SA SIPEF NV

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Press release
Regulated Information

INTERIM STATEMENT OF THE SIPEF GROUP PER 31 MARCH 2011 (1Q11)

1. INTERIM MANAGEMENT REPORT

1.1. GROUP PRODUCTION

Group production

In tonnes	Own	Third Parties	Total 1Q11	*B.I. 1Q11**	Own	Third Parties	Total 1Q10	*B.I. 1Q10**
Palm Oil	45 640	13 821	59 461	*47 320*	39 220	11 107	50 327	*39 268*
Rubber	2 515	261	2 776	*2 301*	2 650	262	2 912	*2 441*
Tea	625	0	625	*460*	753	0	753	*554*
Bananas	5 072	0	5 072	*5 072*	5 808	0	5 808	*5 808*

* Beneficial Interest: share of the group

The group production of palm oil grows by 18.1% compared to the same period as last year. Favourable weather conditions mainly in Agro Muko in the province of Bengkulu in Indonesia (+23.6%) and in Hargy Oil Palms in Papua New Guinea (+30.8%) and the higher level of maturity on the planted areas strongly boosted production in comparison to the very difficult start of the season in 2010. In North Sumatra we followed the general trend of lower production (-3.2%) that was registered in Indonesia and Malaysia during the first two months of this year as a result of the adverse influence of the La Niña weather pattern.

Contrary to the excellent production figures of the first quarter of 2010 the group production of rubber was slightly lower (-4.7%) during the past quarter. The Indonesian production was fully in line with that of last year, however due to changes in the timing of the production process in the factory the rubber output in Papua New Guinea was temporary lower (-17.7%).

The production of tea at Cibuni in Java-Indonesia suffered (-17.0%) of a generalised lack of sunshine, that had dropped to less than half of the average. This had a negative effect on the growth of green leaf.

The political and social instability in the Ivory Coast since the presidential election of November 2010 disrupted operations towards the end of the quarter. Both transport and export facilities were severely hampered so that the fruits could not be delivered to our clients in Europe.

1.2. MARKETS

Average market prices

*in USD/tonne**		First 3 months 2011	First 3 months 2010
Palm oil	CIF Rotterdam	1 251	808
Rubber	RSS3 FOB Singapore	5 733	3 186
Tea	FOB origin	2 910	2 790
Bananas	FOT Europe	1 251	1 020

* World Commodity Price Data

Towards the end of 2010 and during the first two months of 2011 the main oil palm growing areas Malaysia and Indonesia suffered heavy rains and flooding caused by La Niña. Harvesting and transport were severely disrupted and this created a shortage of palm oil in an already tight vegetable oil market. This tightness had been enhanced in January by a USDA report unexpectedly reducing the US soy and corn crops. As prices increased steeply during February, this led to demand rationing.
The production of palm oil started to improve again during March and this allowed for prices to ease a little. Nevertheless better levels of production will be needed to keep pace with a growing demand for food and energy applications.

The adverse weather effects brought about by La Niña also severely hit rubber production in Thailand and Malaysia at the start of the year. This disrupted supply whilst demand from the Chinese automobile sector remained strong, hence prices moved up sharply reaching new highs in February.

Since the end of 2010 the Kenyan tea growing regions have experienced continued dry weather throughout the first quarter of this year. This has cut back production and has lifted tea prices as the market seeks to cover its requirements especially of good quality teas. Also Sri Lanka suffered a drop in production early this year but this was as a result of an abnormally heavy monsoon.

1.3. PROSPECTS

The production outlook for palm oil and rubber remains favourable, with possibly a slight reduction in growth rate for palm oil during the second semester. Tea production is slowly coming back on track as weather conditions improve on Java. The recent end to the political crisis in the Ivory Coast has not yet brought back a normalization of the economic activities and export facilities. Hence the contribution of our banana activity will temporarily remain lower; however the banana estates have in no way been impaired.

The overall stocks of grains and oilseeds are still tight and markets for those commodities remain exposed to the risk of crop damage by detrimental weather conditions. Therefore on average we expect prices to remain above last year's levels.
Although temporary corrections from these high levels cannot be ruled out, it is expected that, thanks to a persistent growth in demand, the rubber market will remain positive. The demand for tea is expected to outstrip supply and this should keep prices steady.

Taking into account the growth in production and the price outlook for the rest of the year, moreover knowing that currently about 60% of the expected palm oil production has been sold at prices above USD 1 200 CIF and about half the rubber output at more than USD 4 300 FOB, the expected recurrent profit should move towards the level that should exceed that of 2010, and this notwithstanding the Indonesian export tax and the rising cost of production due to a weak dollar compared to local currencies.

Schoten, 28th April, 2011.

For more information, please contact:

* F. Van Hoydonck, Managing Director (mobile +32/478.92.92.82)
* J. Nelis, Chief Financial Officer

Tel.: 0032/3.641.97.00   Fax: 0032/3.646.57.05

mail to : finance@sipef.com   website www.sipef.com (section "investor relations")

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.