



General meeting of June 12th, 2013

Chairman's message

Ladies and gentlemen,

On the occasion of our 94th general meeting, I am pleased to give my impressions on the first 5 months of this financial year 2013.

Despite good volumes in the first months of the year, palm oil production in Indonesia and Malaysia has dropped sharply in March and April. This phenomenon could also be seen in most of our own plantation companies in North Sumatra where fruit production was almost 5% lower than during the same period last year. The extraction rate was also slightly lower due to the high rainfall so that 5.4% less palm oil was produced. We do not expect this trend to be reversed immediately, but we do count on a stronger fourth quarter to meet our expected volumes in these mature plantations.

In Agro Muko in Bengkulu province, fruit production remained 4.3% below that of last year, but extraction rates fell by 1.0% to 22.61% due to the high rainfall which exceeded the average of the last few years by 30%. As a result, oil volumes remained 8.3% below those of the exceptionally good year 2012. Meanwhile, the new installation for the collection of methane gas in the Mukomuko palm oil mill has come online. The bio-gases produced are used as an alternative fuel, so that more organic matter is left over to distribute in the plantation. This installation has also enabled us to obtain the requisite certifications for the export of sustainable palm oil for the energy sector. Also at Agro Muko, our agronomists expect harvests to remain relatively modest in the following months, with improved volumes toward the end of the year.

Production at the UMW / TUM project with its 8 329 hectares of young oil palms in North Sumatra is gradually getting up to speed and is making a greater contribution to the oil volumes for the group. At present the fruit is still processed in the Tolan Tiga mill, but starting from the end of 2013, the new factory currently under construction will be able to cope with the growing volumes locally. Recently, the final HGU exploitation permit has been granted for 80% of the planted areas for a period of 35 years, expiring in 2048. An application has already been filed for the remaining 20%.

Production volumes of Hargy Oil Palms in Papua New Guinea are recovering from the exceptionally wet weather conditions of the first quarter, when more than 2 900 mm of rain fell in three months. This has caused limited harvesting opportunities, irregular transport and lower extraction rates. Activities have since fully returned to normal and the 4.5% drop in volumes at the end of March has already been converted into an increase of 2.5% as compared with the end of May last year. Over the next few months we expect continued good harvests, although we must bear in mind the traditionally lower tonnages in the summer months.

As a result of the falling production volumes in South East Asia over the past months and a rising demand for bio fuels, the high stocks that, particularly in the first quarter, exerted downward pressure on the price have now returned to normal levels. However, demand for palm oil remains relatively weak and prices continue to fluctuate around 850 USD/tonne CIF Rotterdam. SIPEF has already sold 68% of its expected production volumes at an average of 923 USD/tonne CIF Rotterdam. We certainly do not expect any price increases over the next few months as the prospects for soya bean harvests in the USA in the second half of the year are good. We will therefore continue to gradually put our remaining unsold palm oil volumes for the second half of the year on the market.

The group's rubber production remains higher than expected in Indonesia. Only in Papua New Guinea too many tapping days have been temporarily lost due to rainfall, which has also slowed down purchases from third parties. Activities have been recovering since May, with volumes again exceeding the budgets. However the large stocks of natural rubber in China continue to have an impact on the demand side, which in any case remains weak in Europe. We have sold 55% of our expected production at an average of 2 959 USD/tonne and it remains difficult to achieve 3 000 USD/tonne. Here also, we do not expect any significant price increases over the next few months.

The lack of sunshine in recent months continues to have a negative effect on the leaf development of our Cibuni tea plantation in Java-Indonesia, but due to a more moderate climate our volumes have still increased slightly as compared to last year. Tea prices were strong at the start of the year, but started falling from March onward as a result of increasing imports from Kenya. 43% of our expected production volume has now been sold at average prices 10% higher than the previous year.

Our banana production in the Ivory Coast is also almost 16% down on last year's volumes due to the difficult weather conditions. The summer months are traditionally a period of low production and consumption, but the volume outlook for the second half of the year is positive. The sales prices are fully laid down in annual contracts with European consumers and so the profitability of this sector is guaranteed as long as the required quality is produced.

The palm oil activities of SIPEF-CI, which are no longer included in the consolidation scope, are feeling the positive effects of the replanting of the acreage with volumes 12.6% higher than for the same period last year. SIPEF-CI is selling its production locally in the Ivory Coast and to refineries in the neighbouring countries in West Africa at values that exceed international market prices.

After a period of strong growth in premiums, our insurance operations are stabilising their income from maritime and industrial insurance and are limiting the volatility of the technical results.

We are steadily continuing our expansion in the Indonesian province of South Sumatra. After obtaining an additional third licence, there is a potential of 24 311 hectares to be developed, of which we expect at least half to be converted into oil palm and rubber operations over time. In the meantime, we have compensated the local inhabitants for slightly more than 2 500 hectares and have started the first oil palm plantings early June.

The oil palm expansion programme in Hargy Oil Palms in Papua New Guinea has suffered some delays due to the weather conditions in the first quarter, but with more than 500 hectares planted so far, we are well on the way to achieve the budgeted 1 000 additional hectares by the end of the year. We will then have own plantations of more than 12 500 hectares, and sufficient agricultural land is available to continue our expansion for several more years. By year's end, the third palm oil extraction mill will also be operational, enabling us to cope with the increasing volumes of fruit from our own plantations and surrounding farmers. This factory is equipped with a collection system for methane gasses for use as an alternative energy source.

When the two mills are completed, procedures for the additional RSPO certification of the corresponding planted acreage will also be started, so the SIPEF group will remain a 100% sustainable RSPO-certified plantation company. Within this framework, we are also continuing work on selling off the smaller plantation CSM with 1 289 planted hectares in North Sumatra, which will not comply with the sustainability criteria.

As a result of the temporarily lower production of palm oil and the persistently lower prices for palm oil and rubber on the global markets, we expect that the SIPEF group results will be lower than those achieved in 2012. The final result will depend on achieving the expected volumes of palm oil and rubber and on their price evolution in the second half year as well as the effects of the local currencies against the USD. These currencies have weakened as compared to last year, which has had a positive impact on our production cost, but may possibly have a one-off negative tax effect.

The available cash reserves, possibly supplemented by limited short-term bank debts, should enable us to continue to complete our investment programme for this year. This investment programme is mainly concentrated on the construction of 2 new factories and the continued expansion of our acreage. In addition, with your approval, an amount of KEUR 15 218 or EUR 1.70 gross per share can be paid to the shareholders. Payment of this dividend could be scheduled for July 3rd, 2013.

Finally I would like to thank all SIPEF group members for their efforts over the past financial year, and ask for their continued efforts to realise our ambitious plans for the coming years.

Schoten, June 12th, 2013



May 2013

GROUP PRODUCTION - (in tonnes)

	2013					2012					YoY Variation	
	Q1	04-05	Q3	Q4	YTD	Q1	04-05	Q3	Q4	YTD	04-05	YTD
Palm Oil												
Own												
Tolan Tiga Group	13 111	9 567			22 678	14 323	9 655			23 978	-0,91%	-5,42%
UMW/TUM Group	2 079	1 811			3 890	769	769			1 538	135,49%	152,92%
Agro Muko	17 961	11 617			29 578	19 359	12 883			32 242	-9,82%	-8,26%
Hargy Oil Palms	11 924	9 928			21 852	12 521	9 056			21 577	9,63%	1,27%
Total own	45 075	32 923	0	0	77 998	46 972	32 363	0	0	79 335	1,73%	-1,68%
Outgrowers												
Tolan Tiga Group	48	31			79					0		
Agro Muko	306	255			561	314	284			598	-10,08%	-6,12%
Hargy Oil Palms	10 828	9 026			19 854	11 299	7 790			19 089	15,86%	4,01%
Total outgrowers	11 182	9 312	0	0	20 494	11 613	8 074	0	0	19 687	15,33%	4,10%
Total Palm Oil	56 257	42 235	0	0	98 492	58 585	40 437	0	0	99 022	4,45%	-0,53%
Palm Kernels												
Own												
Tolan Tiga Group	3 213	2 310			5 523	3 587	2 293			5 880	0,73%	-6,07%
UMW/TUM Group	550	480			1 030	204	203			407	136,32%	153,00%
Agro Muko	4 274	2 507			6 781	4 431	2 871			7 302	-12,69%	-7,14%
Total own	8 037	5 297	0	0	13 334	8 222	5 368	0	0	13 590	-1,32%	-1,88%
Outgrowers												
Tolan Tiga Group	13	15			28					0		
Agro Muko	60	50			110	61	54			115	-7,92%	-4,60%
Total outgrowers	73	65	0	0	138	61	54	0	0	115	19,71%	19,69%
Total Palm Kernels	8 110	5 362	0	0	13 472	8 283	5 422	0	0	13 705	-1,11%	-1,70%
Palm Kernel Oil												
Own												
Hargy Oil Palms	919	786			1 705	892	700			1 592	12,25%	7,08%
Total own	919	786	0	0	1 705	892	700	0	0	1 592	12,25%	7,08%
Outgrowers												
Hargy Oil Palms	839	720			1 559	807	605			1 412	19,05%	10,43%
Total outgrowers	839	720	0	0	1 559	807	605	0	0	1 412	19,05%	10,43%
Total Palm Kernel Oil	1 758	1 506	0	0	3 264	1 699	1 305	0	0	3 004	15,40%	8,66%

2013						2012					YoY Variation	
Rubber	Q1	04-05	Q3	Q4	YTD	Q1	04-05	Q3	Q4	YTD	04-05	YTD
Own												
Tolan Tiga Group	757	323			1 080	769	330			1 099	-2,06%	-1,71%
Melania	982	736			1 718	859	703			1 562	4,76%	10,02%
Agro Muko	343	254			597	368	247			615	2,83%	-2,93%
Galley Reach	431	286			717	502	361			863	-20,77%	-16,91%
Total own	2 513	1 599	0	0	4 112	2 498	1 640	0	0	4 138	-2,52%	-0,64%
Outgrowers												
Agro Muko					0					0		
Galley Reach	119	109			228	328	152			480	-28,31%	-52,51%
Total outgrowers	119	109	0	0	228	328	152	0	0	480	-28,31%	-52,51%
Total Rubber	2 632	1 708	0	0	4 340	2 826	1 792	0	0	4 618	-4,71%	-6,03%
Tea												
Tea	Q1	04-05	Q3	Q4	YTD	Q1	04-05	Q3	Q4	YTD	04-05	YTD
Own												
Melania	705	465			1 170	654	483			1 137	-3,70%	2,91%
Total own	705	465	0	0	1 170	654	483	0	0	1 137	-3,70%	2,91%
Outgrowers												
Melania					0	16	11			27	-100,00%	-100,00%
Total outgrowers	0	0	0	0	0	16	11	0	0	27	-100,00%	-100,00%
Total Tea	705	465	0	0	1 170	670	493	0	0	1 163	-5,76%	0,57%
Bananas												
Bananas	Q1	04-05	Q3	Q4	YTD	Q1	04-05	Q3	Q4	YTD	04-05	YTD
Azaguie	1 279	1 061			2 340	983	1 294			2 277	-18,00%	2,77%
Agboville	2 722	1 466			4 188	2 384	1 809			4 193	-18,93%	-0,11%
Motobe	2 415	1 327			3 742	3 024	2 700			5 724	-50,86%	-34,63%
Total Bananas	6 416	3 854	0	0	10 270	6 391	5 803	0	0	12 194	-33,58%	-15,78%

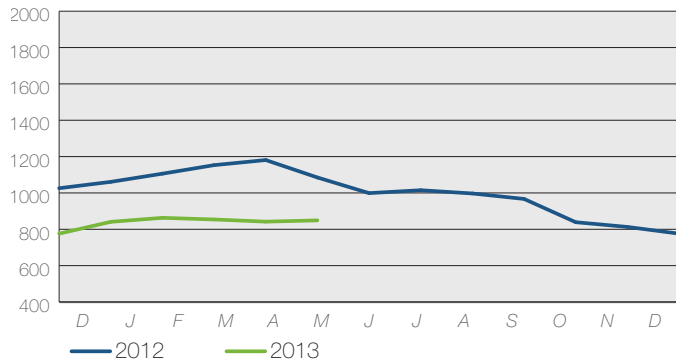
COMMODITY PRICE DATA - (May 2013)

Average market prices

Product		YTD 05/2013	YTD 05/2012	YTD Q4/2012
CPO (CIF Rotterdam)	in \$/mt	850	1 117	999
CPKO (CIF Rotterdam)	in \$/mt	826	1 346	1 110
RSS3 (FOB Singapore)	in Uscts/mt	3 074	3 826	3 377
Tea (FOB origin)	in \$/mt	2 940	2 690	2 900
Bananas (FOT Europe)	in \$/mt	1 089	1 178	1 100

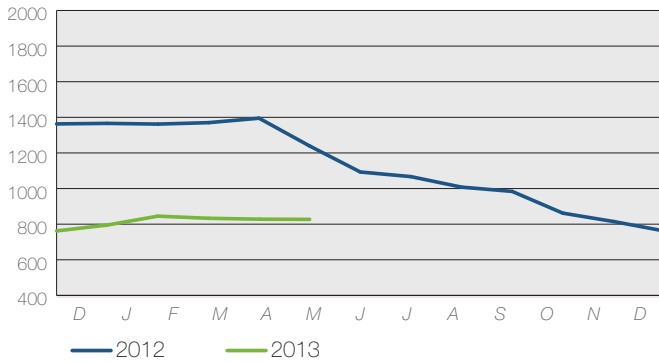
Crude Palm Oil in \$/mt

CIF Rotterdam



Crude Palm Kernel Oil in \$/mt

CIF Rotterdam



RSS3 in UScts/kg

FOB Singapore



Tea in \$/kg FOB

average auct. Colombo / Kolkata / Mombasa



Bananas EU in \$/mt

