

Annual Report

SOCFINASIA S.A.

2019

Disclaimer: This document is an English translation of the official French version. In case of divergence, the official French version prevails.

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Overview of the Group

1. Group Profile

Socfinasia S.A. is a Luxembourg holding company and its registered address is 4, Avenue Guillaume, L-1650, Luxembourg. It was incorporated on 20th November 1972 and is listed on the Stock Exchange of Luxembourg.

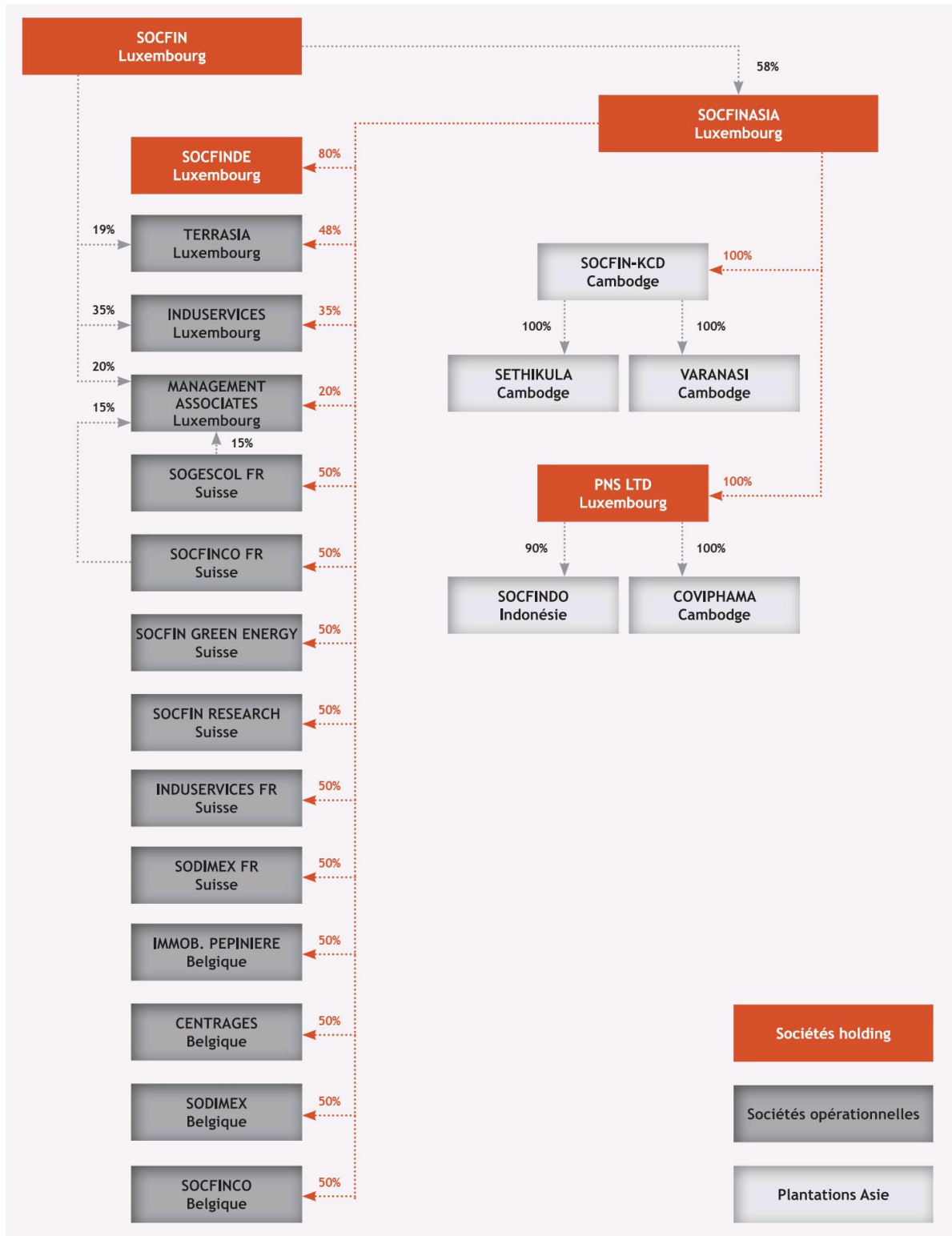
The principal activity of Socfinasia S.A. is to manage a portfolio of shares focused on the operation of more than 53 000 hectares of tropical palm oil and rubber plantations in South-East Asia. Socfinasia S.A. employs 10 567 people and has achieved a consolidated turnover of EUR 122 million in 2019.

2. History

- **20/11/1972** Incorporation of Socfinasia S.A. as a Luxembourg holding company through contribution of shares in PT Socfindo.
- **30/06/1973** Since its incorporation, Socfinasia S.A. has invested, amongst others, in Fininter S.A. (Belgium) and Socfinal (Luxembourg).
- **23/01/1974** The shares of Socfinasia S.A. have been listed on the Stock Exchange of Luxembourg.
- **30/06/1975** The portfolio includes new investments: Socfin S.A. (Belgium), Plantations Nord Sumatra S.A. (Belgium) and Selangor Plantations Cy Bhd (Malaysia).
- **30/06/1977** Socfinasia S.A. invests in Sennah Rubber Cy Ltd, New African Plantations Cy Ltd, la Banque d'Investissements Privés S.A. and Socficom S.A. It disposes of its stakes in Socfin S.A. (Belgium) and Socfinal.
- **04/12/1979** PT Socfindo increases its share capital through capitalisation of reserves. Free allotment of 1 166 shares in PT Atmind.
- **31/12/1980** Acquisition of shares in Selangor Holding S.A., a Luxembourg company listed on the Stock Exchange of Luxembourg.
- **24/04/1989** PT Socfindo increases its share capital through the capitalisation of the revaluation reserve of its fixed tangible assets.
- **31/03/1996** Acquisition of shares in Intercultures, a Luxembourg company listed on the Stock Exchange of Luxembourg.
- **31/03/1997** Initially, Socfinasia S.A. increases its stake in its Indonesian subsidiaries: PT Socfindo and PT Atmind. Thereafter, Socfinasia S.A. incorporates Plantations Nord Sumatra Limited, to which it transferred its Indonesian subsidiaries.
- **31/03/1999** Increase in the subscribed capital of Intercultures.
- **05/02/2000** Takeover bid/public exchange offer by Selangor Holding S.A. for Sennah Rubber Cy Ltd which will be liquidated in August 2000.
- **01/04/2000** Increase in subscribed capital to EUR 25 062 500 and the accounting par to 1 002 500 shares.
- **26/06/2000** Takeover bid by Socfinasia S.A. on the shares of Selangor Holding S.A. which will be liquidated in May 2001.
- **17/10/2000** Change in financial year end to 31st December.
- **31/12/2001** PNS Ltd has acquired 30% of PT Socfindo from the Indonesian state.

- **31/12/2006** Restructuring of the subsidiaries within the Socfinal Group, including the distribution of shares of Intercultures by Socfinasia S.A. (spin-off) and repositioning of the operational companies within the Group.
- **31/12/2007** Incorporation of Socfin-KCD (Cambodia).
- **17/03/2010** Disposal of Socfinaf Cy Ltd (Kenya).
- **10/01/2011** Extraordinary General Meeting which approves to abandon the holding 29 status .
- **01/07/2011** Share split by 20.
- **13/08/2013** Socfinasia S.A. has acquired, through its subsidiary PNS Ltd S.A. , 90% of Coviphama Co Ltd, a company incorporated under the Cambodian Law, benefitting from a new grant of 5 300 hectares.
- **30/07/2015** Acquisition of shares in Socfin-KCD to increase the percentage holding to 100%.

3. Group Structure



4. Information on Socfinasia S.A.'s holdings

Portfolio	Number of shares	Direct %
Cambodia		
Socfin-KCD Co Ltd	2 000	100.00%
Luxembourg		
PNS Ltd S.A.	27 779 999	99.99%
Socfinde S.A.	199 790	79.92%
Management Associates S.A.	2 000	20.00%
Terrasia S.A.	4 781	47.81%
Induservices S.A.	3 500	35.00%
Belgium		
Centrages S.A.	7 500	50.00%
Immobilière de la Pépinière S.A.	3 333	50.00%
Socfinco S.A.	8 750	50.00%
Gaummes S.A.	17 669	50.00%
Sodimex S.A.	70 000	50.00%
Switzerland		
Sogescol FR S.A.	2 650	50.00%
Socfinco FR S.A.	650	50.00%
Socfin Green Energy S.A.	60	50.00%
Socfin Research S.A.	3 000	50.00%
Sodimex FR S.A.	675	50.00%
Induservices FR S.A.	700	50.00%

The following pages contain a summary of the activity and comments on the financial information for the past two financial years in which Socfinasia S.A. holds a direct or indirect interest.

Unless indicated otherwise, equity includes capital, reserves and the results brought forward before allocation of current year results.

Corporate data refers to consolidated data.

The balance sheets are presented in the functional currency of the respective companies.

PT SOCFIN INDONESIA "SOCFINDO"

PT Socfindo is an Indonesian company which operates 48 000 hectares of oil palm and rubber plantations in North Sumatra, Indonesia.

<i>Area (hectares)</i>	<i>Planted area</i>		
<i>As at 31st December 2019</i>	<i>Mature</i>	<i>Immature</i>	<i>Total</i>
Rubber plantation	6 712	920	7 632
Palm plantation	33 067	5 381	38 448
	39 779	6 301	46 080

Concessions: 48 106 hectares

Permanent staff as at 31st December 2019: 9 713

<i>Production and turnover</i>	<i>Realized</i>	<i>Realized</i>
<i>As at 31st December</i>	<i>2019</i>	<i>2018</i>
Production (tons)		
Rubber	11 334	12 250
Palm oil	189 462	194 705
Seeds (thousands)	6 308	14 875
Turnover (EUR 000)	118 231	123 262
Result (EUR 000)	25 503	35 007
Average selling price (EUR/kg)		
Rubber	1.40	1.77
Palm oil	0.52	0.51
Seeds (EUR/1 000)	622	641
Average rate EUR/IDR	15 815	16 804
Closing rate EUR/IDR	15 615	16 581

<i>Key figures (IDR millions)</i>	<i>2019</i>	<i>2018</i>
<i>As at 31st December</i>		
Non-current assets	1 479 168	1 451 941
Current assets	378 063	340 815
Shareholder's Equity (*)	888 047	874 937
Debt, provisions and third parties (*)	969 184	917 819
Result for the year	403 335	588 250
Dividend per share (USD)	(**)	550
Interim dividend per share (USD)	300	300
PNS Ltd's stake(%)	89.98	89.98

(*) After interim dividend.

(**) Not known to date.

PT SOCFIN INDONESIA "SOCFINDO"

STATEMENT OF FINANCIAL POSITION

As at 31st December 2019 and 2018

(Expressed in IDR 000, unless otherwise stated)

Exchange rate : EUR 1 = IDR	15 615	16 581
ASSETS	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	75 348 923	60 185 666
Receivables		
Trade receivables		
Amount from related parties	15 488 240	18 799 132
Amount due from customers	10 901 906	3 849 481
Other receivables	4 165 811	4 955 451
Inventories	147 593 656	159 794 475
Current tax assets	16 970 734	14 570 135
Prepayments and other current assets	192 821	474 317
Biological assets	86 814 787	59 819 568
TOTAL CURRENT ASSETS	357 476 878	322 448 225
NON-CURRENT ASSETS		
Bearer Plants		
Mature	693 485 514	692 413 755
Immature	301 153 029	248 565 835
Non-current assets	383 638 422	395 719 875
Current tax assets	17 802 829	17 990 290
Deferred tax assets	83 656 271	93 294 910
Advances and down payments on the purchase of non-current assets	14 249 850	15 672 056
Software Development Costs	4 436 206	5 414 928
Deferred Charges	1 350 156	1 226 241
Other	11 100	10 000
TOTAL NON-CURRENT ASSETS	1 499 783 377	1 470 307 890
TOTAL ASSETS	1 857 260 255	1 792 756 115

LIABILITIES AND EQUITY	2019	2018
LIABILITIES		
CURRENT LIABILITIES		
Amount payable to suppliers	9 235 663	22 567 812
Other payables		
Amount due to third parties	6 207 205	12 511 860
Amount due to related parties	8 647 527	8 612 017
Accruals	251 183 891	236 612 537
Advances and payments on work in progress	27 263 353	18 691 142
Deferred Revenue	692 273	727 178
Current tax Liabilities	28 960 663	33 402 800
TOTAL CURRENT LIABILITIES	332 190 575	333 125 346
NON-CURRENT LIABILITIES		
Employee benefit obligations	637 022 468	584 693 924
TOTAL LIABILITIES	969 213 043	917 819 270
Equity		
Share capital		
Type A	2 385	2 385
Type B	265	265
Type C	7 947 350	7 947 350
Type D	34 300 000	34 300 000
Total equity	42 250 000	42 250 000
Share premium	3 670 500	3 670 500
Retained Earnings		
Allocated to the general reserve	38 642 844	38 642 844
Retained Earnings not allocated	803 483 868	790 373 501
TOTAL EQUITY	888 047 212	874 936 845
TOTAL LIABILITIES AND EQUITY	1 857 260 255	1 792 756 115

STATEMENT OF OPERATIONS AND OTHER COMPREHENSIVE INCOME

For the years ended 31st December 2019 and 2018

(Expressed in IDR 000, unless otherwise stated)

	2019	2018
REVENUE	1 869 849 210	2 071 280 349
COST OF SALES	-955 765 645	-893 669 998
GROSS PROFIT	914 083 565	1 177 610 351
Selling expenses	-51 840 815	-49 663 411
General and administrative overheads	-115 054 378	-121 969 227
Bonuses and salaries (*)	-231 067 032	-246 852 268
Others income	55 797 759	12 962 718
Foreign exchange gains/(losses)	1 954 897	-2 350 962
OPERATING PROFIT	573 873 996	769 737 201
Finance Income	5 518 594	8 437 034
PROFIT BEFORE TAX	579 392 590	778 174 235
TAX INCOME/(CHARGE)		
Income tax expense	-141 416 217	-203 991 296
Deferred tax expense	-15 889 371	-2 270 183
Tax expense	-157 305 588	-206 261 479
RESULT FOR THE YEAR	422 087 002	571 912 756
Comprehensive income		
Revaluation of post-employment benefits	-18 752 195	16 337 551
TOTAL COMPREHENSIVE INCOME	403 334 807	588 250 307

(*) These amounts include emoluments paid to the directors of PT Socfindo who are members of the Board of Directors of Socfinasia S.A. (2019 = IDR 32 685 253 978 and 2018 = IDR 79 866 031 962).

SOCFIN-KCD Co Ltd

Share capital: KHR 160 000 000 000.

Socfin-KCD is a Cambodian company involved in the production of rubber.

Key data

Area (hectares)

As at 31st December 2019

	<i>Mature</i>	<i>Planted area Immature</i>	<i>Total</i>
Rubber plantation	3 394	504	3 898

Concessions: 6 659 hectares (including grants to subsidiaries)

Permanent staff as at 31st December 2019: 697

Production and turnover

As at 31st December

Production (tons)

	<i>Realized 2019</i>	<i>Realized 2018</i>
Rubber	3 722	2 361
Turnover (EUR 000)	3 508	2 032
Result (EUR 000)	-2 243	-1 845

Average selling price (EUR/kg)

Rubber	0.94	0.86
--------	------	------

Average rate EUR/KHR

	4 539	4 765
--	-------	-------

Closing rate EUR/KHR

	4 578	4 601
--	-------	-------

Key figures (KHR millions)

As at 31st December

	<i>2019</i>	<i>2018</i>
Fixed assets	237 554	244 014
Current assets	7 693	9 206
Equity (*)	134 525	144 706
Borrowing, provisions and third-party(*)	110 721	108 514
Result for the year	-10 180	-8 791
Socfinasia S.A.'s holding (%)	100.00	100.00

(*) Before allocation

COVIPHAMA Co Ltd

Share capital: KHR 8 640 000 000.

Coviphama is a Cambodian company involved in the production of rubber.

Key data

Area (hectares)

As at 31st December 2019

	<i>Mature</i>	<i>Planted area Immature</i>	<i>Total</i>
Rubber plantation	553	2 747	3 300

Concessions: 5 345 hectares

Permanent staff as at 31st Decembre 2019 : 157

	<i>2019</i>	<i>2018</i>
Average rate EUR/KHR	4 539	4 765
Closing rate EUR/KHR	4 578	4 601

Key figures (KHR millions)

As at 31st December

	<i>2019</i>	<i>2018</i>
Fixed assets	89 830	83 930
Current assets	7 089	3 622
Equity	-1 628	824
Borrowing, provisions and third-party	98 547	86 728
Result for the year	-2 452	-276
Socfinasia S.A.'s holding (%)	100.00	100.00

PLANTATION NORD-SUMATRA « PNS » Ltd S.A.

Share capital: USD 260 084 774.

PNS Ltd S.A.'s is a holding company whose principal asset are its controlling interest of 89.98% in PT Socfindo, a 100% investment in Coviphama Co Ltd as well as a receivable from the latter.

	2019	2018
Average rate EUR/USD	1.12	1.18
Closing rate EUR/USD	1.12	1.14

Key figures (USD 000)

As at 31st December

	2019	2018
Fixed assets	306 021	303 521
Current assets	3 021	2 487
Equity (*)	308 442	306 004
Borrowing, provisions and third-party (*)	601	4
Profit for the year	21 050	31 484
Dividend paid	18 613	25 974
Socfinasia S.A.'s holding (%)	99.99	99.99

(*) Before allocation

SOCFINDE S.A.

Share capital: EUR 1 250 000

Socfinde S.A. is a Luxembourg holding company.

Profit for the year ended 31st December 2019 is EUR 268 572. The Board of Directors will not propose any dividend distribution at the Annual General Meeting.

Key figures (EUR 000)

As at 31st December

	2019	2018
Fixed assets	11 076	2 822
Current assets	109 598	115 376
Equity	5 941	5 672
Borrowing, provisions and third-party	114 733	112 526
Result for the year	269	324
Socfinasia S.A.'s holding (%)	79.92	79.92

SOGESCOL FR S.A.

Share capital: CHF 5 300 000

Sogescol FR is a Swiss company which trades in rubber and palm oil.

Profit for the year ended 31st December 2019 amounted to USD 7 411 532. The Board of Directors will propose a dividend distribution of USD 7 000 000 at the Annual General Meeting.

	2019	2018
Average rate EUR/USD	1.12	1.18
Closing rate EUR/USD	1.12	1.14
Key figures (USD 000)		
As at 31st December		
Fixed assets	1 125	865
Current assets	38 511	39 071
Equity (*)	16 725	15 313
Borrowing, provisions and third-party (*)	22 912	24 623
Result for the year	7 412	6 338
Dividend	6 000	8 500
Dividend per share (USD)	1 132	1 604
Socfinasia S.A.'s holding (%)	50.00	50.00

(*) Before allocation

SOCFINCO FR S.A.

Share capital: CHF 1 300 000

Socfinco FR is a Swiss company which provides services, studies and management of agro-industrial plantations. Socfinco FR covers the agro-industrial sector of palm oil and rubber.

The profit for the year ended 31st December 2019 is EUR 4 227 405. The Board of Directors will not propose any dividend distribution at the Annual General Meeting.

Key Figures (EUR 000)

As at 31st December

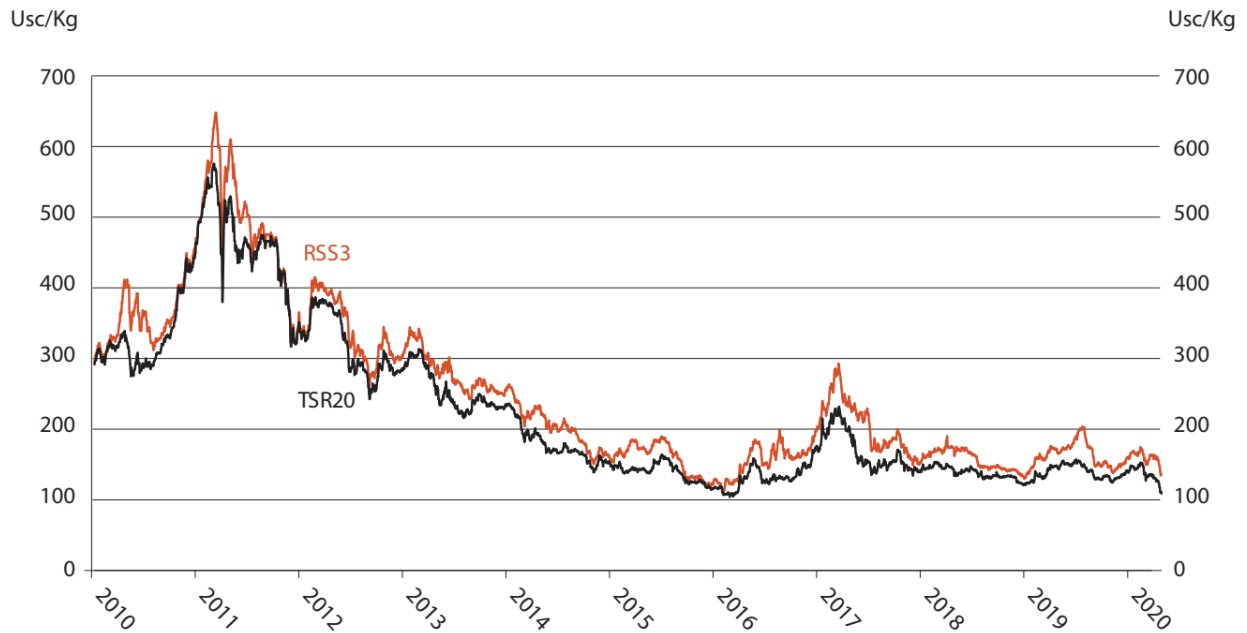
	2019	2018
Fixed assets	3 911	944
Current assets	10 801	9 764
Equity (*)	9 775	9 548
Borrowing, provisions and third parties (*)	4 937	1 160
Sales and services	20 876	19 991
Result for the year	4 227	3 745
Dividend	4 000	6 000
Dividend per share (EUR)	4 615	4 615
Socfinasia S.A.'s holding (%)	50.00	50.00

(*) Before allocation.

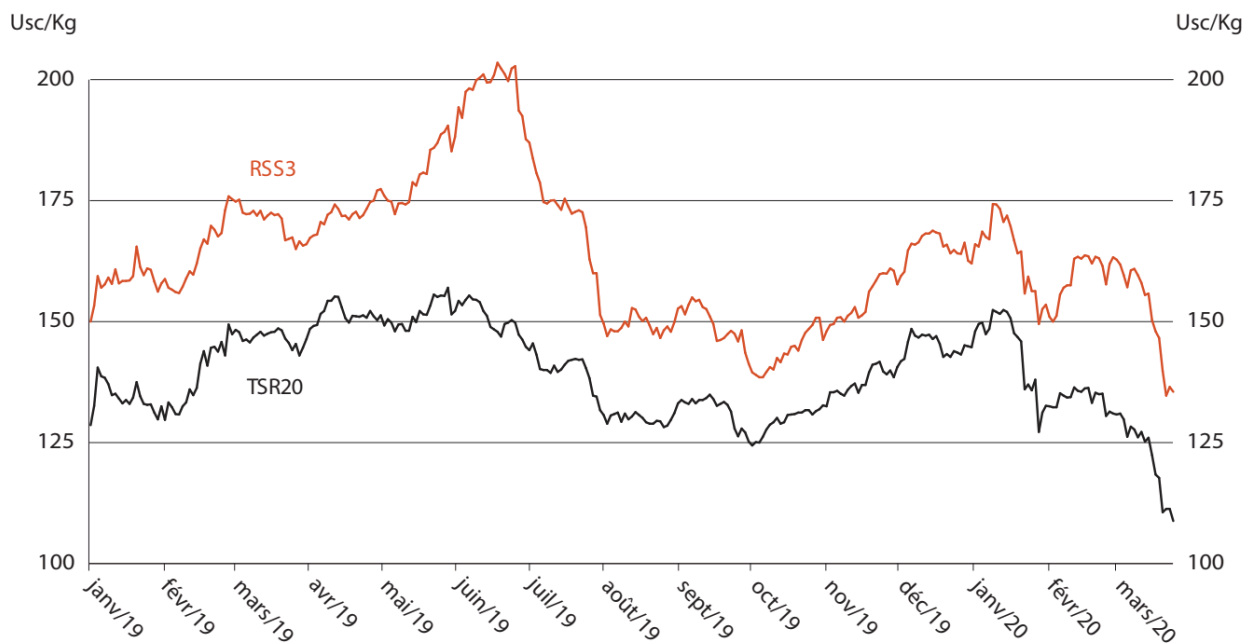
International market for Rubber and Palm Oil

1. Rubber

SGX - NATURAL RUBBER - 10 years +



SGX - NATURAL RUBBER - 1 year +



The International Market in 2019

The average price of natural rubber (TSR20 1st position on SGX) was USD 1 406 per ton FOB Singapore in 2019 against USD 1 365 per ton in 2018.

Converted in Euro, the average rate in 2019 is EUR 1 256 per ton against EUR 1 155 per ton in 2018, or an increase of EUR 101 per ton.

After ending the year 2018 in decline to a level close to USD 1 250 per ton, mainly due to pressure from global stock levels, particularly in China, natural rubber prices started to rise again during the first half of 2019.

They evolved around USD 1 500 per ton during the months of April, May and June. Several factors influenced natural rubber prices upwards during the first half of the year, including the start of the winter season for the producing countries and the hope of a positive outcome to the trade dispute between the United States and China.

At the same time, Thailand, Indonesia and Malaysia jointly announced their 6th plan to reduce their rubber exports by 240 000 tons. The rise in oil prices also had a positive impact.

The highest level of the year was reached at the end of May at USD 1 570 per ton, level which had not been attained since September 2017.

In an uncertain macroeconomic context with renewed tensions in Sino-American trade, a continued sustained world production of natural rubber, a slowdown in Chinese growth and a declining automotive sector, prices trend resumed downwards from July onwards. This trend was confirmed during August, September and October, a period during which natural rubber prices regularly moved below the USD 1 300 per ton FOB Singapore.

The lowest level of the year was reached at the beginning of October at USD 1 244 per ton.

The market recovered at the end of the year following concerns linked to the development of a rubber tree disease affecting several Asian producing countries. At the same time, the prospect of a solution to the trade dispute between the United States and China also gave support to natural rubber prices.

Whereas the market expected world natural rubber production to exceed the 14 million tons threshold for the first time in 2019, the IRSG (International Rubber Study Group) now estimates 2019 production at 13.64 million tons, down on the 2018 figure of 13.89 million tons. The IRSG also estimates that world consumption in 2019 will remain stable at around 13.72 million tons compared to 13.76 million tons in 2018.

The prices of the TSR20 1st FOB Singapore ended the year at USD 1 451 per ton

Outlook 2020

The prices of natural rubber experienced an upward turn since beginning of the year and has briefly come over USD 1 500 per ton by mid-January. The announcement of a first trade agreement between China and the United States and the approach of the winter season gave the market renewed confidence.

The rise in prices suddenly came to end following the emergence of the Coronavirus just before the Chinese New Year. Since then, the Covid-19 outbreak has taken on a global dimension, causing the financial markets to fall, raising fears of a slowdown in global economic growth.

Raw material prices have obviously not been spared. The TSR20 1st FOB Singapore position on SGX went from USD 1 520 per ton in mid-January to USD 1 100 per ton during the month of March.

All sectors linked to the automotive industry are suffering the full impact of the crisis. Car and tyre manufacturers are halting and/or sharply reducing production at their factories in Europe, North and South America and elsewhere in the world.

It seems that China, after having been the epicentre of the virus, is gradually recovering its production since the end of February. However, the level of production is far from returning back to normal, given the disruptions in supply chains.

The impact of Covid-19 on world consumption of natural rubber will be profound in the coming months.

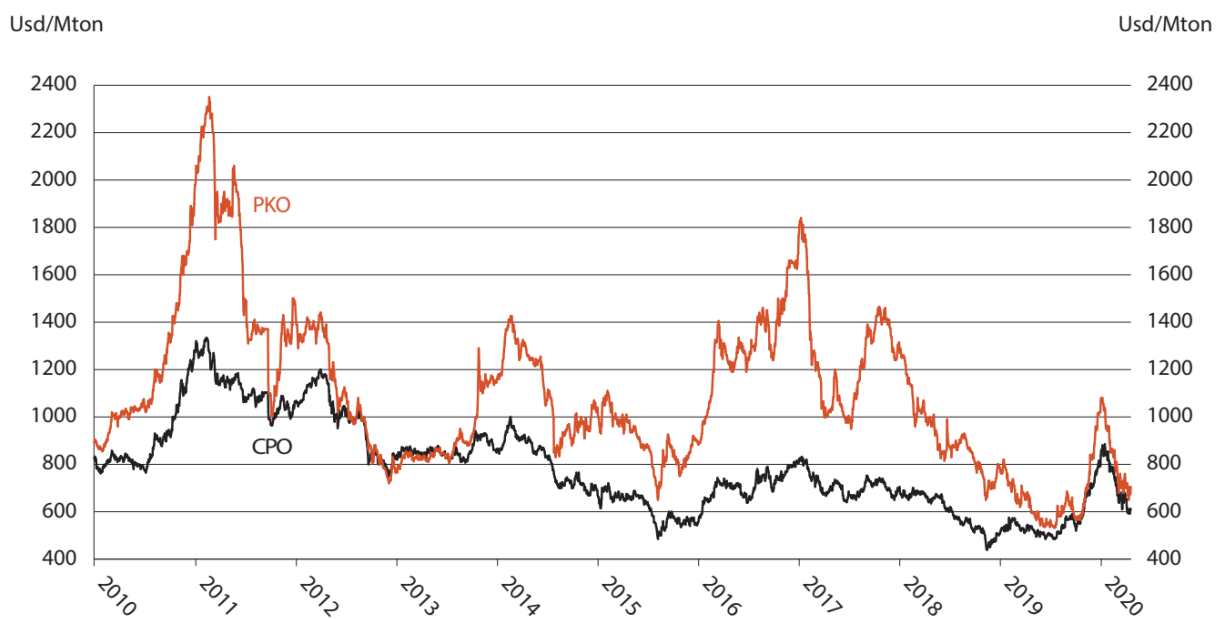
The evolution of world natural rubber production is also uncertain. The low-price levels over the last 5 years did not encourage small planters to bleed and maintain their plantation. The recent fall in prices will only worsen this situation. In addition, the development of Covid-19 in some producing regions could also have an impact on world natural rubber production.

The coming months are likely to be complicated particularly in terms of demand.

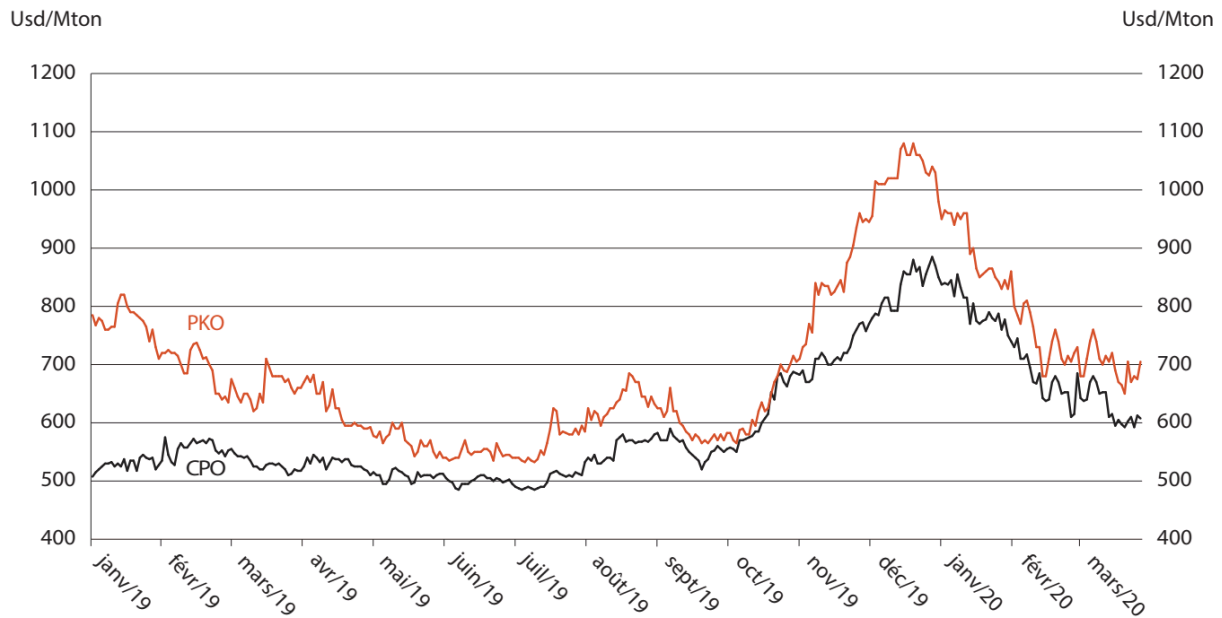
The TSR20 1st position FOB Singapore on SGX quoted on 27th March 2020 was USD 1 070 per ton, a level which had never been attained since February 2016.

2. Palm oil

CIF ROTTERDAM - PALM OILS - 10 years +



CIF ROTTERDAM - PALM OILS - 1 year +



World palm oil production in millions of tons (source: Oil World)

	2020 (*)	2019 (*)	2018	2017	2016	2015	2005	1995
Indonesia	44.7	43.3	41.6	36.8	32.1	33.4	14.1	4.2
Malaysia	19.9	20.0	19.5	19.9	17.3	20.0	15.0	7.8
Other	12.8	12.4	11.9	11.2	9.5	9.1	4.8	3.2
TOTAL	77.4	75.7	73.0	67.9	58.9	62.5	33.9	15.2

(*) Estimate.

Production of main types of oils in millions of tons (source: Oil World)

	Oct 2019 to Sep 2020 (*)	2019 (*)	2018	2017	2016	2015	2005	1995
Palm	76.3	75.7	73.0	67.9	58.9	62.5	33.9	15.2
Soy	57.6	56.6	56.8	53.9	51.5	48.8	33.6	20.2
Colza	25.0	25.1	25.6	25.4	25.0	26.3	16.2	10.8
Sunflower	20.9	20.5	19.0	19.0	16.4	15.1	9.7	8.7
Cotton	4.7	4.6	4.7	4.2	4.1	4.7	5.0	3.9
Peanut	3.9	3.7	4.0	4.2	3.7	3.7	4.5	4.3
Palm kernel	8.2	8.0	7.7	7.2	6.4	6.8	4.0	2.0
Coconut	2.7	2.9	2.9	2.4	2.7	2.9	3.2	3.3
TOTAL	199.3	197.1	193.7	184.2	168.7	170.8	110.1	68.4

(*) Estimate.

The International Market 2019

The average price of CIF Rotterdam crude palm oil in 2019 is USD 566 per ton against USD 598 per ton in 2018. This is the lowest annual average price since 2016.

World prices slumped in 2018 as a result of a robust supply on the market. While traded at levels close to USD 700 per ton at the beginning of the year, crude palm oil prices fell in the second half to USD 500 per ton CIF Rotterdam, in an uncertain macroeconomic context, marked by historically high global stock levels.

At the beginning of 2019, the slowdown in production and the increase in consumption in India and China led to a drop in stocks, which allowed a brief recovery in palm oil prices, which reached USD 570 per ton CIF Rotterdam in mid-February. At the same time, the rise in oil prices encouraged an increase in palm oil consumption for biodiesel production in Indonesia in particular.

However, despite this encouraging news, negative sentiment dominated the markets and palm oil prices CIF Rotterdam fell below USD 500 ton on several occasions during May, June and July.

World vegetable oil stocks remained at high levels and the decline in palm oil stocks was considered insufficient to justify a sustained recovery in prices. At the same time, the uncertainties related to the outcome of the trade war between the United States and China caused major disruptions in most commodity markets. Soybean prices, which were particularly affected, fell to levels not seen since the financial crisis of 2008, dragging palm oil prices down in their wake.

Palm oil prices started to rise again in August and rose sharply throughout the last quarter to close 2019 at around USD 850 per ton CIF Rotterdam, an increase of almost 70% in 5 months.

This rise in prices is largely linked to the announcements made by Malaysia and Indonesia to increase their consumption of palm oil for the manufacturing of biodiesel as from 2020 (B20 in Malaysia and B30 in Indonesia). These announcements sent a very strong signal to the market and coincided with a slowdown in supply in the producing countries. Fewer fertilisers due to prolonged low prices and dry weather caused by a possible return of the El Niño climate phenomenon have raised fears of a possible drop in production in the coming months and, consequently, a significant drop in stock levels.

The Sino-American trade war also had an impact on the palm oil market in the last quarter. China, deprived of American soybeans, began to buy more palm oil, with Beijing exempting this product from quotas to facilitate imports before the Chinese New Year.

At the end of the year 2019, CIF Rotterdam crude palm oil prices were around USD 850 per ton.

Outlook 2020

The rise in prices came to a halt in mid-January. Palm oil has since entered a downward spiral caused by two major causes:

- The announcement by India, the world's largest palm oil importer, to boycott palm oil imports from Malaysia. This decision comes in retaliation for the Malaysian government's criticism to Indian government's action in the Kashmir region.

- Concerns about the spread of the Coronavirus in China and the rest of the world. Indeed, the risk of a slowdown in world growth, and more particularly in Chinese growth, the world's second largest importer of palm oil, is weighing heavily on prices.

On 28th January, palm oil plunged 10% on the Kuala Lumpur Stock Exchange, posting its biggest single day drop in nearly 11 years. Trapped in a downward whirlwind throughout February, palm oil fell back under the USD 700 per ton CIF Rotterdam threshold.

However, and excluding the "Coronavirus" factor, the fundamentals for palm oil remain solid.

According to Oil World, world palm oil production, after having increased by almost 9 million tons in 2017, then by 5 million tons in 2018, would only have increased by 2.7 million tons in 2019. Oil World estimated before the Covid-19 crisis that the increase in palm production in 2020 would be less than 2 million tons.

We are indeed seeing a slowdown in the increase in production in the two main producing countries, Indonesia and Malaysia (85% of world production) which have less available land to produce and sometimes face problems of labour availability. In addition, the severe drop in palm oil prices over the last two years has led to a reduction in the use of fertilizers in village plantations, which is likely to reduce yields.

In 2020, world palm oil production is expected to reach 77 million tons, of which nearly 45 million tons will be produced in Indonesia.

Palm oil production therefore continues to increase but in proportions that may be insufficient to meet the growth in global demand. The latter remains particularly sustained thanks to the increase in world population and the continuing rise in demand for vegetable oil in developing countries.

The expected decline in stocks should therefore logically favour a rebound in palm oil prices. However, this will depend heavily on the evolution of the Coronavirus crisis in the coming months. From China, the epidemic is now spreading to the rest of the world, impacting the entire global economy in its wake. With nearly a third of the world's population in lockdown and entire sectors of the economy shut down, demand for palm oil could slow down in the coming months. Production could also be impacted if the contagion spreads to producing countries, which seems to be the case with the recent closure of some plantations in Malaysia.

Oil prices have also collapsed in recent weeks. Brent crude oil, which was trading at around USD 70 per barrel at the beginning of January, is now trading below USD 30 per barrel. The fall in oil prices could lead to a sharp drop in biodiesel production worldwide and thwart plans by the Malaysian and Indonesian governments who were betting on a significant increase of palm oil use for the making of biodiesel.

In 2019, it is estimated that biodiesel will account for a global demand for palm oil estimated at more than 17.5 million tons or about 23% of global production, of which more than 4 million tons for Europe (EU28).

The price of crude palm oil CIF Rotterdam quoted on 27th March 2020 was around USD 620 per ton

Environment and Social Responsibility

On 22nd March 2017, the Group adopted its new policy on corporate responsibility. It is based on the four principles of responsible development; improvement of management practices, respect for human rights and transparency.

An implementation plan for this policy has been defined and executed throughout the 2019 financial year.

The efforts and actions undertaken by the Socfin Group in this area are detailed in a dashboard regularly updated as well as in a separate annual report ("Sustainable Development Report").

The corporate responsibility policy, the dashboard and the annual sustainable development report are available on the Group's website.

The annual sustainability report is also available from the Company's head office upon request.

Key figures

1. Activity indicators

<i>Areas (hectares)</i>		<i>Rubber</i>		<i>Palm</i>
<i>As at 31st December 2019</i>				
Immature (by planting year)				
2019		155		1 867
2018		215		1 927
2017		80		1 587
2016		169		0
2015		1 025		0
2014		1 170		0
2013		420		0
2011		414		0
2010		454		0
Total immature		4 101		5 381
Young	(6 to 11years)	6 956	(3 to 7 years)	6 783
Mature	(12 to 22 years)	3 738	(8 to 18 years)	10 582
Old	(above 22 years)	33	(above 18 years)	15 702
Total in production		10 728		33 067
TOTAL		14 829		38 447

<i>Areas (hectares)</i>	2019	2018	2017	2016	2015
Palm plantation	38 447	39 476	39 194	38 669	38 645
Rubber plantation	14 829	15 655	15 994	16 524	16 560
TOTAL	53 276	55 131	55 188	55 193	55 205

<i>Production</i>	2019	2018	2017	2016	2015
Palm oil (tons)					
Own production	189 462	194 705	196 814	181 247	198 769
Third party purchases	0	0	0	172	3 999
Rubber (tons)					
Own production	15 123	15 142	14 702	13 590	13 012
Seeds (thousands)					
Own production	6 308	14 875	14 149	16 064	22 487

<i>Turnover (EUR millions)</i>	2019	2018	2017	2016	2015
Palm	98.5	98.4	127.5	115.2	113.8
Rubber	19.4	17.4	25.0	16.7	18.5
Other agricultural products	3.9	9.5	9.1	11.6	15.6
Total	121.8	125.3	161.6	143.5	147.9

<i>Staff</i>	2019	2018	2017	2016	2015
Average workforce	10 567	10 885	11 033	11 232	11 500

2. Key figures from the consolidated income statement

<i>(EUR millions)</i>	2019	2018	2017	2016	2015
Turnover	122	125	162	144	148
Operating income	21	38	40	39	33
Result of the year attributable to the Group	15	26	25	25	29
Operating cash flow	25	8	13	82	29
Free cash flow *	12	-12	-9	67	0

* Free Cash Flow = Cash flow from operating activities + cash flow from investing activities.

3. Key figures from the consolidated statement of financial position

<i>(EUR millions)</i>	2019	2018	2017	2016	2015
Bearer biological assets	117	110	104	118	107
Other non-current assets	87	84	86	93	100
Current assets	143	148	165	192	139
Total equity	258	256	244	258	251
Non-current liabilities	42	35	36	39	34
Current liabilities	47	51	75	106	60

Stock market data

<i>(EUR)</i>	2019	2018	2017	2016	2015
Number of shares	19 594 260	19 594 260	19 594 260	19 594 260	20 050 000
Equity attributable to the Group	250 656 900	248 819 586	237 074 123	248 302 670	242 100 442
Consolidated net earnings per share attributable to the Group	0.74	1.32	1.26	1.27	1.45
Dividend per share	0.80	0.90	1.00	1.00	1.00
Share price					
Minimum	11.70	12.60	19.00	15.60	15.22
Maximum	16.40	20.40	24.39	21.70	21.00
Closing	16.30	12.60	20.00	21.11	17.48
Market capitalization*	319 386 438	246 887 676	391 885 200	413 634 829	350 474 000
Dividend paid/consolidated net earnings attributable to the Group	107.39%	68.02%	79.17%	78.75%	68.97%
Dividends/market capitalization	4.91%	7.14%	5.00%	4.74%	5.72%
Market price/earnings per share	21.88	9.52	15.83	16.62	12.06

* Market capitalization is the product of the number of shares multiplied by the closing market price.

Corporate governance statement

1. Introduction

Socfinasia S.A. pays close attention to the evolution of the ten principles of corporate governance of the Luxembourg Stock Exchange. It commits to provide the necessary explanations for a comprehensive understanding on how the Company functions.

Corporate governance is a set of principles and rules whose main objective is to contribute to long-term value creation. It allows the Board to promote the interests of the Company and its shareholders while putting in place effective control systems, management of risks and conflicts of interests.

2. Corporate Governance Chart

The Board of Directors adopted the Corporate Governance Chart on 21st November 2018. It is available on the Group's website.

3. Board of Directors

Composition of the Board of Directors

Name	Nationality	Year of Birth	Function	First appointment	Term of office
Mr. Hubert Fabri	Belgian	1952	Chairman ^(a)	AGO 1980	AGO 2022
Mr. Vincent Bolloré	French	1952	Director ^(a)	AGE 1990	AGO 2024
Mr. Cyrille Bolloré	French	1985	Director ^(a)	AGO 2019	AGO 2025
Administration and Finance Corporation "AFICO" represented by Wolfgang Ullens	Belgian	1977	Director ^(b)	AGO 1997	AGO 2023
Mr. Philippe Fabri	Belgian	1988	Director ^(b)	AGO 2018	AGO 2024
Mr. Philippe de Taux	Belgian	1951	Director ^(b) General Secretary	AGO 2008	AGO 2020
Mr. Luc Boedt	Belgian	1955	Director ^(b)	AGO 2008	AGO 2020
Mr. François Fabri	Belgian	1984	Director ^(b)	AGO 2014	AGO 2020
Mrs. Valérie Hortefeux	French	1967	Director ^(c)	AGO 2019	AGO 2025

^(a) Non-Executive non-independent Director

^(b) Executive non-independent Director

^(c) Independent Director

The term served as director by Mr. Philippe de Taux, Mr. Luc Boedt and Mr. François Fabri expire this year. It will be proposed at the Annual General Meeting to renew those mandates for a term of six years.

Other mandates held by the directors in listed companies

Hubert Fabri

Chairman

Positions and offices held in Luxembourg companies

- Chairman and director of the Board of Directors of Société Financière des Caoutchoucs "Socfin", Socfinaf and Socfinasia.

Positions and offices held in foreign companies

- Chairman and director of the Board of Directors of Palmeraies de Mopoli;
- Vice-Chairman of Société des Caoutchoucs du Grand Bereby "SOGB";
- Vice-Chairman and member of the Supervisory Board of Compagnie du Cambodge;
- Director of Bolloré, Financière Moncey, Okomu Oil Palm Company, S.A.F.A. Cameroon "Safacam", Société Industrielle et Financière de l'Artois and La Forestière Equatoriale;
- Permanent representative of Administration and Finance Corporation "AFICO" at the Board of Société Camerounaise de Palmeraies "Socapalm".

Vincent Bolloré

Director

Positions and offices held in Luxembourg companies

- Director of Société Financière des Caoutchoucs "Socfin", Socfinaf and Socfinasia.

Positions and offices held in foreign companies

- Chairman and CEO of Bolloré;
- Chairman of the Board of Directors (Separate Management) of Financière de l'Odet and Blue Solutions;
- Vice-Chairman of Société des Caoutchoucs du Grand Bereby "SOGB";
- Member of the Supervisory Board of Vivendi;
- Director of Bolloré, Financière Moncey, Financière de l'Odet and Blue Solutions;
- Permanent representative of Bolloré Participations on the Boards of Directors of Société Industrielle et Financière de l'Artois, S.A.F.A. Cameroon "Safacam", Société des Caoutchoucs du Grand Bereby "SOGB" and Société Camerounaise de Palmeraies "Socapalm";
- Permanent representative of Bolloré Participations on the Supervisory Board of Compagnie du Cambodge.

Bolloré Participations

Director

Positions and offices held in Luxembourg companies

- Director of Société Financière des Caoutchoucs "Socfin", Socfinaf and Socfinasia.

Positions and offices held in foreign companies

- Member of the Supervisory Board of Compagnie du Cambodge;
- Director of Bolloré, Compagnie des Tramways de Rouen, Financière de l'Odet, Société des Chemins de Fer et Tramways du Var et du Gard, Société des Caoutchoucs du Grand Bereby "SOGB", Société Industrielle et Financière de Artois, S.A.F.A. Cameroon "Safacam" and Société Camerounaise de Palmeraies "Socapalm".

Administration and Finance Corporation « AFICO »

Director

Positions and offices held in Luxembourg companies

- Director of Société Financière des Caoutchoucs "Socfin", Socfinaf and Socfinasia.

Positions and offices held in foreign companies

- Director of Palmeraies de Mopoli, Société des Caoutchoucs du Grand Bereby « SOGB », Société Industrielle et Financière de l'Artois and Société Camerounaise de Palmeraies « Socapalm ».

Philippe Fabri

Director

Positions and offices in Luxembourg companies

- Director of Socfinasia.

Philippe de Traux

Director

Positions and offices held in Luxembourg companies

- Director and General Secretary of Société Financière des Caoutchoucs "Socfin", Socfinaf and Socfinasia.

Positions and offices held in foreign companies

- Director of Palmeraies de Mopoli, Okomu Oil Palm Company, Société des Caoutchoucs du Grand Bereby « SOGB » and Société Camerounaise de Palmeraies « Socapalm »;
- Permanent representative of Administration and Finance Corporation « AFICO » on the Board of Société Industrielle et Financière de l'Artois;
- Permanent representative of Société Anonyme Forestière et Agricole « SAFA » on the board of S.A.F.A. Cameroun « Safacam ».

Luc Boedt

Director

Positions and offices held in Luxembourg companies

- Director of Socfinaf et Socfinasia;
- Permanent representative of Administration and Finance Corporation « AFICO » on the board of directors of Société Financière des Caoutchoucs « Socfin ».

Positions and offices held in foreign companies

- Chairman of S.A.F.A. Cameroun « Safacam »;
- Director of Okomu Oil Palm Company and Société des Caoutchoucs du Grand Bereby « SOGB »;
- Permanent representative of Socfinaf on the Board of Directors of Société Camerounaise de Palmeraies « Socapalm ».

François Fabri

Administrator

Positions and offices held in Luxembourg companies

- Director of Société Financière des Caoutchoucs "Socfin", Socfinaf and Socfinasia.

Positions and offices held in foreign companies

- Permanent Representative of Administration and Finance Corporation "AFICO" on the Board of Société des Caoutchoucs du Grand Bereby "SOGB";
- Director of S.A.F.A. Cameroon "Safacam" and Société Camerounaise de Palmeraies "Socapalm".

Valérie Hortefeux
Administrator

Positions and offices held in Luxembourg companies

- Director of Socfinasia.

Positions and offices held in foreign companies

- Director of Blue Solutions, Ramsay Générale de Santé and Mediobanca.

Appointments of Directors

The Board of Directors proposes the appointment of the Directors at the Annual General Meeting of shareholders.

In the event of a vacancy due to death or following the resignation of one or more Directors, the remaining Directors will proceed to temporary co-optations. These co-optations will be subject to the approval of the Annual General Meeting of shareholders at its next meeting. The director appointed to replace another director will complete the term of his predecessor.

Role and Powers of the Board of Directors

The Board of Directors is the body which is responsible for the management of the Company and the control of day-to-day management. It acts in the interest of the Company.

The Board of Directors ensures that all financial and human resources are available and ensures that all the necessary structures are in place to achieve its objectives and ensure long-term value creation.

The Company's by-laws confer on the Board of Directors the power to perform all acts necessary to achieve the corporate purpose.

Activity report of the meetings of the Board of Directors

Number of annual meetings

At least two for the year-end and mid-year evaluations. During the 2019 financial year, the Board of Directors met 4 times.

Points generally discussed

Periodic accounting situations;
Portfolio movements;
Inventory and valuation of the portfolio;
Evolution of significant holdings;
Management report;
Investment projects;
Corporate, social and environmental responsibility.

Average attendance rate of Directors

- 2019: 91%
- 2018: 96%
- 2017: 91%
- 2016: 90%
- 2015: 93%

4. Committees of the Board of Directors

4.1. Audit Committee

The Committee is composed of two members. The term of service is for one year and members are eligible for re-election.

At its meeting of 18th March 2020, the Board of Directors renewed the mandates of Mr. Hubert Fabri and Mr. Vincent Bolloré as members of the Audit Committee.

The Audit Committee will assist the Board of Directors in its supervisory function and decide on matters relating to financial information for shareholders and third parties, the audit process, risk analysis and control.

The Audit Committee shall meet twice a year.

4.2. Appointment and Remuneration Committee

The remuneration of the operational management of Socfinasia S.A. is set by the principal shareholders. The Board of Directors does not consider it necessary to set up a Remuneration Committee. Similarly, for practical reasons and due to the size of the Company, the Board of Directors has not chosen to set up a Nomination Committee.

5. Remuneration

The remuneration allocated to the members of the Board of Directors of Socfinasia S.A. for financial year 2019 amounts to EUR 4 089 283 compared to EUR 7 119 847 in 2018.

The Directors of Socfinasia S.A. did not receive any other payment in shares. (stock options).

6. Shareholding Status

Shareholder	Number of shares held = Number of voting rights	Percentage holding	Date of notification
Socfin L-1650 Luxembourg	11 324 179	57.79	01/02/2017
Bolloré Participations S.A. F-29500 Ergué Gaberic	200	0.001	22/10/2018
Bolloré F-29500 Ergué Gaberic	3 358 100	17.138	22/10/2018
Compagnie du Cambodge F-92800 Puteaux	1 002 500	5.116	22/10/2018
Total Bolloré interests (direct and indirect)	4 360 800	22.255	

7. Financial calendar

26 th May 2020	Ordinary Annual General Meeting at 11 a.m.
10 th June 2020	Payment of the balance of dividend for 2019 (coupon number 78)
End of September 2020	Holding and consolidated half yearly results as at 30 th June 2020
Mid-November 2020	Interim statement of the Board for Q3 2020
End of March 2021	Annual results of the holding company as at 31 st December 2020
Mid-April 2021	Consolidated annual results as at 31 st December 2020
Mid-May 2021	Interim statement of the Board for Q1 2021
25 th May 2021	Ordinary Annual General Meeting at 11 a.m.

The Company's results are communicated on the Luxembourg Stock Exchange website www.bourse.lu in the "OAM" section and on the Company's website www.socfin.com.

8. External audit

Independent statutory auditor (Réviseur d'entreprises agréé)

C - CLERC S.A.
1 rue Pletzer
L-8080 Bertrange

In 2019, the audit fees amount to EUR 159 023, VAT included.

The audit fees include all fees paid to the independent statutory auditor of the Group (C-Clerc S.A., member of Crowe Global network) as well as those paid to member firms within their network for the year. No consulting work or other non-audit services have been performed by those companies in 2019.

The mandate of the independent statutory auditor C-CLERC expires this year. The audit committee should receive some other proposals and will submit their recommendation to the Annual General Meeting.

9. Corporate, social and environmental responsibility

On 22nd March 2017, the Group adopted its new responsible management policy. It is based on the four principles of responsible development, improvement of management practices, respect for human rights and transparency.

An implementation plan for this policy has been defined and executed throughout the 2019 financial year. The efforts and actions undertaken by the Socfin Group in this area are detailed in a dashboard regularly updated as well as in a separate annual report ("Sustainable Development Report").

The responsible management policy, the dashboard and the annual sustainable development report are available on the Group's website

10. Other information

Pursuant to the Regulation 2016/347 of the European Commission of 10th March 2016 specifying the modalities for updating insider lists, a list of insiders has been drawn up and is kept continuously up to date. The persons concerned have been informed of their inclusion on this list.

Statement of Compliance

Mr. Philippe de Taux, Director and Mr. Daniel Haas, Chief Financial Officer, indicate that, to their knowledge:

- (a) the financial statements prepared in accordance with the applicable 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) the management report fairly presents the evolution and results of the Company, the financial position of the Group and all the entities included in the consolidation and a description of the main risks and uncertainties they face.

Consolidated management report

Directors' report on the consolidated financial statements presented by the Board of Directors to the Ordinary Annual General Meeting of the Shareholders of 26th May 2020

Ladies and Gentlemen,

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements as at 31st December 2019 comprise the financial statements of Socfinasia S.A, all subsidiaries and direct and indirect associate companies, the details of which are given in Note 2 of the Notes to the consolidated financial statements.

As indicated in Note 1 of the notes to the consolidated financial statements, the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards or IFRS as adopted by the European Union. Socfinasia S.A. (the Group) adopted IFRS standards for the first time in 2005 and all the standards applicable to the Group as at 31st December 2019 have been implemented.

Consolidated results

For the 2019 financial year, the result attributable to the Group amounted to EUR 14.6 million compared to EUR 25.9 million in 2018. This results in earnings per share attributable to the Group of EUR 0.74 compared to EUR 1.32 in 2018.

Consolidated revenue amounted to EUR 121.7 million in 2019 compared to EUR 125.3 million in 2018 (a decrease of EUR 3.6 million). This decrease in revenue was mainly due to reduction in the price (EUR -9.4 million), a reduction in the quantities sold (EUR -0.8 million), and a foreign exchange gain on the Euro against the Indonesian Rupiah (EUR +7.1 million).

Likewise, operating income fell to EUR 20.9 million compared to EUR 37.9 million in 2018.

Other financial income decreased to EUR 2.1 million compared to EUR 3.9 million in 2018 and consisted mainly of foreign exchange gains of EUR 1.1 million.

Financial expenses amounted to EUR 1.7 million compared to EUR 2.5 million in 2018 and consisted mainly of foreign exchange losses of EUR 1.4 million.

The tax expense decreased. Income taxes amounted to EUR 9.7 million compared to EUR 13.1 million in 2018.

Profit for the year from associates attributable to the Group increased to EUR 5.7 million compared to EUR 4.9 million in 2018.

Consolidated statement of financial position

The assets of Socfinasia S.A consist of:

- non-current assets of EUR 203.9 million compared to EUR 194 million in 2018; an increase of EUR 9.9 million mainly due to the increase in value of the biological assets (EUR +7.6 million) and the accounting of EUR 1.2 million of right-of-use asset upon the adoption of IFRS 16;
- current assets amounting to EUR 143.4 million compared to EUR 148.3 million in 2018. The value of inventory decreased by EUR 3 million and net cash flows decreased by EUR 5.6 million.

Shareholders' equity attributable to the Group amounted to EUR 250.7 million compared to EUR 248.8 million in 2018. The increase in shareholders' equity of EUR 1.8 million was mainly due to the earnings for the year (EUR +14.6 million), the allocation of the net results (EUR -15.7 million, 2018 balance and 2019 interim dividends included), and the change in translation reserve (EUR +4.1 million)

On the basis of the consolidated shareholders' equity, the net value per share attributable to the Group (before distribution of the balance of the dividend) was EUR 12.79 compared to EUR 12.70 a year earlier. As at 31st December 2019, the share price stood at EUR 16.30.

Current and non-current liabilities increased to EUR 89.5 million compared to EUR 86.5 million a year earlier. The cash pooling payables to the entities outside the scope of consolidation amounted EUR 21 million compared to EUR 25.7 million the previous year.

Consolidated cash flow

As at 31st December 2019, net cash flow amounted to EUR 12.6 million, a decrease of EUR 5.6 million for the year compared to a decrease of EUR 32.4 million in the previous financial year.

Net cash flow from operating activities amounted to EUR 25.4 million in 2019 (EUR 7.7 million in 2018) and cash flow from operations to EUR 42.7 million compared to EUR 55.4 million in the previous financial year.

Cash flow from investing activities amounted to EUR 13.5 million (EUR 19.2 million in 2018) and cash flow from financing activities amounted to EUR 17.8 million (EUR 20.4 million in 2018) and included EUR 18.1 million of dividends (EUR 21 million in 2018).

FINANCIAL INSTRUMENTS

The cash position of the Company showed a position of USD 5 million as at 31st December 2019. This is designed to cover investments in USD. Financial risk management policies are described in the notes to the consolidated financial statements of the Company.

OUTLOOK 2020

The results for the next financial year will depend, to a large extent, on factors which are external to the management of the Group, namely the political and economic conditions in the countries where the subsidiaries are established, the changes in the price of rubber and palm oil, and the evolution of the Indonesian Rupiah and the US dollar against the Euro. The Group, for its part, pursues its policy of keeping cost prices as low as possible and improving its production capacity.

POLITICAL AND ECONOMIC ENVIRONMENT

The Company holds interests in subsidiaries operating in South-East Asia.

Given the economic and political instability in some of these countries, these investments present a risk in terms of exposure to political and economic changes.

EVENTS AFTER THE CLOSING DATE

The Covid-19 epidemic began in China in December 2019 and spread to the rest of the world from January 2020 and raised to "pandemic" status on 11th March 2020 by the WHO. At the balance sheet date, the epidemic had no impact on the Group's activities.

The Covid-19 epidemic, which took a global dimension, caused the financial markets to fall dramatically from mid-February onwards, raising fears of a slowdown in global economic growth.

Raw material prices were obviously not spared. Thus, the TSR20 1st position FOB Singapore on SGX quoted on 27th March 2020 at USD 1 070 per ton, against USD 1 451 per ton on 31st December 2019. Similarly, the price of crude palm oil CIF Rotterdam closed on 27th March 2020 at around USD 620 per ton, against USD 850 per ton on 31st December 2019.

The Covid-19 crisis has strongly affected sectors linked to the Chinese economy, particularly groups operating in the automotive industry, already in slowdown. In addition, tyre manufacturers are in the process of halting or drastically reducing production at most of their factories in Europe, North America, South America and elsewhere in the world.

We expect a sharp decline in rubber demand from tyre manufacturers from April onwards.

Slower growth in China and the recent lockdown in India, the two major palm oil importers, and falling oil prices are also weighing heavily on current crude palm oil prices.

The situation is being closely monitored by the management teams. However, it is too early to assess the full impact of the Covid-19 epidemic on the financial year 2020. First quarter operations were not affected by this crisis.

CORPORATE GOVERNANCE

The Board of Directors implements the corporate governance rules applicable in the Grand Duchy of Luxembourg in the Group's financial structure and reports.

GENERAL INTERNAL CONTROL SYSTEM ADAPTED TO THE GROUP'S SPECIFIC ACTIVITIES

Segregation of functions

The segregation of operational, commercial and financial functions implemented at each level of the Group reinforces the independence of internal control.

These different functions ensure the completeness and reliability of the information which is within their areas of responsibility. They provide regular updates of the completeness of information to local managers and to the Group's headquarters (agricultural and industrial production, trade, human resources, finance, etc)

Autonomy and accountability of subsidiaries

The operational entities enjoy a large degree of autonomy in their management due to geographical distances. They are, in particular, responsible for the implementation of an internal control system adapted to the nature and extent of their activity, the optimisation of their operations and financial performances, the protection of their assets and management of their risks.

This autonomy makes it possible for the entities to be more accountable and to ensure the adequacy between their practices and the legal framework of their host country.

Centralised control

The Human Resources Management policy of the top management of the entities within the Group is centralized at the Group's headquarters. It contributes to the smooth running of an effective internal control system through the independence of recruitment, the harmonization of the segregated functions, annual evaluations and training programs.

The operational, commercial and financial functions centrally define a set of standard reports which ensure the homogeneity of the presentation of information originating from the subsidiaries.

Treasury reporting process

The treasury department organises, supervises and controls the reporting of daily information and weekly indicators of the subsidiaries and, in particular, the cash flow position, the evolution of net debt and the expenses related to the investments.

Financial reporting process

The financial department organises, supervises and controls the reporting of monthly accounting, budgetary and financial information and distributes condensed reports for use by the Group's operational management.

Twice per year, it includes this information in the long-term development plan of the subsidiaries. It also ensures the implementation of the financial decisions taken by the Board of Directors of the subsidiaries.

Preparation of consolidated accounts

The consolidated financial statements are prepared on a half-yearly basis. They are audited annually by the external auditors as part of a financial audit of subsidiaries, which covers both the statutory accounts of the entities in the scope of consolidation and the consolidated financial statements.

Once approved by the Board of Directors, they are published.

The consolidation department of the Group guarantees homogeneity and treatment monitoring for all companies within the scope of consolidation. It strictly adheres to the accounting standards in force relating to consolidation operations. It uses a standard consolidation tool to ensure the secure processing of information feedback from subsidiaries, the transparency and relevance of automatic consolidation processes and the consistency of presentation of accounting aggregates in the annual report. Lastly, due to the complexity of the accounting standards in force and the many specificities related to their implementation, the consolidation service centralises the adjustments specific to the valuation rules applicable to the consolidated financial statements.

ENVIRONMENT AND SOCIAL RESPONSIBILITY

The Group has published its responsible management policy in 2017. It is based on the four principles of responsible development, improvement of management practices, respect for human rights and transparency.

The efforts and actions undertaken by the Socfin Group in this area are detailed in a dashboard regularly updated as well as in a separate annual report ("Sustainable Development Report").

The responsible management policy, the dashboard and the annual sustainable development report are available on the Group's website

The Board of Directors

Auditor's report on the consolidated financial statements

To the Shareholders
SOCFINASIA S.A.
4, Avenue Guillaume
L-1650 Luxembourg

REPORT OF THE *RÉVISEUR D'ENTREPRISES AGRÉÉ*

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of SOCFINASIA S.A and its subsidiaries (the "Group") including the consolidated statement of financial position as at 31st December 2019 and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the Group's consolidated financial position as at 31st December 2019, as well as its consolidated financial performance and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Emphasis of matter

Without qualifying our opinion, we would like to draw your attention to the following points:

Note 1.12 to the consolidated financial statements describes that the Group has adopted IFRS 16 "Leases" as of 1st January 2019 using the modified retrospective transition approach.

According to note 33, the scope of consolidation includes companies located in various countries in South-East Asia and which are exposed to risks of political and economic fluctuations.

Basis of opinion

We conducted our audit in accordance with the Regulation (EU) N ° 537/2014, the law of 23rd July 2016 relating to the audit profession (the law of 23rd July 2016) and the International Standards on Auditing (ISA) as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier (CSSF). The responsibilities incumbent on us under these regulations, laws and standards are more fully described in the section entitled " Auditors' responsibilities for the audit of the consolidated financial statements " of this report. We are also independent from the Company in accordance with the Code of Ethics of Professional Accountants of the International Accounting Standards Board (the IESBA Code) as adopted for Luxembourg by the CSSF and the rules of professional conduct apply to the audit of the financial statements and we have fulfilled the other responsibilities incumbent on us under these rules.

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

Key Audit Matters

The key audit questions are those matters that, in our professional judgment, have been the most significant in the audit of the consolidated financial statements for the period. These matters have been addressed in the context of our audit of the consolidated financial statements as a whole and for the purpose of forming our opinion thereon, and we do not express a separate opinion on these matters.

Impairment losses on biological assets

Description of the key audit matter

As at 31st December 2019, the value of the Group's biological production assets amounted to EUR 117 million for a total balance sheet of EUR 347 million.

The Group has biological assets in Asia. These biological assets, mainly consisting of palm oil and rubber plantations, are valued according to the principles defined in IAS 16 "Property, plant and equipment".

Biological assets are recorded at acquisition cost less accumulated amortization and any impairment losses.

Note 23 "Impairment of assets" in the notes to the consolidated financial statements describes the methods used by the Group to verify whether there is an indication of impairment at the end of the reporting period and when an impairment occurs, the methods for determining the recoverable value of the biological assets on the basis of which an impairment loss may be recognized.

The impairment loss index adopted by the Group is a decline in prices of natural rubber (TSR20 1st position on SGX) and crude palm oil (CIF Rotterdam) at the closing date of more than 15% compared to an average of values over 5 years. The Group also compares the 6-month average as well as the average over the last 12 months of these values to the average of these same values over 5 years.

The Group also studies the prices observed on local markets, considering that a fall in these prices at the closing date of more than 15% compared to an average of values over 5 years constitutes an indication of loss of value.

In addition to these external factors, the Group considers the following factors:

- Internal performance indicators;
- Conditions of the local market;
- Physical indicators of loss of value;
- Significant change in plantation, which could have a material impact on their future cash flows.

The recoverable amount is the higher of value-in-use and market value. Value-in-use is determined by reference to discounted net future cash flows and involves significant management judgment, particularly in the preparation of forecasts and the choice of discount rates.

We considered that the value of the biological assets is a key audit issue due to their significant amount in the consolidated statement of financial position and because the assessment of the existence of a loss of value and, if applicable, the determination of the recoverable value of the assets, is judgmental.

Audit response provided

To address this risk, we performed the following work:

- Assess the compliance of the methodology applied by the Group with the provisions of IAS 36 "Impairment of Assets";
- Perform a critical analysis of the methods used to implement this methodology, paying particular attention to any indications of impairment;

- Review the work of the auditors of the significant subsidiaries in order to identify any indications of impairment;
- Carry out on-site visits to the plantation of the significant subsidiaries;
- Conduct an audit of the data used by the Group to identify any existence of impairment indicators by comparing them with other sources and reviewing the internal performance indicators of the Group's subsidiaries by comparing them with comparable companies
- Examine, in the case of the occurrence of an impairment loss, the relevance of the model used to determine the recoverable amount of the biological assets and ensure the reasonableness of the possible impairment loss recognized;
- Analyse the consistency of the cash flow projections used to calculate value-in-use;
- Reconcile the main data applied in the model with the information received from the local auditors;
- Assess the reasonableness of the main assumptions, including discount rates, based on active market data available to the entity at the measurement date, and comparable data;
- Testing the arithmetical accuracy of the value-in-use calculation performed by management.
- Verify the appropriateness of the information presented in Note 6 "Biological assets" and Note 23 "Impairment of assets" in the notes to the consolidated financial statements.

Other information

Responsibility for other information rests with the Board of Directors. Other information consists of the information presented in the annual report including the management reports and the corporate governance statement but does not include the financial statements and our reports of the "Réviseur d'Entreprises Agréé" on these financial statements.

Our opinion on the consolidated financial statements does not extend to other information and we do not express any form of assurance on such information.

With respect to our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, assess whether there is a material inconsistency between it and the consolidated financial statements or our knowledge we gained during the audit, or if the other information appears to otherwise have a significant discrepancy. If, based on our work, we conclude that there is a significant discrepancy in the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS as adopted by the European Union as well as the internal control that it considers necessary to enable the establishment of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, it is the responsibility of the Board of Directors to evaluate the Group's ability to continue as a going concern, to communicate, as the case may be, the issues relating to the continuity of operations. and to apply the accounting principle of going concern, unless the Board of Directors intends to liquidate the Group or cease its activity or if no other realistic solution is offered to it.

Responsibilities of the auditors 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 report of the “Réviseur d’Entreprises Agréé” that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Regulation (EU) No. 537/2014, with the law dated 23rd July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 based on these consolidated financial statements

In the context of an audit conducted in accordance with Regulation (EU) No 537/2014, the law of 23rd July 2016 and ISAs as adopted for Luxembourg by the CSSF, we exercise our professional judgment and exercise a critical skepticism throughout this audit. In addition:

- We identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, the design and implementation of audit procedures in response to such risks, and the gathering of financial information sufficient and appropriate evidence to support our opinion. The risk of non-detection of a significant anomaly resulting from fraud is higher than that of a significant anomaly resulting from an error, since the fraud may involve collusion, forgery, voluntary omissions, misrepresentation or circumventing internal control;
- We gain an understanding of the internal control elements relevant to the audit in order to design audit procedures appropriate to the circumstances and not to express an opinion on the effectiveness of the Group's internal control;
- We assess the appropriateness of the accounting methods used and the reasonableness of the accounting estimates made by the Board of Directors, as well as the related information provided by the latter;
- We draw a conclusion as to the appropriateness of the Board of Directors' use of the going concern accounting principle and, depending on the audit evidence obtained, whether or not there is significant uncertainty related to events or situations that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that there is material uncertainty, we are required to draw the attention of readers of our report to the information provided in the consolidated financial statements about this uncertainty or, if this information is not adequate to express a modified opinion. Our conclusions are based on the evidence obtained up to the date of our report. However, future events or situations could lead the Group to cease operations;
- We evaluate the overall presentation, the form and content of the consolidated financial statements, including the information provided in the notes, and assess whether the consolidated financial statements represent the underlying transactions and events in a manner that is appropriate for a true and fair view;
- We obtain sufficient appropriate audit evidence concerning the financial information of the Group's entities and businesses to express an opinion on the consolidated financial statements.
- We are responsible for the management, supervision and execution of the Group audit, and assume full responsibility of our audit opinion.

We communicate to corporate governance officials, in particular, the scope and expected timing of the audit work and our significant findings, including any significant internal control deficiencies we may have identified during our audit.

We also provide corporate governance officials with a statement that we have complied with the relevant rules of professional conduct regarding independence and disclose to them all relationships and other factors that may reasonably be expected to affect the Company's independence. our independence and related safeguards where applicable.

Among the questions communicated to corporate governance officials, we determine which were the most important in the audit of the consolidated financial statements of the period considered: these are the key questions of the audit. We describe these issues in our report unless legal or regulatory provisions prevent them from being published.

Report on other legal and regulatory requirements

We were appointed as independent statutory auditor by the Annual General Meeting on 31st May 2017 and the total duration of our engagement without interruption, including reappointment and previous renewals, is 5 years.

The consolidated management report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The information required by article 68ter paragraph (1) letters c) and d) of the amended law of 19th December 2002 concerning the commercial and companies register and the accounting and annual accounts of the companies included in the consolidated management report and presented on pages 37 to 38 and in the Company's management report and presented on pages 111 to 112 are consistent with the consolidated financial statements and have been prepared in accordance with applicable legal requirements.

We confirm that our audit opinion is in accordance with the content of the supplementary report to the Audit Committee or the equivalent body.

We confirm that we have not provided any prohibited non-audit services as referred to in Regulation (EU) No 537/2014 and that we have remained independent from the Group during the audit.

Bertrange, 9th April 2020

C-CLERC S.A.
Cabinet de révision agréé

Mariateresa Di Martino
Réviseur d'entreprises agréé

Consolidated Financial Statements

1. Consolidated Statement of Financial Position

ASSETS	<i>Note</i>	31/12/2019 EUR	31/12/2018 EUR
<i>Non-current assets</i>			
Right-of-use assets	3	1 207 625	0
Intangible assets	4	284 094	326 574
Property, plant and equipment	5	45 999 098	46 465 610
Biological assets	6	117 122 614	109 564 244
Investment in associates	8	22 764 737	22 180 704
Financial assets at fair value through other comprehensive income	9	633 987	667 448
Long-term advances		3 170 663	2 743 571
Deferred tax assets	10	4 524 716	3 852 721
Other non-current assets		8 200 000	8 200 000
		203 907 534	194 000 872
<i>Current assets</i>			
Inventory	11	18 312 845	21 274 302
Trade receivables	12	4 174 869	3 441 405
Other receivables	13	107 399 734	104 321 473
Current tax assets	14	883 837	1 132 080
Cash and cash equivalents	15	12 592 654	18 212 041
		143 363 939	148 381 301
TOTAL ASSETS		347 271 473	342 382 173

EQUITY AND LIABILITIES**Note** **31/12/2019** **31/12/2018**
EUR **EUR****Equity attributable to the owners of the Parent**

Share capital	16	24 492 825	24 492 825
Legal reserve	17	2 449 283	2 506 250
Consolidated reserves		325 493 946	316 409 662
Translation reserves		-116 375 679	-120 513 264
Profit for the year		14 596 525	25 924 113

250 656 900 **248 819 586****Non-controlling interests** **7** **7 098 042** **7 057 614**

Total equity **257 754 942** **255 877 200****Non-current liabilities**

Deferred tax liabilities	10	86 920	145 572
Employee Benefit Obligations	18	40 794 919	35 262 891
Long-term lease liabilities	3	1 295 694	0

42 177 533 **35 408 463****Current liabilities**

Short-term lease liabilities	3	25 938	0
Trade payables		3 539 458	3 681 819
Current tax liabilities	14	1 948 383	2 165 591
Provisions		78 660	78 273
Other payables	19	41 746 559	45 170 827

47 338 998 **51 096 510****TOTAL EQUITY AND LIABILITIES**

347 271 473 **342 382 173**

2. Consolidated income statement

	<i>Note</i>	<i>2019 EUR</i>	<i>2018 EUR</i>
Revenue	31	121 738 447	125 293 647
Work performed by entity and capitalized		2 200 391	5 538 825
Change in inventory of finished products and work in progress		-4 978 123	6 369 004
Other operating income		7 787 939	4 839 813
Raw materials and consumables used		-756 615	-1 310 471
Other expenses		-26 617 682	-28 063 167
Staff costs	21	-39 785 087	-36 283 512
Depreciation and impairment expense	22	-11 230 829	-10 302 834
Other operating expenses		-27 448 394	-28 152 806
<i>Operating profit</i>		<i>20 910 047</i>	<i>37 928 499</i>
Other financial income	24	2 070 161	3 876 482
Gains on disposals		30 855	32 255
Impairment on disposals of assets		-522 872	-299 633
Financial expenses	25	-1 726 740	-2 453 577
<i>Profit before taxes</i>		<i>20 761 451</i>	<i>39 084 026</i>
Income tax expense	26	-9 660 672	-13 126 112
Deferred tax income / expense	26	55 901	-1 232 679
Group's share of income from associates	8	5 704 070	4 874 235
<i>Profit for the period</i>		<i>16 860 750</i>	<i>29 599 470</i>
<i>Profit attributable to non-controlling interests</i>		<i>2 264 225</i>	<i>3 675 357</i>
<i>Profit attributable to the owners of the Parent</i>		<i>14 596 525</i>	<i>25 924 113</i>
<i>Basic earnings per share</i>	27	<i>0.74</i>	<i>1.32</i>
Number of shares of Socfinasia S.A		19 594 260	19 594 260
Basic earnings per share		0.74	1.32
Diluted earnings per share		0.74	1.32

3. Consolidated statement of other comprehensive income

	<i>Note</i>	<i>2019</i> <i>EUR</i>	<i>2018</i> <i>EUR</i>
<i>Profit of the year</i>		16 860 750	29 599 470
<i>Other comprehensive income</i>			
Actuarial losses and gains	18	-1 580 935	1 296 331
Deferred tax on actuarial losses and gains		395 234	-324 083
Change in fair value of financial assets at fair value through other comprehensive income, before tax	9	-33 461	-68 324
Deferred tax on the change in fair value of financial assets at fair value through other comprehensive income		9 061	18 503
		<hr/>	<hr/>
<i>Sub-total of items that cannot be reclassified to income statement</i>		-1 210 101	922 427
Gains (losses) on exchange differences on translation of subsidiaries		4 443 078	2 258 163
Share of other comprehensive income related to associates		133 933	441 764
		<hr/>	<hr/>
<i>Sub-total of items that can be reclassified to income statement</i>		4 577 011	2 699 927
<i>Total other comprehensive income/(loss)</i>		3 366 910	3 622 354
<i>Comprehensive income</i>		20 227 660	33 221 824
<i>Comprehensive income attributable to non-controlling interests</i>		2 446 249	3 867 507
<i>Comprehensive income attributable to owners of the Parent</i>		17 781 411	29 354 317

4. Consolidated Statement of Cash flows

	<i>Note</i>	<i>2019</i> <i>EUR</i>	<i>2018</i> <i>EUR</i>
Operating activities			
Profit attributable to owners of the Parent		14 596 525	25 924 113
Profit attributable to non-controlling shareholders		2 264 225	3 675 357
Income from associates	8	-5 704 070	-4 874 235
Dividends received from associates	8	5 046 264	7 670 517
Fair value of agricultural production	11	3 660 462	-3 578 215
Other adjustments having no impact on cash position (IFRS and others)		-210 777	-452 387
Depreciation, amortization, provision, allowances		12 915 078	12 402 995
Net loss on disposal of assets		492 017	267 378
Income tax expense	26	9 604 771	14 358 791
Cash flow from operating activities		42 664 495	55 394 314
Interest paid		-455 357	-577 496
Income tax paid		-9 660 672	-13 126 112
Change in inventories		562 420	-3 378 327
Change in trade and other receivables		-2 665 803	-8 347 993
Change in trade payables and other payables		-5 948 157	-18 815 012
Accruals and prepayments		912 305	-3 466 150
Change in working capital requirement		-7 139 235	-34 007 482
Net cash flows from operating activities		25 409 231	7 683 224
Investing activities			
Acquisition of subsidiary		0	-1 624 807
Acquisition of intangible assets		-29 309	-64 857
Acquisition of property, plant and equipment		-13 490 198	-17 305 135
Disposal of property, plant and equipment		485 045	405 219
Acquisitions of financial fixed assets		-429 555	-616 987
Net cash flows from investing activities		-13 464 017	-19 206 567
Financing activities			
Dividends paid to owners of the Parent		-15 675 408	-17 634 834
Dividends paid to non-controlling shareholders		-2 467 389	-3 345 079
Proceeds from borrowings		0	0
Repayment of borrowings		-1 884	-1 859
Repayment of lease liabilities		-112 736	0
Interest received		455 357	577 488
Net cash flows from financing activities		-17 802 061	-20 404 284
Effect of exchange rate changes		237 460	-428 446
Net decrease in cash and cash equivalents		-5 619 387	-32 356 073
Cash and cash equivalents as at 1 st January 2018	15	18 212 041	50 568 114
Cash and cash equivalents as at 31 st December 2018	15	12 592 654	18 212 041
		-5 619 387	-32 356 073

5. Consolidated Statement of Changes in Equity

<i>EUR</i>	<i>Share capital</i>	<i>Legal reserve</i>	<i>Translation reserves</i>	<i>Consolidated reserves</i>	<i>Equity attributable to owners of the Parent</i>	<i>Non-controlling interests</i>	<i>TOTAL</i>
<i>Balance as at 1st January 2018</i>	25 062 500	2 506 250	-123 003 488	332 508 861	237 074 123	6 777 994	243 852 117
Profit/(loss) for the period				25 924 113	25 924 113	3 675 357	29 599 470
Actuarial losses and gains				875 024	875 024	97 224	972 248
Changes in fair value of securities at fair value through other comprehensive income				-39 815	-39 815	-10 006	-49 821
Foreign currency translation adjustment			2 153 231	0	2 153 231	104 932	2 258 163
Change in other comprehensive income from associates			336 993	104 771	441 764	0	441 764
<i>Other comprehensive income</i>			2 490 224	26 864 093	29 354 317	3 867 507	33 221 824
Cancellation of shares	-569 675			595 655	25 980	0	25 980
Dividends				-9 797 130	-9 797 130	-2 290 679	-12 087 809
Interim dividends				-7 837 704	-7 837 704	-1 297 208	-9 134 912
<i>Transactions with shareholders</i>	-569 675			-17 039 179	-17 608 854	-3 587 887	-21 196 741
<i>Balance as at 31st December 2018</i>	24 492 825	2 506 250	-120 513 264	342 333 775	248 819 586	7 057 614	255 877 200

EUR	Share capital	Legal reserve	Translation reserves	Consolidated reserves	Equity attributable to owners of the Parent	Non-controlling interests	TOTAL
Balance as at 1st January 2019	24 492 825	2 506 250	-120 513 264	342 333 775	248 819 586	7 057 614	255 877 200
Impact of adoption of IFRS 16 “Leases” (Note 3)				-268 474	-268 474	-4 955	-273 429
Adjusted balance as at 1st January 2019				342 065 301	248 551 112	7 052 659	255 603 771
Profit/(loss) for the period				14 596 525	14 596 525	2 264 225	16 860 750
Actuarial losses and gains				-1 067 132	-1 067 132	-118 569	-1 185 701
Changes in fair value of securities at fair value through other comprehensive income				-19 500	-19 500	-4 900	-24 400
Foreign currency translation adjustments			4 137 585	0	4 137 585	305 493	4 443 078
Transfer between reserves		-56 967		56 967	0	0	0
Change in other comprehensive income from associates			0	133 933	133 933	0	133 933
Other comprehensive income		-56 967	4 137 585	13 700 793	17 781 411	2 446 249	20 227 660
Dividends				-9 797 130	-9 797 130	-1 064 198	-10 861 328
Interim dividends				-5 878 278	-5 878 278	-1 336 668	-7 214 946
Other movements				-215	-215	0	-215
Transactions with shareholders				-15 675 623	-15 675 623	-2 400 866	-18 076 489
Balance as at 31st December 2019	24 492 825	2 449 283	-116 375 679	340 090 471	250 656 900	7 098 042	257 754 942
		2019	2018				
Dividends and interim dividends paid during the period		15 675 408	17 634 834				
Number of shares		19 594 260	19 594 260				
Dividend per share paid during the period		0.80	0.90				

6. Notes to the consolidated financial statements

Note 1. Overview and accounting policies

1.1. Overview

Socfinasia S.A. (the "Company") was incorporated on 20th November 1972. Its corporate purpose qualifies it as a soparfi since the Annual General Meeting of 10th January 2011. The registered office is established at 4, avenue Guillaume, L-1650 in Luxembourg.

The main activity of the Company and its subsidiaries (the "Group") is the management of a portfolio of holdings mainly focused on the exploitation of tropical oil palm and rubber plantations mainly in South-East of Asia.

Socfinasia S.A. is controlled by Société Financière des Caoutchoucs, abbreviated as "Socfin" which is the largest entity that consolidates. The registered office of the latter company is also located in Luxembourg.

The Company is listed on the Luxembourg Stock Exchange and is registered in the commercial register under the number B 10534.

1.2. Statement of compliance

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

On 18th March 2020, the Board of Directors approved the consolidated financial statements.

New standards or amendments as adopted by the European Union and applicable on 1st January 2019 that are currently effective:

- IFRS 16 "Leases":

On 1st January 2019, the new IFRS 16 "Leases" replaced IAS 17 "Leases". This new standard indicates how to recognize, measure and present leases and related information to be provided. The standard provides a single accounting model for lessees, requiring the recognition of right-of-use asset and a financial debt for all leases, except those with a contract term of 12 months or less or whose underlying asset has a low value. The Group applied the modified retrospective transition approach and did not consequently restate comparative data.

The impact of this new standard is detailed in Note 1.12 and in Note 3.

As of 1st January 2019, the Group adopted the following amendments without any material impact on the Group's consolidated financial statements:

- Interpretation of IFRIC 23 "Uncertainty over Income Tax Treatments":

On 7th June 2017, the IASB issued this interpretation which clarifies the application of the provisions of IAS 12 "Income Taxes" regarding the recognition and measurement of income taxes when an uncertainty exists.

- Amendments to IFRS 9 "Financial Instruments":

On 12th December 2017, the IASB published an amendment to IFRS 9 entitled "Prepayment features with negative compensation" to deal with the frequent case of instruments containing an prepayment clause when the exercise of this clause results in repayment less than the sum of the principal and the interest still due.

This amendment modifies the existing IFRS 9 requirements for termination rights to allow for an amortized cost valuation (or, depending on the business model used, at fair value through other comprehensive income) even in the case of negative compensation payments.

- Amendments to IAS 28 "Investments in Associates":

On 12th October 2017, the IASB published an amendment to IAS 28 to clarify that an entity shall apply IFRS 9 "Financial Instruments" to long-term interests in an associate or joint venture that, in fact, form part of its net investment in the associate or joint venture, but to which the equity method is not applied.

- Amendments to IAS 19 "Employee Benefits":

On 7th February 2018, the IASB published an amendment to IAS 19 entitled "Amendment, Curtailment or Liquidation of a Plan" which clarifies that when a plan is amended, curtailed or liquidated, an entity shall recognize and measure past service cost or gain or loss on liquidation without taking into account the effect of the asset ceiling. The entity shall then determine the effect of the asset ceiling after plan amendment, curtailment or wind-up and account for any change in that effect.

- Annual Improvements to IFRSs: 2015-2017 cycle:

On 12th December 2017, the IASB published the Annual Improvements to IFRS: 2015-2017 Cycle which contains amendments to four IFRSs as part of the IASB's annual improvements process:

- IFRS 3 "Business Combinations" specifies that when an entity obtains control of a joint venture, it must re-evaluate its interests previously held in that enterprise.
- IFRS 11 "Joint Arrangements" states that when an entity obtains joint control of a joint venture, it does not have to re-evaluate its interests previously held in that enterprise.
- IAS 12 "Income taxes" specifies that an entity must recognize the tax consequences of dividends in profit or loss, in other comprehensive income or in equity, where the entity had initially recognized these transactions or events.
- IAS 23 "Borrowing Costs" specifies that, if a contracted loan remains due once the related asset is ready for its intended use or sale, then such borrowing must be treated as borrowed funds in a manner that is for the purpose of calculating the capitalization rate of general loans.

New IFRS standards and amendments applicable from 2020:

- “Conceptual Financial Reporting Framework”:

On 29th March 2018, the IASB published its revised “Conceptual Financial Reporting Framework”, which contains revised definitions of an asset and a liability, as well as new guidance on the measurement, derecognition, presentation and the information to be provided. The Group does not expect that the adoption of this amendment will have a material impact on its 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 “Presentation of financial statements” 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.

The Group does not expect that the adoption of these amendments will have a material impact on its consolidated financial statements.

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

On 26th September 2019, the 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. The Group does not expect that the adoption of these amendments will have a material impact on its consolidated financial statements as it mitigates the potential effects of the uncertainty due to the reform of the “TIO” interest rate benchmark.

New IFRS standards, amendments and interpretations not yet endorsed by the European Union:

On 18th May 2017, the IASB issued IFRS 17 “Insurance Contracts”, which establishes principles for the recognition, measurement and presentation of contracts. Under IFRS 17, insurance performance should be measured at its current execution value and provide a more consistent measurement and presentation method for all insurance contracts. IFRS 17 replaces IFRS 4 “Insurance contracts” and its interpretations. It is effective as of 1st January 2022 and early adoption is permitted if IFRS 15 “Revenue from Contracts with Customers” and IFRS 9 “Financial Instruments” have been applied. The Group does not expect that the adoption of this interpretation will have a material impact on its consolidated financial statements.

On 22nd October 2018, the IASB published amendments to IFRS 3 “Business Combinations”, relating to the definition of a business, which aim to resolve the difficulties encountered by businesses in determining whether they have acquired a business or a group of assets. The Group does not expect that the adoption of these amendments, which will come into effect for financial years beginning on or after 1st January 2020, will have a material impact on its consolidated financial statements.

On 23rd January 2020, the IASB published amendments to IAS 1 “Presentation of Financial Statements” on the classification of liabilities as current and non-current in order to establish a more general approach to the classification of liabilities under IAS 1, based on an analysis of contracts existing at the balance sheet date. The amendments include clarification of the requirements for classifying liabilities that a company could settle by converting them into equity

The Group does not plan to early adopt the new accounting standards, modifications and interpretations.

1.3. Presentation of the consolidated financial statements

The consolidated financial statements are presented in Euro (EUR or €).

They are prepared on the basis of historical cost with the exception of the following assets:

- Biological assets (IAS 2, IAS 41), derivative instruments and securities measured at fair value through other comprehensive income are recognized at fair value;
- property, plant and equipment acquired as part of a business combination (IFRS 3) are measured initially at their fair value at the date of acquisition.

The accounting principles and rules are applied in a consistent and permanent way in the Group. The consolidated financial statements are prepared for the accounting year ending 31st December 2019 and are presented before allocation of the parent company's income to the Annual Meeting of Shareholders.

1.4. Consolidation principles

The consolidated financial statements include the financial statements of the parent company Socfinasia as well as those of the companies controlled by the parent ("subsidiaries") and those of the companies in which Socfinasia has exercised significant influence ("associates"), all of which constitute the "Group".

All companies included in the scope of consolidation as at 31st December 2019 close their accounts on 31st December.

a) Subsidiaries

In accordance with IFRS 10, an investor has control when three conditions are fulfilled:

- 1) he holds power over the entity;
- 2) he is entitled to or is exposed to variable returns from its involvement;
- 3) It has the ability to use its power over the entity to affect returns.

Currently, the Group holds the majority of the voting rights in the entities.

Income from subsidiaries acquired or sold during the year is included in the consolidated income statement, respectively, from the date of acquisition to the date of disposal.

Where appropriate, restatements are made to the financial statements of the subsidiaries to align the accounting principles used with those of other companies in the scope of consolidation.

All intra-group balances and transactions are eliminated upon consolidation.

b) Investments in associates

An associate is a company over which Socfinaf exercises significant influence through its participation in the financial and operational decisions of this company, but over which it has no control. Significant influence is presumed when the Group holds, directly or indirectly through its subsidiaries, between 20% and 50% of the voting rights. Associates are accounted for using the equity method. Under this method, the Group's interest in the associate is initially recognized at cost in the statement of financial position and subsequently adjusted to recognize the Group's share of movements in other comprehensive income.

Investments in associates are included in the consolidated financial statements using the equity method from the date on which significant influence begins until the date when this influence ceases. The carrying amount of positive goodwill that results from the acquisition of associates is included in the carrying amount of the investment. An impairment test is performed if an objective index of impairment is identified. Depreciation is recognized, if necessary, in the income statement under the heading "Share in the net income of companies consolidated using the equity method".

The list of subsidiaries and associated companies of the Group is presented in Note 2.

1.5. Changes in Accounting Policies, Errors and Changes in Estimates

A change in accounting policy is applied only if it meets the requirements of a standard or interpretation or permits more reliable and relevant information. Changes in accounting policies are accounted for retrospectively, except in the case of transitional provisions specific to the standard or interpretation. An error, when discovered, is also adjusted retrospectively.

Uncertainties inherent in the activity require the use of estimates when preparing financial statements. The estimates are based on judgments intended to give a reasonable assessment of the latest reliable information available. An estimate is revised to reflect changes in circumstances, new information available and the effects of experience.

1.6. Goodwill

Goodwill is the difference on the date of acquisition between the fair value of the elements given in exchange for taking control, the value of minority interests, the fair value of previous equity investments and the fair value of assets, identifiable liabilities and contingent liabilities of the acquiree.

When disposing of a subsidiary or an associated enterprise, the residual amount of goodwill attributable to the subsidiary is included in the calculation of the result of disposal.

1.7. Negative goodwill

Negative goodwill represents the excess of the Group's interest in the fair value of identifiable assets and liabilities and the contingent liabilities of a subsidiary or associate on the cost of acquisition on the acquisition date.

To the extent that negative goodwill remains after considering and reassessing the fair value of identifiable assets and liabilities and contingent liabilities of a subsidiary or associate, it is recognized directly as a product in the income statement.

1.8. Foreign currency conversion

In the financial statements of Socfinaf and of each subsidiary or associated company, transactions in foreign currency are recorded, upon initial recognition, in the reference currency of the company concerned by applying the exchange rate in force on the transaction date. At closing, monetary assets and liabilities denominated in foreign currencies are converted on the last day of the year. Gains and losses arising from the realization or translation of monetary items denominated in foreign currencies are recorded in the income statement for the year.

To hedge its exposure to certain foreign exchange risks, the Group uses forward exchange contracts. These financial instruments do not qualify for hedge accounting. They are classified in other instruments (see Note 1.17).

On consolidation, the assets and liabilities of companies whose accounts are held in a currency other than the euro are translated into euros at the exchange rate prevailing on the closing date. Income and expenses are converted into euros at the average exchange rate for the year. Any exchange differences are classified as equity under "Translation differences". In the event of a disposal, the translation differences relating to the company concerned are recognized in the income statement for the year in which the sale took place.

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

The following exchange rates have been used for the conversion of the consolidated annual accounts:

<i>Eur 1 equals to:</i>	<i>Closing rate</i>		<i>Average rate</i>	
	<i>2019</i>	<i>2018</i>	<i>2019</i>	<i>2018</i>
Cambodian Riel	4 578	4 601	4 539	4 765
Indonesian Rupiah	15 615	16 581	15 815	16 804
US Dollar	1.1234	1.1450	1.1192	1.1782

1.9. Intangible assets

Intangible assets are stated at their acquisition cost less accumulated depreciation and any impairment losses.

Amortisation is applied on a straight-line basis based on an estimate of the useful life of the asset in question. Intangible assets are not subject to revaluation. When the recoverable value of an asset is lower than its book value, the latter is reduced to reflect this loss in value.

The estimated useful lives are as follows:

Patents	3 to 5 years old
Other intangible assets	3 to 5 years old
Software	3 to 5 years old
Concessions	Length of the concessions

Amortisation starts from the date of bringing the asset into use.

1.10. Property, plant and equipment

Tangible fixed assets are recorded at their acquisition cost less accumulated amortisation and any impairment losses.

Property, plant and equipment in progress is carried at cost less any identified impairment.

Depreciation is applied on a straight-line basis based on an estimate of the useful life for each significant component of the asset in question.

When the recoverable value of an asset is lower than its book value, the latter is reduced to reflect this loss in value.

The estimated useful lives are as follows:

Buildings	20 to 50 years
Technical installations	3 to 20 years
Furniture, vehicles and others	3 to 10 years

Depreciation starts from the date that the assets are brought into use.

Land is not subject to depreciation.

1.11. Biological assets

The Group has biological assets in Asia. These biological assets, mainly consisting of palm oil and rubber plantations, are valued according to the principles defined in IAS 16 "Tangible fixed assets".

Biological assets till the time of harvest, in particular for palm bunches, palm oil and rubber, is evaluated according to the principles defined by IAS 41 "Agriculture".

Biological assets

Producer biological assets are recorded at acquisition cost, less accumulated amortization and any impairment losses.

Depreciation is applied according to the straight-line method based on an estimate of the useful life. When the recoverable amount of an asset is less than its carrying amount, the carrying amount is reduced to reflect that impairment.

The estimated useful lives are as follows:

Biological assets - Palm	20 to 25 years
Biological assets - Rubber	20 to 25 years

Depreciation start date is the date of transfer of biological assets in production (maturity). This transfer takes place in the third year after palm oil tree planting in Asia, in the fourth year after palm oil tree planting in Asia and in the seventh year after rubber tree planting. For each entity, the operating period can be adapted according to the particular circumstances.

Agricultural production

Agricultural production at harvest is valued at fair value less estimated costs necessary to complete the sale.

There are no observable data for agricultural production (palm diets, latex). The World Bank publishes price forecasts for dry rubber (finished product). These forecasts are based on the RSS3 grade (smoked sheet) that is not produced by the Group. Lastly, and even more so, there are no observable prospective data relating to the Group's agricultural production. The price of a standard product in a global market is not sufficiently representative of the economic reality in which the various entities of the Group intervene. This price cannot be used as a reference for valuation.

As a result, each entity determines the fair value of agricultural production based on actual market prices obtained over the past year.

The Group does not evaluate standing agricultural production (before harvest). In fact, by nature this notion is not applicable to the rubber tree whose agricultural production (latex) is located inside the tree itself.

The Group also considers that the harvesting of palms cannot be reliably assessed with sufficient certainty without incurring costs disproportionate to the usefulness of the information collected.

The change in fair value is included in income in the period in which it occurs.

1.12. 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.

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

In applying IFRS 16 for the first time, 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 assets in respect of the right-of-use and lease liabilities for leases with 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;

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

- rights-of-use of assets: increase by EUR 1.3 million
- deferred tax assets: increase by EUR 0.02 million
- lease liabilities: increase by EUR 1.4 million.

The net impact on retained earnings as at 1st January 2019 was a decrease of EUR 0.3 million.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and recognises any impairment loss as described in Note 23 "Impairment of assets".

Accounting policy applicable before 1st January 2019

Leases are classified as finance leases when the terms of the lease transfer to the lessee substantially all the risks and rewards of ownership. All other contract are classified as operating lease.

Assets held under finance leases are recognized as Group assets at the lower of the discounted value of the minimum lease payments and their fair value at the inception date of the lease.

The corresponding debt to the lessor is recorded in the statement of financial position for the same amount as a lease obligation. Financial expenses, which represent the difference between the total commitments of the contract and the fair value of the property acquired, are spread over the different periods covered by the lease in order to obtain a constant periodic interest rate on the outstanding liability balance for each accounting year.

Rent expense under an operating lease is recognized as an expense in the income statement on a straight-line basis over the life of the related lease.

1.13. Impairment of assets

Goodwill is not amortized but is tested for impairment at least once a year and whenever there is an indication of impairment.

In addition, at each reporting date, the Group reviews the carrying amounts of its intangible and tangible assets, including its organic producing assets, in order to assess whether there is any indication that its assets may have lost value. If there is such an index, the recoverable amount of the asset is estimated to determine, if applicable, the amount of the loss or impairment. The recoverable amount is the higher of the fair value less costs to sell the asset and the value in use.

The fair value of property, plant and equipment and intangible assets is the present value of estimated future cash flows expected from the use of an asset or cash-generating unit. When it is not possible to estimate the recoverable amount of an isolated asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are immediately recognized as expenses in the income statement.

When an impairment loss recognized in a prior period no longer exists or needs to be written down, the carrying amount of the asset (cash-generating unit) is increased to the extent of the revised estimate of its recoverable amount. However, this increased carrying amount may not exceed the carrying amount that would have been determined if no impairment loss had been recognized for the asset (cash-generating unit) in prior years. The reversal of an impairment loss is recognized immediately in income in the income statement.

An impairment loss recorded on goodwill cannot be subsequently reversed.

1.14. Inventories

Inventories are recorded at their lowest cost and net realizable value. Cost includes direct material costs and, if applicable, direct labour costs and directly attributable overhead costs. Where specific identification is not possible, the cost is determined on the basis of the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to complete the sale (primarily selling expenses).

Impairment or loss on inventory to net realizable value is recognized as an expense in the period in which the impairment or loss occurred.

As explained in Note 1.11. Biological assets, agricultural production is measured at fair value less estimated costs necessary to make the sale.

1.15. Trade receivables

Trade receivables are valued at their nominal value and do not bear interest. Following the amendments to IFRS 9 "Financial Instruments", the Group applies a simplified approach and records a provision for expected losses over the life of the receivables. This provision for losses is an amount that the Group considers a reliable estimate of the inability of its customers to make the required payments.

1.16. Cash and cash equivalents

This item includes cash, demand deposits, short-term deposits of less than 3 months, as well as investments easily convertible into a known amount of cash and which are subject to a negligible risk of change in value.

1.17. Financial instruments

Financial assets and liabilities are recognized in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial instruments derivatives

Financial instruments derivatives are measured at fair value at each reporting date. The accounting treatment depends on the qualification of the instrument concerned:

- *Hedging instruments:*

The Group refers to certain hedging instruments, including foreign exchange risk and interest rate risk derivatives, as cash flow hedges. Foreign currency hedges related to firm commitments are accounted for as cash flow hedges.

At the inception of the hedging relationship, the entity prepares documentation describing the relationship between the hedging instrument and the hedged item as well as its risk management objectives and strategy for performing various hedging transactions. In addition, when the hedge is created and regularly thereafter, the Group indicates whether the hedging instrument is highly effective in offsetting changes in the fair value or cash flows of the hedged item attributable to the hedged risk.

The effective portion of changes in the fair value of derivatives that are designated as cash flow hedges and qualify for such designation is recognized in other comprehensive income and accumulated in the hedging reserve. cash flow. The gain or loss related to the ineffective portion is recognized immediately in profit or loss, in other gains and losses.

Amounts previously recognized in other comprehensive income and accumulated in equity are reclassified to net income in the periods in which the hedged item affects net income, to the same account as the recognized hedged item. However, if a hedged forecast transaction results in the recognition of a non-financial asset or liability, the gains and losses that were previously recognized in other comprehensive income and accumulated in equity are taken out of equity to be recognized in equity. taken into account in the initial measurement of the cost of the non-financial asset or liability.

- *Other instruments:*

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the income statement when they occur.

For the periods under review, forward exchange contracts were used by the Group.

Loans

Loans bearing interest are recorded for the amounts given, net of direct costs of issue. Financial income is added to the carrying amount of the instrument to the extent that it is not received in the period in which it occurs. Interest is calculated using the effective interest rate method.

Interest-bearing borrowings and overdrafts are recorded for amounts received, net of direct issue costs. Financial expenses are accounted for using the relevant accounting method and are added to the carrying amount of the instrument to the extent that they are unpaid in the year in which they occur.

The carrying amount is a reasonable approximation of fair value in the case of financial instruments such as borrowings and debts with short-term financial institutions.

The fair value measurement of borrowings and debts with financial institutions, other than in the short term, depends both on the specifics of the loans and on current market conditions. The fair value was calculated by discounting the expected future cash flows at the re-estimated interest rates prevailing at the balance sheet date over the remaining term of repayment of the loans.

The majority of long-term loans and debts with financial institutions come from institutions located in Europe, which is why the Group relied on the evolution of the interest rate of the European Central Bank adjusted for the specific risk inherent in each financial instrument, as a reasonable benchmark for estimating the fair value of such borrowings.

Equity instruments

Equity instruments are recognized for the amounts received, net of direct costs generated by the issue.

Securities available for sale

This item includes shares held by the Group in companies in which it does not exercise control or significant influence or in unconsolidated companies.

Upon initial recognition, these assets are recognized at fair value, which is generally at their acquisition cost.

In accordance with the transitional provisions in IFRS 9, the Group has chosen to show securities that are available for sale as financial assets at fair value through comprehensive income, as these investments are held as strategic investments in long term that should not be sold in the short term.

For equities of listed companies, the fair value is the market value at the closing date (Level 1). For unlisted securities, the fair value is determined on the basis of revalued net assets (Level 3).

At each reporting date, the Group reviews the carrying amounts of its securities in order to assess whether there is any indication that they may have lost value. No profit or loss related to these instruments can be reclassified to income even at the time of derecognition.

The impairment criteria applied by the Group, for unlisted securities, are a 40% depreciation compared to the acquisition cost and a loss recognized over a period of more than one year. For listed securities, a definitive impairment loss is recognized in profit or loss if the closing market price is more than 30% lower than its acquisition cost over a period of more than one year.

Other financial assets and liabilities

Other financial assets and liabilities are recorded at their acquisition cost. The fair value of other financial assets and liabilities is estimated to be close to the carrying amount.

The receivables are valued at their nominal value (historical cost) less any write-downs covering amounts considered as non-recoverable if the Group deems it necessary. Depreciation of assets is recognized in the income statement under "Other operating income/expenses". There is no consolidated Group policy on value adjustments. The Board of Directors of each subsidiary evaluates the receivables individually. Value adjustments are determined taking into account the local economic reality of each country. They are reviewed at the reception of new events and at least annually.

1.18. Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) resulting from a past event which will probably lead to an outflow of economic benefits that can be reasonably estimated. Restructuring provisions are recognized when the Group has a formal and detailed plan for the restructuring that has been notified to the affected parties.

1.19. Pension obligations

Definition of contribution plans

These plans designate the post-employment benefit plans under which the Group pays defined contributions to external insurance companies for certain categories of employees. Payments made under these pension plans are recognized in the income statement in the year in which they are due.

As these plans do not generate future commitments for the Group, they do not give rise to provisions.

Benefit plans defined

These plans refer to post-employment benefit plans that provide additional income to certain categories of employees for services rendered during the year and prior years.

This guarantee of additional resources is a future benefit for the Group for which a commitment is calculated by independent actuaries at the end of each financial year.

The actuarial assumptions used to determine the liabilities vary according to the economic conditions prevailing in the country in which the plan is located.

The discount rates applicable to discount post-employment benefit obligations should be determined by reference to the market yields on high quality corporate bonds that are appropriate to the estimated timing of benefit payments at the balance sheet date.

The Group considers that there is no active market for high-quality corporate bonds or government bonds corresponding to the terms of the employee benefits in the countries concerned. In the absence of available and reliable data, since the end of December 2014, the Group decided to calculate discount rates using an economic approach that better reflects the value of money and the timing of benefit payments.

The cost of corresponding commitments is determined using the projected unit credit method, with a discounted value calculation at the balance sheet date in accordance with the principles of IAS 19 "Employee Benefits".

The revised version of IAS 19 requires all changes in the amount of defined benefit pension obligations to be recognized as they occur.

Remeasurements of defined benefit pension obligations, including actuarial gains and losses, should be recognized immediately in "Other comprehensive income".

The costs of services rendered during the period, past service costs (plan amendment) and net interest are recognized as an expense immediately.

The amount recognized in the statement of financial position is the present value of the pension obligations of the defined benefit plans adjusted for actuarial gains and losses and less the fair value of plan assets.

1.20. Revenue recognition

The Group's revenues derive from the performance obligation of transferring control of products under arrangements. According to these arrangements, the transfer of control and the fulfilment of the performance obligation occur at the same time.

The point of control of the asset by the customer depends on when the goods are made available to the carrier or when the buyer takes possession of the goods, depending on the delivery conditions. With regard to the Group's activities, the recognition criteria are generally met:

- (a) for export sales, where the products are made available to the carrier;
- (b) for local sales, depending on the delivery conditions, either when the goods leave the premises or when the customer takes possession of the goods.

This is the moment when the Group has fulfilled its performance obligations.

Revenues are valued at the transaction price of the consideration received or receivable, following the terms of contract with the buyer.

The selling price is determined at the market price and in a few cases the selling price is contractually determined on a provisional basis, based on a reliable estimate of the selling price. In the latter case, price adjustments can then take place depending on the movements between the reference price and the final price.

Interest income is recognized on a straight-line basis, depending on the outstanding amount of principal and the applicable interest rate.

1.21. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, that is, that require a long period of preparation, must be capitalized in the cost of an asset. However, there is an exception for borrowing costs that are related to the acquisition, construction or production of a qualifying asset measured at fair value. These are recognized in the income statement.

Other borrowing costs are recorded in the income statement in the period in which they are incurred.

1.22. Taxes

Current tax is the amount of tax payable or recoverable on the profit or loss of a financial year.

Temporary differences between the book values of assets and liabilities and their tax bases give rise to the recognition of a deferred tax using the tax rates whose application is provided for when reversing the temporary differences, as adopted on the closing date.

Deferred taxes are recognized for all temporary differences unless the deferred tax is generated by goodwill or by the initial recognition of an asset or a liability that is not acquired through a business combination and does not affect the accounting profit or the taxable profit on the transaction date.

A deferred tax liability is recognized for all taxable temporary differences related to investments in subsidiaries and associates, unless the date on which the temporary difference will be reversed can be checked and it is likely that it will not reverse in the foreseeable future.

A deferred tax asset is recognized to carry forward unused tax losses and tax credits to the extent that it is probable that future taxable profits will be available on which these unused tax losses and tax credits can be charged.

Deferred tax is recognized in the income statement unless it relates to items that have been directly recognized, either in equity or in other comprehensive income.

1.23. Non-current assets held for sale and discontinued operations

These assets include cash-generating units that have been sold or are being held for sale.

Assets and liabilities held for sale are presented separately from other assets and liabilities in the statement of financial position and are measured at the lower of their net book value and fair value net of disposal costs.

The result of discontinued operations is presented on a separate line in the income statement.

1.24. Business combinations

IFRS 3 "Business Combinations" provides the accounting basis for recognizing business combinations and changes in interests in subsidiaries after obtaining control.

This standard makes it possible, at each grouping, to opt for the recognition of a positive goodwill (corresponding to majority and minority interests) or a partial positive goodwill (based on the percentage of vested interests).

The accounting treatment of this difference is described in points 1.6 and 1.7.

Changes in interest in a subsidiary that do not result in loss of control are accounted for as equity transactions.

1.25. Segment information

IFRS 8 "Operating Segments" requires operating segments to be identified based on the internal reporting analysed by the entity's chief operating decision-maker to assess performance and make resource decisions for the segments.

The identification of these operational sectors follows from the information analysed by the Management which is based on the geographic distribution of political and economic risks and on the analysis of individual social accounts at historical cost.

1.26. Use of estimates

For the preparation of consolidated financial statements in accordance with IFRS, Group Management has had to make assumptions based on its best estimates that affect the carrying amount of assets and liabilities, information on assets and liabilities, contingent liabilities and the carrying amount of income and expenses recorded during the period.

Depending on the evolution of these assumptions or different economic conditions, the amounts that will appear in the Group's future consolidated financial statements may differ from current estimates. Significant accounting policies, for which the Group has made estimates, mainly concern the application of IAS 19 (Note 18), IAS 2 / IAS 41 (Notes 6 and 11), IAS 16 (Note 5), IAS 36 (Notes 5, 6 and 23) and IFRS 9 (Note 20) and IFRS 16 (Note 3).

In the absence of observable data within the scope of IFRS 13, the Group makes use of a model developed to assess the fair value of agricultural production based on local production costs and local sales.

This method is inherently more volatile than assessment at historical cost.

Note 2. Subsidiaries and associates

	<i>% Group Interest 2019</i>	<i>% Group Control 2019</i>	<i>Consolidation Method (*) 2019</i>	<i>% Group Interest 2018</i>	<i>% Group Control 2018</i>	<i>Consolidation Method (*) 2018</i>
Asia						
Rubber and Palm						
PT SOCFIN INDONESIA « SOCFINDO »	90.00	90.00	FI	90.00	90.00	FI
Rubber						
SETHIKULA CO LTD	100.00	100.00	FI	100.00	100.00	FI
SOCFIN-KCD CO LTD	100.00	100.00	FI	100.00	100.00	FI
VARANASI CO LTD	100.00	100.00	FI	100.00	100.00	FI
COVIPHAMA CO LTD	100.00	100.00	FI	100.00	100.00	FI
EUROPE						
Other Activities						
CENTRAGES S.A.	50.00	50.00	EM	50.00	50.00	EM
IMMOBILIERE DE LA PEPINIERE S.A.	50.00	50.00	EM	50.00	50.00	EM
INDUSERVICES S.A.	35.00	35.00	EM	35.00	35.00	EM
INDUSERVICES FR S.A.	50.00	50.00	EM	50.00	50.00	EM
MANAGEMENT ASSOCIATES S.A.	20.00	20.00	EM	20.00	20.00	EM
PLANTATION NORD-SUMATRA LTD « PNS Ltd » S.A.	100.00	100.00	FI	100.00	100.00	FI
SOCFIN RESEARCH S.A.	50.00	50.00	EM	50.00	50.00	EM
SOCFIN GREEN ENERGY S.A.	50.00	50.00	EM	50.00	50.00	EM
SOCFINCO S.A.	50.00	50.00	EM	50.00	50.00	EM
SOCFINCO FR S.A.	50.00	50.00	EM	50.00	50.00	EM
SOCFINDE S.A.	79.92	79.92	FI	79.92	79.92	FI
SODIMEX S.A.	50.00	50.00	EM	50.00	50.00	EM
SODIMEX FR S.A.	50.00	50.00	EM	50.00	50.00	EM
SOGESCOL FR S.A.	50.00	50.00	EM	50.00	50.00	EM
TERRASIA S.A.	47.81	47.81	EM	47.81	47.81	EM

(*) Consolidation method: FI: Full Integration, EM: Equity Method

List of subsidiaries and associated companies

- * CENTRAGES S.A. is a company under Belgian law providing administrative and accounting services and owns three floors of office space in Brussels.
- * COVIPHAMA CO LTD is a company under Cambodian law active in the production of rubber.
- * IMMOBILIERE DE LA PEPINIERE S.A. is a company under Belgian law which owns three floors of office space in Brussels.
- * INDUSERVICES S.A. is a company under Luxembourg law whose purpose is to provide all administrative services to all companies and organizations, including all services relating to documentation, bookkeeping and register services, as well as all representation, study and consultation activities and assistance.
- * INDUSERVICES FR S.A. is a company under Swiss law whose purpose is to provide all administrative services to all companies and organizations, including all services relating to documentation, bookkeeping and register services, as well as all representation, study and consultation activities and assistance. In addition, it provides all Group companies with access to the common IT platform.
- * MANAGEMENT ASSOCIATES S.A. is a company under Luxembourg law active in the transport sector.
- * PLANTATION NORD-SUMATRA LTD “PNS Ltd” S.A. is a holding company under Luxembourg law which holds stakes in PT Socfindo and Coviphama CO Ltd.
- * PT SOCFIN INDONESIA “SOCFINDO” is a company under Indonesian law active in the production of palm oil and rubber.
- * SETHIKULA CO LTD is a company under Cambodian law holding concessions of agricultural land.
- * SOCFIN CONSULTANT SERVICES « SOCFINCO » S.A. is a company established in Belgium providing technical assistance, agronomic and financial services.
- * SOCFIN GREEN ENERGY S.A. is a Swiss company in the realization and maintenance studies of energy production units.
- * SOCFIN RESEARCH S.A. is a Swiss research and agricultural project company.
- * SOCFIN-KCD CO LTD is a company under Cambodian law active in the production of rubber products.
- * SOCFINCO FR S.A. is a Swiss company providing services, studies and management of agro-industrial plantations.
- * SOCFINDE S.A. is a finance holding company under Luxembourg law.
- * SODIMEX S.A. is a Belgian company active in the field of buying and selling equipment for plantations.
- * SODIMEX FR S.A. is a Swiss company active in the purchase and sale of equipment for plantations.
- * SOGESCOL FR S.A. is a Swiss company active in the tropical products trade.
- * TERRASIA S.A is a company under Luxembourg law owning office space.
- * VARANASI CO LTD is a company under Cambodian law holding concession of agricultural land.

Note 3. Leases

The Group leases offices and agricultural land for terms ranging from 1 to 99 years.

The Group's lease contracts are standard contracts that do not include additional non-leasing components.

Assets and liabilities related to lease contracts are initially measured at the present value of the fixed payments including in-substance fixed payments less any lease incentives receivable. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

As the implicit interest rate is not known for all the Group's contracts, the incremental borrowing rate was used to discount the lease payments. The incremental borrowing rate is the rate that the lessee Group would have to pay to borrow, for a similar term and with a similar guarantee, the funds necessary to acquire an asset of similar value to the asset under the right-of-use in a similar economic environment.

In determining the incremental borrowing rate, the Group:

- where possible, uses the most recent financing received by the lessee entity as a starting point, adjusted to reflect the change in financing conditions since the financing was received;
- uses a build-up approach starting with a risk-free rate adjusted for credit risk for leases for entities with no recent external financing;
- makes lease specific adjustments (such as term, country, currency and collateral).

The discount rates used by the Group range between 2.4% and 14.5%.

Lease payments are allocated between the repayment of the principal amount of the lease liabilities and interest expense. Interest expense is recognized in the income statement for the period over the term of the lease.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life and the lease term.

Payments associated with short-term leases and leases of low-value assets are recognized as an expense in the income statement on a straight-line basis. Short-term leases are those with a term of 12 months or less.

Extension and termination options have been included in the determination of the term of certain leases. To this purpose, management takes into account all facts and circumstances that may create an incentive to exercise a renewal option or not to exercise an early termination option.

For land, office and other real estate leases, the most important factors considered are as follows:

- the obligation to pay significant penalties for early termination of a contract;
- the residual value of leasehold improvement at the time the Group has the option to renew a contract;
- the cost of replacing leased assets and the disruption to operating activities that could result from replacement.

The amounts recognized in the balance sheet, related to leases under IFRS 16 are as follows:

Right-to-use assets:

EUR	Buildings	Land and concession of agricultural area	Total
Impact of adoption of IFRS 16	329 186	1 425 712	1 754 898
Additions of the year	0	1 016	1 016
Foreign currency translation	3 351	72 961	76 312
Gross value as at 31st December 2019	332 537	1 499 689	1 832 226
Impact of adoption of IFRS 16	-82 009	-397 885	-479 894
Depreciation of the year	-26 368	-93 459	-119 827
Foreign currency translation	-1 898	-22 982	-24 880
Accumulated depreciation as at 31st December 2019	-110 275	-514 326	-624 601
Net book value as at 31st December 2019	222 262	985 363	1 207 625

Lease liabilities

EUR	31/12/2019	01/01/2019 (*)
Long-term lease liabilities	1 295 694	1 269 283
Short-term lease liabilities	25 938	108 361
Total	1 321 632	1 377 644

(*) The balance as at 1st January 2019 relates to the impact of adoption of IFRS 16.

Long-term lease liabilities are payable as follows:

2019

EUR	2021	2022	2023	2024	2025 and over	TOTAL
Lease liabilities	117 981	110 241	113 139	205 113	749 220	1 295 694

The amounts recognized in the income statement in relation with the lease contracts are detailed as follows:

EUR	2019
Depreciation of right-of-use assets	119 827
Expenses related to short-term leases and low-value assets	23 515
Interest expense (included in the financial expenses)	70 043
Total	213 385

Lease commitments under IAS 17:

Commitments for minimum lease payments are payable as follows:

2018

EUR	Within one year	2020	2021	2022	2023	2024 and over	TOTAL
Commitments for lease payments	187 001	174 825	50 464	40 203	40 203	2 489 637	2 982 333

Reconciliation of the lease commitments under IAS 17 and the lease liabilities under IFRS 16 :

EUR	01/01/2019
Lease commitments as at 31 st December 2018	2 982 333
Discounted using the lessee's incremental borrowing at 1 st January 2019	527 773
Payments related to short-term leases	-10 554
Adjustments for differences in the treatment of extension periods	860 425
Lease liabilities as at 1st January 2019	1 377 644
Due later than one year	1 269 283
Due within one year	108 361

Note 4. Intangible assets

EUR	Concessions and patents	Software	TOTAL
Cost as at 1st January 2018	56 610	1 473 560	1 530 170
Additions of the year	0	64 857	64 857
Disposals of the year	-6 932	0	-6 932
Foreign currency translation	2 720	-28 817	-26 097
Cost as at 31st December 2018	52 398	1 509 600	1 561 998
Accumulated depreciation as at 1st January 2018	-56 455	-1 101 876	-1 158 332
Depreciation of the year	-159	-101 977	-102 136
Depreciation reversals of the year	6 932	0	6 932
Foreign currency translation	-2 716	20 827	18 112
Accumulated depreciation as at 31st December 2018	-52 398	-1 183 026	-1 235 424
Net book value as at 31st December 2018	0	326 574	326 574
Cost as at 1st January 2019	52 398	1 509 600	1 561 998
Additions of the year	0	29 309	29 309
Foreign currency translation	260	93 738	93 998
Cost as at 31st December 2019	52 658	1 632 647	1 685 305
Accumulated depreciation as at 1st January 2019	-52 398	-1 183 026	-1 235 424
Depreciation of the year	0	-91 194	-91 194
Foreign currency translation	-260	-74 333	-74 593
Accumulated depreciation as at 31st December 2019	-52 658	-1 348 553	-1 401 211
Net book value as at 31st December 2019	0	284 094	284 094

Note 5. Property, plant and equipment

<i>EUR</i>	<i>Land and nurseries</i>	<i>Buildings</i>	<i>Technical installations</i>	<i>Furniture, vehicles and others</i>	<i>Work in progress</i>	<i>Advances and prepayments</i>	<i>TOTAL</i>
<i>Cost as at 1st January 2018</i>	<i>3 778 658</i>	<i>60 528 759</i>	<i>60 375 552</i>	<i>916 051</i>	<i>5 453 900</i>	<i>941 458</i>	<i>131 994 378</i>
Additions of the year	630 982	1 290 326	2 376 485	1 383 563	2 994 901	0	8 676 257
Disposal of the year	0	-418 546	-787 688	-637 271	0	0	-1 843 505
Reclassifications to other class of assets	-512 614	4 866 845	2 050 624	0	-6 917 468	0	-512 613
Foreign currency translation	158 687	-514 711	-967 333	57 376	143 944	-18 967	-1 141 004
<i>Cost as at 31st December 2018</i>	<i>4 055 713</i>	<i>65 752 673</i>	<i>63 047 640</i>	<i>1 719 719</i>	<i>1 675 277</i>	<i>922 491</i>	<i>137 173 513</i>
<i>Accumulated depreciation as at 1st January 2018</i>	<i>-20 086</i>	<i>-40 556 551</i>	<i>-46 714 710</i>	<i>-605 529</i>	<i>0</i>	<i>0</i>	<i>-87 896 876</i>
Depreciation of the year	0	-2 305 139	-2 120 307	-1 355 774	0	0	-5 781 220
Depreciation reversed during the year	0	182 294	739 657	630 778	0	0	1 552 729
Foreign currency translation	-1 053	621 299	838 985	-41 767	0	0	1 417 464
<i>Accumulated depreciation as at 31st December 2018</i>	<i>-21 139</i>	<i>-42 058 097</i>	<i>-47 256 375</i>	<i>-1 372 292</i>	<i>0</i>	<i>0</i>	<i>-90 707 903</i>
<i>Net book value as at 31st December 2018</i>	<i>4 034 574</i>	<i>23 694 576</i>	<i>15 791 265</i>	<i>347 427</i>	<i>1 675 277</i>	<i>922 491</i>	<i>46 465 610</i>

<i>EUR</i>	<i>Land and nurseries</i>	<i>Buildings</i>	<i>Technical installation</i>	<i>Furniture, vehicle and others</i>	<i>Work in progress</i>	<i>Advances and prepayments</i>	<i>TOTAL</i>
<i>Cost as at 1st January 2019</i>	4 055 713	65 752 673	63 047 640	1 719 719	1 675 277	922 491	137 173 513
Additions of the year	689 576	634 288	1 666 068	1 036 969	600 056	0	4 626 957
Disposals of the year	0	-124 124	-1 426 034	-1 074 822	0	-243 962	-2 868 942
Reclassifications to other asset classes	-670 425	1 851 593	18 201	-17 861	-1 851 933	0	-670 425
Foreign currency translation	58 613	3 351 032	3 639 059	52 948	25 226	53 929	7 180 807
<i>Cost as at 31st December 2019</i>	4 133 477	71 465 462	66 944 934	1 716 953	448 626	732 458	145 441 910
<i>Accumulated depreciation as at 1st January 2019</i>	-21 139	-42 058 097	-47 256 375	-1 372 292	0	0	-90 707 903
Depreciation of the year	0	-2 239 602	-2 297 465	-1 334 038	0	0	-5 871 105
Depreciation reversed during the year	0	90 987	1 337 777	1 065 335	0	0	2 494 099
Reclassifications to other asset classes	0	0	-14 417	14 417	0	0	0
Foreign currency translation	-105	-2 461 309	-2 847 016	-49 473	0	0	-5 357 903
<i>Accumulated depreciation as at 31st December 2019</i>	-21 244	-46 668 021	-51 077 496	-1 676 051	0	0	-99 442 812
<i>Net book value as at 31st December 2019</i>	4 112 233	24 797 441	15 867 438	40 902	448 626	732 458	45 999 098

Note 6. Biological assets

EUR	Palm		Rubber		Total
	Mature	Immature	Mature	Immature	
Cost as at 1st January 2018	49 162 799	9 079 199	38 938 035	39 441 158	136 621 191
Additions of the year	0	5 115 861	0	3 513 017	8 628 878
Disposals of the year	-1 080 043	0	-521 846	0	-1 601 889
Reclassifications to other asset classes	3 194 712	-2 736 896	16 249 948	-16 195 150	512 614
Foreign currency translation	-962 016	-150 931	1 108 222	1 378 022	1 373 297
Cost as at 31st December 2018	50 315 453	11 307 233	55 774 359	28 137 046	145 534 091
Accumulated depreciation as at 1st January 2018	-20 669 761	0	-7 385 100	0	-28 054 861
Depreciation of the year	-2 393 967	0	-2 025 511	0	-4 419 478
Depreciation reversals of the year	847 061	0	373 008	0	1 220 069
Foreign currency translation	395 622	0	55 477	0	451 099
Accumulated depreciation as at 31st December 2018	-21 821 045	0	-8 982 126	0	-30 803 171
Accumulated impairment as at 1st January 2018	0	0	0	-4 909 483	-4 909 483
Foreign currency translation	0	0	0	-257 193	-257 193
Accumulated impairment as at 31st December 2018	0	0	0	-5 166 676	-5 166 676
Net book value as at 31st December 2018	28 494 408	11 307 233	46 792 233	22 970 370	109 564 244

EUR	Palm		Rubber		Total
	Mature	Immature	Mature	Immature	
Cost as at 1st January 2019	50 315 453	11 307 233	55 774 359	28 137 046	145 534 091
Additions of the year	0	6 222 968	0	2 640 274	8 863 242
Disposals of the year	-1 064 838	0	-1 088 039	0	2 152 877
Reclassifications to other asset classes	3 730 345	-3 164 476	1 089 851	-985 296	670 424
Foreign currency translation	3 146 012	738 500	1 433 505	304 121	5 622 138
Cost as at 31st December 2019	56 126 972	15 104 225	57 209 676	30 096 145	158 537 018
Accumulated depreciation as at 1st January 2019	-21 821 045	0	-8 982 126	0	-30 803 171
Depreciation of the year	2 663 456	0	-2 485 248	0	-5 148 704
Depreciation reversals of the year	804 723	0	745 935	0	1 550 658
Foreign currency translation	-1 373 380	0	-447 458	0	-1 820 838
Accumulated depreciation as at 31st December 2019	-25 053 158	0	-11 168 897	0	-36 222 055
Accumulated impairment as at 1st January 2019	0	0	0	-5 166 677	-5 166 677
Reclassifications to other asset classes	0	0	-4 825 041	4 825 041	0
Foreign currency translation	0	0	41 172	-66 844	-25 672
Accumulated impairment as at 31st December 2019	0	0	-4 783 869	-408 480	-5 192 349
Net book value as at 31st December 2019	31 073 814	15 104 225	41 256 910	29 687 665	117 122 614

Note 7. Non-wholly owned subsidiaries in which non-controlling interests are significant

Interests of non-controlling interests in the activities of the Group

Name of subsidiary	Main location	Percentage of equity shares of non-controlling interests		Percentage of voting rights of non-controlling interests	
		2019	2018	2019	2018
<i>Production of palm oil and rubber</i>					
PT SOCFINDO	Indonesia	10%	10%	10%	10%

Name of subsidiary	Net income attributed to non-controlling interests in the subsidiary during the financial period		Accumulation of non-controlling interests in the subsidiary	
	2019 EUR	2018 EUR	2019 EUR	2018 EUR
PT SOCFINDO	2 210 289	3 610 335	6 087 894	6 096 504
Subsidiaries that hold non-controlling interests not significant individually			1 010 148	961 110
Non-controlling interests			7 098 042	7 057 614

Summary financial information concerning subsidiaries whose interests of non-controlling interests are significant for the Group excluding intragroup eliminations

Name of subsidiary	Current assets EUR	Non-current assets EUR	Current liabilities EUR	Non-current liabilities EUR
PT SOCFINDO				
2018	20 554 537	87 566 584	20 090 790	35 262 891
2019	24 211 165	94 725 931	21 271 634	40 794 919

Name of subsidiary	Revenue from ordinary activities	Net income for the year	Comprehensive income for the year	Dividend paid to non-controlling interests
	EUR	EUR	EUR	EUR
PT SOCFINDO				
2018	123 261 894	35 006 776	35 006 776	3 369 229
2019	118 230 566	25 502 860	25 502 860	2 467 389

Name of subsidiary	Net cash inflows (outflows)			Net cash inflows (outflows)
	Operating activities	Investing activities	Financing activities	
	EUR	EUR	EUR	EUR
PT SOCFINDO				
2018	33 254 238	-10 925 687	-33 692 285	-11 363 735
2019	36 221 468	-10 588 804	-24 673 891	958 773

The nature and evolution of the risks associated with the interests held by the Group in the subsidiaries remained stable over the financial period compared to the previous year.

Note 8. Investments in associates

	2019	2018
	EUR	EUR
Value as at 1st January	22 180 704	24 421 881
Income from associates	5 704 070	4 874 235
Dividends	-5 046 264	-7 670 517
Fair value change for financial assets measured at fair value through other comprehensive income (loss)	133 933	104 771
Other movements	-207 706	450 334
Value as at 31st December	22 764 737	22 180 704

Name of associate	Value of investment in associates	Income from associates	Value of investment in associates	Income from associates
	2019	2019	2018	2018
	EUR	EUR	EUR	EUR
Centrages S.A.	3 154 812	20 153	3 234 659	97 156
Immobilière de la Pépinière S.A.	1 921 744	-126 366	2 048 326	-118 334
Induservices S.A.	81 268	2 065	79 203	2 204
Induservices FR S.A.	-890 313	-197 716	-497 977	-267 103
Management Associates S.A.	-2 382	7 847	-10 229	-10 995
Socfin Green Energy S.A.	752 833	101 343	651 490	102 943
Socfin Research S.A.	1 774 935	-195 663	1 970 598	-219 755
Socfinco S.A.	872 578	103 170	1 069 408	250 756
Socfinco FR S.A.	4 809 598	2 015 068	4 760 965	1 915 028
Sodimex S.A.	167 446	57 309	210 137	-2 400
Sodimex FR S.A.	2 183 819	444 333	1 739 486	605 295
Sogescol FR S.A.	7 686 340	3 461 377	6 683 730	2 506 230
Terrasias S.A.	252 059	11 150	240 908	13 210
TOTAL	22 764 737	5 704 070	22 180 704	4 874 235

Name of associate	Total assets	Revenue from ordinary activities	Total assets	Revenue from ordinary activities
	2019	2019	2018	2018
	EUR	EUR	EUR	EUR
Centrages S.A.	3 541 811	2 781 074	3 611 666	2 660 705
Immobilière de la Pépinière S.A.	4 390 218	449 334	4 647 630	460 918
Induservices S.A.	2 554 004	3 817 000	1 631 490	6 549 500
Induservices FR S.A.	5 507 277	2 007 530	4 721 333	1 705 640
Management Associates S.A.	14 582 030	4 375 932	12 300 416	3 245 758
Socfin Green Energy S.A.	1 537 392	488 823	1 339 394	386 209
Socfin Research S.A.	3 975 939	50 922	4 362 396	170 351
Socfinco S.A.	1 874 612	1 627 536	2 266 813	2 145 770
Socfinco FR S.A.	14 712 139	20 876 086	10 707 280	19 990 681
Sodimex S.A.	555 407	0	576 266	36 601
Sodimex FR S.A.	13 474 446	22 146 453	17 154 484	24 862 029
Sogescol FR S.A.	35 282 616	276 101 249	34 878 909	238 258 853
Terrasias S.A.	527 223	76 885	506 551	76 885
TOTAL	102 515 114	334 798 824	98 704 628	300 549 900

Main data of significant associates accounted for using the equity method

Name of associate	Main location	Main activity	Dividend received 2019 EUR	Dividend received 2018 EUR
Socfinco FR S.A.	Switzerland	Rendering of services	2 000 000	3 000 000
Sodimex S.A.	Belgium	Purchase and sale of equipment	100 000	350 000
Sogescol FR S.A.	Switzerland	Trade of tropical products	2 690 342	3 632 789

Summary financial information of interests held in associates - Statement of financial position

Name of associate	Current assets EUR	Non-current assets EUR	Current liabilities EUR	Non-current liabilities EUR
2018				
Management Associates S.A.	624 831	11 675 585	1 534 644	8 200 000
Socfinco FR S.A.	9 763 533	943 747	1 159 735	0
Sodimex S.A.	576 266	0	155 992	0
Sogescol FR S.A.	34 123 513	755 396	21 504 904	0
TOTAL	45 088 143	13 374 728	24 355 275	8 200 000
2019				
Management Associates S.A.	3 583 984	10 998 045	3 777 023	8 200 000
Socfinco FR S.A.	10 800 684	3 911 455	2 173 231	2 763 958
Sodimex S.A.	555 407	0	351 227	0
Sogescol FR S.A.	34 280 953	1 001 663	20 394 982	0
TOTAL	49 221 028	15 911 163	26 696 463	10 963 958

Summary financial information of interests held in associates - Income statement

Name of associate	Profit from operations	Net income for the year	Comprehensive income for the year
2018	EUR	EUR	EUR
Management Associates S.A.	-188 155	-188 155	-188 155
Socfinco FR S.A.	3 745 494	3 745 494	3 745 494
Sodimex S.A.	-4 800	-4 800	-4 800
Sogescol FR S.A.	5 379 327	5 379 327	5 379 327
TOTAL	8 931 866	8 931 866	8 931 866
2019	EUR	EUR	EUR
Management Associates S.A.	39 235	39 235	39 235
Socfinco FR S.A.	4 227 405	4 227 405	4 227 405
Sodimex S.A.	-16 094	-16 094	-16 094
Sogescol FR S.A.	6 622 199	6 622 199	6 622 199
TOTAL	10 872 745	10 872 745	10 872 745

Reconciliation of the financial information summarised above to the carrying amount of the investments in the consolidated financial statements

Name of associate	Net assets of the associate	% stake held by the Group	Others IFRS adjustments	Value of stake held by the Group
2018	EUR		EUR	EUR
Management Associates S.A.	2 565 772	20%	-523 383	-10 229
Socfinco FR S.A.	9 547 545	50%	-12 808	4 760 965
Sodimex S.A.	420 274	50%	0	210 137
Sogescol FR S.A.	13 374 005	50%	-3 273	6 683 730
TOTAL	25 907 596		-539 464	11 644 603
2019	EUR		EUR	EUR
Management Associates S.A.	2 605 006	20%	-523 383	-2 382
Socfinco FR S.A.	9 774 950	50%	-77 877	4 809 598
Sodimex S.A.	204 180	50%	65 356	167 446
Sogescol FR S.A.	14 887 634	50%	242 523	7 686 340
TOTAL	27 471 770		-293 381	12 661 002

There is no goodwill attributed to the above associates.

Aggregated information relating to associates that are not significant individually

	2019	2018
	EUR	EUR
Share of profit from operations attributable to the Group	162 469	466 372
Share of other comprehensive income attributable to the Group	162 469	466 372
Total book value of investments in associates held by the Group	10 103 735	10 536 101

Profit after tax from discontinued operations and other comprehensive income for the year for 2019 and 2018 are nil for all associate companies of the Group.

The nature, extent and financial impact of the interests held in associates by the Group, including the nature of relationships with other investors, remained stable over the financial period compared to the previous year.

Note 9. Financial assets at fair value through other comprehensive income

	2019	2018
	EUR	EUR
<i>Fair value as of 1st January</i>	667 448	735 772
Change in fair value	-33 461	-68 324
<i>Fair value as of 31st December</i>	633 987	667 448

EUR	Cost (historical)		Fair value	
	2019	2018	2019	2018
Financial assets valued at fair value through other comprehensive income	519 117	519 117	633 987	667 448

Note 10. Deferred taxes

*Components of deferred tax assets

	2019	2018
	EUR	EUR
IAS 2/IAS 41: Agricultural Produce	-1 983 879	-2 681 426
IAS 16: Tangible assets	-1 574 088	-2 287 177
IAS 19: Pension obligations	9 214 021	8 815 723
IAS 12: Tax latencies	-265 131	5 601
IFRS 16: Leases	26 474	0
Others	-892 681	0
	<hr/>	<hr/>
Balance as at 31st December	4 524 716	3 852 721

*Components of deferred tax liabilities

	2019	2018
	EUR	EUR
IAS 2/IAS 41: Agricultural produce	520	49 965
IAS 16: Tangible assets	55 292	55 438
IFRS 9: Financial assets at fair value through other comprehensive income	31 108	40 169
	<hr/>	<hr/>
Balance as at 31st December	86 920	145 572

*Contingent tax assets and liabilities

Socfinasia S.A. and PNS Ltd S.A. have unused tax losses of EUR 22.4 million and EUR 10.2 million respectively. No deferred tax assets have been booked in respect of these tax latencies.

Note 11. Inventory

Carrying value of inventory by category

	2019	2018
	EUR	EUR
Raw materials	579 678	566 031
Consumables	5 704 260	4 716 887
Production in progress	8 749 976	11 190 631
Finished products	3 569 571	5 140 423
	<hr/>	<hr/>
Gross amount before impairment as at 31st December	18 603 485	21 613 972
Inventory write-downs	-290 640	-339 670
	<hr/>	<hr/>
Net amount as at 31st December	18 312 845	21 274 302

*** Reconciliation of inventories**

	2019	2018
	EUR	EUR
Balance as at 1st January	21 613 972	14 817 586
Change in inventory	-560 295	3 391 800
Fair value of agricultural products	-3 660 462	3 578 215
Foreign exchange transactions	1 210 270	-173 629
	<hr/>	<hr/>
Gross amount (before impairment) as at 31st December	18 603 485	21 613 972
Inventory write-downs	-290 640	-339 670
	<hr/>	<hr/>
Net amount as at 31st December	18 312 845	21 274 302

*** Quantity of inventory by category**

2018	Raw materials	Production-in-progress	Finished goods
Palm oil (tons)	0	0	7 389
Rubber (tons)	369	0	2 794
Others (units)	0	17 333 173	621 811
	<hr/>	<hr/>	<hr/>

2019	Raw materials	Production-in-progress	Finished goods
Palm oil (tons)	0	0	1 789
Rubber (tons)	484	0	2 344
Others (units)	0	15 414 927	308 485
	<hr/>	<hr/>	<hr/>

Note 12. Trade receivables (current assets)

	2019	2018
	EUR	EUR
Trade receivables	1 698 894	1 365 938
Advances and prepayments	2 475 975	2 075 467
	<hr/>	<hr/>
Net total as at 31st December	4 174 869	3 441 405

Note 13. Other receivables (current assets)

	2019 EUR	2018 EUR
Social security	8 480	3 954
Other receivables	107 380 423	104 315 655
Prepayments	10 831	1 864
	<hr/>	<hr/>
As at 31st December	107 399 734	104 321 473

(*) The "Other receivables" consist mainly of cash pooling receivables at Socfinde S.A. for EUR 106.4 million (EUR 103.9 million euros in 2018).

Note 14. Current tax assets and liabilities

* Components of current tax assets

	2019 EUR	2018 EUR
As at 1st January	1 132 080	956 025
Tax income	4 330 669	0
Other taxes	0	1 808
Taxes paid or recovered	-4 609 917	124 584
Tax adjustments	25 354	0
Foreign exchange transactions	5 651	49 663
	<hr/>	<hr/>
Current tax assets as at 31st December	883 837	1 132 080

* Components of current tax liabilities

	2019 EUR	2018 EUR
As at 1st January	2 165 591	7 893 688
Tax expense	15 979 649	21 858 123
Taxes paid or recovered	-16 346 977	-27 446 405
Tax adjustments	24 977	0
Foreign exchange transactions	125 143	-139 815
	<hr/>	<hr/>
Current tax liabilities as at 31st December	1 948 383	2 165 591

Note 15. Cash and cash equivalents

* Reconciliation with the amounts in the statement of financial position

	2019 EUR	2018 EUR
Current account	12 592 654	18 212 041
Balance as at 31st December	12 592 654	18 212 041

* Reconciliation with the cash flow statement

	2019 EUR	2018 EUR
Current account	12 592 654	18 212 041
Balance as at 31st December	12 592 654	18 212 041

Note 16. Share capital

Subscribed and fully paid up capital amounted to EUR 24.5 million as at 31st December 2019 (No change compared to 2018).

At 31st December 2019, the share capital is represented by 19 594 260 shares.

In accordance with the law of 28th July 2014 on the immobilization of bearer shares, 455 740 shares (i.e. 2.27% of the capital) have been cancelled in 2018, the holders of these shares having not been registered with the depositary. The proceedings with the “Caisse de Consignation” are still in progress till date.

	Ordinary shares	
	2019	2018
Number of shares as at 31 st December	19 594 260	19 594 260
Number of fully paid-up shares issued, with no designation of par value	19 594 260	19 594 260

Note 17. Legal reserve

According to the legislation in force, it must be done annually on the net profits of the parent company after absorption of any losses carried forward, an allocation to a legal reserve of 5%. This allocation to the legal reserve ceases to be mandatory when the reserve reaches 10% of the share capital.

Note 18. Pension obligations

Defined benefit pension plan and post-employment sickness

The Group provides a defined benefit pension plan to its employees in its Indonesian subsidiaries. The latter pay benefits which are payable in the event of retirement or voluntary resignation. The benefits paid are calculated as a percentage of salary and are based on the number of years of service.

The plan is based on the employment contract for the employees and on the collective agreements for the labourers. The benefits payable to the employees are not financed by any specific asset against the provisions.

	2019	2018
	EUR	EUR
Assets and liabilities recognized in the statement of financial position		
Present value of obligations	40 794 919	35 262 891
Net amount recognized in the statement of financial position for defined benefit plans		
	40 794 919	35 262 891
Components of net charge		
Costs of services rendered	2 393 489	2 075 266
Financial costs	2 625 397	2 589 873
Defined benefit plan costs	5 018 886	4 665 139
Movements in liabilities / net assets recognized in the statement of financial position		
As at 01st January	35 262 891	35 423 048
Costs as per income statement	5 018 886	4 665 139
Contributions	-3 291 087	-2 822 668
Actuarial gains and losses of the year recognized in other comprehensive income	1 580 935	-1 296 331
Foreign exchange transactions	2 223 294	-706 297
As at 31st December	40 794 919	35 262 891

Provisions have been calculated based on actuarial valuation reports prepared in February 2020.

Actuarial gains and losses recognized in other comprehensive income

	2019	2018
	EUR	EUR
Adjustments of liabilities related to experience	-669 284	-2 544 188
Changes in financial assumptions related to recognized liabilities	-911 651	3 840 519
<i>Actuarial gains and losses recognized during the period in other comprehensive income</i>	-1 580 935	1 296 331

Actuarial valuation assumptions

	2019	2018
ASIA		
Average discount rate	7.35%	8.16%
Expected long-term returns on plan assets	N/A	N/A
Future salary increases	6.50%	7.00%
Average remaining active life of employees (in years)	13.05	13.20

Sensitivity analysis of the Present Value of Defined Benefit Obligations

The table below shows the present value of the obligations when the main assumptions are changed.

	2019	2018
	EUR	EUR
Actuarial value of the obligation	40 794 919	35 262 891
Actuarial rate		
Increase of 0.5%	39 255 849	33 938 149
Decrease of 0.5%	42 553 351	36 774 718
Expected future salary increases		
Increase of 0.5%	42 590 671	36 812 077
Decrease of 0.5%	39 199 291	33 885 490

The sensitivity analysis are based on the same actuarial method used to determine the value of the obligations of the defined benefit plans.

Impact of the defined benefit pension plan on future cash flows

	2020	2019
Estimated contributions for the next financial year (in Euro)	2 882 687	2 806 591
	2019	2018
Weighted average duration of defined benefit plan obligations (in years)	15.4	15.7

Note 19. Other payables

	2019	2018
	EUR	EUR
Staff cost liabilities	344 277	534 546
Other payables (*)	25 316 466	30 366 179
Accruals	16 085 816	14 270 102
	<hr/>	<hr/>
Balance as at 31st December	41 746 559	45 170 827
Non-current liabilities	0	0
Current liabilities	41 746 559	45 170 827

(*) Other payables consist mainly of debts of EUR 21 million (EUR 25.7 million in 2018) relating to the cash pooling at Socfinde S.A.

Note 20. Financial instruments

2018	Derivative instruments (*)	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 cost	At fair value
Assets							
Financial assets at fair value through other comprehensive income	0	0	667 448	0	667 448	0	0
Long-term advance payments	0	2 656 455	0	87 116	2 743 571	2 656 455	87 116
Other current assets	0	8 200 000	0	0	8 200 000	8 200 000	0
Trade receivables	0	0	0	3 441 405	3 441 405	0	3 441 405
Other receivables	0	0	0	104 321 473	104 321 473	0	104 321 473
Cash and cash equivalent	0	0	0	18 212 041	18 212 041	0	18 212 041
Total assets	0	10 856 455	667 448	126 062 035	137 585 938	10 856 455	126 062 035
Liabilities							
Trade payables (current)	0	0	0	3 681 819	3 681 819	0	3 681 819
Other payables (current)	0	0	0	45 170 827	45 170 827	0	45 170 827
Total liabilities	0	0	0	48 852 646	48 852 646	0	48 852 646
2018		Fair value					
EUR		Level 1	Level 2	Level 3	TOTAL		
Financial assets at fair value through other comprehensive income		0	0	667 448	667 448		

2019	Derivative instruments (*)	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	633 987	0	633 987	0	0
Long term advance payments	0	3 083 077	0	87 586	3 170 663	3 083 077	87 586
Other non-current assets	0	8 200 000	0	0	8 200 000	8 200 000	0
Trade receivables	0	0	0	4 174 869	4 174 869	0	4 174 869
Other receivables	0	0	0	107 399 734	107 399 734	0	107 399 734
Cash and cash equivalent	0	0	0	12 592 654	12 592 654	0	12 592 654
Total assets	0	11 283 077	633 987	124 254 843	136 171 907	11 283 077	124 254 843
Liabilities							
Long-term lease liabilities	0	1 295 694	0	0	1 295 694	1 295 694	0
Short-term lease liabilities	0	25 938	0	0	25 938	25 938	0
Trade payables (current)	0	0	0	3 539 458	3 539 458	0	3 539 458
Other payables (current)	0	0	0	41 746 559	41 746 559	0	41 746 559
Total liabilities	0	1 321 632	0	45 286 017	46 607 649	1 321 632	45 286 017
2019		Fair value					
EUR		Level 1	Level 2	Level 3	TOTAL		
Financial assets at fair value through other comprehensive income		0	0	633 987	633 987		

(*) Changes recognised in other comprehensive income.

Note 21. Staff costs and average number of staff

<i>Average number of employees during the year</i>	2019	2018
Directors	191	191
Employees	2 406	2 462
Workers (including temporary workers)	7 970	8 232
TOTAL	10 567	10 885

	2019	2018
	EUR	EUR
<i>Staff costs</i>		
Remuneration	35 799 419	34 118 757
Social security and pension expenses	3 985 668	2 164 755
Total as at 31st December	39 785 087	36 283 512

Note 22. Depreciation and impairment expense

	2019	2018
	EUR	EUR
<i>Depreciation</i>		
Of right-of-use assets (Note 3)	119 827	0
Of intangible assets (Note 4)	91 194	102 136
Of property, plant and equipment excluding biological assets (Note 5)	5 871 105	5 781 220
Of biological assets (Note 6)	5 148 704	4 419 478
Total as at 31st December	11 230 830	10 302 834

Note 23. Impairment of assets

Intangible and tangible assets and right-of-use assets

Every closing date, the Group reviews the carrying amount of its intangible and tangible assets and right-of-use assets in order to assess whether there is any indication of impairment at each reporting date. If such indication exists, the recoverable amount of the asset is estimated to determine, the amount of the impairment loss.

As at 31st December 2019, no impairment was recognised on above mentioned assets.

Bearer biological assets

Each reporting date, the Group assesses if there is any indication that its biological assets may be impaired.

For this purpose, the Group assesses several indicators:

The significant and sustained decreasing trend in the prices of natural rubber (TSR20 1st position on SGX) and crude palm oil (CIF Rotterdam) was considered an observable sign that the biological assets may have been impaired. A decrease in these prices at reporting date greater than 15% compared to an average of 5-year value has been set by the Group to be an impairment sign.

At 31st December 2019, the decrease in prices does not exceed 15% of the average price over the past 5 years for the Rubber and Palm segments.

The Group considers, as well, average prices over the six months before reporting date and average prices over the last twelve months instead of only closing prices to avoid seasonal fluctuations in the prices of supply materials.

The Group reviews also the prices observed on local market and considers a decrease in these prices at the closing date of more than 15% compared to an average of values over 5 years as an impairment indication.

Based on these criteria, the review of global and local prices shows a similar conclusion.

In addition to these external indicators, the Group considers the following indicators:

- Internal performance indicators;
- Criteria relating to the local market;
- Physical indicators of impairment;
- Significant changes in plantations that could have a material impact on their future cash flows.

If an indication of impairment is identified, the recoverable amount of the producing biological assets is determined.

Impairment tests must be performed on the smallest identifiable group of assets which generates cash flows independently of other assets or groups of assets and for which the Group prepares financial information for the Board of Directors.

The identification of CGUs depends, in particular, on:

- how the Group manages the activities of the entity;
- the way in which decisions are made with regards to the pursuit or the disposal of its activities and;
- the existence of an active market for all or part of the production.

The CGU consists of the operating segment within each entity. In fact, decisions related to daily activities such as sales, purchases, planting, replanting and human resources management are taken directly by the company itself, independently of other companies within the Group which operates in the same country and within the same operating segment as defined by IFRS 8.

The recoverable amount of bearer biological assets is determined from the calculation of value in use using the most recent information approved by the local management. The Group uses the discounted value of expected net cash flows which are discounted at a pre-tax rate. At reporting date, the financial projection incorporates the full exploitation of the younger bearer biological assets. The operational life ranges between 25 and 30 years for both crops. This period can be adapted according to the particular circumstances for each entity.

In 2019, the pre-tax discount rate ranges between 7.1% and 8.1% (between 8.8% and 10.9% in 2018). This rate reflects market interest rates, the company's capital structure taking into account the operating segment and the specific risk profile of the business.

The value-in-use calculation has been very sensitive to:

- Changes in the margins achieved by the entity and
- changes related to discount rates.

Changes in realized margins

Initially, the Group determines separately the expected production of each category of biological assets within the entity over their remaining life. This expected production is estimated on the basis of the surface areas planted at reporting date as well as the actual crops yield recorded during the financial year which depends on the maturity of the bearer biological asset. Production is then valued on average basis of five-year of the margins achieved by the entity in relation to agricultural activities. The value-in-use of the biological asset is then obtained by discounting these cash flows. Average margins are considered constant over the duration of the financial projection. An indexing factor is not taken into account.

At 31st December 2019, accumulated impairment losses involve only Coviphama for EUR 5.2 million (Note 6).

Note 24. Other financial income

	2019	2018
	EUR	EUR
Interest on other investments	11 418	0
Interest on receivables and cash flows	624 415	731 175
Exchange gains	1 073 989	2 639 959
Others	360 339	505 348
	<hr/>	<hr/>
As at 31st December	2 070 161	3 876 482

Note 25. Financial expense

	2019 EUR	2018 EUR
Interest and finance expense	110 434	153 678
Interest expense related to leases	70 043	0
Exchange losses	1 404 420	2 218 689
Others	141 843	81 210
	<hr/>	<hr/>
As at 31st December	1 726 740	2 453 577

Note 26. Income tax expense

* Components of the tax expense

	2019 EUR	2018 EUR
Current income tax expense	9 660 672	13 126 112
Deferred tax expense/(income)	-55 901	1 232 679
	<hr/>	<hr/>
Tax expense as at 31st December	9 604 771	14 358 791

* Components of the deferred tax expense/(income)

	2019 EUR	2018 EUR
IAS 12: Tax latencies	-551 229	192 779
IAS 19: Pension obligations	-36 716	-460 618
IAS 2 / IAS 41: Fair value of agricultural produce	-902 585	904 768
IAS 16: Tangible assets	1 436 210	595 716
IFRS 16: Leases	-1 581	0
Other	0	34
	<hr/>	<hr/>
Deferred tax expense/(income) as at 31st December	-55 901	1 232 679

<i>* Reconciliation of income tax expense</i>	2019 EUR	2018 EUR
<i>Profit before tax from continuing operations</i>	20 761 451	39 084 026
Normal tax rate of the parent company	24.94%	26.01%
Normal tax rate of subsidiaries	20% to 24.94%	20% to 26.01%
Income tax at normal tax rates of subsidiaries	5 346 531	9 765 354
Unfunded taxes	190 615	2 157
Definitively taxed income	0	1 799
Use of capital allowances	-756 593	-520 068
Specific tax regimes in foreign countries	629 651	505 237
Non-taxable income	-87 235	-125 522
Non-deductible expenses	2 807 064	1 581 013
Losses carried forward	2 631 654	2 403 081
Other adjustments	-1 156 916	745 740
<i>Tax expense as at 31st December</i>	9 604 771	14 358 791

****Rate of change of subsidiaries***

Following the reform in 2017, the tax rates for Socfinasia, Socfinde and PNS changed from 26.01% in 2018 to 24.94% in 2019.

Note 27. Net earnings per share

Undiluted net earnings per share (basic) is the profit for the year attributable to ordinary shareholders divided by the average number of common shares outstanding during the year. As there are no potential dilutive ordinary shares, the diluted net earnings per share is identical to the undiluted net earnings per share.

	2019	2018
Net profit for the year (in Euro)	14 596 525	25 924 113
Average number of shares	19 594 260	19 594 260
<i>Undiluted net earnings per share (in Euro)</i>	0.74	1.32

Note 28. Dividends and directors' fees

The Board will propose to the Annual General Meeting of 26th May 2020, the payment of a total dividend of EUR 0.80 per share. It is noted that an interim dividend of EUR 0.30 per share was paid in November 2019 in relation to the financial year 2019. A balance of EUR 0.50 per share for a total amount of EUR 9.8 million remains payable.

Note 29. Information on related party

*Directors' remuneration

	2019 EUR	2018 EUR
Short-term benefits	4 089 283	7 119 847
Post-employment benefits	0	0
Other long-term benefits	0	0
Termination benefits	0	0
Share-based payment	0	0

* Other related party transactions

2019

EUR	Parent	Associates	Other related parties	TOTAL
Non-current assets				
Long-term advances	0	596 613	0	596 613
Other non-current assets	0	8 200 000	0	8 200 000
	0	8 796 613	0	8 796 613
Current assets				
Trade receivables	0	1 039 342	30 828	1 070 170
Other receivables (Note 14)	0	6 441 803	100 534 434	106 976 237
	0	7 481 145	100 565 262	108 046 407
Current liabilities				
Trade payables	0	734 298	1 443	735 741
Other payables (Note 20)	13 265	12 281 088	2 737 876	15 032 229
	13 265	13 015 386	2 739 319	15 767 970

TRANSACTIONS BETWEEN RELATED PARTIES

Services and goods delivered	0	14 844 276	103 915	14 948 191
Services and goods received	0	6 042 505	4 250	6 046 755
Financial income	551	56 203	544 512	601 266
Finance expense	0	11 739	22 878	34 617

2018

EUR	Parent	Associates	Other related parties	TOTAL
Non-current assets				
Long-term advances	0	232 500	0	232 500
Other non-current assets	0	8 200 000	0	8 200 000
	0	8 432 500	0	8 432 500
Current assets				
Trade receivables	0	1 131 025	31 248	1 162 273
Other receivables (Note 14)	0	4 735 570	99 133 560	103 869 130
	0	5 866 595	99 164 808	105 031 403
Current liabilities				
Trade payables	0	964 999	0	964 999
Other payables (Note 20)	8 745 149	9 616 531	1 303 800	19 665 480
	8 745 149	10 581 530	1 303 800	20 630 479

TRANSACTIONS BETWEEN RELATED PARTIES

Services and goods delivered	0	14 269 338	103 996	14 373 334
Services and goods received	0	7 539 132	1 953	7 541 085
Financial income	2 841	57 312	548 628	608 781
Finance expense	0	43 978	25 233	69 211

Related party transactions are made at arm's length.

No significant transactions have been noted with the parent company Socfin, with the exception of the payment of dividends by Socfinasia S.A. amounting to EUR 10.2 million in 2018 and EUR 9.1 million in 2019.

Transactions with other related parties are carried out with Socfinde S.A., a company incorporated under the law of Luxembourg, which is within the scope of consolidation.

Socfinde has an amount of EUR 100.5 million due to Socfinaf which carries an annual interest rate of Euribor 1-month + 0.5%. Interest is payable monthly till the end of the term. The amount of interest recognised for the year 2019 is EUR 0.5 million. As at 31 December 2019, the outstanding balance of the loan amount to EUR 100.5 million.

As at 31 December 2019, Socfinde has an amount of EUR 0.7 million due to Safa which carries an annual interest rate of Euribor 1-month x 85% with a minimum rate of 0%. The amount of interest recognised for 2019 is zero.

As at 31 December 2019, Socfinde has an amount of EUR 2.1 million due to Socfinaf which carries an annual interest rate of Libor 1-month x 85% with a minimum rate of 0%. The amount of interest recognised for 2019 is EUR 0.02 million.

Note 30. Agricultural leases

The Group does not own all the land on which the biological assets are planted. In general, these lands are subject to very long-term concessions from the local public authority. These concessions are renewable.

Company	Date of initial lease or renewal/extension	Duration of initial lease	Area conceded
SETHIKULA CO LTD	2010	99 years	4 273
VARANASI CO LTD	2009	70 years	2 386
COVIPHAMA CO LTD	2008	70 years	5 345
PT SOCFINDO	1990/1995/1996/1997/1998/ 2004/2012/2019	25 to 30 years	48 106

Note 31. Segment information

In accordance with IFRS 8, the analysis of information by management is based on the geographical distribution of political and economic risks. As a result, the sectors are Indonesia, Cambodia and Europe.

The products of the operating sector from Indonesia come from sales of palm oil and rubber, those from Cambodia come exclusively from sale of rubber, those from Europe come from the rendering of administrative services, assistance in managing the areas under plantation and the marketing of products outside the Group. The segment profit 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) as at 31st December 2018**

EUR	<i>Revenue from ordinary business with external customers</i>	<i>Revenue from ordinary business between segments</i>	<i>Segment profit/(loss)</i>
Europe	0	0	-4 481 847
Cambodia	2 031 754	0	-2 115 987
Indonesia	123 261 893	0	47 218 848
TOTAL	125 293 647	0	40 621 014

Fair value of agricultural produce	3 666 484
Other IFRS adjustments	-972 248
Consolidation adjustments (intragroup and others)	-5 386 751
Financial income	3 908 737
Finance expense	-2 753 210
Group share of income from associates	4 874 235
Income tax expense	-14 358 791
Net profit for the year	29 599 470

*** Segmental breakdown of profit/(loss) as at 31st December 2019**

EUR	<i>Revenue from ordinary business with external customers</i>	<i>Revenue from ordinary business between segments</i>	<i>Segment profit/(loss)</i>
Europe	0	0	-3 558 652
Cambodia	3 507 881	0	-2 217 924
Indonesia	118 230 566	0	35 104 382
TOTAL	121 738 447	0	29 327 806

Fair value of agricultural produce	-3 660 465
Other IFRS adjustments	1 641 761
Consolidation adjustments (intragroup and others)	-6 399 055
Financial income	2 101 016
Finance expense	-2 249 612
Group share of income from associates	5 704 070
Income tax expense	-9 604 771
Net profit for the year	16 860 750

*** Total segmental assets**

	2019	2018
	EUR	EUR
Europe	7 113 372	13 822 417
Cambodia	70 247 438	69 344 606
Indonesia	107 752 640	98 575 369
Total as at 31st December	185 113 450	181 742 392
IFRS 3: Biological assets	276 461	277 190
IAS 2/IAS 41: Agricultural produce	7 938 116	10 975 526
Consolidation adjustments (intragroup and others)	5 158 147	6 289 068
Total consolidated segmental assets	198 486 174	199 284 176

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.

*** Total segmental liabilities**

	2019	2018
	EUR	EUR
Europe	113 015 197	110 194 088
Cambodia	1 198 667	928 701
Indonesia	19 418 844	18 076 267
Total as at 31st December	133 632 708	129 199 056
Consolidation adjustments (intragroup and others)	-88 346 690	-80 346 410
Total consolidated segmental liabilities	45 286 018	48 852 646

*** Costs incurred for acquisition of segmental assets during 2018**

EUR	Intangible assets	Property, plant and equipment	Biological assets	TOTAL
Cambodia	0	3 455 195	2 786 267	6 241 462
Indonesia	64 857	5 221 062	5 842 611	11 128 530
TOTAL	64 857	8 676 257	8 628 878	17 369 992

*** Costs incurred for acquisition of segmental assets during 2019**

<i>EUR</i>	<i>Intangible assets</i>	<i>Property, plant and equipment</i>	<i>Biological assets</i>	<i>TOTAL</i>
Cambodia	0	651 057	1 841 631	2 492 688
Indonesia	29 309	3 975 900	7 021 611	11 026 820
TOTAL	29 309	4 626 957	8 863 242	13 519 508

*** Information by category of revenue**

Revenue from external customers

	<i>2019 EUR</i>	<i>2018 EUR</i>
Palm	98 450 158	98 390 076
Rubber	19 364 190	17 364 984
Others	3 924 099	9 538 587
TOTAL	121 738 447	125 293 647

*** Information by geographical region**

Revenue from external customers by origin and by geographical location

<i>EUR</i>	<i>Geographical location</i>			<i>2018</i>
<i>Origin</i>	<i>Europe</i>	<i>Africa</i>	<i>Asia</i>	<i>TOTAL</i>
Asia	14 269 338	388 969	110 635 340	125 293 647

<i>EUR</i>	<i>Geographical location</i>			<i>2019</i>
<i>Origin</i>	<i>Europe</i>	<i>Africa</i>	<i>Asia</i>	<i>TOTAL</i>
Asia	14 844 276	510 192	106 383 978	121 738 447

*** Information by business segment and revenue category**

Revenue from external customers by business segment and revenue category:

<i>EUR</i>					<i>2018</i>
<i>Business segment</i>	<i>Category</i>	<i>Palm</i>	<i>Rubber</i>	<i>Other agricultural products</i>	<i>TOTAL</i>
	Indonesia		98 390 076	15 333 230	9 538 587
Cambodge		0	2 031 754	0	2 031 754
TOTAL		98 390 076	17 364 984	9 538 587	125 293 647

<i>EUR</i>					<i>2019</i>
<i>Business segment</i>	<i>Catégorie</i>	<i>Palm</i>	<i>Rubber</i>	<i>Other agricultural products</i>	<i>TOTAL</i>
	Indonesia		98 450 158	15 856 309	3 924 099
Cambodge		0	3 507 881	0	3 507 881
TOTAL		98 450 158	19 364 190	3 924 099	121 738 447

Note 32. Risk management

Capital Management

The Group manages its capital and adjusts accordingly in response to changes in economic conditions and investment opportunities. To maintain or adjust the capital structure, the Group may issue new shares, repay part of the capital or adjust the payment of dividends to shareholders.

Financial Risk

The financial risk for the companies within the Group comes mainly from changes in the selling price of agricultural commodities, foreign exchange and to a lesser extent, interest rate movements.

Potential risks

None of the countries in which the Group operates has a hyperinflationary economy or suffers from an immediate threat of price devaluation. Nevertheless, in a minority of countries in which the Group operates, the political system and economic stability remain fragile and could lead to currency devaluation or hyperinflation.

Risk management and opportunities:

The Group regularly reviews its sources of financing as well as currency movements and its decisions are based on a variety of risks and opportunities which are themselves based on several factors including interest rates, currency and counterparties.

Market risk

*** Price risk in commodities market**

Potential risk:

The Group markets its finished products at prices which may be influenced by commodity prices in international markets. It therefore faces the risk of volatility in the prices of these commodities.

Risk management and opportunities:

The main policy of the Group's companies has always been to control its production costs in order to generate margins for the viability of structures in the event of a significant drop in the selling prices of raw materials and conversely to generate profit margins during the market downturns.

In parallel with this main policy, secondary policies have also been implemented to improve or consolidate profit margins:

- production of agricultural products of superior quality and branded, in particular for rubber and;
- use of the Group's expertise in the commerce sector.

*** Foreign currency risk**

Potential risk

The Group carries out transactions in local currencies. In addition, financial instruments hedging against exchange rate fluctuations may not be available for certain currencies. This creates exposure to interest rate fluctuations which may have an impact on the financial result denominated in euros.

Risk Management and Opportunities

Apart from the current currency hedging instruments for operational transactions - which remain relatively limited, the main policy of the Group to finance its development projects in local currencies in the region given the significant investments made in the plantations and wherever possible, to reduce borrowings.

*** Interest rate risk**

Potential risk:

This risk includes a change in cash flows relating to short-term borrowings, often on a variable rate and the relatively high level of base interest rates on cash and cash equivalents and developing markets when borrowing in local currency.

Risk Management and Opportunities:

The first risk is put under control by an active policy of monitoring the evolution of local financial markets and sometimes short-term debt consolidation in the long term, if necessary. The second risk is taken into account by a systematic policy of putting local and international banks in competition with international lenders who can offer real investment and development opportunities at attractive rates.

Credit Risk

Potential risk:

Credit risk arises from the potential inability of clients to meet their contractual obligations.

Risk Management and Opportunities

To manage this risk, the Group ensures the payment of local sales in cash or the guarantee of the receivables by obtaining approved bills of exchange. The export sales of the plantations are centralized in the Group's sales structure, which applies either a cash payment policy or a commercial credit policy whose limits are defined by its Board of Directors.

Liquidity risk

Potential risk:

Liquidity risk is defined as the risk that the Group cannot meet its obligations on time or at a reasonable price. This risk is mainly impacting plantations which are both the main source of cash and financing needs.

Risk Management and Opportunities:

Given the specific economic and technological environment of each plantation, the Group manages this risk in a decentralized manner. However, both the cash available and the implementation of the financing are supervised by the Group Management.

Emerging Market Risks

Potential Risk:

Current or future political instability in certain countries in which the Group operates may affect the ability to do business, generate revenue and impact the Group's profitability.

The political system in some of the Group's markets remains relatively fragile and remains potentially threatened by cross-border conflicts or wars between rival groups.

Risk Management and Opportunities

The Group's activities contribute to improving the quality of life in the countries in which the Group operates while improving the stability of its markets may lead to an appreciation of the value of the Group's companies located locally.

Diversifying the geographic mix of countries, economies and currencies in which the Group generates its revenues and cash flows reduces its exposure to emerging market risk.

The Group is aware of the environmental and social responsibility it has towards the local population and is implementing initiatives to this end.

Risk of expropriation

Potential Risk

Certain countries in which the Group operates have political regimes that may call into question foreign commercial interests by limiting their activities and may attempt to impose control over the Group's assets.

Risk Management and Opportunities

The diversification of the geographical distribution of the countries in which the Group generates its revenues and its cash flows reduces its exposure to this risk.

Credibility risk

Potential risk

The Group is exposed to the risk of loss of confidence of the financial markets in relation to its ability to maintain a sound financial health considering:

- its environmental impact,
- its social responsibility and
- the economic and geopolitical risks that certain Group entities may face.

Risk Management and Opportunities:

The Group has published its responsible management policy in 2017. This complements the Group's sustainable development commitments, formalized in 2012.

The Group's initiatives to take this risk into account are detailed in the information provided in the annual sustainable development report available on request at Group headquarters.

Risk sensitivity

*** Exchange rate Risk**

Local turnover of EUR 101.9 million in 2019 were made in the local currency. Export sales are made in dollar or euro. Where the currency from sale is not the functional currency of the company and that currency is linked to a strong currency, the conversion is ensured at the time of the conclusion of the contract.

The impact on the result of a 5% increase or decrease (EUR/USD) in foreign currency financial instruments amounts to EUR 0.3 million.

The cash position of Socfinasia S.A. shows an amount of USD 5 million as at 31st December 2019. This position is intended, in particular, to cover investments in dollars for the coming financial year.

PT Socfindo has a cash position of USD 1.8 million.

*** Interest rate risk**

Other than the potential bank overdraft, there are no loans associated with floating rates.

*** Credit risk**

As at 31st December 2019, the trade receivables from global customers and local customers amount to EUR 1.0 million and EUR 3.2 million. Accounts receivable from global customers are mainly receivables related to the sale of rubber. Palm oil is sold locally to local players (wide range of customers). The marketing of rubber is entrusted to Sogescol FR (equity accounted company). It intervenes either on the physical markets or directly with end customers.

The outstanding trade receivables are not significant.

	2019	2018
	EUR	EUR
Trade receivables	4 174 869	3 441 405
Impairment	0	0
Other receivables	107 399 734	104 321 473
Total net receivables	111 574 603	107 762 878
Amount not due	111 574 603	107 762 878
Total net receivables	111 574 603	107 762 878

*** Liquidity risk**

The Group's exposure to liquidity risk is mentioned in Note 15.

Note 33. Political and economic environment

The Company holds interests in subsidiaries operating in South-East Asia.

Given the economic and political instability in some of these countries, these investments represent a risk in terms of exposure to political and economic changes.

Note 34. Events after the reporting date

The Covid-19 epidemic began in China in December 2019 and spread to the rest of the world from January 2020 and rose to "pandemic" status on 11th March 2020 by the WHO. At the balance sheet date, the epidemic had no impact on the Group's activities.

The Covid-19 epidemic, which took a global dimension, caused the financial markets to fall dramatically from mid-February onwards, raising fears of a slowdown in global economic growth.

Raw material prices were obviously not spared. Thus, the TSR20 1st position FOB Singapore on SGX quoted on 27th March 2020 at USD 1 070 per ton, against USD 1 451 per ton on 31st December 2019. Similarly, the price of crude palm oil CIF Rotterdam closed on 27th March 2020 at around USD 620 per ton, against USD 850 per ton on 31st December 2019.

The Covid-19 crisis has strongly affected sectors linked to the Chinese economy, particularly groups operating in the automotive industry, already in slowdown. In addition, tyre manufacturers are in the process of halting or drastically reducing production at most of their factories in Europe, North America, South America and elsewhere in the world.

The Board of Directors expects a sharp decline in rubber demand from tyre manufacturers from April onwards.

Slower growth in China and the recent lockdown in India, the two major palm oil importers, and falling oil prices are also weighing heavily on current crude palm oil prices.

The situation is being closely monitored by the management teams. However, it is too early to assess the full impact of the Covid-19 epidemic on the financial year 2020. First quarter operations were not affected by this crisis.

Note 35. Auditor's fees

	<i>2019</i> <i>EUR</i>	<i>2018</i> <i>EUR</i>
Audit (VAT included)	159 023	149 186

The audit fees include all fees paid to the independent statutory auditor of the Group (C-Clerc S.A., member of Crowe Global network) as well as those paid to member firms within their network for the year. No consulting work or other non-audit services have been performed by those companies in 2019 or in 2018.

Company's management report

Presented by the Board of Directors
at the Annual General Meeting of 26th May 2020

Ladies and gentlemen,

We have the honour to present to you our annual report and to submit for your approval the annual accounts of our Company as at 31st December 2019.

Activities

Socfinasia S.A. holds financial interests in portfolio companies which operate directly or indirectly in South-East Asia in the rubber and palm oil sectors.

The result of the year

The profit and loss account for the year, compared to that of the previous year, is as follows:

(EUR million)	2019	2018
INCOME		
Income from participating interests in affiliated undertakings	22.0	30.1
Total income	22.0	30.1
EXPENSES		
Other external charges	2.6	3.7
Impairment on financial assets	1.2	0.0
Interest payable and other financial expenses	0.3	0.8
Income tax	0.5	0.8
Total expenses	4.6	5.3
PROFIT OF THE PERIOD	17.4	24.8

At 31st December 2019, the income from financial fixed assets amounted to EUR 22 million compared to EUR 30.1 million in 2018. The decrease is mainly due to lower revenues from Indonesia.

The profit of the year, after structural charges and costs, was EUR 17.4 million.

Balance sheet

As at 31st December 2019, Socfinasia S.A.'s total assets amounted to EUR 410.9 million compared to EUR 410.8 million in 2018.

Socfinasia S.A.'s assets mainly consist of financial fixed assets of EUR 314.8 million, receivables of EUR 91.6 million and EUR 4.5 million of cash and cash equivalent.

Equity amounted to EUR 406.6 million before appropriation of income.

Portfolio

Movements

During the year 2019, Socfinasia purchased 1 Gaummes share. Impairment losses were recognized on Sodimex for EUR 0.3 million and on Socfin Research for EUR 0.9 million.

Valuation

Unrealised capital gains on the portfolio of participating interests are estimated at EUR 80.7 million as at 31st December 2019 compared with EUR 68.1 million at the end of the previous year.

Investments

The main investments have evolved as follows during the period:

PT Socfindo (Indonesia)

89.98% subsidiary of PNS Limited S.A. which is in turn 99.99% owned by Socfinasia S.A.

Area (ha) as at 31/12/2019	Area planted		
	Mature	Immature	Total
Rubber plantation	6 711	920	7 632
Palm plantation	33 067	5 381	38 447
Total	39 778	6 301	46 079

Key figures	Realized 2019	Realized 2018	Difference (%)
Production (tons)			
Rubber	11 325	12 251	-0.8
Palm oil	189 462	194 705	-0.3
Turnover (EUR 000)			
Rubber	15 854	15 328	+0.3
Palm tree	97 879	98 357	-0.1
Seeds	4 477	9 535	-53.0
Total	118 210	123 220	-4.1
Result (EUR 000)	25 498	34 995	-27.1

Socfin-KCD Co Ltd (Cambodia) - 100% and

Coviphama Co Ltd (Cambodia) - A 100% owned subsidiary of PNS Ltd S.A., which is 99.99% owned by Socfinasia S.A.

Compared to last year, production is up (+58%) due to the commissioning of the plant in 2018. As a result, sales rose significantly (+73%). The net result is slightly lower due to costs related to higher production..

At Coviphama, there are no new plantings in 2019. The development of young crops continues. The harvests of the first mature plots are sold to Socfin-KCD, as Coviphama does not have an industrial unit.

Allocation of profit

The profit for the year amounting to EUR 17 435 868.45 increased by retained earnings of EUR 205 581 392.84, result in total earnings of EUR 223 017 261.29 which will be proposed to allocate as follows:

<u>Profit distribution</u>	<u>EUR</u>
Retained earnings	205 600 141.29
Balance:	
10% to the Board of Directors	1 741 712.00
90% to 19 594 260 shares	15 675 408.00
representing EUR 0.80 per share	
of which EUR 0.40 already paid at the end of 2019	<u><u>223 017 261.29</u></u>

As a reminder, the dividend relating to previous year was EUR 0.90.

After this distribution of profit, total reserves amount to EUR 371 267 613.68 and will be allocated as follows:

<u>Reserves</u>	<u>EUR</u>
Legal reserve	2 449 282.50
Statutory reserve	125 993 370.46
Other reserves	30 070 909.83
Other available reserves	7 153 909.60
Retained earnings	205 600 141.29
	<u><u>371 267 613.68</u></u>

If this distribution is approved, Coupon No. 78 of EUR 0.50 will be declared on 8th June 2020 and payable as from 10th June 2020.

Own shares

During the year 2019, the Company did not buy back any of its shares.

Research and development

During the year 2019, Socfinasia did not incur any expenses relating to research and development.

Financial instruments

Socfinasia S.A.'s treasury holds USD 5 million in its position as at 31st December 2019. The purpose of holding this currency is to cover dollar related investments and expenses.

Financial risk management policies are described in the notes to the Company's consolidated financial statements.

Branch

The Company has a permanent establishment in Fribourg (CH).

Mentions required by Art. 11 (1) points a) to k) of the law of 19th May 2006 concerning Public Takeover Bids

a) b) and (f) The subscribed share capital of the Company is set at EUR 24 492 825 represented by 19 594 260 shares without par value, fully paid up. Each share entitles the holder to one vote without limitation or restriction.

c) On 1st February 2017, Socfin declared that it holds 57.79% direct stake in Socfinasia S.A.

On 22nd October 2018, Bolloré Participations declared that it holds a direct and indirect stake of 22.255% in the Socfinasia S.A., of which 17.138% via Bolloré and 5.116% via Compagnie du Cambodge.

h) Art. 13. of the statutes: "The Company is administered by a Board composed of at least three members, whether natural or legal persons.

The Directors are appointed for a period of six years by the General Meeting of Shareholders. They are eligible for re-election.

The Directors are renewed by lottery, so that at least one Director will be leaving each year".

Art. 22 of the statutes: "In the event of a vacancy of one or more Directors' seats, they may be temporarily replaced by observing the formalities provided by the law then in force."

Art. 31 of the statutes: "These statutes may be amended by decision of the General Assembly specially convened for this purpose, in the forms and conditions prescribed by Articles 450-1 and 450-8 of the Commercial Corporations Act of 10th August 1915."

i) The powers of the members of the Board of Directors are defined in Art. 17 and the articles of association of the Company. They provide in particular that: "The Board of Directors is vested with the broadest powers for the administration of the Company. All matters not expressly reserved to the General Meeting by the Articles of Incorporation or the law fall within the competence of the Board".

In addition, the statutes provide in Art. 6: "In the event of an increase in the subscribed capital, the Board of Directors determine the conditions prevailing in the issue of the shares.

The new shares to be paid up in cash are offered preferably to the former standards according with the law. The General Meeting called to deliberate under the conditions required for the modifications of the status, either on the capital income or on the authorisation to increase the capital in accordance with article 420-23 of the Company's law, may limit or cancel the preferential subscriptions right or authorise Board to do so as per the conditions provided by law".

The other points of Art. 11 (1) are not applicable, namely:

- title holding including special control rights;
- the existence of a staff shareholding system;
- shareholder agreements that may result in restrictions on the transfer of securities or voting rights;
- the agreements to which the Company is party, and which take effect are modified or terminated in the event of a change of control of the Company following a takeover bid;
- the indemnities provided in the event of the resignation or dismissal of members of the Board of Directors or staff following a takeover bid.

Corporate responsibility policy

On 22nd March 2017, the Group adopted its new corporate responsibility policy. It is based on the four principles of responsible development, improvement of management practices, respect for human rights and transparency.

An implementation plan for this policy has been defined and implemented throughout the 2019 financial year.

The efforts and actions undertaken by Socfin Group in this area are detailed in a dashboard regularly updated as well as in a separate annual report ("sustainable development report").

The responsible management policy, the dashboard and the annual sustainable development report are available on the Group's website.

Estimated value of the share (company accounts)

The estimated value of Socfinasia S.A. as at 31st December 2019 before allocation of the result and after the interim dividend payment for the financial year amounts to EUR 487.3 million, that is EUR 24.87 per share compared to EUR 24.23 at the end of the previous financial year. This valuation incorporates the unrealized capital gains of the portfolio.

As a reminder, the share price as at 31st December 2019 was EUR 16.30 compared to EUR 12.60 a year earlier.

Significant events after the reporting date

The Covid-19 epidemic began in China in December 2019 and spread to the rest of the world from January 2020 and rose to "pandemic" status on 11th March 2020 by the WHO. At the balance sheet date, the epidemic had no impact on the Group's activities.

The Covid-19 epidemic, which took a global dimension, caused the financial markets to fall dramatically from mid-February onwards, rising fears of a slowdown in global economic growth.

Raw material prices were obviously not spared. Thus, the TSR20 1st position FOB Singapore on SGX quoted on 27th March 2020 at USD 1 070 per ton, against USD 1 451 per ton on 31st December 2019. Similarly, the price of crude palm oil CIF Rotterdam closed on 27th March 2020 at around USD 620 per ton, against USD 850 per ton on 31st December 2019.

The Covid-19 crisis has strongly affected sectors linked to the Chinese economy, particularly groups operating in the automotive industry, already in slowdown. In addition, tyre manufacturers are in the process of halting or drastically reducing production at most of their factories in Europe, North America, South America and elsewhere in the world.

The Board of Directors expect a sharp decline in rubber demand from tyre manufacturers from April onwards.

Slower growth in China and the recent lockdown in India, the two major palm oil importers, and falling oil prices are also weighing heavily on current crude palm oil prices.

The situation is being closely monitored by the management teams. However, it is too early to assess the full impact of the Covid-19 epidemic on the financial year 2020. First quarter operations were not affected by this crisis.

Main risks and uncertainties

It must be emphasized that the Group's investments in South-East Asia may be subject to political and economic risks. On-site executives and managers follow the day-to-day evolution of the situation.

Perspectives

The result for the 2020 financial year will depend to a large extent on the dividend distributions of the subsidiaries; these are not yet fixed.

Statutory appointments

The term served as directors by Mr. Philippe de Trux, Mr. Luc Boedt and Mr. François Fabri expire this year. They are eligible for re-election and will stand for re-election.

In addition, the mandate of the independent statutory auditor C-CLERC expires this year. The audit committee should receive some other proposals and will submit their recommendation to the Annual General Meeting.

The Board of Directors

Audit report on the Company's financial statements

To the Shareholders
SOCFINASIA S.A.
4, Avenue Guillaume
L-1650 Luxembourg

REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

Report on the audit of the financial statements

Opinion

We have audited the financial statements of SOCFINASIA S.A. (the "Company") comprising the balance sheet as at 31st December 2019 and the profit and loss account for the year then ended, and the notes to the financial statements, including a summary of the main accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the Company's financial position as at 31st December 2019, as well as the results for the year then ended, in accordance with the legal and regulatory requirements for the establishment and the presentation of the financial statements in force in Luxembourg.

Basis of opinion

We conducted our audit in accordance with the Regulation (EU) N ° 537/2014, the law of 23rd July 2016 relating to the audit profession (the law of 23rd July 2016) and the International Standards on Auditing (ISA) as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier (CSSF). Our responsibilities under these regulations, laws and standards are more fully described in the section entitled " Auditors' responsibilities for the audit of the consolidated financial statements " of this report. We are also independent from the Company in accordance with the Code of Ethics of Professional Accountants of the International Accounting Standards Board (the IESBA Code) as adopted for Luxembourg by the CSSF and the rules of professional conduct apply to the audit of the financial statements and we have fulfilled the other responsibilities incumbent on us under these rules. We believe that the audit evidence we have gathered is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of matter

Without qualifying our opinion, we draw attention to Note 9 " Political and economic environment ". The Company holds investments where the operational companies are located in various countries in South-East Asia and which are exposed to the risks of political and economic fluctuations.

Key audit issues

Key audit matters are those matters that, in our professional judgment, have been the most significant in the audit of the financial statements for the period. These matters have been addressed in the context of our audit of the financial statements as a whole and for the purpose of forming our opinion on them, and we do not express a separate opinion on these issues.

Valuation of shares in affiliated undertakings

Risk identified

As at 31st December 2019, the net value of the shares in affiliated undertakings amounted to EUR 292 million and representing 71% of the balance sheet total.

These shares in affiliated undertakings are valued at the lower of their purchase price or the estimated realizable value by the Board of Directors.

The assessment of the estimated realizable value of these investments requires the exercise of the judgment of the Board of Directors in its choice of the elements to be considered according to the investments concerned. These items may be historical (share of statutory or consolidated net assets) and / or expected (profitability outlook).

Due to the significant value of the shares in the affiliated undertakings as well as the judgment necessary for the assessment of their value by the Board of Directors, we considered the valuation of shares in the affiliated undertakings as a key audit matter.

Audit response provided

In assessing the reasonableness of the estimate of the value of the shares in the affiliated undertakings, our work consisted mainly to:

- assess, on the basis of the information provided by the Board of Directors, the valuation methods used by the Company;
- for evaluations based on historical elements:
 - assess the assumptions used to determine the revalued net asset value;
 - in particular, to verify that the retained equity is consistent with the entities' accounts and that the adjustments made, if any, on these shareholders' equity is based on appropriate documentation;
- for evaluations based on other elements than on historical elements:
 - carry out an analysis on the evolution of the financial and non-financial data of the related companies and their activity;
 - examine the assumptions made regarding the economic environment at the closing and accounting dates.

Our work also consisted of:

- assess the recoverability of the receivables attached to the shares;
- to verify the appropriateness of the information presented under Note 3 "Financial fixed assets"

Other information

Responsibility related to other information rests with the Board of Directors. Other information consists of the information presented in the annual report including the management reports and the corporate governance statement but does not include the financial statements and our reports of the "Réviseur d'Entreprises Agréé" on these financial statements.

Our opinion on the financial statements do not extend to other information and we do not express any form of assurance on such information.

With respect to our audit of the financial statements, our responsibility is to read the other information and, in doing so, assess whether there is a material inconsistency between it and the financial statements or our knowledge we gained during the audit, or if the other information appears to otherwise have a significant discrepancy. If, based on our work, we conclude that there is a significant discrepancy in the other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with the legal and regulatory requirements relating to the preparation and presentation of the financial statements in force in Luxembourg, as well as the internal control that it considers as necessary to permit the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, it is the responsibility of the Board of Directors to assess the Company's ability to continue as a going concern, to disclose, as the case may be, issues relating to the continuity of operations and to apply the accounting principle of going concern, unless the Board of Directors intends to liquidate the Company or cease its activity or if no other realistic solution is offered to it.

Responsibilities of the auditors for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue report of the "Réviseur d'Entreprises Agréé" that includes our opinion. Reasonable assurance corresponds to high level of assurance, which however does not a guarantee that an audit conducted in accordance with the Regulation (EU) No. 537/2014, with the law dated 23rd July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect any significant anomaly that may exist. Anomalies may 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 based on these financial statements.

In the context of an audit conducted in accordance with Regulation (EU) No 537/2014, the law of 23rd July 2016 and ISAs as adopted for Luxembourg by the CSSF, we exercise our professional judgment and exercise due diligence critical mind throughout this audit. In addition:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, the design and implementation of audit procedures in response to such risks, and the collection of audit evidence sufficient and appropriate to base our opinion. The risk of non-detection of a significant anomaly resulting from fraud is higher than that of a significant anomaly resulting from an error, since the fraud may involve collusion, forgery, voluntary omissions, misrepresentation or circumventing internal control;
- We gain an understanding of the internal control elements relevant to the audit in order to design audit procedures appropriate to the circumstances and not to express an opinion on the effectiveness of the Company's internal control;
- We assess the appropriateness of the accounting policies used, and the reasonableness of the accounting estimates made by the Board of Directors, as well as the related information provided by the Board;
- We draw a conclusion as to the appropriateness of the Board of Directors' use of the going concern accounting principle and, depending on the audit evidence obtained, whether or not there is significant uncertainty related to events or situations that may cast significant doubt on the Company's ability to continue as a going concern. If we find material uncertainty, we are required to draw the attention of readers of our report to the information provided in the financial statements about this uncertainty or, if this information is not adequate, to express a modified opinion. Our conclusions are based on the evidence obtained up to the date of our report. However, future events or situations could cause the Company to cease operations;
- We evaluate the overall presentation, the form and content of the financial statements, including the information provided in the notes, and assess whether the financial statements represent the underlying transactions and events in a manner that is appropriate to a true and fair view.

We communicate to corporate governance officials, in particular, the scope and expected timing of the audit work and our significant findings, including any significant internal control deficiencies we may have identified during our audit.

We also provide corporate governance officials with a statement that we have complied with the relevant ethical rules regarding independence and disclose to them all relationships and other factors that may reasonably be expected to affect the independence of the organization. our independence and related safeguards where applicable.

Among the questions communicated to corporate governance officials, we determine which were the most important in the audit of the financial statements of the period in question: these are the key questions of the audit. We describe these issues in our report unless legal or regulatory provisions prevent them from being published.

Report on other legal and regulatory requirements

We were appointed as statutory auditor by the General Meeting of Shareholders on 31st May 2017 and the total duration of our engagement without interruption, including previous reappointment and renewals, is 5 years.

The management report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

The information required by article 68ter paragraph (1) letters c) and d) of the amended law of 19th December 2002 concerning the commercial and companies register and the accounting and annual accounts of the companies included in the management report consolidated financial statements and presented on pages 37 to 38 and in the Company's management report and presented on pages 111 to 112 are consistent with the Company's financial statements and have been prepared in accordance with applicable legal requirements.

We confirm that our audit opinion is in accordance with the content of the supplementary report to the Audit Committee or the equivalent body.

We confirm that we have not provided any prohibited non-audit services as referred to in Regulation (EU) No 537/2014 and that we have remained independent from the Company during the audit.

Bertrange, 9th April 2020

C-CLERC S.A.
Cabinet de révision agréé

Mariateresa Di Martino
Réviseur d'entreprises agréé

Company Financial Statements

1. Balance sheet as at 31st December 2019

<i>ASSETS</i>	<i>Note</i>	<i>2019 EUR</i>	<i>2018 EUR</i>
FIXED ASSETS			
Financial fixed assets	3		
Shares in affiliated undertakings		292 038 898.56	293 247 290.73
Loans to affiliated undertakings		<u>22 765 600.07</u>	<u>22 405 600.07</u>
		314 804 498.63	315 652 890.80
Current assets			
Receivables			
Amounts owed by affiliated undertakings becoming due and payable within one year	4	91 621 713.93	84 686 411.13
Other receivables becoming due and payable within one year		<u>62.50</u>	<u>0.00</u>
		91 621 776.43	84 686 411.13
Cash at bank, cash in postal cheque accounts, cheques and cash in hand		<u>4 462 239.69</u>	<u>10 488 084.25</u>
		96 084 016.12	95 174 495.38
		<u>410 888 514.75</u>	<u>410 827 386.18</u>

The notes form an integral part of the annual accounts.

LIABILITIES	Note	2019 EUR	2018 EUR
SHAREHOLDERS 'EQUITY	5		
Share capital		24 492 825.00	24 492 825.00
Reserves			
Legal reserve		2 449 282.50	2 506 250.00
Statutory reserve		125 993 370.46	125 993 370.46
Other reserves, including the fair value reserve			
Other available reserves		<u>37 224 819.43</u>	<u>37 224 819.43</u>
		165 667 472.39	165 724 439.89
Retained earnings		205 581 392.84	200 282 361.63
Results for the financial year		17 435 868.45	24 836 323.71
Interim dividend paid		<u>-6 531 420.00</u>	<u>-8 708 560.00</u>
		406 646 138.68	406 627 390.23
LIABILITIES	6		
Amounts owed to affiliated undertakings			
Becoming due and payable within one year		676 689.71	628 173.00
Other debts			
Becoming due and payable within one year		<u>3 565 686.36</u>	<u>3 571 822.95</u>
		4 242 376.07	4 199 995.95
		<u>410 888 514.75</u>	<u>410 827 386.18</u>

The notes form an integral part of the annual accounts.

2. Profit and loss account for the year ended 31st December 2019

	<i>Note</i>	2019 EUR	2018 EUR
Raw materials and consumables and other external charges			
Other external charges		-2 282 915.08	-3 317 683.80
Other operating expenses		-268 902.03	-394 084.55
Income from participating interests			
from affiliated undertakings	7	22 005 578.79	30 076 037.43
Other interest receivable and other financial income			
Other interests and financial income		21 884.53	36 998.62
Impairment losses on financial assets and securities held as current assets		-1 208 392.17	0.00
Interest and other financial expenses			
Other interest and financial charges		-301 387.48	-789 508.11
Income tax		-13 003.21	-19 537.27
Results after taxation		17 952 863.35	25 592 222.32
Other taxes not shown above		-516 994.90	-755 898.61
Results for the financial year		17 435 868.45	24 836 323.71
 <u>Proposed distribution of profits</u>			
		2019 EUR	2018 EUR
Retained earnings		205 600 141.29	205 581 392.84
From the balance:			
10% on the Board of Directors		1 741 712.00	1 959 426.00
90% to 19 594 260 shares		15 675 408.00	17 634 834.00
		223 017 261.29	225 175 652.84
Dividend per share		EUR 0.80	EUR 0.90

The notes form an integral part of the annual accounts.

3. Notes to the financial statements for the year 2018

Note 1. Overview

SOCFINASIA S.A., (the "Company") was incorporated on 20 November 1972 as a public limited company and adopted the status of "Soparfi" on 10 January 2011.

The duration of the Company is unlimited, and its registered office is established in Luxembourg. The Company is registered in the Register of Commerce and Companies under number B 10534.

The financial year begins on 1 January and ends on 31 December.

Note 2. Accounting principles, rules and methods

General principles

The annual financial statements are prepared in accordance with Luxembourg legal and regulatory provisions and generally accepted accounting practices.

Although the Company is included in the consolidated financial statements of Société Financière des Caoutchoucs, abbreviated as "Socfin", the Company prepares consolidated financial statements as a result of its listing on the Luxembourg Stock Exchange. The consolidated financial statements can be consulted on the website www.socfin.com.

Currency conversion

The Company keeps its accounts in euros (EUR); the annual accounts are expressed in this currency.

Transactions in a currency other than the balance sheet currency are converted into the balance sheet currency at the exchange rate prevailing on the date of the transaction.

At the balance sheet date:

- the purchase price of the equity securities included in the financial fixed assets and the associated receivables, expressed in a currency other than the currency of the balance sheet, remain converted at the historical exchange rate;
- bank accounts expressed in a currency other than the currency of the balance sheet are valued on the basis of the exchange rate prevailing on the balance sheet date;
- all other assets, expressed in a currency other than the currency of the balance sheet, are valued individually at the lower of their value at the historical exchange rate or their value determined on the basis of the exchange rate prevailing at the balance sheet date;
- all liability items, expressed in a currency other than the currency of the balance sheet, are valued individually at the highest of their value at the historical exchange rate or their value determined on the basis of the exchange rate prevailing on the closing date. balance sheet.

Realized foreign exchange gains and losses are recognized in profit and loss account. At the balance sheet date, by applying the precautionary principle, only negative translation adjustments on foreign currency items are recognized in profit or loss.

If there is an economic link between two transactions, unrealized exchange differences are recognized at the corresponding unrealized exchange loss

Revaluation of financial assets

Investments and securities with a capital nature are valued individually at the lower of their purchase price or their value estimated by the Board of Directors, without compensation between capital gains and losses.

The purchase price includes the purchase price and incidental expenses.

To determine the estimated value, the Board of Directors is based on the market value, the financial statements of the companies to be valued, or other information and documents available.

Receivables

Receivables are recorded at their nominal value. They are subject to value adjustments when their recovery is compromised. Value adjustments are not maintained if the reasons for their negotiations have ceased to exist.

Securities

Securities are valued at the lower of cost, including incidental costs or market value. A value adjustment is recorded when the market price is lower than the purchase price.

Liabilities

Liabilities are recorded at their nominal value.

Note 3 - Financial fixed assets

	Shares in affiliated undertakings		Loans to affiliated undertakings		Total	
	2019 EUR	2018 EUR	2019 EUR	2018 EUR	2019 EUR	2018 EUR
<i>Acquisition cost/nominal value at the beginning of the year</i>	294 576 661.97	294 576 661.97	22 405 600.07	18 527 024.08	316 982 262.04	313 103 686.05
<i>Increases</i>	0.00	0.00	360 000.00	3 878 575.99	360 000.00	3 878 575.99
<i>Acquisition cost/nominal value at the end of the year</i>	294 576 661.97	294 576 661.97	22 765 600.07	22 405 600.07	317 342 262.04	316 982 262.04
<i>Value adjustments at the beginning of the year</i>	-1 329 371.24	-1 329 371.24	0.00	0.00	-1 329 371.24	-1 329 371.24
<i>Impairment</i>	-1 208 392.17	0.00	0.00	0.00	-1 208 392.17	0.00
<i>Value adjustments at the end of the year</i>	-2 537 763.41	-1 329 371.24	0.00	0.00	-2 537 763.41	-1 329 371.24
<i>Net book value at the end of the year</i>	292 038 898.56	293 247 290.73	22 765 600.07	22 405 600.07	314 804 498.63	315 652 890.80

Information on companies in which the Company holds at least 20% of the capital

Name	Country	% held	Net book value EUR	Year end	Currencies of the annual accounts	Equity in foreign currency (including net income)	Net income in foreign currencies
Induservices S.A.	Luxembourg	35.00	35 000	31.12.2019	EUR	232 194	5 900
Management Associates S.A.	Luxembourg	20.00	400 000	31.12.2019	EUR	2 605 007	39 235
Plantation Nord-Sumatra Ltd S.A.	Luxembourg	99.99	244 783 196	31.12.2019	USD	308 441 651	21 049 840
Socfinde S.A.	Luxembourg	79.92	1 072 391	31.12.2019	EUR	5 940 928	268 572
Terrasia S.A.	Luxembourg	47.81	118 518	31.12.2019	EUR	527 209	23 319
Induservices FR S.A.	Switzerland	50.00	642 202	31.12.2019	EUR	762 681	-5 359
Socfinco FR S.A. (*)	Switzerland	50.00	486 891	31.12.2019	EUR	9 774 951	4 227 405
Sogescol FR S.A. (*)	Switzerland	50.00	1 985 019	31.12.2019	USD	16 724 768	7 411 532
Socfin Green Energy S.A.	Switzerland	50.00	48 780	31.12.2019	EUR	1 505 666	202 686
Socfin Research S.A.	Switzerland	50.00	1 968 120	31.12.2019	EUR	3 936 243	-391 325
Sodimex FR S.A. (*)	Switzerland	50.00	621 424	31.12.2019	EUR	3 745 512	406 925
Centrages S.A.	Belgium	50.00	4 074 315	31.12.2019	EUR	3 020 755	170 107
Gaumes S.A.	Belgium	50.00	47 530	31.12.2019	EUR	103 055	-8 547
Immobilière de la Pépinière S.A.	Belgium	50.00	3 165 450	31.12.2019	EUR	3 901 897	-206 935
Socfinco S.A.	Belgium	50.00	750 365	31.12.2019	EUR	1 739 330	194 686
Sodimex S.A.	Belgium	50.00	102 200	31.12.2019	EUR	204 180	-16 094
Socfin-KCD Co Ltd (*)	Cambodia	100.00	31 685 450	31.12.2019	KHR	134 525 335 151	-10 180 336 684
			291 939 321				

(*) Based on audited financial statements

Note 4. Amounts owed by affiliated undertakings

As at 31st December 2019, the amount receivable consists of cash pooling receivables of EUR 82 101 339 and advances to the subsidiary Socfinde of EUR 8 950 000 (2018: EUR 75 736 411 and EUR 8 950 000 respectively).

Note 5. Equity

	Share capital EUR	Legal reserves EUR	Other reserves EUR	Retained earnings EUR	Profit for the year EUR	Interim dividend paid EUR
Balance as at 1st January 2018	25 062 500.00	2 506 250.00	162 624 083.89	179 737 441.25	42 316 320.38	-10 885 700.00
Allocation of the result for the 2017 financial year following decision of the General Assembly held on 30 th May 2018						
• Retained earnings				20 544 920.38	-20 544 920.38	
• Dividends					-9 797 130.00	
• Directors' fees					-1 088 570.00	
• 2017 interim dividend					-10 885 700.00	10 885 700.00
Interim dividend as per decision of the Board of Directors held on 26 th October 2018						-8 708 560.00
Cancellation of 455 740 shares	-569 675		594 106.00			
Results for the financial year					24 836 323.71	
Balance as at 31st December 2018	24 492 825.00	2 506 250.00	163 218 189.89	200 282 361.63	24 836 323.71	-8 708 560.00
Allocation of the result for the 2018 financial year following decision of the General Assembly held on 28 th May 2019						
• Retained earnings		-56 967.50		5 299 031.21	-5 242 063.71	
• Dividends					-9 797 130.00	
• Directors' fees					-1 088 570.00	
• 2018 interim dividend					-8 708 560.00	8 708 560.00
Interim dividend as per decision of the Board of Directors held on 28 th October 2019						-6 531 420.00
Results for the financial year					17 435 868.45	
Balance as at 31st December 2019	24 492 825.00	2 449 282.50	163 218 189.89	205 581 392.84	17 435 868.45	-6 531 420.00

Subscribed capital

As at 31st December 2019, the subscribed and fully paid up share capital is EUR 24 492 825 represented by 19 594 260 shares. In accordance with the Law of 28th July 2014 on the immobilization of bearer shares, 455 740 shares were cancelled.

Legal reserve

According to the legislation in force, it must be done annually on the net profits of the Company after absorption of any losses carried forward, an allocation to a legal reserve of 5%. This allocation to the legal reserve ceases to be mandatory when the reserve reaches 10% of the share capital. The legal reserve cannot be distributed.

Statutory reserves

The statutory reserve includes an unavailable reserve of EUR 125 993 370, relating to the profit earned at the time of the formation in 1997 of Plantation Nord-Sumatra Ltd. Previously this reserve was accounted for in Other Reserves.

Note 6. Liabilities

This item mainly includes interest payable for EUR 3 489 671 (2018: EUR 3 489 423), an amount payable relating to cash-pooling in US Dollar for EUR 533 285 and expenses payable for EUR 219 420.

Note 7. Income from affiliated undertakings

	2019 EUR	2018 EUR
Dividends received	<u>22 005 578.79</u>	<u>30 076 037.43</u>

Note 8. Remuneration of the Board of Directors

During the 2019 financial year, the members of the Board of Directors received EUR 13 750 in attendance fees and EUR 1 991 712 in directors' fees

Note 9. Political and economic environment

The Company directly and indirectly holds interests in companies operating in Indonesia and Cambodia.

Given the political instability that exists in these countries and their economic fragility, the investments held by the Company present a risk in terms of exposure to political and economic fluctuations.

Note 10. Significant events after the reporting date

The Covid-19 epidemic began in China in December 2019 and spread to the rest of the world from January 2020 and rose to “pandemic” status on 11th March 2020 by the WHO. At the balance sheet date, the epidemic had no impact on the Group's activities.

The Covid-19 epidemic, which took a global dimension, caused the financial markets to fall dramatically from mid-February onwards, rising fears of a slowdown in global economic growth.

Raw material prices were obviously not spared. Thus, the TSR20 1st position FOB Singapore on SGX quoted on 27th March 2020 at USD 1 070 per ton, against USD 1 451 per ton on 31st December 2019. Similarly, the price of crude palm oil CIF Rotterdam closed on 27th March 2020 at around USD 620 per ton, against USD 850 per ton on 31st December 2019.

The Covid-19 crisis has strongly affected sectors linked to the Chinese economy, particularly groups operating in the automotive industry, already in slowdown. In addition, tyre manufacturers are in the process of halting or drastically reducing production at most of their factories in Europe, North America, South America and elsewhere in the world.

The Board of Directors expect a sharp decline in rubber demand from tyre manufacturers from April onwards.

Slower growth in China and the recent lockdown in India, the two major palm oil importers, and falling oil prices are also weighing heavily on current crude palm oil prices.

The situation is being closely monitored by the management teams. However, it is too early to assess the full impact of the Covid-19 epidemic on the financial year 2020. First quarter operations were not affected by this crisis.