



**INTERIM STATEMENT OF THE SIPEF GROUP  
PER 30 SEPTEMBER 2009 (3Q09)**

**INTERIM MANAGEMENT REPORT**

**1. GROUP PRODUCTION**

<i>in tonnes</i>	Own	Third parties	<b>Total 3Q09</b>	<i>B.I. 3Q09<sup>(1)</sup></i>	Own	Third parties	<b>Total 3Q08</b>	<i>B.I. 3Q08<sup>(1)</sup></i>
Palm Oil								
Sipef Group	145,038	35,681	180,719	138,384	126,268	28,973	155,241	117,447
Sipef-CI	<u>20,133</u>	<u>27,294</u>	<u>47,427</u>	<u>0</u>	<u>19,136</u>	<u>28,711</u>	<u>47,847</u>	<u>0</u>
Total	165,171	62,975	228,146	138,384	145,404	57,684	203,088	117,447
Rubber	6,556	1,239	7,795	6,644	7,021	1,638	8,659	7,055
Tea	2,168	-	2,168	1,594	4,982	790	5,772	4,384
Bananas	15,435	-	15,435	15,435	8,451	5,332	13,783	8,984

<sup>(1)</sup> *Beneficial Interest: share of the Group.*

The SIPEF Group's total palm oil production for the first 9 months of 2009 exceeded last year's volumes by 16.4% and even 17.8% on a beneficial interest basis. Continued efforts on loose fruit collection and on the control of ripeness standards and oil mill losses, resulted in very satisfying extraction rates in the mills, underpinning this year's excellent crops of palm fruits (FFB).

The third quarter was showing a slight weakening in the earlier announced achievements over last year's volumes for the North Sumatra estates, but the Agro Muko crops in South Sumatra were picking up steadily, boosting this year's crops over last years volumes.

The plantations, the mills and the oil storage terminal in the port of Padang were not severely affected by the major earthquakes in September that turned the city of Padang into a disaster area.

Hargy Oil Palms in Papua New Guinea, benefiting from maturing areas and excellent weather conditions, continued its rally with increased crops from both own plantations (+26.4%) and outgrowers (+20.7%).

Only in Papua New Guinea was the overall production of rubber from own estates and the buying activity from outgrowers in line with previous years. Position of tapping panels and irregular weather patterns in North Sumatra affected this year's performance in rubber production, whereas the rubber area near Palembang suffered from 10-year low rainfall, resulting in a 10.0% overall decrease in Group's rubber production for the first nine months of the year.

The Indonesian tea production at our Cibuni estate was in line with earlier performance, albeit that the summer period was extremely dry, affecting the leaf growth for the coming months.

The 12.0% increase of banana production in our 3 sites in Ivory Coast led to an improvement of exports on last year.

## 2. MARKETS

<u>Average market prices in USD/tonne</u> <sup>(2)</sup>		First 9 months 2009	Average 2008
Palm oil	CIF Rotterdam	666	949
Rubber	RSS3 FOB Singapore	1,706	2,586
Tea	FOB origin	2,626	2,420
Bananas	FOT Europe (Euro/tonne)	650	630

<sup>(2)</sup> *Worldbank Commodity Price Data.*

The rise in vegetable oil prices during the first quarter 2009 continued throughout the second, as prices were well supported by very disappointing oilseed crops in both Brazil & Argentina. Demand for food remained quite resilient and this pushed palm oil prices up to USD 800 a tonne CIF Rotterdam.

At the start of the third quarter uncertainty about the speed and strength of the economic recovery put all commodities under pressure, including palm oil. Since then, conflicting fundamental issues such as a deficient Monsoon in India and favorable oilseed crop conditions in the USA, have pushed palm oil prices back and forth in a USD 600 to 750 a tonne CIF Rotterdam trading range. At the time of writing the value is around USD 690 a tonne.

The rubber market is finally moving out of the doldrums. Adverse weather conditions in the main producing countries and sustained good demand from China have recently pushed rubber prices back over USD 2,300 a tonne. The future prospects look encouraging as most buyers have used up their stocks and need to replenish.

Tea prices have continued to perform exceptionally well reaching record levels at the world's auction centers. The reason is the ongoing effects of a huge global production deficit, due to sharp, weather induced, crop losses in Kenya and Sri Lanka.

Banana prices suffered from the seasonal drop in demand during the summer months and are picking up again, driven by irregular supply from Central America and increased demand for ACP (Africa, Caribbean and Pacific) origins.

## 3. PROSPECTS

The increased production from our oil palm estates in North Sumatra over the first 9 months will not be prolonged in the 4<sup>th</sup> quarter, although the Agro Muko volumes continue to improve. Hargy Oil Palms in PNG is showing sustained bumper crops and it is hoped to reach the, as yet, never achieved 100.000 tonnes of combined palm oil and palm kernel oil by year end. Our expectations for the remainder of the year are optimistic and could only be disturbed by adverse local weather, whereas the reported "El Niño" might affect the 2010 crops.

Prices for palm oil and rubber are currently supported by higher crude oil prices and a weakening USD against most currencies. Expectations for an excellent soy production from South America will have a bearing on the short term price projections for crude palm oil albeit that the fundamentals for CPO remain strong.

Increased demand, mainly from the Far East, is keeping the prices for rubber at very remunerating levels.

Good prices for our quality Cibuni teas have remained strong on the back of low volumes from the main producing countries like Kenya, India and Sri Lanka, but are expected to somewhat slide in the coming months.

Banana prices may remain firm over the year end, when consumption is picking up after the summer period.

The strengthening currencies (Indonesian Rupiah, PNG Kina and Euro) against the USD are increasing SIPEF's costs of production for most of the operating activities and, together with irregular weather patterns, may have a dampening effect on the margins for the remainder of the year.

Considering the above, it is likely that the profit for the year will be lower than the previous -record profit- year.

The current cash position is, after the payment of the dividend early July, again in line with the June figures and is expected to remain close to that level for the remainder of the year, as most of the capital expenditure is happening in the second half of 2009.

Schoten, 22<sup>nd</sup> October, 2009.

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: S.A. Sipef N.V. 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. :  
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