



SA SIPEF NV



Press release
Regulated information

RESULTS OF THE SIPEF GROUP 31 DECEMBER 2008

- * Operating results, before IAS41, increase by 20.1% on previous year.
- * Record high net result, share of the Group before IAS41, ended 25.3% above last year at KUSD 50,716.
- * Net cash position of KUSD 14,454 at the end of 2008.
- * € 0.80 dividend gross per share proposed, equal to previous year.
- * Oil palm and rubber expansion continues in both Indonesia and Papua New Guinea.
- * Drop in commodities market prices should lead to lower profits for 2009.

1. MANAGEMENT REPORT

1.1 GROUP PRODUCTION

<i>in tonnes</i>		Own	Third parties	Total 31/12/08	Own	Third parties	Total 31/12/07
Palm Oil	Sipef Group	169,514	39,354	208,868	171,167	37,588	208,755
	Sipef-CI	21,226	32,075	53,301	16,665	21,078	37,743
Palm Oil	Total	190,740	71,429	262,169	187,832	58,666	246,498
Rubber		9,025	2,275	11,300	10,033	1,922	11,955
Tea		6,600	818	7,418	6,237	1,040	7,277

The Group's 2008 palm oil output exceeded last year's volumes by 6.4%, although in the Far East general climatological negative impacts reduced volumes in the areas where SIPEF is invested.

Palm production in North Sumatra (-0.9%) suffered during the second half of the year like most of the palm estates in the area. However Agro Muko in Bengkulu province still exceeded previous year's volumes by 2%, despite a very wet season in the fourth quarter affecting harvesting and transport of fruits to the factory. Hargy Oil Palms Ltd in PNG reached last year's production, by recording an excellent second semester after a difficult second quarter of the year.

Ideal weather conditions allowed SIPEF-CI SA in Ivory Coast to continue the year with record crops on own and outgrowers' estates leading to the best performance ever, exceeding previous year's production with 41.2% and being the main reason for the overall increase of the palm oil output.

Extended wintering in the rubber estates of Galley Reach Holdings Ltd in PNG lowered its own production by 4.4% against last year, but reduced competition in other areas of the country made purchases from outgrowers very successful (+24.4%). Rubber production in Sumatra was temporarily affected by extensive pruning of the younger areas and a conversion programme in the Agro Muko estates, reducing the Group's overall production by 5.5%.

Tea production in Indonesia, where quality is preferred to quantity, was in line with last year's volumes. Favourable weather conditions and a change of the pruning cycles of the tea areas in Vietnam were the main reasons for the 1.9% increase of the Group's tea production.

1.2 AVERAGE MARKET PRICES ⁽¹⁾

<i>in USD/tonne</i>		2008	2007
Palm oil	CIF Rotterdam	949	780
Rubber	RSS1 FOB Singapore	2,619	2,290
Tea	FOB origin	2,420	2,036

⁽¹⁾ Worldbank Commodity Price Data.

During the first half of 2008 palm oil prices were driven by funds and speculators to levels that could no longer be explained by fundamentals. On the back of a bullish crude oil market and expected increased demand for biofuels, prices remained above the USD 1,200/tonne level.

From the middle of 2008 onwards, the forecasts for a recession and the failure of major brokerage houses forcing the liquidation of long positions, combined with good oil seed crops and sliding crude oil prices, drove the prices down to a low of USD 435 CIF Rotterdam at the end of October. In the meantime the deteriorating investment climate and higher stocks of palm oil have overshadowed the main factors driving demand for palm oil like growing world population and changing eating habits in South-East Asia, but prices approach the USD 600/tonne in Rotterdam again.

Rubber prices enjoyed the same rise as vegetable oils, but remained steady during the first nine months, with a peak at USD 3,331/tonne in June. Declining car sales, resulting in slacking demand for tires and natural rubber in the fourth quarter triggered a sharp drop in prices to a low of USD 1,020/tonne, before recovering to USD 1,370/tonne by year end.

The troubled situation in Kenya early in the year, combined with a drop of production following drought in some of the major producing countries, have pushed market prices for quality tea up to levels unseen since more than 30 years. Only in the later half of the year, when production picked up again and the global economic slow down reduced liquidity, prices came down, but 2008 will be remembered as an excellent year for quality tea.

1.3 CONSOLIDATED GROSS PROFIT (before IAS41)

<i>in K USD (condensed)</i>	2008	%	2007	%
Palm	72,956	79.10	62,451	81.32
Rubber	13,287	14.41	11,254	14.66
Tea	2,208	2.40	521	0.68
Tropical fruits and plants	2,144	2.32	1,093	1.42
Corporate and others	<u>1,633</u>	<u>1.77</u>	<u>1,477</u>	<u>1.92</u>
	92,228	100.00	76,796	100.00

Gross profit increased 20.1% on last year, mainly due to substantially higher selling prices for palm oil, rubber and tea. Better prices for increased banana imports in the EU were the main driver for an improved tropical fruits contribution.

1.4 CONSOLIDATED INCOME STATEMENT

<i>in K USD (condensed)</i>	31/12/2008			31/12/2007 Restated		
	Before IAS41	IAS 41	IFRS	Before IAS41	IAS 41	IFRS
Revenue	279,402		279,402	207,292		207,292
Cost of sales	<u>-187,174</u>	<u>2,122</u>	<u>-185,052</u>	<u>-130,495</u>	<u>1,877</u>	<u>-128,618</u>
Gross profit	92,228	2,122	94,350	76,797	1,877	78,674
Variation biological assets		22,812	22,812		24,726	24,726
Planting cost		<u>-17,646</u>	<u>-17,646</u>		<u>-14,377</u>	<u>-14,377</u>
Net		5,166			10,349	
Selling, general and admin exp.	-20,156		-20,156	-16,704		-16,704
Other operating income/(charges)	<u>1,994</u>		<u>1,994</u>	<u>1,563</u>		<u>1,563</u>
Operating result	74,066	7,288	81,354	61,656	12,226	73,882
Financial income / (charges)	-655		-655	-1,025		-1,025
Exchange result	<u>1,860</u>		<u>1,860</u>	<u>1,523</u>		<u>1,523</u>
Financial result	<u>1,205</u>		<u>1,205</u>	<u>498</u>		<u>498</u>
Profit before tax	75,271	7,288	82,559	62,154	12,226	74,380
Tax	<u>-25,502</u>	<u>2,843</u>	<u>-22,659</u>	<u>-18,938</u>	<u>-3,768</u>	<u>-22,706</u>
Profit after tax	49,769	10,131	59,900	43,216	8,458	51,674
Equity method – insurance group	-2,230		-2,230	1,059		1,059
Equity method – Sipef-CI	<u>2,558</u>		<u>2,558</u>	<u>718</u>		<u>718</u>
Profit continuing operations	50,097	10,131	60,228	44,993	8,458	53,451
Result from discontinued operations	3,942	-260	3,682	-866	-593	-1,459
Profit for the period	54,039	9,871	63,910	44,127	7,865	51,992
Net result, share of the Group	50,716	8,049	58,765	40,489	6,800	47,289

Forward sales in a steady rising market and export tax on Indonesian productions affected the increase of gross revenue from palm oil sales, while other origins and products benefited fully from the excellent prices during the first nine months. The fourth quarter's sales however were affected by the downturn of the commodity markets, but annual sales revenues increased with 34.8% on 2007.

The Group was, mainly in the second half of the year, faced with increasing cost of sales, as high crude oil prices and inflation rates imposed increases on fertiliser, transport and employment costs in all of the production centres.

Operating results before IAS41 increased by 20.1% on last year.

Financial results turned positive thanks to a reduction in net interest charges and positive exchange results.

The for equity accounted insurance group suffered from increased competition from the bigger players in cargo and industrial risk insurance, and the decrease of the sea transport activities, exacerbated by the economical crisis, have been weighing on the premium volumes. The results were also affected by fair value adjustments on its investment portfolio.

Palm oil from the record high crops from own estates and outgrowers' purchases in SIPEF-CI was mainly sold in the local Ivorian market at spot prices that remained at high levels until year end. As the shareholding and the management changed in June, and trustworthy financial information could no longer be received, it was decided that equity method accounting was not appropriate from the second half of the year onwards.

The results from discontinued operations include the performance of and the capital gain on the Vietnamese tea operations up to its disposal end of December (resp. KUSD -293 and KUSD 685) and the capital gain (KUSD 3,290) on the sale of the remaining real estate in the US early 2008.

The net result before IAS41, share of the Group, increased by 25.3% on last year.

The IAS41 adjustment consists of substituting the depreciation charge in the cost of sales with the variation in the fair value of the biological assets between each year end less planting costs and associated deferred tax charge. The gross variation biological asset gain amounted to KUSD 22,812 and arose mainly from the expansion of our oil palm areas in UMW in Indonesia and Hargy Oil Palms in PNG and increases in the long term averages of palm oil, rubber and tea prices, partly offset by increasing costs used in the fair value calculations. Planting costs at KUSD 17,646 reduced the net impact before taxes to KUSD 7,288. Additional deferred taxes were more than offset by a change in the future tax rates in Indonesia, currently at 30% but in 2009 reduced to 28% and 25% in the years thereafter.

The net IFRS result, share of the Group, including the IAS41 adjustments, is 24,3% above last year's performance.

1.5 CONSOLIDATED CASH FLOW

<i>in KUSD (condensed)</i>	31/12/2008	31/12/2007 Restated
Cash flow from operating activities	84,797	69,491
Change in net working capital	1,103	3,308
Income taxes paid	<u>-23,735</u>	<u>-9,019</u>
Cash flow from operating activities after tax	62,165	63,780
Acquisitions	<u>-36,550</u>	<u>-31,449</u>
Operating free cash flow	25,615	32,331
Proceeds from sale of assets	<u>10,194</u>	<u>917</u>
Free cash flow	<u>35,809</u>	<u>33,248</u>

Cash flow from operating activities has improved by 22.0% mainly due to higher commodity prices. The increased acquisitions represent, next to the replacement capital expenditure, mainly the expansion of the oil palm and rubber areas in PNG, the planting of the new areas at UMW in North Sumatra/Indonesia and the acquisition of additional land near UMW. The Group's planted area increased by 3,432 hectares during 2008.

The proceeds from sale of assets include the sale of the office building in the States for KUSD 7,764, the sale of Phu Ben Tea Company in Vietnam for KUSD 2,000 and the sale of some remaining assets in Africa for KUSD 408.

The free cash flow of KUSD 35,809 has been used to the strengthening of the net financial position and on a dividend payment of EUR 0.80 per share in July 2008.

<i>in USD per share</i>	31/12/2008	31/12/2007 Restated
Weighted average shares outstanding	8,951,740	8,849,360
Basic operating result	9.09	8.35
Basic net earnings	6.57	5.34
Diluted net earnings ⁽²⁾	6.57	5.30
Operating free cash flow	2.86	3.65

⁽²⁾ Earnings per share under the assumption that all warrants are exercised

End of December 2008, a stock split in 10 new for 1 existing share was made, involving the dematerialisation of all issued shares. The above 2007 data per share have been restated accordingly.

1.6 CONSOLIDATED BALANCE SHEET

<i>in K USD (condensed)</i>	31/12/2008	31/12/2007 Restated
Biological assets (depreciated cost)	73,447	58,861
Revaluation	<u>111,509</u>	<u>104,090</u>
Biological assets (IAS 41)	184,956	162,951
Other fixed assets	99,560	95,200
Net current assets, net of cash	12,447	11,527
Net cash position	<u>14,454</u>	<u>0</u>
Total net assets	<u>311,417</u>	<u>269,678</u>
Shareholders' equity, Group share	247,140	199,419
Minority interest	18,796	15,132
Provisions and deferred tax liabilities	45,481	46,847
Net financial debt	<u>0</u>	<u>8,280</u>
Total net liabilities	<u>311,417</u>	<u>269,678</u>

The SIPEF Group expanded its banana operations with the acquisition of Société Bananière de Motobé (SBM) in Ivory Coast in December 2008. Since the constitution of SBM in 1990, SIPEF was in charge of the management of the 228 hectares of banana plantings and the marketing of the 7,000 tons produced.

Early in the year, the Group concluded the lucrative sale of the Cherry Ridge office building, the remaining real estate activities in the US. Also the tea activities in Vietnam were sold, as the location and structure of the company's operations did not give the expected return.

Other discontinued operations are the smaller pineapple flower project in Mexico and the exotic fruits marketing operations in the SIPEF holding company, where market studies have shown that no added value could be created in the long term.

Continued expansion in Indonesia and Papua New Guinea and rising fair value of the existing areas on the back of higher average commodity prices, increased the biological assets values to USD 185 million, from USD 163 million before.

The record high profits for the year strengthened the shareholders' equity of the Group and its free cash flow turned the net financial debt into a net cash position of KUSD 14,454.

During the first semester of 2008 the Group discovered an error in previous years' VAT declarations in Hargy Oil Palms in Papua New Guinea (2003 – 2007). SIPEF decided to enter a voluntary VAT declaration and to restate previous years' balance sheet and income statement according to IAS 8.

1.7 DIVIDENDS

The Board of Directors proposes a gross dividend of EUR 0.80 per share payable on Wednesday 8th July 2009, equal to previous year's dividend.

1.8 PROSPECTS

The year started well with productions of palm oil above estimates and volumes are expected to exceed the 2008 levels.

Prices of palm oil and rubber, drastically declined in the fourth quarter of 2008, seem to have bottomed out. The outlook for vegetable oils will depend on how soon the world will recover from the financial and economical crisis, as the long term fundamentals for palm oil remain positive. The market for natural rubber, mainly based on car sales, might take more time to recover.

Considering the above, it is unlikely that the results for 2009 will meet the historic highs of those of the previous year, but cost savings, lower crude oil prices and weaker local currencies should bring the cost of production closer to previous years' levels, leaving sufficient margin for a profitable and cash positive year.

The cash flows from previous years have put SIPEF into an ideal position to continue its existing expansion programme in 2009. The Management is actively searching for opportunities to invest further in the agro-industry in the Far East.

AGENDA 2009

27 th April 2009	Annual report online available on www.sipef.com
14 th May 2009	Interim report Q1
10 th June 2009	Annual general meeting
8 th July 2009	Dividend payment
27 th August 2009	Announcement on the half year results
12 th November 2009	Interim report Q3

2. CONDENSED FINANCIAL STATEMENTS

2.1.1. Condensed consolidated balance sheet (see annex 1)

2.1.2. Condensed consolidated income statement (see annex 2)

2.1.3. Condensed consolidated cash flow statement (see annex 3)

2.1.4. 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, 26th February, 2009.

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website www.sipef.com (heading "investor relations")

SA SIPEF NV is a Belgian agro-industrial company listed on 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 balance sheet
Annex 1

	2008	2007
In KUSD		Restated
Non-current assets	286.152	259.272
Intangible assets	12.609	9.428
Biological assets	184.956	162.952
Property, plant & equipment	69.662	64.768
Investment property	3	2.369
Financial assets	11.644	17.315
Investments in associates	6.698	15.920
Other investments	0	754
Other financial assets	4.946	641
Receivables > 1 year	7.278	2.440
Other receivables	5.780	1.469
Deferred tax assets	1.498	971
Current assets	87.774	83.535
Inventories	27.753	21.300
Trade and other receivables	23.032	25.646
Trade receivables	12.064	21.141
Other receivables	10.968	4.505
Investments	4.985	5.270
Other investments and deposits	4.985	5.270
Cash and cash equivalents	30.920	30.083
Other current assets	1.084	1.236
Total assets	373.926	342.807
Total equity	265.936	214.552
Shareholders' equity	247.140	199.420
Issued capital	45.819	45.819
Share premium	21.502	21.502
Reserves	193.083	144.861
Translation differences	-13.264	-12.762
Minority interests	18.796	15.132
Non-current liabilities	61.630	66.562
Provisions > 1 year	38.670	38.402
Provisions	175	477
Deferred tax liabilities	38.495	37.925
Trade and other obligations > 1 year	139	147
Financial obligations > 1 year (incl. derivatives)	14.512	18.597
Pension liabilities	8.309	9.416
Current liabilities	46.360	61.693
Trade and other obligations < 1 year	34.964	29.075
Trade payables	13.630	10.160
Advances received	88	602
Other payables	11.634	13.704
Income taxes	9.612	4.609
Financial obligations < 1 year	7.953	25.379
Current portion of amounts payable after one year	5.765	9.581
Financial obligations	1.175	15.455
Derivatives	1.013	343
Other current liabilities	3.443	7.239
Total equity and liabilities	373.926	342.807

Consolidated income statement

Annex 2

	2008			2007 Restated		
	Before IAS 41	IAS41	IFRS	Before IAS 41	IAS41	IFRS
In KUSD						
Revenue	279.402	0	279.402	207.292	0	207.292
Cost of sales	-187.174	2.122	-185.052	-130.495	1.877	-128.618
Gross profit	92.228	2.122	94.350	76.797	1.877	78.674
Variation biological assets	0	22.812	22.812	0	24.726	24.726
Planting cost (net)	0	-17.646	-17.646	0	-14.377	-14.377
Selling, general and administrative expenses	-20.156	0	-20.156	-16.704	0	-16.704
Other operating income/(charges)	1.994	0	1.994	1.563	0	1.563
Operating result	74.066	7.288	81.354	61.656	12.226	73.882
Financial income	1.851	0	1.851	1.847	0	1.847
Financial charges	-2.506	0	-2.506	-2.871	0	-2.871
Exchange differences	1.860	0	1.860	1.523	0	1.523
Financial result	1.205	0	1.205	499	0	499
Profit before tax	75.271	7.288	82.559	62.155	12.226	74.381
Tax expense	-25.502	2.843	-22.659	-18.938	-3.768	-22.706
Profit after tax	49.769	10.131	59.900	43.217	8.458	51.675
Share of results of associated companies	328	0	328	1.776	0	1.776
- Insurance	-2.230	0	-2.230	1.059	0	1.059
- SIPEF-CI SA	2.558	0	2.558	717	0	717
Profit for the period from continuing operations	50.097	10.131	60.228	44.993	8.458	53.451
Profit/loss from discontinued operations	3.942	-260	3.682	-866	-593	-1.459
Profit for the period	54.039	9.871	63.910	44.127	7.865	51.992
Attributable to:						
- Minority interests	3.323	1.822	5.145	3.638	1.065	4.703
- Equity holders of the parent	50.716	8.049	58.765	40.489	6.800	47.289
Earnings per share						
From continuing and discontinued operations						
Basic earnings per share			6,56			5,34
Diluted earnings per share			6,56			5,30
From continuing operations						
Basic earnings per share			6,17			5,47
Diluted earnings per share			6,17			5,43

Consolidated cash flow statement**Annex 3**

In KUSD	2008	2007 Restated
Operating activities		
Result before tax	82.559	74.381
Result of discontinued operations before tax	5.458	-1.459
Adjusted for:		
Depreciation	8.251	7.467
Movement in provisions	-1.373	236
Unrealised exchange result	0	0
Changes in fair value of biological assets	-4.846	-9.663
Other non-cash results	730	-2.003
Interest received - paid	655	1.176
Capital loss on receivables	-1.134	-940
Result on disposal of property, plant and equipment	-5.095	691
Result on disposal of financial assets	-408	-395
Cash flow from operating activities before change in net working capital	84.797	69.491
Change in net working capital	1.103	3.308
Cash flow from operating activities after change in net working capital	85.900	72.799
Income taxes paid	-23.735	-9.019
Cash flow from operating activities after taxes	62.165	63.780
Investing activities		
Acquisition intangible assets	-3.306	-2.064
Acquisition biological assets	-17.934	-14.640
Acquisition property, plant & equipment	-14.766	-14.724
Acquisition investment property	0	-95
Acquisition financial assets	-544	-202
Dividends received from associated companies	0	276
Proceeds from sale of property, plant & equipment	7.984	522
Proceeds from sale of financial assets	2.210	395
Cash flow from investing activities	-26.356	-30.532
Free cash flow	35.809	33.248
Financing activities		
Capital increase	163	1.850
Increase/(decrease) in long-term financial borrowings	-7.824	12.383
Increase/(decrease) short-term financial borrowings	-14.677	-25.465
Last year's dividend paid during this bookyear	-10.542	-4.651
Dividends paid by subsidiaries to minorities	-1.644	-2.350
Interest received - paid	-730	-1.176
Cash flow from financing activities	-35.254	-19.409
Net increase in cash and cash equivalents	555	13.839
Cash and cash equivalents (opening balance)	35.352	
Effect of exchange rate fluctuations on cash and cash equivalents	-3	
Cash and cash equivalents (closing balance)	35.904	

Consolidated statement of changes in equity

Annex 4

	Capital stock SA SIPEF NV	Share premium SA SIPEF NV	Retained earnings	Stock options	Translation differences	Share- holders' equity	Minority interests	Total equity
In KUSD								
January 1, 2008	45.819	21.502	146.972	520	-12.762	202.051	15.132	217.183
Restatement	0	0	-2.631	0	0	-2.631	0	-2.631
January 1, 2008 (restated)	45.819	21.502	144.341	520	-12.762	199.420	15.132	214.552
Result for the period			58.765			58.765	5.145	63.910
Translation differences					-502	-502		-502
Change in hedging reserves						0		0
	45.819	21.502	203.106	520	-13.264	257.683	20.277	277.960
Last year's dividend paid			-10.542			-10.542		-10.542
Issue of shares	0	0				0		0
Stock options						0		0
Other						0	-1.481	-1.481
December 31, 2008	45.819	21.502	192.564	520	-13.264	247.141	18.796	265.937
In KUSD								
January 1, 2007	45.161	20.309	103.549	520	-14.238	155.301	12.846	168.147
Restatement	0	0	-1.846	0	0	-1.846	0	-1.846
January 1, 2007 (restated)	45.161	20.309	101.703	520	-14.238	153.455	12.846	166.301
Result for the period (restated)			47.289			47.289	4.703	51.992
Translation differences					1.476	1.476		1.476
Change in hedging reserves						0		0
	45.161	20.309	148.992	520	-12.762	202.220	17.549	219.769
Last year's dividend paid			-4.651			-4.651		-4.651
Issue of shares	658	1.193				1.851		1.851
Stock options						0		0
Other						0	-2.417	-2.417
December 31, 2007	45.819	21.502	144.341	520	-12.762	199.420	15.132	214.552