



SA SIPEF NV



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RESULTS OF THE SIPEF GROUP 31 DECEMBER 2010

RECORD RESULTS FOR THE SIPEF GROUP

- Slightly lower palm oil production (-3.1%) due to weather influence, but important rise in average prices.
- The combined higher rubber volumes (+5%) and higher market prices more than doubled the share of rubber in the gross profit.
- Rise in profit by 29.3% for the period, share of the group before IAS41, thanks to higher sales prices for all our products.
- Net result after IAS41, share of the group, amounts to KUSD 84 843 and is 41.0% higher than the record results of 2009
- Net cash position strengthens with KUSD 20 376 to KUSD 56 484.
- Distribution of a dividend of EUR 1.50 per share proposed, an increase of 36.4% compared to last year.
- Continued palm oil and rubber expansion in Indonesia and Papua New Guinea.

1. MANAGEMENT REPORT

1.1 GROUP PRODUCTION

Group production								
In tonnes	Own	Third Parties	Total 2010	B.I.* 2010	Own	Third Parties	Total 2009	B.I.* 2009
Palm Oil	192 156	46 985	239 141	188 348	196 368	50 489	246 857	188 618
Rubber	9 608	1 273	10 881	9 253	8 633	1 727	10 360	8 874
Tea	3 097	11	3 108	2 285	3 121	0	3 121	2 295
Bananas	20 639	0	20 639	20 639	20 575	0	20 575	20 575

* Beneficial Interest: share of the Group

2010 was a year with important weather effects, that of the El Niño was rapidly followed by the La Niña rains that influenced the group's production of oil palm at different moments in time in Indonesia and Papua New Guinea. SIPEF faced lower than expected production volumes throughout most of the year, however during the last quarter volumes improved and allowed us to catch up some of the lost ground and close the book year with a marginal drop of 3.1% compared to previous year. Whereas our own estates showed a faster recovery (-2.1%) it was mainly the purchases from outgrowers in Papua New Guinea that turned out to need more time to come back to normal (-6.9%). Thanks to the acquisition of an additional share in Agro Muko, our share of the group's production remained equal to last year.

As a result of wintering (shedding of the leaves during the second half of the year), when the rubber production is traditionally lower, and La Niña rains which hampered tapping, particularly in North Sumatra, the general trend of increasing rubber production weakened towards the end of the year. Nevertheless, compared to last year, the production on our own estates increased by 11.3% as a result of continued efforts in improving the agronomical standards. Only for the purchases from outgrowers in Papua New Guinea we were not able to achieve the same quantities (-26.3%). The ever rising rubber prices have attracted many active competitors to this area.

Heavy clouds and a persistent lack of sunshine over our “high grown” tea gardens on Java in Indonesia slowed down the growth of green leaf during the last quarter. This led Cibuni to loose the production gains achieved earlier in the year.

The banana production, spread over three sites in the Ivory Coast, experienced an irregular pattern during the year. It were mainly the quantities on the SBM plantation that suffered the most from these weather conditions, however the overall export volume of good quality bananas was slightly better than in 2009.

1.2 AVERAGE MARKET PRICES

Average market prices			
<i>in USD/tonne*</i>		2010	2009
Palm oil	CIF Rotterdam	901	683
Rubber	RSS3 FOB Singapore	3 654	1 921
Tea	FOB origin	2 885	2 725
Bananas	FOT Europe	1 002	1 145

* World Commodity Price Data

The strength in the vegetable oil market came about during the second half of the year. Prior to that prices had remained in a tight range as good crops were seen as keeping the supply in balance with steady demand. Weather disruptions during the last two quarters meant that this equilibrium got distorted as supply was now falling short versus demand. From August onward droughts in Russia and the Ukraine triggered a sharp rise in prices. This was enhanced by a downward revision in October of the 2010 US soy bean crop. Then later when La Niña took its toll during the last quarter of the year – drought in Argentina and floods in Malaysia – prices shot up even further reaching over USD 1 200 CIF Rotterdam.

The rubber market was very steady right from the start of the year. Both the excellent performance of the automotive sector in China and strong demand from India boosted natural price levels. This demand had to be seen in the light of a drop in rubber production following heavy rains in key producing countries. As a result of this imbalance in fundamentals the price of RSS3 moved up steadily to UScts 500 per kilo by the end of 2010.

The market for tea started the year with a global shortage. Notwithstanding a good crop in Kenya, other producing countries, like India and China, saw export availabilities drop as a result of growing domestic demand. The price of good quality teas was steady at USD 3 per kilo.

The European banana market was the most turbulent of the last decennium. After a fairly poor start to the year, demand rose atypically during the second semester as excessive rains caused a shortfall in the main Central American production areas. The average prices were 12% lower than last year.

1.3 CONSOLIDATED INCOME STATEMENT

Consolidated income statement						
In KUSD	31/12/2010			31/12/2009		
	Before IAS 41	IAS41	IFRS	Before IAS 41	IAS41	IFRS
Revenue	279 400		279 400	237 829		237 829
Cost of sales	-161 718	3 442	-158 276	-148 134	2 762	-145 372
Gross profit	117 682	3 442	121 124	89 695	2 762	92 457
Variation biological assets		33 413	33 413		19 209	19 209
Planting cost (net)		-14 269	-14 269		-13 208	-13 208
Selling, general and administrative expenses	-19 758		-19 758	-17 814		-17 814
Other operating income/(charges)	-2 299		-2 299	2 027		2 027
Operating result	95 625	22 586	118 211	73 908	8 763	82 671
Financial income	977		977	540		540
Financial charges	-1 131		-1 131	-1 530		-1 530
Exchange differences	440		440	881		881
Financial result	286		286	- 109		- 109
Profit before tax	95 911	22 586	118 497	73 799	8 763	82 562
Tax expense	-23 048	-6 041	-29 089	-16 133	-2 768	-18 901
Profit after tax	72 863	16 545	89 408	57 666	5 995	63 661
Share of results of associated companies (insurance)	2 587		2 587	913		913
Result from continuing operations	75 450	16 545	91 995	58 579	5 995	64 574
Profit for the period	75 450	16 545	91 995	58 579	5 995	64 574
Equity holders of the parent	70 631	14 212	84 843	54 644	5 530	60 174

1.4 CONSOLIDATED GROSS PROFIT (before IAS41)

Consolidated gross profit (before IAS41)				
In K USD (condensed)	31/12/2010		31/12/2009	
		%		%
Palm	89 786	76.3	73 591	82.0
Rubber	19 492	16.6	7 336	8.2
Tea	3 584	3.0	3 599	4.0
Bananas and plants	2 913	2.5	3 286	3.7
Corporate and others	1 907	1.6	1 883	2.1
	117 682	100.0	89 695	100.0

The substantially better sales prices of our three main products, palm oil, rubber and tea, more than compensated for the slight drop in palm oil production, so that turnover rose by 17.5% compared to last year.

The recovery of the world economy and the higher prices for agricultural products led to an increase of the two most important cost factors, fuel and fertilizers. Stronger local currencies and inflation pushed up the cost of labour in the US denominated cost of production.

Notwithstanding this rise in costs and a progressive export tax of about USD 43 per tonne on our Indonesian palm oil production, the gross profit rose by 31.2%. The growing profitability of rubber is quite astounding. The relative share of rubber in the gross profit more than doubled and in 2010 rubber in the SIPEF group was on average more profitable per hectare than palm oil.

The other operating expenses comprise, besides the non recurring capital gain of KUSD 1 350 on the sale of the assets in Brazil, an impairment of KUSD 3 649 to the expected sales value of the CSM plantation in North Sumatra. The CSM land bank with a plantable potential of 3 946 hectares no longer fits into the RSPO based sustainable agricultural policy SIPEF has embraced and shall be divested.

When taking these non recurring factors into account the company results before IAS41 rose by 22.4% compared to 2009.

Thanks to the sound financial position, whereby the relatively low interest rates on deposits did not compensate for the interest charges on medium term debt, and the negligible influence of exchange rates, the financial results remain limited.

The average tax expense has returned to normal at the usual 25%, in line with the local rates of taxation in Indonesia and Papua New Guinea.

The share of our associates in the insurance sector benefited through capital gains on the sale of the Dutch agency Bruns ten Brink BV (KUSD 2 358) and the life insurance company Asco Life NV (KUSD 220). Following the sale of these subsidiaries the restructured agency B.D.M. NV and the insurance company ASCO NV can, out of Antwerp, focus on the core activities marine and general risk insurance.

The profit for the period under review, not taking the impact of IAS41 into account, amounts to KUSD 75 450, this is 28.7% higher than last year and is again a historical result for SIPEF.

The IAS41 adjustment consists of substituting the depreciation charge in the cost of sales with the variation in "fair value" of the biological assets between the end of 2009 and the end of 2010, less the planting cost and associated deferred tax charges. The gross variation of biological assets amounts to KUSD 33 413 and arose from the expansion of our oil palm acreage at UMW in Indonesia and at Hargy Oil Palms in Papua New Guinea, the coming to maturity of the new planted areas and the increases in the long term averages of the palm oil, rubber and tea prices. Planting costs of KUSD 14 269 reduced the net impact before taxes to KUSD 22 586, basis for the average deferred tax calculation of 26.7%. The net positive impact of IAS41, share of the group, amounts to KUSD 14 212, and is substantially higher than the KUSD 5 530 of last year, mainly as the result of higher long term sales prices, the increasing maturity of the young plantations and the future perspective for rubber.

The net IFRS result, share of the group, including IAS41 adjustments amounts to KUSD 84 843 and is 41.0% higher than that of last year.

1.5 CONSOLIDATED CASH FLOW

Consolidated cash flow

<i>In K USD (condensed)</i>	31/12/2010	31/12/2009
Cash flow from operating activities	112 152	85 290
Change in net working capital	-16 906	-2 464
Income taxes paid	-17 542	-18 426
Cash flow from operating activities after tax	77 704	64 400
Acquisitions intangible and tangible assets	-37 842	-30 847
Acquisitions financial assets	-8 335	0
Operating free cash flow	31 527	33 553
Proceeds from sale of assets	2 395	1 040
Free cash flow	33 922	34 593

<i>In USD per share</i>	31/12/2010	31/12/2009
Weighted average shares outstanding	8 951 740	8 951 740
Basic operating result	13.21	9.24
Basic/Diluted net earnings *	9.48	6.72
Operating free cash flow	3.52	3.75

* All warrants are exercised

The cash flow from operating activities rose by 31.5% compared to last year. The substantially improved prices and the higher amounts receivable due to shipments prior to the end of the year had an effect on the required working capital. Taxes paid are in line with the profit reached in the previous year.

The investments are largely made up of, besides replacement expenditures, the development cost for replanting and expansion of the oil palm and rubber areas in Papua New Guinea and Indonesia, and the improvement of logistics and the infrastructure on the plantations. The weather conditions have to a certain extent delayed the planting programs. 1 489 hectares were added to the oil palm acreage of the group.

The investments in financial assets are exclusively made up of the acquisition of 6.8% of the Agro Muko plantation company. The sale of the remaining assets in Brazil is with KUSD 1 547 the largest component of the cash flow of sales of fixed assets.

The free cash flow of KUSD 33 922 was used to strengthen the net financial position after payment of a dividend of KUSD 13 252 to the shareholders.

1.6 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated statement of financial position

<i>In K USD (condensed)</i>	31/12/2010	31/12/2009
Biological assets (depreciated costs)	92 572	82 800
Revaluation	145 122	120 334
Biological assets (IAS41)	237 694	203 134
Other fixed assets	117 842	103 869
Net assets held for sale	2 113	1 665
Net current assets, net of cash	39 641	23 967
Net cash position	56 484	36 108
Total net assets	453 774	368 743
Shareholders' equity, Group share	368 549	296 918
Non controlling interest	27 240	21 611
Provisions and deferred tax liabilities	57 985	50 214
Total net liabilities	453 774	368 743

The continued expansion of the plantations in Indonesia and Papua New Guinea and an increase in fair value of the existing planted areas of palm, rubber and tea, have led to an increase in the biological assets which currently amount to USD 237.7 million.

The increase of the other fixed assets, besides the usual replacement investments, results from additional compensation allowances paid for the expansion in North Sumatra and an increase in investment value in the insurance sector following non distributed results for the year.

The net assets held for sale comprise exclusively the expected sales value of the impaired CSM project in Indonesia, and the Brazilian assets mentioned in the balance sheet of December 2009 have in the meantime been sold.

The increase of the net current assets of KUSD 15 674 results from the firmer market prices that affect the value of the stocks and the trade receivables due to shipments just prior to the end of the year.

1.7 DIVIDENDS

The Board of Directors proposes a gross dividend of EUR 1.50 per share payable on Wednesday 6 July 2011, an increase of 36.4% on previous year and corresponding to a pay-out ratio equal to previous year, of 25.1% on the net profit, share of the group, before IAS41.

1.8 EVENTS AFTER THE BALANCE SHEET DATE

Negotiations have been started with potential buyers of the CSM project, that no longer fits into the sustainability strategy of the group. We expect to conclude these negotiations during the first half of the year.

1.9 PROSPECTS

The current volumes of our oil palm estates are largely back in line with expectations. There are some losses in certain estates in North Sumatra as an after-effect of drought at the start of the previous year, but there are increasing volumes in Agro Muko in the province of Bengkulu and in Hargy Oil Palms in Papua New Guinea.

The production of rubber and tea are quite close to the good volumes of the previous year.

Currently 45% of the expected annual palm oil production has been sold at average prices that exceed USD 1 100 per tonne CIF Rotterdam parity. Also 39% of the rubber production and 32% of the tea production have been sold at substantially higher market prices than last year. We can therefore state that a large part of our expected income for 2011 has been assured.

Notwithstanding the high prices, we continue to see strong demand and so we expect the supply shortfall to keep the market well supported in the short run. Only when the market sees clear signs that larger crops will lead to a build up in stocks again will prices ease from the current high. However any softening of prices will quite probably be seen as a buying opportunity for operators in the energy sector with Brent crude oil over USD 100 per barrel.

As we enter 2011 the supply tightness had driven natural rubber prices over the USD 6 level. This situation is not expected to ease in the short run as we are at the start of the wintering period (when the trees shed their leaves and production drops).

As far as the tea market is concerned, the expectation that the much needed rains in Kenya – from March onwards – may not be sufficient to compensate the dryer than usual past three months, leads us to forecast prices to remain steady above USD 3 000 in the medium term.

The realised sales, together with signs that the market prices for palm oil, rubber and tea will remain supported in the coming months, lead us to conclude that we are on our way to achieving another year with good profit expectations for the SIPEF group.

Thanks to the available cash flow SIPEF is in an ideal position to continue the expansion programs in North Sumatra and Papua New Guinea, to acquire a larger share of existing operations and to take advantage of additional sustainable investment opportunities in the agro-industry in South East Asia.

AGENDA 2011

28 April 2011	Interim report Q1
30 April 2011	Annual report online available on www.sipef.com
8 June 2011	Annual general meeting
6 July 2011	Dividend payment
18 August 2011	Announcement on the half year results
27 October 2011	Interim report Q3

2. CONDENSED FINANCIAL STATEMENTS

2.1. CONDENSED FINANCIAL STATEMENTS OF THE SIPEF GROUP

2.1.1. Condensed consolidated statement of financial position (see annex 1)

2.1.2. Condensed consolidated income statement (see annex 2)

2.1.3. Condensed consolidated statement of comprehensive income (see annex 2)

2.1.4. Condensed consolidated statement of cash flows (see annex 3)

2.1.5. Condensed consolidated statement of changes in equity (see annex 4)

3. REPORT OF THE STATUTORY AUDITOR

The statutory auditor has confirmed that his audit procedures, which have been substantially completed, have revealed no material adjustments that would have to be made to the accounting information included in this press release. With regard to the valuation of the biological assets, the statutory auditor draws the reader's attention to the fact that, because of the inherent uncertainty associated with the valuation of the biological assets due to the volatility of the prices of the agricultural produce and the absence of a liquid market, their carrying value may differ from their realisable value.

Deloitte Bedrijfsrevisoren - represented by Philip Maeyaert.

Schoten, 24 February 2011.

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



Consolidated statement of financial position

ANNEX 1

<i>In KUSD</i>	31/12/2010	31/12/2009
Non-current assets	355 565	307 853
Intangible assets	20 251	15 018
Biological assets	237 694	203 134
Property, plant & equipment	83 815	74 981
Investment property	3	3
Financial assets	13 628	12 191
Investments in associates	9 589	7 881
Other investments	0	0
Other financial assets	4 039	4 310
Receivables > 1 year	174	2 526
Other receivables	145	1 820
Deferred tax assets	29	706
Current assets	144 991	115 886
Inventories	29 846	24 366
Trade and other receivables	45 872	36 077
Trade receivables	26 439	18 674
Other receivables	19 433	17 403
Investments	15 582	10 315
Other investments and deposits	15 582	10 315
Derivatives	0	0
Cash and cash equivalents	49 025	42 122
Other current assets	2 085	936
Assets held for sale	2 581	2 070
Total assets	500 556	423 739
Total equity	395 789	318 529
Shareholders' equity	368 549	296 918
Issued capital	45 819	45 819
Share premium	21 502	21 502
Reserves	316 133	242 889
Translation differences	-14 905	-13 292
Non-controlling interests	27 240	21 611
Non-current liabilities	60 614	59 911
Provisions > 1 year	47 623	41 709
Provisions	115	177
Deferred tax liabilities	47 508	41 532
Trade and other debts > 1 year	0	144
Financial liabilities > 1 year (incl. derivatives)	2 600	8 847
Pension liabilities	10 391	9 211
Current liabilities	44 153	45 299
Trade and other debts < 1 year	33 177	31 947
Trade payables	9 195	9 525
Advances received	286	314
Other payables	8 422	12 136
Income taxes	15 274	9 972
Financial liabilities < 1 year	5 691	8 280
Current portion of amounts payable after one year	5 200	5 645
Financial obligations	323	1 837
Derivatives	168	798
Other current liabilities	4 817	4 667
Liabilities associated with assets held for sale	468	405
Total equity and liabilities	500 556	423 739



Consolidated income statement

ANNEX 2

	31/12/2010			31/12/2009		
	Before IAS 41	IAS41	IFRS	Before IAS 41	IAS41	IFRS
In KUSD						
Revenue	279 400		279 400	237 829		237 829
Cost of sales	-161 718	3 442	-158 276	-148 134	2 762	-145 372
Gross profit	117 682	3 442	121 124	89 695	2 762	92 457
Variation biological assets		33 413	33 413	0	19 209	19 209
Planting cost (net)		-14 269	-14 269	0	-13 208	-13 208
Selling, general and administrative expenses	-19 758		-19 758	-17 814		-17 814
Other operating income/(charges)	-2 299		-2 299	2 027		2 027
Operating result	95 625	22 586	118 211	73 908	8 763	82 671
Financial income	977		977	540		540
Financial charges	-1 131		-1 131	-1 530		-1 530
Exchange differences	440		440	881		881
Financial result	286		286	-109		-109
Profit before tax	95 911	22 586	118 497	73 799	8 763	82 562
Tax expense	-23 048	-6 041	-29 089	-16 133	-2 768	-18 901
Profit after tax	72 863	16 545	89 408	57 666	5 995	63 661
Share of results of associated companies	2 587		2 587	913		913
- Insurance	2 587		2 587	913		913
Result from continuing operations	75 450	16 545	91 995	58 579	5 995	64 574
Result from discontinued operations	0	0	0	0	0	0
Profit for the period	75 450	16 545	91 995	58 579	5 995	64 574
Attributable to:						
- Non-controlling interest	4 819	2 333	7 152	3 935	465	4 400
- Equity holders of the parent	70 631	14 212	84 843	54 644	5 530	60 174
Earnings per share						
From continuing and discontinued operations						
Basic earnings per share / diluted earnings per share			9.48			6.72
From continuing operations						
Basic earnings per share / diluted earnings per share			9.48			6.72

USD

Consolidated statement of comprehensive income

	75 450	16 545	91 995	58 579	5 995	64 574
Profit for the period						
Other comprehensive income:						
- Exchange differences on translating foreign operations	- 828	0	- 828	364	0	364
- Reclassification adjustments	- 785	0	- 785	- 392	0	- 392
- Revaluation available for sale	226	0	226	0	0	0
- Income tax relating to components of other comprehensive income	0	0	0	0	0	0
Total other comprehensive income for the year, net of tax:	-1 387	0	-1 387	- 28	0	- 28
Other comprehensive income attributable to:						
- Non-controlling interest	0	0	0	0	0	0
- Equity holders of the parent	-1 387	0	-1 387	- 28	0	- 28
Total comprehensive income for the year	74 063	16 545	90 608	58 551	5 995	64 546
Total comprehensive income attributable to:						
- Non-controlling interest	4 819	2 333	7 152	3 935	465	4 400
- Equity holders of the parent	69 244	14 212	83 456	54 616	5 530	60 146

Consolidated statement of cash flows

ANNEX 3

<i>In KUSD</i>	31/12/2010	31/12/2009
Operating activities		
Result before tax	118 497	82 562
Result from discontinued operations before tax	0	0
Adjusted for:		
Depreciation	9 698	8 178
Movement in provisions	998	889
Impairment CSM	3 649	0
Unrealised exchange result	0	0
Changes in fair value of biological assets	-19 144	-6 001
Other non-cash results	- 630	- 337
Financial income and charges	155	989
Capital loss on receivables	181	- 175
Capital loss on sale of investments	0	0
Result on disposal of property, plant and equipment	98	69
Result on disposal of financial assets	-1 350	- 884
Cash flow from operating activities before change in net working capital	112 152	85 290
Change in net working capital	-16 906	-2 464
Cash flow from operating activities after change in net working capital	95 246	82 826
Income taxes paid	-17 542	-18 426
Cash flow from operating activities after taxes	77 704	64 400
Investing activities		
Acquisition intangible assets	-4 344	-2 705
Acquisition biological assets	-14 541	-13 615
Acquisition property, plant & equipment	-18 957	-14 527
Acquisition investment property	0	0
Acquisition financial assets	-8 335	0
Dividends received from associated companies	0	0
Proceeds from sale of property, plant & equipment	848	797
Proceeds from sale of financial assets	1 547	243
Cash flow from investing activities	-43 782	-29 807
Free cash flow	33 922	34 593
Financing activities		
Equity transactions with non-controlling parties	68	0
Increase/(decrease) in long-term financial borrowings	-6 692	-5 784
Increase/(decrease) short-term financial borrowings	-1 514	698
Last year's dividend paid during this bookyear	-11 670	-10 367
Dividends paid by subsidiaries to minorities	-1 582	-1 463
Financial income and charges	- 354	-1 146
Cash flow from financing activities	-21 744	-18 062
Net increase in cash and cash equivalents	12 178	16 531
Cash and cash equivalents (opening balance)	52 437	35 903
Effect of exchange rate fluctuations on cash and cash equivalents	- 8	3
Cash and cash equivalents (closing balance)	64 607	52 437



Consolidated statement of changes in equity

ANNEX 4

	Capital stock SA SIPEF NV	Share premium SA SIPEF NV	Retained earnings	Translation differences	Share- holders' equity	Non-controlling interest	Total equity
In KUSD							
January 1, 2010	45 819	21 502	242 890	-13 292	296 919	21 611	318 530
Total comprehensive income			85 069	-1 613	83 456	7 152	90 608
Last year's dividend paid			-11 826		-11 826		-11 826
Issue of shares					0		0
Other					0	-1 523	-1 523
December 31, 2010	45 819	21 502	316 133	-14 905	368 549	27 240	395 789
January 1, 2009	45 819	21 502	193 083	-13 264	247 140	18 796	265 936
Total comprehensive income			60 174	- 28	60 146	4 400	64 546
Last year's dividend paid			-10 367		-10 367		-10 367
Issue of shares					0		0
Other					0	-1 585	-1 585
December 31, 2009	45 819	21 502	242 890	-13 292	296 919	21 611	318 530