CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

as of June 30, 2020

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SUMMARY

ACTIVITY REPORT AS OF JUNE 30, 2020

ACTIVITY OF THE COMPANY AND OF ITS SUBSIDIARIES AND ASSOCIATES

COVID-19

Within a context of unprecedented global crisis, the Group's absolute priority has been to ensure the safety of all its employees and business partners, while continuing to serve its customers in all countries in which the Group is present. The Group has demonstrated its reactivity and capacity for resistance in face of the Covid-19 crisis by preserving business continuity and limiting the economic impacts of the crisis through a careful control over costs and cash and by securing its access to financing.

Savencia Fromage & Dairy's net sales fell by **0.4%** like-for-like. **Current operating income** attained **€92.4 million**, a contraction of €2.7 million compared to June 30, 2019.

All the countries in which we operate were affected, and in particular France, Italy, Spain, Great Britain, the United States and Brazil.

The epidemic has had contrasting impacts on our businesses with a stop on Food Service and deli counters but an acceleration of Retail sales, the two virtually cancelling each other out in terms of sales, which explains the -0.4% contraction. Nevertheless, the brutal stop to Food Service resulted in higher storage and supply chain costs, a higher level of inventory destruction and impairment following cancellation of orders or reduced activity, and increased customer credit risk in countries not covered by COFACE insurance thereby leading to additional impairment losses. The total impact amounted to €10.6 million. The Group also contributed to solidary initiatives by gifting almost €1 million of food products to food banks, humanitarian associations, healthcare personnel and hospitals.

To ensure its smooth operations, the Group implemented a business continuity plan which lead to €9.8 million of specific costs linked to securing the safety of its personnel and sites: general recourse to teleworking worldwide, reorganization of production and supply chain facilities (access security, facemasks, social distancing, splitting of teams, recognition bonuses etc.), recourse to furlough for the teams directly hit (sales force, manufacture of traditional cheeses and specialized Food Service activities) albeit only to a limited extent both geographically and in terms of duration.

To help absorb those costs, plans were activated to significantly reduce professional fees, non-essential services, travel, seminars and other training, media and other advertising costs. A freeze on new hires was also acted.

All the costs and measures of economy associated with Covid-19 have been booked at the level of current operating income, in line with professional recommendations.

In terms of cash management, the following measures were implemented: a capex focus on priority projects, careful monitoring of working capital and access by subsidiaries to the government support available, in particular in France with the deferral of payments for taxes and social contributions. Also, following a proposal by the Board of Directors, at the Annual Shareholders Meeting held on April 23, 2020 our shareholders decided to pay no dividend for 2019.

The Group's access to financing was also secured by active participation in the market for treasury bills market, and by extension of both the amount and maturity of its syndicated credit facility.

ECONOMIC ENVIRONMENT

Following a dynamic first quarter, world milk production slowed down during the second quarter as a result of the Covid-19 crisis and climatic conditions. The price of milk fell but world prices for industrial products, which had plummeted until the end of April, moved back up at the end of the period in particular for skim milk powder. The availability of powder in Europe is low given the seasonal fall in milk collection, the historically low level of European inventories and a continued bullish international demand.

The world price for cube butter has improved since April thanks to strong exports, continuing strong retail consumption and the progressive return of demand for out-of-home catering.

The European market for dairy products continues to be impacted by strong competition between distributors. South America remains confronted with excessively unstable and inflationary economies notably in Argentina.

ACCOUNTING STANDARDS

Savencia Fromage & Dairy's consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union. The Group has adopted the new texts which became mandatory with effect from January 1, 2020 notably including the amendments to references in standards to the conceptual framework, the amendments to IAS 1 and IFRS 8 on the definition of "material", the amendment to IFRS 3 on the definition of a business and the amendments to IFRS 9, IAS 39 and IFRS 7 stemming from the reform of interbank rates of reference, all of which were without impact on the consolidated financial statements as of June 30, 2020.

SCOPE OF CONSOLIDATION

Following the memorandum of understanding signed with Sodiaal on October 4, 2019, a new shareholder agreement was signed on April 30, 2020. It provides Savencia Fromage & Dairy with control over CF&R Gestion, in charge of the operational management of CF&R SCA, thereby providing CF&R with access to Savencia's cheese specialty know-how and international network and so contributing to CF&R's lasting development.

CF&R ceased to be consolidated using the equity method on April 30, 2020 and is now fully consolidated *(see note 1.2 of the consolidated financial statements).*

The Group acquired 100% of Fromageries Papillon on July 26, 2019.

ACTIVITY & RESULTS

Key figures (€m)	juin-20	% net sales	juin-19	% net sales	Changes (%)			
					Total	Structure	Forex	Growth
Net sales	**2 410.4**		**2 427.7**		**-0,7%**	**2,4%**	**-2,6%**	**-0,4%**
- Of which Cheese Products	1 431.3	*59,4%*	1 381.3	*56,9%*	3,6%	4,4%	-1,3%	0,5%
- Of which Other Dairy Products	1 050.8	*43,6%*	1 113.9	*45,9%*	-5,7%	0,0%	-4,4%	-1,3%
Current operating income	**92,4**		**95,1**		**-2,8%**	**-0,4%**	**0,5%**	**-2,9%**
- Of which *Cheese Products*	69,9	*75,6%*	64,7	*68,0%*	8,0%	0,0%	-0,3%	8,3%
- Of which Other Dairy Products	29,6	*32,0%*	38,6	*40,6%*	-23,3%	-1,3%	1,6%	-23,5%
Operating margin	**3,8%**		**3,9%**					
- Of which Cheese Products	4,9%		4,7%					
- Of which Other Dairy Products	2,8%		3,5%					

As of June 30, 2020 Savencia Fromage & Dairy's net sales amounted to €2,410.4 million compared with €2,427.7 million for the same period of 2019, a fall of 0.7% reflecting -0.4% of organic contraction *(1)*, an unfavorable foreign exchange impact *(2)* of 2.6%, mainly due to the loss in value against the euro of the South American currencies, and a positive scope of consolidation impact of +2.4% due to the acquisition of Fromageries Papillon at the end of July 2019 and the full consolidation of CF&R with effect from April 30, 2020.

Cheese Product net sales improved by +0.5%, like-for-like, at €1,431.3 million, resulting essentially from improved volumes and mix in Europe, compared to the first half of 2019, in particular for the Group's strategic brands. With the exception of cheese for deli counters, Retail sales showed strong volume growth in Europe as a result of confinement. However, international Cheese Product sales fared less well, particularly in the USA and South America, especially for Food Service and White Cream Cheese sales, reflecting greater impact from the sanitary crisis. In addition, South America remained penalized by its continuing strongly inflationary economies.

Like-for-like, Other Dairy Product sales fell by 1.3% to €1,050.8 million.

The fall in sales of butter and cream reflects both the fall in world butter prices and the impact in the second quarter of the consequences of the sanitary crisis for Food Service, with the widespread closure of the restaurant and catering sectors, whereas Retail France reaped the benefit of its replacement because of the confinement. Sales of milk ingredients also benefited from the increased world prices for skim milk powder during the second quarter. International Food Service sales were also severely impacted by the measures of confinement and the shutdown of premium hotels and restaurants, while Retail sales continued their development.

Like-for-like, current operating income fell by 2.9% compared to the first half of 2019, at to €92.4 million compared with €95.1 million, inclusive of a +0.5% foreign exchange impact and a -0.4% scope impact. Current operating margin amounted to 3.8% compared with 3.9% for the first half of 2019.

Current operating income evolved positively for Cheese Products but negatively for Other Dairy Products.

Current operating income for **Cheese Products** amounted to **€69.9 million**, compared with €64.7 million in 2019, with a slight increase in current operating margin from 4.7% in 2019 to 4.9% in 2020. Pressure on pricing and other sales terms and conditions remained strong but the significant reduction in costs, the improvement in volume mix and the extra Retail consumption during the period of confinement were sufficient to absorb the costs engaged for employee safety, and those resulting from the brutal slowdown in activity during the pandemic, and produce a positive trend in current operating income.

Current operating income for **Other Dairy Products** amounted to **€29.6 million**, compared with €38.6 million in 2019, and current operating margin for the segment thus fell from 3.5% in 2019 to 2.8% in 2020. The segment is sensitive to the trend in raw material prices and world prices for industrial products and so has experienced, in the first half of 2020, impairment losses on inventories reflecting in particular the fall in prices for butter and whey.

Unallocated items produced a net charge of -€7.1 million compared with -€8.2 million for the first half of 2019.

Non-recurring items amounted to **-€31.9 million**, compared with **-€37.6 million** for the first half of 2019, including -€4.3 million of net restructuring and -€26.8 million of net asset impairment, including €20.5 million of a partial write-down of goodwill for the Group's Russian cash-generating unit confronted locally with severe competitive pressure for hard cheese impacting its margins and imposing market repositioning and revision of its business plan. The other net expense of -€0.8 million had a variety of causes.

Operating income amounted to **€60.5 million**, a rise of 5.2% over the **€57.5 million** as of June 30, 2019.

Net financial expense amounted to **-€9.1 million**, compared with **-€11.7 million** for the same period of 2019, mainly as a result of more favorable foreign exchange impacts.

The **gain on net monetary position** amounted to **€0.3 million** compared with **€0.7 million** as of June 30, 2019.

The **Group share of results of associates** amounted to **€0.1 million** as of June 30, 2020, compared with **-€0.8 million** as of June 30, 2019, including the first four months of the Group's share of the results of CF&R.

Consolidated **profit before tax** amounted to **€51.7 million** compared with **€45.7 million** as of June 30, 2019, a rise of +13.1%.

Consolidated **income tax expense** amounted to **-€24.1 million** compared with **-€19.2 million** for the 1st half of 2019, with an effective tax rate of 46.7% compared with 42%, a rise mainly attributable to a higher level of non-deductible impairment losses in 2020 than in 2019.

Consolidated **net income from continuing operations** amounted to **€27.6 million**, compared with **€26.5 million** for the 1st half of 2019, for the reasons explained above.

There was no income or expense for discontinued operations.

Non-controlling interests recorded a profit of **€1.1 million** compared with a loss of **-€0.6 million** as of June 30, 2019.

Consolidated net income for the semester attributable to equity holders of the parent company amounted to **€26.5 million**, a fall of -€0.6 million compared with the 1st half of 2019. Consolidated net margin amounted to 1.1% as of June 30, 2020 unchanged against 2019.

Net cash from operations amounted to **+€156.5 million** compared with **+€16.5 million** as of June 30, 2019, mainly reflecting the significant decrease in the Group's working capital requirement from €109.9 million as of June 30, 2019 to -€5.8 million as of June 30, 2019 in line with the reinforcement of control over customer credit, the absence of any dividend payment decided at the Annual Shareholders Meeting of April 23, 2020, a focus restricted to major industrial investment projects and the deferral of payment of taxes and social contributions reflecting government support.

At **€536.4 million, consolidated net debt** (excluding the impact of IFRS 16) amounted to 34.5% of equity, compared with 42.3% as of December 31, 2019, in line with the trend in the Group's working capital requirement.

OUTLOOK

Numerous uncertainties remain as to the sanitary situation and the consequences of the pandemic for the macroeconomic environment, the status of deconfinement and patterns of consumption for the second half of the year.

Assuming a progressive return to normal with no general reconfinement, the Group's Food Service activities are expected to improve and, as a result, Retail sales may continue to increase but less so than before the crisis.

Within this highly uncertain environment, Savencia Fromage & Dairy remains confident in its teams' commitment and in the strength of its brands, and will pursue its continuous efforts for competitiveness in order to ensure profitable growth for its brands while preserving its employees.

TRANSACTIONS WITH RELATED PARTIES

The Group's transactions with related parties are described in Note 22 to the condensed consolidated interim financial statements.

(1) Organic growth measures the change in an aggregate adjusted for changes in scope of consolidation and foreign exchange rates.
(2) The foreign exchange impact is calculated by applying the prior period's rates of exchange to the current period's aggregates.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2020

1. Condensed consolidated income statement

		6 months	
In thousands of euro	**Notes**	**2020**	**2019(*)**
NET SALES	**2**	**2 410 378**	**2 427 692**
Purchases adjusted for changes in inventory		-1 513 273	-1 565 129
Personnel costs		-489 512	-456 583
Depreciation and amortization		-90 737	-81 040
Other current operating expense		-224 416	-229 846
CURRENT OPERATING PROFIT		**92 440**	**95 094**
Other operating income and (expense)	3	-31 976	-37 603
TOTAL OPERATING PROFIT		**60 464**	**57 491**
Financial expense	4	-17 987	-17 156
Financial income	4	8 820	5 495
Gain or loss on net monetary position	5	335	656
Group share of results of associates	6	83	-766
PROFIT BEFORE TAX		**51 715**	**45 720**
Income tax expense	7	-24 142	-19 199
Net income from continuing operations		**27 573**	**26 521**
NET INCOME		**27 573**	**26 521**
Net income attributable to equity holders of the parent company		26 486	27 110
Non-controlling interests	18	1 087	-589
EARNINGS PER SHARE (€)	8		
Attributable to equity holders of the parent company:			
• basic		1,93	1,96
• diluted		1,91	1,94
For continuing operations:			
• basic		1,93	1,96
• diluted		1,91	1,94

(*) Published data.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In thousands of euro	Notes	6 months 2020	6 months 2019
NET INCOME		**27 573**	**26 521**
Other comprehensive income:			
Foreign exchange differences(1)		-46 761	15 620
Change in fair value of financial assets		133	-
Change in fair value of cash flow hedges, net of taxes(2)		4 482	-2 949
Currency basis spread (hedging)(3)	16	655	739
Hyperinflation(4)		3 475	6 316
Share of associates and joint ventures in recyclable components		-4	167
Total recyclable components of other comprehensive income		**-38 020**	**19 893**
Actuarial gains and losses relating to employment benefit plans		-688	-9 392
Share of associates and joint ventures in non-recyclable components		-5	-162
Total non-recyclable components of other comprehensive income		**-693**	**-9 554**
Total other comprehensive income net of tax	16	**-38 713**	**10 339**
TOTAL COMPREHENSIVE INCOME NET OF TAXE		**-11 140**	**36 860**
Group share		-11 889	37 594
Non-controlling interests	18	749	-734

(1) Mainly relating to the following foreign currencies: RUB, BRL and ARS.
(2) Mainly relating to hedging of interest rates and raw materials.
(3) Exclusion of the currency basis spread for hedging instruments under IFRS 9 (see note 16).
(4) Hyperinflation adjustment for Argentina.

The notes provided are an integral part of these consolidated financial statements.

2. Consolidated statement of financial position

ASSETS

In thousands of euro	Notes	As of June 30, 2020	As of December 31, 2019
Intangible assets	9	590 590	560 100
Property, plant and equipment	9	1 167 077	1 084 050
Right-of-use assets	10	62 833	63 598
Other financial assets	11	27 389	30 136
Investments in associates	6	24 837	134 761
Non-current derivative financial instruments		33 904	22 479
Deferred tax assets		53 017	49 916
TOTAL NON-CURRENT ASSETS		**1 959 647**	**1 945 040**
Inventories and work in progress	12	695 708	565 746
Trade and other receivables	13	861 224	886 052
Tax receivables		46 547	44 521
Current derivative financial instruments	21	7 243	4 819
Other current financial assets	14	40 259	11 449
Cash and cash equivalents	15	611 024	465 896
Assets for operations discontinued or in process of sale		1 309	1 550
TOTAL CURRENT ASSETS		**2 263 314**	**1 980 033**
TOTAL ASSETS		**4 222 961**	**3 925 073**

EQUITY AND LIABILITIES

In thousands of euro	Notes	As of June 30, 2020	As of December 31, 2019
Paid-in capital		**77 112**	**80 563**
Reserves	17	-135 298	-93 449
Retained earnings		1 407 226	1 376 305
GROUP SHARE OF EQUITY		**1 349 040**	**1 363 419**
Non-controlling interests	18	206 341	100 918
TOTAL EQUITY		**1 555 381**	**1 464 337**
Provisions	19	151 783	138 587
Non-current financial borrowings	20	321 418	323 292
Non-current lease liabilities	10	41 357	42 985
Other non-current liabilities		10 577	15 865
Non-current derivative financial instruments	21	26 015	20 230
Deferred tax liabilities		73 518	55 846
TOTAL NON-CURRENT LIABILITIES		**624 668**	**596 805**
Trade and other payables		1 133 977	1 053 649
Tax payable		17 590	11 096
Current derivative financial instruments		3 094	3 997
Bank borrowings	20	866 290	773 960
Current lease liabilities	10	21 961	21 229
TOTAL CURRENT LIABILITIES		**2 042 912**	**1 863 931**
TOTAL LIABILITIES		**2 667 580**	**2 460 736**
TOTAL EQUITY AND LIABILITIES		**4 222 961**	**3 925 073**

The notes provided are an integral part of these consolidated financial statements.

3. Consolidated statement of cash flows

In thousands of euro	Notes	6 months 2020	6 months 2019
Net income from continuing operations		**27 573**	**26 521**
Income tax expense	7	24 142	19 199
Depreciation and amortization		90 737	81 040
Gains and losses on disposal of assets		-247	-842
Group share of results of associates	6	-83	766
Net financial expense		4 794	7 809
Other non-cash income and expense(1)		26 112	29 527
Gross operating margin		**173 028**	**164 020**
Interest paid(2)		-11 886	-12 497
Interest received		7 101	4 248
Income tax paid		-17 581	-29 346
Change in working capital(4)		5 792	-109 900
NET CASH FLOW FROM OPERATING ACTIVITIES		**156 454**	**16 525**
Acquisition of subsidiaries, operating units and non-controlling interests(3)		6 106	-3
Purchase of tangible and intangible non-current assets	2	-63 474	-72 456
Proceeds from disposal of assets		1 772	2 632
Acquisition/disposal of financial assets and changes in other current financial assets		-29 375	-12 736
Dividends received (including dividends received from associates)	6	-	11
NET CASH USED IN INVESTING ACTIVITIES		**-84 971**	**-82 552**
Net cash flow from financing activities			
Purchase and sale of treasury shares Savencia SA		-3 452	-8 962
Share capital increase subscribed by non-controlling interests		-50	-
Proceeds of borrowings	20	174 313	175 926
Repayment of borrowings	20	-12 682	-11 790
Repayment of lease liabilities	10	-12 713	-11 794
Dividends paid		-1 277	-15 431
NET CASH FLOW FOR FINANCING ACTIVITIES		**144 139**	**127 949**
Impact of foreign exchange differences		-512	1 450
Net change in cash and cash equivalents		**215 110**	**63 372**
OPENING CASH AND CASH EQUIVALENTS	**15**	**329 997**	**318 762**
CLOSING CASH AND CASH EQUIVALENTS	**15**	**545 107**	**382 134**

(1) Including the impact of provisions and impairment (+€20.3 million in 2020 compared with +€19.2 million in 2019) and of Argentinian hyperinflation (+€1.6 million in 2020 compared with +€2.7 million in 2019).
(2) Including €1.1 million for interest on leasehold obligations in 2020 compared with 1.5 million in 2019.
(3) The opening cash and cash equivalents for CF&R.
(4) Including the impact of deferred social and tax payables (+€53 million).

The notes provided are an integral part of these consolidated financial statements.

4. Consolidated statement of changes in equity

In thousands of euro	Paid-in capital	Reserves (note 17)	Retained earnings	Total Group share of equity	Non-controlling interests (note 18)	Total consolidated equity
	Equity attributable to shareholders of the parent company					
EQUITY AT 01/01/2019	**89 288**	**-94 115**	**1 296 678**	**1 291 851**	**104 468**	**1 396 319**
Dividends distributed			-13 784	-13 784	-1 647	-15 431
Total comprehensive income at 06/30/2019		**4 183**	**33 411**	**37 594**	**-734**	**36 860**
• Sale of treasury shares	-8 962			-8 962	-	-8 962
Purchase of treasury shares	-			-	-	-
Change in share capital	-		-	-	-	-
Change in consolidation scope:				-		-
• Purchase of non-controlling interests			-	-	-	-
• Put options granted to non-controlling interests			1 431	1 431	-219	1 212
• Impact of business combinations			-	-	-	-
• Change in percentages of interest			-	-	-3	-3
EQUITY AT 06/30/2019	**80 326**	**-89 932**	**1 317 736**	**1 308 130**	**101 865**	**1 409 995**
EQUITY AT 12/31/2019	**80 563**	**-93 449**	**1 376 305**	**1 363 419**	**100 918**	**1 464 337**
Dividends distributed			-	-	-1 277	-1 277
Total comprehensive income at 06/30/2020		**-41 849**	**29 960**	**-11 889**	**749**	**-11 140**
Stock purchase option plans:						
• Sale of treasury shares	-3 451			-3 451	-1	-3 452
Purchase of treasury shares	-			-	-	-
Change in share capital				-	-	-
Change in consolidation scope:						
• Purchase of non-controlling interests			-	-	-	-
• Put options granted to non-controlling interests			955	955	525	1 480
• Impact of business combinations			-	-	105 432	105 432
• Change in percentages of interest			5	5	-5	-
Other items	-	-	1	1	-	1
EQUITY AT 06/30/2020	**77 112**	**-135 298**	**1 407 226**	**1 349 040**	**206 341**	**1 555 381**

The notes provided are an integral part of these consolidated financial statements.

5. Notes to the condensed interim consolidated financial statements

SAVENCIA SA is a *Société Anonyme à Conseil d'Administration* (French limited company with a Board of Directors) domiciled and registered in France whose head office is located in Viroflay (78220). Its shares are traded on the Paris Stock Exchange.

The trading name of SAVENCIA SA and its subsidiaries is SAVENCIA Fromage & Dairy (hereafter the "Group"). The Group operates within two business segments: Cheese Products and Other Dairy Products *(see note 2)*.

Declaration of compliance

The condensed interim consolidated financial statements, expressed in thousands of euro unless otherwise stated, have been prepared in accordance with IAS 34, *Interim Financial Reporting*. They comprise the company and its subsidiaries (hereafter the "Group") and the Group's share of associates. They do not include all the information required for a complete set of annual financial statements and must be read in conjunction with the Group's consolidated financial statements for the year ended December 31, 2019 which are available on request from the company's registered office or by consulting www.savencia.com. They were released for publication by the Board of Directors on September 3, 2020.

Principal accounting policies

The accounting policies applied by the Group in its condensed interim consolidated financial statements are identical to those used in its consolidated financial statements for the year ended December 31, 2019 except for changes due to the evolution of International Financial Reporting Standards (IFRSs) as adopted by the European Union, notably including the amendments to the IFRS conceptual framework, the amendments to IAS 1 and IAS 8 with regard to the definition of "material", the amendment to IFRS 3 with regard to the definition of a "business" and the amendments to IFRS 9, IAS 39 and IFRS 7 in relation with the reference interbank rate reform, which however had no impact on the accounts as of June 30, 2020. In particular in the case of the latter amendments, the Group's existing contracts denominated in foreign currencies are subject (if applicable) to fixed rates of interest, not indexed on any Interbank Offered Rate, as such not within the scope of the reform, and its existing contracts denominated in euro are also subject to fixed rates of interest or are indexed on the Euribor which is equally not within the scope of the reform. There has thus been, to date, no modification of the accounting treatment of the Group's contracts as a result of this reform.

With regard to the IFRS Interpretations Committee's final decision on the duration of lease terms under IFRS 16 and the period of amortization of improvements to leased assets: at the level of the Group, the contracts potentially impacted have been identified and the applicable subsidiaries have been contacted with a view to appropriate adaptation of the applicable periods as required. The Group's IFRS 16 module is also undergoing adaptation to incorporate a decision tree for lease durations. Any requisite adjustments will be performed for the 2020 year-end.

Use of estimates and judgment

The preparation of condensed interim consolidated financial statements requires, as for the preparation of annual financial statements, the exercise of judgment and the performance of a certain number of estimates. The estimated amounts are identical to those described in the Group's consolidated financial statements for the year ended December 31, 2019.

During the six months ended June 30, 2020, the Group has in particular revised its estimates relating to impairment of intangible assets and property, plant and equipment *(see note 3)* and to deferred tax assets in respect of tax losses.

Management of financial risk

The objectives and policies pursued by the Group in managing its exposure to financial risks are unchanged compared to the information furnished in its consolidated financial statements for the year ended December 31, 2019.

NOTE 1. MAIN EVENTS OF THE PERIOD

1.1 EFFECTS OF THE COVID-19 EPIDEMIC

Faced with the crisis, the Group's absolute priority has been to preserve the safety of its employees and partners worldwide in order to ensure service continuity for its customers in all the countries in which the Group is present. All the countries in which we operate have been impacted, more particularly in the case of France, Italy, Spain, Great Britain, the USA and Brazil.

The epidemic has had contrasting, but virtually equal and opposite, impacts with the interruption of Food Service and sales of cheese for cutting but an acceleration of retail sales, so that the overall fall in consolidated net sales was limited to 0.4%.

However, the corollary of the brutal interruption of Food Service has been an increase in storage and other supply chain costs, as well as in the destruction and impairment of inventories as a result of cancelled orders or lower levels of activity, and an aggravation of credit risk for countries not covered by COFACE insurance equally generating impairment losses. The total impact amounts to €10.6 million of extra costs including €2.7 million for transport, €5.2 million for the destruction and impairment of inventories and €2.7 million for increased credit risk. The Group also devoted close on €1 million to gifting food products to food banks, other humanitarian agencies and hospital and other healthcare personnel.

The operation of the Group's business continuity plan also generated €9.8 million of specific payroll costs essentially in the form of bonuses in recognition of employee support with:

- The worldwide generalization of teleworking;
- The adaptation of our production and supply chain facilities: access security, the widespread wearing of facemasks, measures of physical distancing, duplication of teams, incentive payments etc.;
- The implementation of short-time working for the teams directly impacted (sales force, production of traditional cheeses and specialized Food Service businesses), a measure however of limited geographical impact and duration.

Faced with these costs, contingency plans were also deployed with significantly reduced expenses for:

- Non-essential professional fees and other services;
- Travel, seminars and other training;
- Media and advertising; and
- A freeze of new hires.

All these costs and measures of economy related to Covid-19 have been classified at the level of current operating profit in line with the applicable professional recommendations.

Impairment testing of non-financial assets was performed in accordance with IAS 36 for all the Group's cash-generating units (CGUs) potentially impacted by the Covid-19 pandemic in terms in particular of loss of activity *(see note 3)*.

In terms of cash management, the following measures were implemented:

- Focus of capital investment on projects of priority;
- Careful working capital monitoring including recourse by all subsidiaries, particularly in France, to government measures enabling the deferral of payroll and fiscal costs (for a total impact of €53 million);
- Following proposal by the Board of Directors, the Shareholders' Meeting held on April 23, 2020 decided to pay no dividend in respect of 2019 *(see note 8)*.

The Group's access to financing was thereby guaranteed. Despite a period of contraction of the market for treasury notes, the Group maintained its liquidity thanks to an extension of its syndicated loan facility *(see note 19)*.

1.2 CHANGES IN CONSOLIDATION SCOPE

The main change in the Group's scope of consolidation during the 1st half of 2020 was as follows: following the terms of agreement signed on October 4, 2019 with Sodiaal, a new shareholders' agreement signed on April 30, 2020 provided Savencia Fromage & Dairy with control over CF&R Gestion, the company responsible for the operational management of CF&R SCA, thereby providing CF&R the benefit of Savencia's cheese specialty know-how and international network contributing to CF&R's long-term development.

In accordance with IFRS 3, the Group has valued CF&R at its fair value as of the date of the transaction. In accounting terms, the sale of the previous 50% interest generated a non-material capital loss and was followed by the acquisition of a controlling interest with effect from April 30, 2020 which generated €4.5 million of goodwill subject to potential adjustment over the following twelve months. For consolidation purposes, CF&R was thus accounted for using the equity method until April 30, 2020 and fully consolidated with effect from that date. Pro-forma accounts are presented in note 23.

Following the acquisition on July 26, 2019 of Fromageries Papillon SAS, SCI du Bousquet, SNC Fromageries du Levezou, SNC Saveurs de France and SNC Force Plus, the Group finalized the provisional goodwill amount of €11.8 million which was adjusted to €4.6 million following the revaluation of property, plant and equipment performed by a third party valuation specialist.

- These changes were applicable to the Cheese Products operating segment.

The main change in the Group's scope of consolidation during 2019 was as follows: on July 26, 2019 the Group acquired 100% of Fromageries Papillon SAS, SCI du Bousquet, SNC Fromageries du Levezou, SNC Saveurs de France and SNC Force Plus for total consideration of €31.9 million. Fromageries Papillon is a historical manufacturer of Protected Designation of Origin Roquefort commercialized under the Papillon brand since 1906. The project reflects the Group's strategy of developing its portfolio of heritage brands recognized for their exceptional quality. The entities have been fully consolidated by the Group since their date of acquisition.

In accordance with IFRS 3 (revised), a preliminary evaluation of the assets acquired, and liabilities and contingent liabilities assumed, as of the date of acquisition was performed subject to potential adjustment – including independent valuation of property, plant and equipment – during the 12 months following the date of acquisition. The preliminary fair value evaluation led to the recognition in particular of:

- €13.4 million for the Papillon brand;
- €0.3 million of increased inventories;
- €1.3 million of retirement provisions;
- €4.3 million of deferred tax liabilities;
- €11.8 million of provisional goodwill.

The impact of the transaction for the Group's cash flows amounted to -€33.1 million including the impact of the opening net cash acquired. During the post-acquisition period, Fromageries Papillon contributed net sales of €10.2 million and current operating profit of €0.6 million.

- This transaction was applicable to the Cheese Products operating segment.

NOTE 2. SEGMENT REPORTING

The Group's segment reporting is based on the internal reporting used by the Chief Executive Officer, the Group's main operational decision-taker. The reported data is prepared in accordance with the Group's accounting framework.

Two operating segments are distinguished between:

The **Cheese Products segment:** manufacture and distribution of branded cheeses and cheese specialties in most markets;

The **Other Dairy Products segment:** manufacture and distribution of fresh butter and cream for mass consumption, food service products such as fresh and long-life cream, dessert preparations, pastry-making butter and milk-based preparations for international luxury hotels, as well as technical butters and highly specialized dairy proteins for the food, nutrition and health industries.

Only the following key performance indicators: net sales, current operating profit and current operating profit margin are reviewed by sector. Other indicators, in particular for cash flows and net debt, are prepared and analyzed at the level of the Group.

Items in the summarized income statement allocated by operating segment reconcile to the Group's position as follows:

	6 months							
	Cheese Products		Other Dairy Products		Other items		Total	
In thousands of euro	2020	2019	2020	2019	2020	2019	2020	2019
Net sales by segment	1 431 298	1 381 320	1 050 817	1 113 882	44 954	38 877	2 527 069	2 534 079
Inter-segment revenue	-57 332	-56 468	-24 515	-20 894	-34 844	-29 025	-116 691	-106 387
Third party net sales	**1 373 966**	**1 324 852**	**1 026 302**	**1 092 988**	**10 110**	**9 852**	**2 410 378**	**2 427 692**
Depreciation and amortization	-52 394	-49 317	-34 714	-26 997	-3 629	-4 726	-90 737	-81 040
Current operating profit/(loss)	**69 868**	**64 693**	**29 597**	**38 594**	**-7 025**	**-8 193**	**92 440**	**95 094**
Current operating profit margin(1)	**4,9%**	**4,7%**	**2,8%**	**3,5%**			**3,8%**	**3,9%**
Restructuring costs	-363	-6 704	284	-1 213	-4 263	-4 969	-4 342	-12 886
Impairment of assets(2)	-24 966	-15 565	-1 877	-9 797	-	-	-26 843	-25 362
Segment profit/(loss)	**44 539**	**42 424**	**28 004**	**27 584**	**-11 288**	**-13 162**	**61 255**	**56 846**

(1) The operating profit margin calculation (current operating profit divided by net sales) is not relevant for the segment "Other items".

(2) See note 3.

Items in the balance sheet allocated by operating segment reconcile to the Group's position as follows:

	Cheese Products		Other Dairy Products		Other items		Total	
In thousands of euro	As of June 30, 2020	As of December 31, 2019	As of June 30, 2020	As of December 31, 2019	As of June 30, 2020	As of December 31, 2019	As of June 30, 2020	As of December 31, 2019
Net tangible and intangible assets	1 202 765	1 079 968	459 585	469 563	158 150	158 217	1 820 500	1 707 748
Financial assets	4 966	6 320	3 601	3 804	18 822	20 012	27 389	30 136
Investments in associates	23 986	134 008	851	753	-	-	24 837	134 761
TOTAL NON-CURRENT ASSETS (excluding deferred tax assets and financial instruments)	**1 231 717**	**1 220 296**	**464 037**	**474 120**	**176 972**	**178 229**	**1 872 726**	**1 872 645**

Investment flows allocated by operating segment reconcile to the Group's position as follows:

	6 months							
	Cheese Products		Other Dairy Products		Other items		Total	
In thousands of euro	2020	2019	2020	2019	2020	2019	2020	2019
Investment in tangible and intangible non-current assets	40 046	48 766	20 012	20 386	3 416	3 304	63 474	72 456

Reconciliation of segment profit to net income for the period:

	6 months	
In thousands of euro	2020	2019
Segment profit	**61 255**	**56 846**
Other operating income and expense	-791	645
Operating profit	**60 464**	**57 491**
Financial expense	-17 987	-17 156
Financial income	8 820	5 495
Gain or loss on net monetary position	335	656
Group share of results of associates	83	-766
Profit before tax	**51 715**	**45 720**
Taxes on income	-24 142	-19 199
Net income for the period	**27 573**	**26 521**

Net sales and investment in tangible and intangible non-current assets by geographical zone:

In thousands of euro	France	Rest of Europe	Rest of the world	TOTAL
Net sales				
As of June 30, 2020	729 183	979 965	701 230	**2 410 378**
As of June 30, 2019	693 191	966 737	767 764	**2 427 692**
Investment in tangible and intangible non-current assets				
As of June 30, 2020	33 805	12 973	16 696	**63 474**
As of June 30, 2019	37 581	17 748	17 127	**72 456**
TOTAL NON-CURRENT ASSETS (excluding deferred tax assets and financial instruments)				
As of June 30, 2020	995 825	548 393	328 508	**1 872 726**
As of December 31, 2019	925 642	594 576	352 427	**1 872 645**

NOTE 3. OTHER OPERATING INCOME AND EXPENSE

Other operating income and expense for the 1st half of 2020 includes €4.3 million of net restructuring costs, €26.8 million of net impairment of assets and €0.8 million of other costs.

In accordance with the provisions of IAS 36, the Group performs impairment testing of its unamortized intangible assets at least once a year, at the end of the year. At each intermediate reporting date, in accordance with the standard, the Group identifies any indications of impairment (based on external elements such as changes in discount rates, market growth and market shares, and internal elements such as performance against forecast for each cash-generating unit (CGU)) and carries out additional tests if necessary. CGUs with significant headroom have not been tested for impairment as of June 30, 2020.

Within the specific context of Covid-19, the Group's approach as of June 30, 2020 has been to search for indications of impairment on the basis of the trend in current operating profit compared to the most recent forecast and performance for the 1st half of 2019, to measure the impacts of the pandemic on the future cash flows for the CGUs so identified and to update the applicable discount rates which have generally increased by 0.5% to 1% or more for certain CGUs subject to significant country risk.

As of June 30, 2020 the tests resulted in the recognition of €20.5 million of impairment of tangible and intangible assets for Russia, €4.1 million for the USA and €2 million for South America. In the case of Russia, the local operations are confronted with stiff competition for pressed cheese strongly depleting margins and requiring market repositioning. The applicable long-term forecasts have therefore been revised. A 0.5% increase in the applicable discount rate would reduce the CGU's present value by €8.5 million.

	6 months	
In thousands of euro	**2020**	**2019**
Reorganizations(1)	-4 342	-12 886
Impairment of assets	-26 843	-25 362
Litigation and compensation	-708	-640
Gains and losses on disposal of tangible fixed assets	-	741
Other items	-83	544
	-31 976	**-37 603**

As of June 30, 2019 the costs included €19.7 million for the proposed closure of the St Saviol site in France (in turn including €6 million of restructuring and €13.7 million for impairment of assets).

(1) *Mainly including, in 2020, the pursuit of restructuring plans in France.*

NOTE 4. NET FINANCIAL EXPENSE

In thousands of euro	6 months 2020	2019
Interest expense(1)	-6 201	-6 240
Bank commissions(*)	-5 530	-2 310
Net interest on lease liabilities(2)	-1 095	-1 497
Other net financial expense	-5 161	-5 060
Net foreign exchange losses	-	-2 049
FINANCIAL EXPENSE	**-17 987**	**-17 156**
Financial income(3)	7 745	5 065
Net interest rate hedging income(4)	375	430
Net foreign exchange gains	700	-
FINANCIAL INCOME	**8 820**	**5 495**
NET FINANCIAL EXPENSE	**-9 167**	**-11 661**
Of which: net interest expense(1)+(2)+(3)+(4)	824	-745

(*) *Including €3.2 million of bank commission for the extension of the Group's syndicated loan facility.*

NOTE 5. GAIN OR LOSS ON NET MONETARY POSITION

Hyperinflation

Argentina has been generally considered as a hyperinflationary economy since July 1, 2018, whence a requirement for the financial statements of the applicable subsidiaries prepared in their reporting currency to be restated at historical cost (by application of inflation indices) so as to allow them to reflect the unit of measurement in force at the reporting date. The subsidiaries' non-monetary assets and liabilities are thus adjusted for inflation since January 1, 2018 as if Argentina had always been subject to hyperinflation, thereby reflecting their "real value" at the reporting date. The subsidiaries' statements of comprehensive income are equally adjusted for the inflation of the period. Monetary items do not require adjustment since they already reflect purchasing power as of the reporting date. The adjustments to non-monetary assets and liabilities, and to subsidiaries' income statement items, are recognized in the income statement as an amount of gain or loss on net monetary position. For consolidated reporting purposes, the local financial statements are then converted into euro at the rate prevailing at the reporting date such that all financial statement items are expressed on the basis of the applicable closing rate.

Evolution of the price index in Argentina

	2011(*)	2017.12	2018.12	2019.12	2020.06
Index	457.7	1 656.62	2 459.85	3 782.82	4 276.47
Change vs 2011		262 %	437 %	726 %	834 %
Change vs N-1			48 %	54 %	13 %

(*)Date of the Group's takeover of Milkaut.

The impacts of the hyperinflationary indexing adjustments to Milkaut's principal financial statements are summarized below:

INCOME STATEMENT

In millions of euro	6 months 2020	2019
Net sales	**3.2**	**5.9**
Purchases net of change in inventories	-4.0	-7.1
Payroll costs	-0.7	-1.2
Depreciation and amortization	-1.0	-1.0
Other current operating income and expense	-0.4	-0.7
CURRENT OPERATING LOSS	**-2.9**	**-4.1**
Other operating income	0.1	-
OPERATING LOSS	**-2.8**	**-4.1**
Financial expense	-0.1	-
Financial income	0.1	-
Gain on net monetary position	0.3	0.7
RESULT BEFORE TAX	**-2.5**	**-3.4**
Income tax expense	-0.1	-0.4
Net income from continuing operations	**-2.6**	**-3.8**
NET INCOME	**-2.6**	**-3.8**

STATEMENT OF FINANCIAL POSITION

In millions of euro

ASSETS	As of June 30, 2020	As of December 31, 2019
Intangible assets	-	-
Property, plant and equipment	12.1	12.7
Deferred tax assets	-	-
TOTAL NON-CURRENT ASSETS	**12.1**	**12.7**
Inventories and work in progress	0.4	0.6
TOTAL CURRENT ASSETS	**0.4**	**0.6**
TOTAL ASSETS	**12.5**	**13.3**

EQUITY AND LIABILITIES	As of June 30, 2020	As of December 31, 2019
Reserves	11.4	16.5
Retained earnings	-2.6	-7.2
GROUP SHARE OF EQUITY	**8.8**	**9.3**
TOTAL EQUITY	**8.8**	**9.3**
Deferred tax liabilities	3.7	4.0
TOTAL NON-CURRENT LIABILITIES	**3.7**	**4.0**
TOTAL LIABILITIES	**3.7**	**4.0**
TOTAL EQUITY AND LIABILITIES	**12.5**	**13.3**

NOTE 6. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group's main joint ventures until April 30, 2020 were Compagnie des Fromages & RicheMonts (CF&R) in France and its subsidiary Sodiaal Gmbh in Germany, both subject to 50% interests.
After that date, the Group only has interests in other joint ventures and associates which are not individually material.

	6 months	
In thousands of euro	**2020**	**2019**
Group share in pre-tax results	98	-826
Group share of income tax	-15	60
Net Group share	**83**	**-766**

At June 30, 2020 the change in investments in joint ventures and associates may be explained as follows:

In thousands of euro	As of June 30, 2020	As of December 31, 2019
At January 1, 2020	**134 761**	**132 729**
Change in consolidation scope(*)	-110 008	-
Result for the period	83	2 032
Dividends distributed	-	-10
Other items	4	-296
Impact of foreign exchange differences	-3	306
CLOSING BALANCE	**24 837**	**134 761**

(*) Reclassification of CF&R.

NOTE 7. TAXES ON INCOME

Taxes on income may be broken down as follows:	6 months	
In thousands of euro	**2020**	**2019**
Current tax	-28 453	-23 376
Deferred tax	4 311	4 177
	-24 142	**-19 199**

The amount of income tax expense differs from the theoretical weighted average charge applying to the profits of consolidated subsidiaries for the following reasons:

	6 months	
In thousands of euro	**2020**	**2019**
Profit before tax	51 715	45 720
Theoretical tax based on national tax rates	**16 561**	**15 743**
Difference between foreign and French tax rates[(1)]:	-1 253	-5 634
• Restatement of tax for associates	-7	225
• Non-taxable profits and non-deductible expenses[(2)]	6 465	2 825
• Current and deferred tax resulting from the analysis of France's CVAE as a tax on income	4 027	3 644
• Tax credits	-1 076	-335
• Use of tax losses not previously recognized and impairment of net deferred tax assets[(3)]	-324	664
• Tax rate changes affecting deferred tax[(4)]	-1 174	535
• Other items[(5)]	923	1 532
Income tax charge	**24 142**	**19 199**
Weighted average tax rate	46.68%	41.99%

(1) Given that various countries have tax rates lower than in France.
(2) Including €4.9 million for impairment of goodwill.
(3) Deferred tax assets recognized in respect of tax losses carried forward to the extent that their recovery appears probable. In 2020, the Group's forecast taxable profits for the three coming years have required the recognition of €0.3 million reversal of net impairment losses compared with a net charge of €0.7 million in 2019.
(4) Taking into account the effect on deferred taxes of tax rate changes planned in France.
(5) Including the €0.9 million impact in 2020 of hyperinflation in Argentina (2019: €1.4 million), without which the effective tax rate would have amounted to 45.05% (38.9% in 2019).

NOTE 8. DIVIDEND PER SHARE

	6 months	
In thousands of euro	**2020**	**2019**
Dividends paid by the Group	-	13 784
Dividends per share (euro per share)	-	1.0

Following proposal by the Board of Directors, the Shareholders' Meeting held on April 23, 2020 decided in the current context to pay no dividend in respect of 2019.

NOTE 9. INTANGIBLE AND TANGIBLE FIXED ASSETS

In thousands of euro	**Intangible assets**	**Property, plant and equipment**	**Total**
Carrying amount at 01/01/2020	**560 100**	**1 084 050**	**1 644 150**
Net investments of acquisitions	3 828	61 602	65 430
Disposals	-162	-692	-854
Depreciation and amortization	-4 132	-66 173	-70 305
Impairment[(1)]	-23 937	-3 150	-27 087
Reversals of impairment	4	455	459
Change in consolidation scope[(2)]	67 071	113 064	180 135
Impact of hyperinflation	-1	1 278	1 277
Foreign exchange differences	-12 181	-23 523	-35 704
Impact of activities in process of sale	-	166	166
Carrying amount at 06/30/2020	**590 590**	**1 167 077**	**1 757 667**

(1) See note 3.

(2) *Full consolidation of CF&R.*

NOTE 10. ACCOUNTING FOR LEASES UNDER IFRS 16

Impacts for the period

The main impacts as of June 30, 2020 are as follows:

Impacts on the consolidated income statement:

	6 months	
In thousands of euro	**2020**	**2019**
Depreciation and amortization	-13 050	-13 461
Other current operating income and expense	13 808	13 291
CURRENT OPERATING PROFIT	**758**	**-170**
OPERATING PROFIT	**758**	**-170**
Financial interest expenses on lease liabilities	-1 095	-1 497
Net foreign exchange gains and losses	-458	-
PROFIT BEFORE TAX	**-795**	**-1 667**
NET INCOME	**-795**	**-1 667**

Impacts on the consolidated statement of financial position:

ASSETS

In thousands of euro	**As of June 30, 2020**	**As of December 31, 2019**
Right of use assets	62 833	63 598
Deferred tax assets	15 635	18 465
ASSETS	**78 468**	**82 063**

EQUITY AND LIABILITIES		
Retained earnings	-2 109	-1 314
EQUITY	**-2 109**	**-1 314**
Non-current lease liabilities	41 357	42 985
Deferred tax liabilities	15 994	18 306
TOTAL NON-CURRENT LIABILITIES	**57 351**	**61 291**
Trade and other payables	1 265	857
Current lease liabilities	21 961	21 229
TOTAL CURRENT LIABILITIES	**23 226**	**22 086**
EQUITY AND LIABILITIES	**78 468**	**82 063**

Detailed impact on right-of use assets and lease liabilities:

RIGHT OF USE ASSETS

In thousands of euro	**Land**	**Buildings, fixtures & fittings**	**Plant, equipment & tooling**	**Other items**	**TOTAL**
Cost	5 931	39 870	18 286	24 357	88 444
Accumulated amortization	-275	-11 448	-5 745	-7 378	-24 846
Accumulated impairment	-	-	-	-	-

OPENING CARRYING AMOUNT	5 656	28 422	12 541	16 979	63 598
	Land	Buildings, fixtures & fittings	Plant, equipment &	Other items	TOTAL
Changes in scope of consolidation(1)	-	6 874	3 274	387	10 535
Conversion differences	97	-696	-65	-299	-963
New assets recognized	-	2 629	1 995	4 912	9 536
Assets derecognized(2)	-5 398	-	-	-	-5 398
Impairment	-	-	-	-	-
Reversal of impairment	-	-	-	-	-
Charge for amortization and depreciation	-86	-5 383	-3 307	-4 372	-13 148
Changes in contracts(2)		-856	-56	-398	-1 310
Reclassification	-	-19	-16	11	-24
Hyperinflation	-	1	-12	18	7
CARRYING AMOUNT AT 06/30/2020	**269**	**30 972**	**14 354**	**17 238**	**62 833**
Cost	333	47 317	23 651	27 715	99 016
Accumulated amortization	-64	-16 345	-9 297	-10 477	-36 183
Accumulated impairment	-	-	-	-	-

(1) Full consolidation of CF&R.
(2) Including €5.4 million for termination of a contract.

LEASE LIABILITIES

In thousands of euro	As of June 30, 2020	Current	Non-current
Opening balance	**64 214**	**21 229**	**42 985**
Increase	9 447		
Repayment	-12 713		
Foreign exchange differences	-1 033		
Changes in scope of consolidation(1)	10 640		
Changes in contracts(2)	-7 237		
Reclassification	-		
Closing balance	**63 318**	**21 961**	**41 357**

(1) Full consolidation of CF&R.
(2) including €5.9 million for termination of a contract.

	As of June 30, 2020	As of December 31, 2019
Maturing in less than 1 year	21 961	21 229
Maturing in 2-5 years	31 247	31 278
Maturing in more than 5 years	10 110	11 707

Other information:

LEASE CHARGES OUTSIDE THE SCOPE OF IFRS 16

In thousands of euro	As of June 30, 2020	As of June 30, 2019
Small value leases (< or = €5,000)	-1 077	-1 914
Short-term leases (< or = 12 months)	-1 777	-2 333
Variable lease payments	-1 504	-1 071
Irrecoverable VAT	-280	-253
Other items(*)	-1 068	-2 728
	-5 706	**-8 299**

(*)Leases excluded for other reasons.

Any service component of leases is excluded from lease charges.

NOTE 11. OTHER FINANCIAL ASSETS

In thousands of euro	As of June 30, 2020	As of December 31, 2019
Loans and receivables(1)	16 347	17 547
Long-term securities measured at fair value through profit or loss (>1yr)	11 054	12 589
Impairment	-12	-
	27 389	**30 136**

(1) No impairment has been required.

The aforementioned financial assets notably include €2.9 million for Horizon Agroalimentaire convertible bonds and €1.9 million for Cathay III securities. Other investments are not material.

NOTE 12. INVENTORIES AND WORK IN PROGRESS

Inventories have increased by €130 million in comparison with December 31, 2019 including €75 million reflecting the full consolidation of CF&R and a -€12 million foreign exchange impact. The seasonal impact of 1st semester stockpiling amounts to €73 million (€89 million as of June 30, 2019). Inventory impairment has risen by €6 million reflecting lower prices for industrial products and a limited Covid-19 impact for export sales.

NOTE 13. TRADE AND OTHER RECEIVABLES

In thousands of euro	As of June 30, 2020	As of December 31, 2019
Trade receivables	701 977	740 595
Tax (other than for taxes on income) and payroll receivables	100 368	98 405
Miscellaneous receivables	61 576	48 615
Prepayments and other miscellaneous items	18 913	18 012
Impairment losses	-21 610	-19 575
	861 224	**886 052**

The Group has little exposure to credit risk, since our products are for the most part sold to major retailers and any risk in that respect is covered by specific insurance, thus leaving only residual amounts subject to depreciation. The impairment for customer accounts not so covered rose by €2 million during the 1st half of 2020.

NOTE 14. OTHER CURRENT FINANCIAL ASSETS

Other current financial assets include investments in mutual fund and other securities, which have maturities of less than one year but do not meet all criteria enabling them to qualify as cash equivalents (based on analysis of issue prospectuses and review of the historical changes in their realizable values).

NOTE 15. CASH AND CASH EQUIVALENTS

In thousands of euro	As of June 30, 2020	As of December 31, 2019
Cash	328 396	184 952
Cash equivalents	282 628	280 944
CASH AND CASH EQUIVALENTS	**611 024**	**465 896**

Cash equivalents essentially comprise mainly shares in mutual funds and term deposits.
Cash and cash equivalents as presented in the statement of cash flows may be reconciled as follows with the consolidated statements

In thousands of euro	As of June 30, 2020	As of December 31, 2019
Cash and cash equivalents	611 024	465 896
Bank overdrafts and financial current accounts	-65 917	-135 899
NET CASH AND CASH EQUIVALENTS	**545 107**	**329 997**

NOTE 16. BREAKDOWN BY NATURE OF OTHER COMPREHENSIVE INCOME

	6 months					
	2020			2019		
In thousands of euro	Pre-tax amount	Tax effect	Net of tax amount	Pre-tax amount	Tax effect	Net of tax amount
Foreign exchange differences	-46 761		-46 761	15 620	-	15 620
Change in fair value of financial assets	-	133	133	-	-	-
Change in fair value of cash flow hedges	4 855	-373	4 482	-3 977	1 028	-2 949
Currency basis spread	921	-266	655	1 127	-388	739
Hyperinflation	3 845	-370	3 475	6 316	-	6 316
Other movements	-	-	-	-	-	-
Share of associates and joint ventures in recyclable components	-4	-	-4	167	-	167
Total recyclable components of other comprehensive income	**-37 144**	**-876**	**-38 020**	**19 253**	**640**	**19 893**
Actuarial gains and losses on post-employment benefit plans	-962	274	-688	-13 093	3 701	-9 392
Other movements			-	-	-	-
Share of associates and joint ventures in not-recyclable components	-	-5	-5	-222	60	-162
Total non-recyclable components of other comprehensive income	**-962**	**269**	**-693**	**-13 315**	**3 761**	**-9 554**
OTHER COMPREHENSIVE INCOME	**-38 106**	**-607**	**-38 713**	**5 938**	**4 401**	**10 339**

NOTE 17. EVOLUTION OF OTHER RESERVES

In thousands of euro	Hedging reserves	Available-for-sale financial asset fair value reserves	Actuarial gains and losses	Foreign exchange differences	Total
BALANCE AT 01/01/2019	**-10 803**	**2 742**	**-16 739**	**-69 315**	**-94 115**
Cash flow hedging:					**-**
• Changes in fair value for the period	-2 850				**-2 850**
• Tax on losses in fair value	640				**640**
Actuarial gains and losses - gross			-12 859		**-12 859**
Actuarial gains and losses - tax effect			3 646		**3 646**
Foreign exchange differences:					**-**
• Group				15 579	**15 579**
• Associates			-140	167	**27**
Other items					**-**
BALANCE AT 06/30/2019	**-13 013**	**2 742**	**-26 092**	**-53 569**	**-89 932**
BALANCE AT 12/31/2019	**-11 827**	**2 742**	**-27 105**	**-57 259**	**-93 449**
Tax revaluation adjustment		133			**133**
Cash flow hedging:					**-**
• Changes in fair value for the period	5 776				**5 776**
• Tax on losses in fair value	-639				**-639**
Actuarial gains and losses - gross			-928		**-928**
Actuarial gains and losses - tax effect			269		**269**
Foreign exchange differences:					**-**
• Group				-46 452	**-46 452**
• Associates			-4	-4	**-8**
Other items					**-**
BALANCE AT 06/30/2020	**-6 690**	**2 875**	**-27 768**	**-103 715**	**-135 298**

NOTE 18. NON-CONTROLLING INTERESTS IN THE GROUP'S OPERATIONS AND CASH FLOWS

The Group's non-controlling interests may be broken down as follows:

	Compagnie Laitière Européenne (hors CF&R) 6 months		CF&R 6 months		Other entities 6 months		TOTAL 6 months	
In thousands of euro	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
% voting rights	13.15%	13.14%	-	-	-	-	-	-
% economic interest	14.14%	14.14%	-	-	-	-	-	-
Share of net income	1 578	-1 885	142	-77	-633	1 373	1 087	-589
Share of other comprehensive income	-24	-156	-15	-23	-299	34	-338	-145
Share of total comprehensive income	1 554	-2 041	127	-100	- 932	1 407	749	-734
Cumulative non-controlling interests	66 497	64 050	111 490	5 473	28 354	32 342	206 341	101 865
Dividends paid to non-controlling interests	893	994	-	-	384	653	1 277	1 647

IFRS whole entity financial data (100% interest) before intragroup eliminations:

BALANCE SHEET **Compagnie Laitière Européenne**

In thousands of euro	As of June 30, 2020	As of December 31, 2019
Current assets	854 332	675 423
Non-current assets	646 399	572 444
ASSETS	**1 500 731**	**1 247 867**
Equity	542 141	424 858
Current liabilities	679 792	582 096
Non-current liabilities	278 798	240 913
EQUITY AND LIABILITIES	**1 500 731**	**1 247 867**

INCOME STATEMENT

	6 months	
In thousands of euro	**2020**	**2019**
Net sales	917 722	890 586
Net Income	13 067	-656
Overall result for the year	12 745	-1 660

NOTE 19. PROVISIONS

In thousands of euro	Pensions, other retirement benefits and long-service benefits	Reorganization	Other risks and charges	Total
At January 1, 2019	**85 172**	**29 912**	**15 829**	**130 913**
Foreign exchange differences	-1	29	-339	-311
Provisions(1)	9 619	8 051	5 037	22 707
Uses	-5 051	-13 507	-11 890	-30 448
Changes in scope of consolidation	1 430	-	-	1 430
Changes in actuarial gains and losses	14 854	-	-	14 854
Other variations	-558	-	-	-558
As of December 31, 2019	**105 465**	**24 485**	**8 637**	**138 587**
Foreign exchange differences	-24	-54	-247	-325
Provisions(1)	2 781	39	8 271	11 091
Uses(2)	-	-6 679	-1 585	-8 264
Changes in scope of consolidation(3)	7 920	1 303	509	9 732
Changes in actuarial gains and losses(4)	962	-	-	962
As of June 30, 2020	**117 104**	**19 094**	**15 585**	**151 783**

(1) In 2020, the charges for provisions for other risks and charges include €1.1 million for litigation and €7.2 million of other contingencies and costs.

In 2019, the charges for provisions for restructuring related in particular to the closure plan for the St Saviol site in France for which, on July 1, 2019, the Group received an expression of interest by an industrial partner which however was abandoned on December 30, 2019. The closure will take place in 2020.

(2) *Reversal of restructuring provisions amounted to €6.7 million including €5 million of actual use and €1.7 million of provisions no longer required. Reversal of provisions for other risks and charges amounted to €1.6 million including €1.2 million of actual use and €0.4 million of provisions no longer required.*

(3) *The full consolidation of CF&R, including a €1.3 million provision for the closure of the Coutances site.*

(4) *Essentially reflecting changes in discount rates.*

Provisions for contingencies and disputes are destined to cover known risks and litigation. Provisions for disputes are not recognized until such time as the Group, in agreement with its legal advisors, deems that it will be faced with an unfavorable settlement.

At June 30, 2020 the principal contingencies and disputes accounted for related to restructuring for €19.1 million (December 2019: €24.5 million),to disputes relating to matters of employment or social security for €4.5 million (December 2019: €4.4 million), to commercial disputes for €7.3 million (December 2019: €0.8 million) and to miscellaneous other contingencies for €3.8 million (December 2019: €3.4 million).

NOTE 20. BORROWINGS AND OTHER FINANCIAL LIABILITIES EXCLUDING LEASE LIABILITIES

In thousands of euro	**As of June 30, 2020**	**Non-current**	**Current**	**As of December 31, 2019**	**Non-current**	**Current**
Borrowings from financial and similar institutions(*)	831 448	12 045	819 403	663 095	13 910	649 185
Deferred liabilities for profit-sharing payments	11 670	8 909	2 761	11 661	9 240	2 421
Bond issues	310 441	300 464	9 977	310 096	300 142	9 954
Current bank facilities	34 149	-	34 149	112 400	-	112 400
TOTAL	**1 187 708**	**321 418**	**866 290**	**1 097 252**	**323 292**	**773 960**

(*) The current portion exclusively comprises treasury notes.

Gross borrowings have evolved as follows:

In thousands of euro	**As of June 30, 2020**	**As of December 31, 2019**
OPENING BORROWINGS	**1 097 252**	**1 053 993**
Transfer of IAS 17 finance leases to current and non-current lease liabilities under IFRS 16)(*)	-	-8 876
New borrowings	174 313	108 332
Repayment of borrowings(*)	-12 682	-46 832
Change in bank facilities and financial current accounts	-66 134	-20 857
Foreign exchange differences	-5 428	3 707
Change in consolidation scope(1)	387	7 785
CLOSING BORROWINGS	**1 187 708**	**1 097 252**

(1) *In 2020, full consolidation of CF&R. In 2019, consolidation of Fromageries Papillon.*

(*) Following the implementation of IFRS 16, lease liabilities are presented as a distinct line item.

Borrowings and other financial liabilities have increased by €90.5 million since December 31, 2019. Adjusted for marketable securities recognized as other current financial assets, net debt fell by €83.5 million and amounted to €536.4 million at June 30, 2020.

During the 1st half of 2020, the Group signed an addendum to its syndicated loan facility extending its amount and its duration (prolonging its maturity by a year to June 2022, then renewable for one year).

Some of the Group's facilities are subject to clauses requiring compliance with a financial ratio expressed in terms of maximum indebtedness as a multiple of current EBITDA. EBITDA corresponds to current operating profit before charges and reversals in respect of depreciation, amortization, impairment and provisions, but excluding IFRS 16 lease liabilities. The ratio continues to be met by the Group.

Net borrowings are determined as follows (in the case of the syndicated facility and the majority of the Group's bilateral contracts) for the purpose of calculating the financial ratio:

In thousands of euro	**As of June 30, 2020**	**As of December 31, 2019**
Non-current borrowings and debts from financial institutions	-321 418	-323 292
Current bank borrowings	-866 290	-773 960
BANK BORROWINGS	**-1 187 708**	**-1 097 252**
Other current financial assets	40 259	11 449
Cash and cash equivalents	611 024	465 896
NET BORROWINGS	**-536 425**	**-619 907**
Treasury shares	18 426	14 974
NET BORROWINGS	**-517 999**	**-604 933**

NOTE 21. CARRYING AMOUNTS OF FINANCIAL INSTRUMENTS

The following table discloses the carrying amounts and fair values of the Group's financial instrument assets and liabilities within each applicable category:

ASSETS

In thousands of euro	Derivative financial instruments through profit or loss [1]	Hedging derivatives[2]	Financial assets at fair value through profit or loss[2]	Loans and receivables valued at amortized cost	Carrying amount	Fair value
As of June 30, 2020						
Other current financial assets held at fair value through profit and loss	-	-	9 020	-	9 020	9 020
Non-current financial assets held for trading	-	-	2 034	-	2 034	2 034
Non-current financial loans and receivables	-	-	-	16 335	16 335	16 335
Other non-current financial assets	**-**	**-**	**11 054**	**16 335**	**27 389**	**27 389**
Interest rate derivatives	15 076	18 828	-	-	33 904	33 904
Non-current derivative financial instruments	**15 076**	**18 828**	**-**	**-**	**33 904**	**33 904**
Trade receivables	-	**-**	**-**	**687 784**	**687 784**	**687 784**
Current loans & receivables	-	**-**	**-**	**1 035**	**1 035**	**1 035**
Commodity hedging derivatives	-	-	-	-	-	-
Foreign exchange hedging derivatives	-	-	-	-	-	-
Other commodity hedging derivatives	306	-	-	-	306	306
Other foreign exchange hedging derivatives	4 589	-	-	-	4 589	4 589
Other interest rate derivatives	163	2 185	-	-	2 348	2 348
Current derivative financial instruments	**5 058**	**2 185**	**-**	**-**	**7 243**	**7 243**
Current financial assets held for trading	**-**	**-**	**35 121**	**5 138**	**40 259**	**40 259**
Financial current accounts	-	-	-	52 017	52 017	52 017
Cash	-	-	-	276 379	276 379	276 379
Cash equivalents	-	-	282 628	-	282 628	282 628
Available-for-sale financial assets	-	-	-	-	-	-
Cash and cash equivalents	**-**	**-**	**282 628**	**328 396**	**611 024**	**611 024**
TOTAL ASSETS	**20 134**	**21 013**	**328 803**	**1 038 688**	**1 408 638**	**1 408 638**

(1) Fair value based on the prices quoted in an active market (level 1 instruments).

(2) Fair value based on inputs, other than the prices quoted in active markets, observable either directly or indirectly.

The inputs used in fair value valuation techniques are categorized into three levels as follows:
Level 1: use of unadjusted list prices in active markets available at the valuation date for identical assets or liabilities;
Level 2: use of other directly or indirectly observable data;
Level 3: use of non-observable data.

The Group's determination of the level 2 fair value for over-the-counter financial instruments is based on prices communicated by financial institutions. The Group verifies that those prices are reasonable and reflect the instruments' credit risk as adjusted for any factors specific to the Group or its counterparts.

During the period, the Group did not make any changes in its fair value hierarchy.

LIABILITIES

In thousands of euro	Derivative financial instruments through profit or loss [1]	Hedging derivatives[2]	Financial liabilities at fair value through profit or loss[2]	Financial liabilities at amortized cost	Carrying amount	Fair value
As of June 30, 2020						
Bond issues	-	-	-	300 464	300 464	300 464
Other borrowings	-	-	-	62 311	62 311	62 311
Non-current financial borrowings and debts	**-**	**-**	**-**	**362 775**	**362 775**	**362 775**
Non-current liabilities for put options granted to minority shareholders	-	-	10 575	-	10 575	10 575
Other items	-	-	2	-	2	2
Other non-current liabilities	**-**	**-**	**10 577**	**-**	**10 577**	**10 577**
Interest rate derivatives	14 338	11 677	-	-	26 015	26 015
Non-current derivative financial instruments	**14 338**	**11 677**	**-**	**-**	**26 015**	**26 015**
Trade payables	-	-	-	**627 652**	**627 652**	**627 652**
Guarantees deposits received	-	-	-	**1 355**	**1 355**	**1 355**
Current liabilities for put options granted to minority shareholders			**21 136**		**21 136**	**21 136**
Commodity derivatives	-	583	-	-	583	583
Other commodity derivatives	304	-	-	-	304	304
Foreign currency derivatives	1 741	-	-	-	1 741	1 741
Other foreign currency derivatives	466	-	-	-	466	466
Current derivative financial instruments	**2 511**	**583**	**-**	**-**	**3 094**	**3 094**
Current financial liabilities	-	-	-	822 334	822 334	822 334
Financial current accounts	-	-	-	31 768	31 768	31 768
Current bank facilities	-	-	-	34 149	34 149	34 149
Current borrowings	**-**	**-**	**-**	**888 251**	**888 251**	**888 251**

TOTAL LIABILITIES	16 849	12 260	31 713	1 880 033	1 940 855	1 940 855

(1) *Fair value based on the prices quoted in an active market (level 1 instruments).*

(2) *Fair value based on inputs, other than the prices quoted in active markets, observable either directly or indirectly.*

The Group uses derivative financial instruments to manage its exposure to market risks and in particular, to interest rate risk in respect of its borrowings and to foreign currency risk in respect of its future commercial transactions. Fair value hedging was 100% effective so involved no profit or loss impact.

ASSETS

In thousands of euro	Derivative financial instruments through profit or loss (1)	Hedging derivatives(2)	Financial assets at fair value through profit or loss(2)	Loans and receivables valued at amortized cost	Carrying amount	Fair value
As of December 31, 2019						
Other current financial assets held at fair value through profit and loss	-	-	10 014	-	10 014	10 014
Non-current financial assets held for trading	-	-	2 574	-	2 574	2 574
Non-current financial loans and receivables	-	-	-	17 548	17 548	17 548
Other non-current financial assets	**-**	**-**	**12 588**	**17 548**	**30 136**	**30 136**
Interest rate derivatives	11 462	11 017	-	-	22 479	22 479
Non-current derivative financial instruments	**11 462**	**11 017**	**-**	**-**	**22 479**	**22 479**
Trade receivables	**-**	**-**	**-**	**728 525**	**728 525**	**728 525**
Current loans & receivables	-	-	-	1 087	1 087	1 087
Commodity hedging derivatives	-	-	-	-	-	-
Foreign exchange hedging derivatives	-	-	-	-	-	-
Other commodity hedging derivatives	277	-	-	-	277	277
Other foreign exchange hedging derivatives	2 028	-	-	-	2 028	2 028
Other interest rate derivatives	508	2 006	-	-	2 514	2 514
Current derivative financial instruments	**2 813**	**2 006**	**-**	**-**	**4 819**	**4 819**
Current financial assets held for trading	**-**	**-**	**11 448**	**1**	**11 449**	**11 449**
Financial current accounts	-	-	-	43 855	43 855	43 855
Cash	-	-	-	141 097	141 097	141 097
Cash equivalents	-	-	280 944	-	280 944	280 944
Available-for-sale financial assets	-	-	-	-	-	-
Cash and cash equivalents	**-**	**-**	**280 944**	**184 952**	**465 896**	**465 896**
TOTAL ASSETS	**14 275**	**13 023**	**304 980**	**932 113**	**1 264 391**	**1 264 391**

(1) *Fair value based on the prices quoted in an active market (level 1 instruments).*

(2) *Fair value based on inputs, other than the prices quoted in active markets, observable either directly or indirectly.*

LIABILITIES

In thousands of euro	Derivative financial instruments through profit or loss (1	Hedging derivatives(2)	Financial liabilities at fair value through profit or loss(2)	Financial liabilities at amortized cost	Carrying amount	Fair value
As of December 31, 2019						
Bond issues	-	-	-	300 142	300 142	300 142
Other borrowings	-	-	-	66 135	66 135	66 135
Non-current financial borrowings and debts	**-**	**-**	**-**	**366 277**	**366 277**	**366 277**
Non-current liabilities for put options granted to minority shareholders	-	-	15 863	-	15 863	15 863
Other items	-	-	2	-	2	2
Other non-current liabilities	**-**	**-**	**15 865**	**-**	**15 865**	**15 865**
Interest rate derivatives	10 567	9 663	-	-	20 230	20 230
Non-current derivative financial instruments	**10 567**	**9 663**	**-**	**-**	**20 230**	**20 230**
Trade payables	**-**	**-**	**-**	**648 437**	**648 437**	**648 437**
Guarantees deposits received	**-**	**-**	**-**	**1 107**	**1 107**	**1 107**
Current liabilities for put options granted to minority shareholders			**18 291**		**18 291**	**18 291**
Commodity derivatives	-	312	-	-	312	312
Other commodity derivatives	274	-	-	-	274	274
Foreign currency derivatives	1 951	-	-	-	1 951	1 951
Other foreign currency derivatives	1 460	-	-	-	1 460	1 460
Current derivative financial instruments	**3 685**	**312**	**-**	**-**	**3 997**	**3 997**
Current financial liabilities	-	-	-	659 291	659 291	659 291
Financial current accounts	-	-	-	23 498	23 498	23 498
Current bank facilities	-	-	-	112 400	112 400	112 400
Current borrowings	**-**	**-**	**-**	**795 189**	**795 189**	**795 189**
TOTAL LIABILITIES	**14 252**	**9 975**	**34 156**	**1 811 010**	**1 869 393**	**1 869 393**

(1) *Fair value based on the prices quoted in an active market (level 1 instruments).*

(2) *Fair value based on inputs, other than the prices quoted in active markets, observable either directly or indirectly.*

NOTE 22. TRANSACTIONS WITH RELATED PARTIES

Transactions with related parties are performed according to terms and conditions equating with an arm's length basis whenever the existence of such arm's length comparison can be demonstrated.

The Group is controlled by SAVENCIA Holding SCA, a company registered in France which directly or indirectly holds 66.64% of the parent company's share capital. The rest is held by a large number of shareholders and is dealt in on the Paris stock exchange. Some subsidiaries are not fully owned by SAVENCIA SA. For the most part, their minority shareholders are milk production or collection cooperatives which supply the Group and may also purchase from the Group. Those transactions constitute the Group's main related party transactions. Sales to related party cooperatives amounted to €41.0 million in the first half of 2020 (€38.4 million during the first half of 2019) and purchases to €442.5 million in 2020 (€412.5 million during the first half of 2019).

The Group also engages in treasury management on behalf of related parties. As such it received total remuneration of €1.3 million for such services performed during the first half of 2020 (€0.3 million during the first half of 2019).

Group sales to associates amounted to €76.0 million(*) during the first half of 2020 (€107.2 million during the first half of 2019) and purchases from associates amounted to €72.8(*) million during the first half of 2020 (€99.4 million during the first half of 2019). The transactions essentially related to dairy materials.

(*)Including transactions with CF&R for the first four months of 2020, since the Group supplied the company with part of its milk requirement and purchased part of its industrial by-products, as well as providing logistic, commercial, IT and administrative services and distributing the company's products in a certain number of foreign countries.

NOTE 23. 2019 PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

The financial statements presented below comprise a balance sheet as of December 31, 2019 fully consolidating CF&R and an income statement as of June 30, 2019 fully consolidating CF&R's transactions for May and June 2019, thereby providing comparability.

BALANCE SHEET

ASSETS

In thousands of euro	As of June 30, 2020	As of December 31, 2019 as published	CF&R	As of December 31, 2019 (pro forma)
Intangible assets	590 590	560 100	71 905	632 005
Property, plant and equipment	1 167 077	1 084 050	105 735	1 189 785
Right-of-use assets	62 833	63 598	10 751	74 349
Other financial assets	27 389	30 136	15	30 151
Investments in associates	24 837	134 761	-110 539	24 222
Non-current derivative financial instruments	33 904	22 479	-	22 479
Deferred tax assets	53 017	49 916	7 391	57 307
TOTAL NON-CURRENT ASSETS	**1 959 647**	**1 945 040**	**85 258**	**2 030 298**
Inventories and work in progress	695 708	565 746	52 827	618 573
Trade and other receivables	861 224	886 052	89 792	975 844
Tax receivable	46 547	44 521	6 095	50 616
Current derivative financial instruments	7 243	4 819	-	4 819
Other current financial assets	40 259	11 449	-	11 449
Cash and cash equivalents	611 024	465 896	2 097	467 993
Assets for operations discontinued or in process of sale	1 309	1 550		1 550
TOTAL CURRENT ASSETS	**2 263 314**	**1 980 033**	**150 811**	**2 130 844**
TOTAL ASSETS	**4 222 961**	**3 925 073**	**236 069**	**4 161 142**

EQUITY AND LIABILITIES

In thousands of euro	As of June 30, 2020	As of December 31, 2019 as published	CF&R	As of December 31, 2019 (pro forma)
Paid-in capital	**77 112**	**80 563**	-	**80 563**
Reserves	-135 298	-93 449	-	-93 449
Retained earnings	1 407 226	1 376 305	-	1 376 305
GROUP SHARE OF EQUITY	**1 349 040**	**1 363 419**	**-**	**1 363 419**
Non-controlling interests	206 341	100 918	105 846	206 764
TOTAL EQUITY	**1 555 381**	**1 464 337**	105 846	**1 570 183**
Provisions	151 783	138 587	9 700	148 287
Non-current financial borrowings	321 418	323 292	341	323 633
Non-current lease liabilities	41 357	42 985	8 677	51 662
Other non-current liabilities	10 577	15 865	-	15 865
Non-current derivative financial instruments	26 015	20 230	-	20 230
Deferred tax liabilities	73 518	55 846	24 569	80 415
TOTAL NON-CURRENT LIABILITIES	**624 668**	**596 805**	**43 287**	**640 092**
Trade and other payables	1 133 977	1 053 649	83 698	1 137 347
Tax payable	17 590	11 096	-	11 096
Current derivative financial instruments	3 094	3 997	-	3 997
Bank borrowings	866 290	773 960	1 120	775 080
Current lease liabilities	21 961	21 229	2 118	23 347
TOTAL CURRENT LIABILITIES	**2 042 912**	**1 863 931**	**86 936**	**1 950 867**
TOTAL EQUITY AND LIABILITIES	**4 222 961**	**3 925 073**	**236 069**	**4 161 142**

INCOME STATEMENT

	6 months			
In thousands of euro	**2020**	**2019 as published**	**CFR**	**2019 (pro forma)**
Net sales	**2 410 378**	**2 427 692**	**42 143**	**2 469 835**
CURRENT OPERATING PROFIT	**92 440**	**95 094**	**-657**	**94 437**
OPERATING PROFIT	**60 464**	**57 491**	**-651**	**56 840**
NET FINANCIAL EXPENSE	-8 832	-11 005	-137	-11 142
Group share of results of associates	83	-766	262	-504
PROFIT BEFORE TAX	**51 715**	**45 720**	**-526**	**45 194**
Income tax expense	-24 142	-19 199	255	-18 946
Net income from continuing operations	27 573	26 521	-271	26 250
NET INCOME	**27 573**	**26 521**	**-271**	**26 250**
Non-controlling interests	1 087	-589	271	-318
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	**26 486**	**27 110**	**-**	**25 932**

NOTE 24. EVENTS AFTER THE REPORTING DATE

The Company is not aware, as of the date of closing of the present financial statements, of any material event occurring after the reporting date.

Savencia SA

Rapport des commissaires aux comptes sur l'information financière semestrielle

(Période du 1er janvier au 30 juin 2020)

PricewaterhouseCoopers Audit
63 rue de Villiers
92208 Neuilly-sur-Seine

KPMG S.A.
Tour EQHO
2, avenue Gambetta
CS 60055
92066 Paris la Défense Cedex

Rapport des commissaires aux comptes sur l'information financière semestrielle

(Période du 1er janvier au 30 juin 2020)

Savencia SA
42, rue Rieussec
78220 Viroflay

Aux Actionnaires

En exécution de la mission qui nous a été confiée par votre Assemblée générale, et en application de l'article L. 451-1-2 III du Code monétaire et financier, nous avons procédé à :

- l'examen limité des comptes semestriels consolidés résumés de la société Savencia SA, relatifs à la période du 1er janvier au 30 juin 2020, tels qu'ils sont joints au présent rapport ;
- la vérification des informations données dans le rapport semestriel d'activité.

Ces comptes semestriels consolidés résumés ont été établis sous la responsabilité du Conseil d'administration le 3 septembre 2020, sur la base des éléments disponibles à cette date dans un contexte évolutif de crise liée au COVID-19 et de difficultés à appréhender ses incidences et les perspectives d'avenir. Il nous appartient, sur la base de notre examen limité, d'exprimer notre conclusion sur ces comptes.

I - Conclusion sur les comptes

Nous avons effectué notre examen limité selon les normes d'exercice professionnel applicables en France.

Un examen limité consiste essentiellement à s'entretenir avec les membres de la direction en charge des aspects comptables et financiers et à mettre en œuvre des procédures analytiques. Ces travaux sont moins étendus que ceux requis pour un audit effectué selon les normes d'exercice professionnel applicables en France. En conséquence, l'assurance que les comptes, pris dans leur ensemble, ne comportent pas d'anomalies significatives, obtenue dans le cadre d'un examen limité est une assurance modérée, moins élevée que celle obtenue dans le cadre d'un audit.

Sur la base de notre examen limité, nous n'avons pas relevé d'anomalies significatives de nature à remettre en cause la conformité des comptes semestriels consolidés résumés avec la norme IAS 34, norme du référentiel IFRS tel qu'adopté dans l'Union européenne relative à l'information financière intermédiaire.

II - Vérification spécifique

Nous avons également procédé à la vérification des informations données dans le rapport semestriel d'activité établi le 3 septembre 2020 commentant les comptes semestriels consolidés résumés sur lesquels a porté notre examen limité.

Nous n'avons pas d'observation à formuler sur leur sincérité et leur concordance avec les comptes semestriels consolidés résumés.

Fait à Neuilly-sur-Seine et Paris-La Défense,

Les commissaires aux comptes

PricewaterhouseCoopers Audit

Amélie Wattel

KPMG S.A.

Jean-Charles Simon

ATTESTATION BY THE FINANCIAL DIRECTOR

I certify that to my knowledge, the condensed consolidated interim financial statements for the semester ended June 30, 2020 have been prepared in accordance with the applicable accounting standards and provide a true and fair view of the net assets, financial position and financial performance of the undertakings included in the consolidation taken as a whole. I equally certify that to my knowledge, the attached half-yearly activity report faithfully represents the significant events that have occurred during the first six months of the fiscal year and their impact for the consolidated financial statements, as well as the main transactions that have taken place with related parties, and provide a description of the principal risks and uncertainties associated with the remaining six months of the fiscal year.

Viroflay, September 3, 2020

Olivier de Sigalony

Financial Director