing its efforts in this direction in coordination with the bank.

*** Analysis of long-term debt by interest rate**

31/12/2019

EUR	Fixed Rate	Rate	Variable rate	Rate	TOTAL
<i>Loans held by financial institutions</i>					
Switzerland	3 040 354	1.75% to 2.65%	0	-	3 040 354
Ivory Coast	12 978 253	5.50% to 6.50%	0	-	12 978 253
Nigeria	23 862 284	8.00% to 10.00%	0	-	23 862 284
Liberia	1 335 232	8.00%	0	-	1 335 232
Cameroon	12 498 476	5.00% to 7.09%	0	-	12 498 476
Ghana	13 000 003	4.00%	0	-	13 000 003
Sao Tomé	515 048	8.00%	0	-	515 048
	67 229 650		0		67 229 650
<i>Other loans and derivatives</i>					
Cameroon	2 032 654	6.00%	0	-	2 032 654
Luxembourg	79 465 306	4.00%	0	-	79 465 306
	81 497 960		0		81 497 960
TOTAL	148 727 610		0		148 727 610

30/06/2020

EUR	Fixed Rate	Rate	Variable rate	Rate	TOTAL
<i>Loans held by financial institutions</i>					
Switzerland	5 549 300	1.75% to 2.65%	0	-	5 549 300
Ivory Coast	13 498 098	5.50% to 6.50%	0	-	13 498 098
Nigeria	26 387 046	8.00% to 10.00%	0	-	26 387 046
Liberia	2 044 026	8.00%	0	-	2 044 026
Cameroon	9 948 644	5.50% to 7.09%	0	-	9 948 644
Ghana	13 728 907	4.00%	0	-	13 728 907
Sao Tomé	515 048	8.00%	0	-	515 048
	71 671 069		0		71 671 069
<i>Other loans and derivatives</i>					
Cameroon	2 032 652	6.00%	0	-	2 032 652
Luxembourg (*)	79 600 988	4.00%	0	-	79 600 988
	81 633 640		0		81 633 640
TOTAL	153 304 709		0		153 304 709

*** Net debt**

	30/06/2020 EUR	31/12/2019 EUR
Cash and cash equivalents	66 654 939	56 069 031
Long term debt, net of current portion	-153 304 708	-148 727 610
Short term debt and current portion of long-term debt	-82 344 892	-84 417 308
Lease liabilities	-14 460 116	-13 339 766
Net debt	-183 454 777	-190 415 653
Cash and cash equivalents	66 654 939	56 069 031
Loans bearing interest at fixed rates	-195 590 444	-193 144 918
Loans bearing interest at variable rates	-40 059 156	-40 000 000
Lease liabilities	-14 460 116	-13 339 766
Net debt	-183 454 777	-190 415 653

Reconciliation of net debt

	Cash and cash equivalents	Long term debt, net of current portion	Short term debt and current portion of long term debt	Lease liabilities	Total
As at 1st January 2019	59 941 616	-99 607 945	-115 626 333	0	-155 292 662
Cash flows	-4 420 377	-82 027 535	64 801 323	1 591 544	-20 055 045
Foreign currency translation	547 792	658 437	-82 664	-93 205	1 030 360
Transfers	0	31 985 147	-33 509 634	0	-1 524 487
Other non-cash movements	0	264 286	0	-14 838 105	-14 573 819
As at 31st December 2019	56 069 031	-148 727 610	-84 417 308	-13 339 766	-190 415 653
Cash flows	12 536 463	-31 234 069	24 132 137	928 312	6 362 843
Foreign currency translation	-1 950 555	4 241 274	282 602	153 801	2 727 122
Transfers	0	22 415 697	-22 342 323	0	73 374
Other non-cash movements	0	0	0	-2 202 463	-2 202 463
As at 30th June 2020	66 654 939	-153 304 708	-82 344 892	-14 460 116	-183 454 777

Note 8. Other payables

	30/06/2020	31/12/2019
	EUR	EUR
Staff cost liabilities	9 775 406	6 337 652
Other payables (*)	69 296 469	62 362 548
Accruals	17 178 471	17 290 098
<i>Balance as at 30th June / 31st December</i>	96 250 346	85 990 298

(*) Other payables consist mainly of EUR 40.4 million (EUR 40.4 million as at 31st December 2019) of shareholder loans, corresponding to amounts owed to Mopoli (EUR 20.2 million with Socfinaf S.A.) and Bolloré Participations (EUR 20.2 million with Socfinaf S.A.).

Note 9. Financial Instruments

31/12/2019

	<i>Derivatives (*)</i>	<i>Loans and borrowings</i>	<i>Financial assets at fair value through other comprehensive income</i>	<i>Other financial assets and liabilities</i>	<i>TOTAL</i>	<i>Loans and borrowings</i>	<i>Other financial assets and liabilities</i>
EUR	<i>at fair value</i>	<i>at cost</i>	<i>at fair value</i>	<i>at cost</i>		<i>at fair value</i>	<i>at fair value</i>
Assets							
Financial assets at fair value through other comprehensive income	0	0	896 015	0	896 015	0	0
Long term advances	0	3 520 136	0	1 057 449	4 577 585	3 520 136	1 057 449
Other non-current assets	0	0	0	1 749 253	1 749 253	0	1 749 253
Trade receivables	0	0	0	46 847 599	46 847 599	0	46 847 599
Other receivables	0	0	0	13 117 000	13 117 000	0	13 117 000
Cash and cash equivalent	0	0	0	56 069 031	56 069 031	0	56 069 031
Total assets	0	3 520 136	896 015	118 840 332	123 256 483	3 520 136	118 840 332
Liabilities							
Long term debts	0	148 727 610	0	0	148 727 610	148 729 812	0
Long term lease liabilities	0	11 958 683	0	0	11 958 683	11 958 683	0
Other non-current payables	0	0	0	8 001 208	8 001 208	0	8 001 208
Short term debts	0	74 233 062	0	10 184 246	84 417 308	74 233 062	10 184 246
Short term lease liabilities	0	1 381 083	0	0	1 381 083	1 381 083	0
Trade payables (current)	0	0	0	41 943 416	41 943 416	0	41 943 416
Other payables (current)	0	0	0	77 989 090	77 989 090	0	77 989 090
Total Liabilities	0	236 300 438	0	138 117 960	374 418 398	236 302 640	138 117 960

31/12/2019

EUR

Financial assets at fair value through other comprehensive income

(*) Changes recognised in the income statement.

Fair value

Level 1

Level 2

Level 3

TOTAL

0

0

896 015

896 015

30/06/2020	Derivatives (*)	Loans and borrowings	Financial assets at fair value through other comprehensive income	Other financial assets and liabilities	TOTAL	Loans and borrowings	Other financial assets and liabilities
EUR	at fair value	at cost	at fair value	at cost		at fair value	at fair value
Assets							
Financial assets at fair value through other comprehensive income	0	0	878 764	0	878 764	0	0
Long term advances	0	3 469 855	0	1 029 079	4 498 934	3 469 855	1 029 079
Other non-current assets	0	0	0	1 795 237	1 795 237	0	1 795 237
Trade receivables	0	0	0	51 084 189	51 084 189	0	51 084 189
Other receivables	0	0	0	14 606 288	14 606 288	0	14 606 288
Cash and cash equivalent	0	0	0	66 654 939	66 654 939	0	66 654 939
Total Assets	0	3 469 855	878 764	135 169 732	139 518 351	3 469 855	135 169 732
Liabilities							
Long term debts	0	153 304 708	0	0	153 304 708	153 306 982	0
Long term lease liabilities	0	12 942 318	0	0	12 942 318	12 942 318	0
Other non-current payables	0	0	0	8 029 995	8 029 995	0	8 029 995
Short term debts	0	80 511 880	0	1 833 012	82 344 892	80 511 880	1 833 012
Short term lease liabilities	0	1 517 798	0	0	1 517 798	1 517 798	0
Trade payables (current)	0	0	0	45 534 558	45 534 558	0	45 534 558
Other payables (current)	0	0	0	88 220 351	88 220 351	0	88 220 351
Total Liabilities	0	248 276 704	0	143 617 916	391 894 620	248 278 978	143 617 916

30/06/2020

EUR

Financial assets at fair value through other comprehensive income

Fair value

Level 1

Level 2

Level 3

TOTAL

0

0

878 764

878 764

(*) Changes recognised in the income statement.

Note 10. Depreciation, amortization and impairment

	30/06/2020	30/06/2019
	EUR	EUR
<i>Depreciation, amortization and impairment</i>		
Of intangible assets	201 457	177 704
Of right-of-use assets	957 098	945 259
Of property, plant and equipment excluding biological assets	18 561 524	17 183 049
Of biological assets	14 182 965	12 168 014
Of investment properties	162 921	161 487
TOTAL	34 065 965	30 635 513

Note 11. Other financial income

	30/06/2020	30/06/2019
	EUR	EUR
<i>On current assets/liabilities</i>	5 809 696	2 817 249
Interest from receivables and cash	44 245	85 346
Forward exchange agreements	136 371	296 084
Exchange gains	5 267 688	2 145 144
Others	361 392	290 675
TOTAL	5 809 696	2 817 249

Note 12. Finance expense

	30/06/2020	30/06/2019
	EUR	EUR
<i>On non-current assets/liabilities</i>	5 254 210	4 066 787
Interest and finance expense	4 791 295	3 702 398
Interest expense on leases	462 915	364 389
<i>On current assets/liabilities</i>	7 508 947	4 244 125
Interest and financial expense	1 321 934	1 062 359
Exchange losses	5 466 180	2 282 246
Forward exchange agreements	25 848	11 682
Others	694 985	887 838
TOTAL	12 763 157	8 310 912

Note 13. Dividends

A dividend per share of EUR 0.55 results from the appropriation of income for 2019 in accordance with the decision of the general meeting of shareholders held on 26th May 2020. The dividend per share for the previous year was EUR 0.55 too.

Note 14. Information on related party

* Directors' remuneration

	30/06/2020	30/06/2019
	EUR	EUR
Short term benefits	5 396 587	5 052 225
Post-employment benefits	171 492	158 830
Other long-term benefits	0	0
Termination benefits	0	0
Share-based payment	0	0

* Related party transactions

	30/06/2020	31/12/2019
	EUR	EUR
<i>Current liabilities</i>		
Trade payables	0	0
Other payables	40 398 359	40 403 288
	40 398 359	40 403 288

Transactions between related party

	30/06/2020	30/06/2019
	EUR	EUR
Services and goods delivered	0	0
Services and goods received	0	0
Financial income	0	0
Finance expenses	796 718	804 931

Related party transactions are carried out at arm's length.

Other related parties transactions are carried out with Bolloré Participations and Palmboomen Cultuur Maatschappij (Mopoli).

Mopoli is a Dutch company with a majority owned by Geselfina via its subsidiary Financière Privée Holding and by Afico. Geselfina and Afico also owns Socfin.

In 2014, Socfinaf obtained a cash advance of EUR 35 million from Mopoli. This advance bears an annual interest (net of tax) of 4%. Interest is payable in arrears at the end of each calendar quarter. The amount of interest recognized in 2020 is EUR 0.4 million. As at 30th June 2020, the outstanding balance amounts to EUR 20.2 million.

Bolloré Participations is a shareholder and director of Socfinaf.

In 2016, Socfinaf obtained a loan of EUR 20 million from Bolloré Participations. The loan has an annual interest rate of 4%. The amount of interest recognized in 2020 is EUR 0.4 million. As at 30th June 2020, the outstanding balance amounts to EUR 20.2 million.

Note 15. Off Balance Sheet Commitment

Off-balance sheet commitments existing as at 31th December 2019 were similar to those as at 30th June 2020, given that as repayments fall due, the debts for which these collaterals were provided are reduced by the repayments made.

Note 16. Segmental information

In accordance with IFRS 8, the information analysed by management is based on the geographical distribution of political and economic risks. As a result, the sectors presented are Europe, Sierra Leone, Liberia, Ivory Coast, Ghana, Nigeria, Cameroon, São Tomé and Príncipe, Congo (DRC), Cambodia and Indonesia.

Products from the Ivory Coast, Nigeria, Cameroon and Indonesia operating sectors come from palm oil and rubber sales, those from the Liberia and Cambodia sectors only from rubber sales, those from Sierra Leone, Ghana, São Tomé and Príncipe and Congo come solely from sales of palm oil. Those in the Europe segment come from the provision of administrative services, assistance in managing the areas under plantation and the marketing of products outside the Group. The segment result of the Group is the profit from operations.

The stated figures originate from internal reporting. They do not include any consolidation or IFRS adjustments or restatements and are therefore not directly comparable to amounts reported in the consolidated statement of financial position and income statement.

*** Segmental breakdown of profit/(loss) at 30th June 2019**

<i>EUR</i>	<i>Revenue from ordinary business with external customers</i>	<i>Revenue from ordinary business between segments</i>	<i>Segmental profit/(loss)</i>
Europe	36 580 320	16 436 249	1 933 082
Sierra Leone	5 266 231	0	-3 839 241
Liberia	15 129 630	0	-1 434 737
Ivory Coast	66 049 370	0	8 107 954
Ghana	2 102 213	0	-2 348 136
Nigeria	24 460 924	0	10 265 514
Cameroon	65 930 603	0	22 817 497
São Tomé and Príncipe	78 577	0	82 251
Congo (DRC)	3 146 765	0	-2 516 321
Cambodia	1 373 366	0	-1 538 485
Indonesia	57 711 924	52 443	16 678 294
TOTAL	277 829 923	16 488 692	48 207 672

Elimination of revenue from intra-group activities	-16 488 692
Depreciation, amortization and impairment of biological assets	-1 919 880
Fair value of agricultural production	10 342 629
Other IFRS restatements	-1 770 234
Consolidation adjustments (intra-group and others)	12 462 290
Financial income	2 859 555
Finance expense	-9 118 144
Income tax expense	-27 636 745

Net profit for the period

16 938 451

*** Segmental breakdown of profit/(loss) at 30th June 2020**

<i>EUR</i>	<i>Revenue from ordinary business with external customers</i>	<i>Revenue from ordinary business between segments</i>	<i>Segmental profit/(loss)</i>
Europe	34 990 412	15 262 990	-677 820
Sierra Leone	7 543 846	0	-1 324 051
Liberia	14 975 421	0	-2 120 057
Ivory Coast	69 986 281	0	11 045 905
Ghana	6 506 840	0	700 764
Nigeria	34 870 170	0	16 110 296
Cameroon	72 222 113	0	24 717 717
São Tomé and Príncipe	2 365 613	0	-569 414
Congo (DRC)	4 970 162	0	949 358
Cambodia	1 463 682	0	-1 643 965
Indonesia	62 075 509	25 769	20 168 099
TOTAL	311 970 049	15 288 759	67 356 832
Elimination of revenue from intra-group activities			-15 288 759
Depreciation, amortization and impairment of biological assets			-1 894 031
Fair value of agricultural production			3 034 443
Other IFRS restatements			-1 685 978
Consolidation adjustments (intra-group and others)			10 572 356
Financial income			5 826 338
Finance expense			-13 586 001
Income tax expense			-26 129 751
Net profit for the period			28 205 449

*** Total segmental assets**

Segment assets are not part of internal reporting, they are included to meet the requirements of IFRS 8. They include fixed assets, biological assets, trade receivables, inventories, cash and cash equivalents. They do not include any consolidation or IFRS adjustments.

	30/06/2020	31/12/2019
	EUR	EUR
Europe	95 231 293	94 989 239
Sierra Leone	133 020 530	130 429 641
Liberia	111 702 450	109 086 438
Ivory Coast	143 977 025	147 428 122
Ghana	82 708 562	84 091 394
Nigeria	121 034 806	124 072 886
Cameroon	201 980 850	190 640 336
São Tomé and Príncipe	29 688 925	30 829 958
Congo (DRC)	60 877 251	67 171 882
Cambodia	68 660 260	70 247 437
Indonesia	109 064 221	107 752 641
TOTAL	1 157 946 173	1 156 739 974
IFRS 3/IAS 16: Biological assets	-28 582 274	-28 130 248
IAS 2/IAS 41: Agricultural production	14 238 469	11 281 001
Other IFRS restatements	-6 965 530	-7 056 529
Consolidation adjustments (intra-group and others)	-96 941 586	-95 966 815
Total consolidated segmental assets	1 039 695 252	1 036 867 383

Note 17. Earnings Before Interest, Tax, Depreciation and Amortisation

Reconciliation of EBITDA

	<u>30/06/2020</u>	<u>30/06/2019</u>
	<u>EUR</u>	<u>EUR</u>
Profit after tax (Group's share)	8 472 414	3 561 014
Share of profit of non-controlling interests	19 733 036	13 377 437
Fair value of agricultural production	-3 034 443	-10 342 628
Depreciation, amortization and provisions	36 346 106	34 279 715
Capital gains and losses on disposals of assets	806 198	764 926
Income tax expense	26 129 752	27 636 745
Other financial income	-5 809 696	-2 817 249
Financial expenses	12 763 157	8 310 912
Financial expenses included in depreciation, amortisation and provisions	0	2 188
TOTAL	95 406 524	74 773 060
Impact of adoption of IFRS 16 - Leases on EBITDA	-1 420 013	-1 318 036
<i>EBITDA excluding the impact of the adoption of IFRS 16 - Leases</i>	93 986 511	73 455 024

Note 18. Events after the closing date

There are no material events to report. However, it should be noted that the Group's investments in both South-East Asia and Africa may be subject to political and economic risks. Local directors and managers monitor changes in the situation on a daily basis. Production potential of plantations remains intact, and cost prices are kept as low as reasonably possible.