



**PRESS RELEASE**

**RESULTS FOR THE YEAR 2005**

- Increased production of all crops from own areas.
- Lower average selling prices except rubber.
- €3 dividend gross per share proposed.

**GROUP PRODUCTION**

In tonnes	Own	Third Parties	Total 31/12/2005	Own	Third Parties	Total 31/12/2004
Palm oil	175,960	70,297	246,257	170,559	85,532	256,091
Rubber	9,470	2,320	11,790	9,098	3,367	12,465
Tea	7,094	0	7,094	6,530	0	6,530

Although oil palm crops were disappointing in Western Sumatra for climatic reasons, overall, own production increased in Indonesia and Papua New Guinea. Our own rubber production increased in line with the estimates. Despite a slow start to the season due to lack of rain tea production in Vietnam was substantially ahead of last year.

**AVERAGE MARKET PRICES**

Prices in USD/tonne		2005	2004
Palm oil	CIF Rotterdam	422	471
Rubber	RSS1 FOB Singapore	1,502	1,304
Tea	FOB Jakarta	1,130	1,160

Crude palm oil made a weak start to the year at around USD 400 CIF Rotterdam. The improvement during the second year half up to USD 450 CIF Rotterdam did not reach the 2004 average. Demand for edible consumption remained good but it was the interest from the bio-fuels sector that put a bottom under the market.

Except for a dip during August and another lesser one during November, rubber prices climbed virtually uninterrupted during the entire year to end 50% higher, thanks to growing demand and lagging supply.

Oversupply kept tea prices low, particularly for average and lower grades. Good quality teas however, continued to be sought after.

## CONSOLIDATED INCOME STATEMENT

	IFRS		IFRS	IFRS
Euro millions	31/12/2005		31/12/2004 Pro forma	31/12/2004
Revenue	119.33		117.41	140.08
Cost of sales	<u>-88.76</u>		<u>-81.56</u>	<u>-99.21</u>
<b>Gross margin</b>	<b>30.57</b>		<b>35.85</b>	<b>40.87</b>
Variation biological assets	-2.58		-3.59	-3.59
Selling, general and admin expenses	-10.98		-10.79	-12.47
Sundry income / (charges)	<u>0.53</u>		<u>4.30</u>	<u>3.01</u>
<b>Operating result</b>	<b>17.54</b>		<b>25.77</b>	<b>27.82</b>
Financial income / (charges)	-1.92		-2.65	-3.60
Exchange result	<u>2.78</u>		<u>-0.60</u>	<u>-0.60</u>
Financial result	<u>0.86</u>		<u>-3.25</u>	<u>-4.20</u>
Profit before tax	18.40		22.52	23.62
Tax	<u>-6.11</u>		<u>-8.10</u>	<u>-8.12</u>
<b>Profit after tax</b>	<b>12.29</b>		<b>14.42</b>	<b>15.50</b>
Equity method – insurance	1.22		0.93	0.93
Equity method – Sipef-CI	<u>-1.26</u>		<u>1.08</u>	<u>na</u>
<b>Consolidated result</b>	<b>12.25</b>		<b>16.43</b>	<b>16.43</b>
<b>Net result, share of the group</b>	<b>11.01</b>		<b>13.80</b>	<b>13.80</b>

In Euro per share	31/12/2005		31/12/2004 Pro forma	31/12/2004
Weighted average shares outstanding	866,415		786,625	786,625
Basic operating result	20.24		32.76	35.36
Basic net earnings	12.71		17.54	17.54
Diluted net earnings	12.61		17.48	17.48

IFRS, which requires the group to state its biological assets at fair value, came into effect on the 1<sup>st</sup> January, 2005.

Following the sale of 38% of the shares in SIPEF-CI S.A. last year, the 2004 result has been presented as a pro-forma as if SIPEF-CI S.A. was accounted under the equity method. This will allow a better understanding of the comparative figures.

Gross margins decreased mainly as a result of lower palm oil prices. The fixed asset disposal gains included in sundry income last year were not repeated. The exchange profit is mainly because of the strengthening of the Papua New Guinea Kina against the Euro. Economic difficulties exacerbated the seasonal production decline in the Ivory Coast which adversely affected the results of SIPEF-CI S.A.

**Note: effect of IAS 41 on the consolidated result**

Euro millions	31/12/2005	31/12/2004
Consolidated result	12.25	16.43
Planting cost	3.38	2.39
Depreciation on planting	-1.33	-1.98
Variation Biological Assets	-0.80	1.20
Deferred tax on biological assets	-0.20	-0.52
Net effect of IAS 41	1.05	1.09
Profit for the period before IAS 41	13.30	17.52

**CONSOLIDATED BALANCE SHEET**

In Euro millions (condensed)	31/12/2005	31/12/2004
Biological assets (depreciated cost)	29.82	24.14
Revaluation	<u>77.17</u>	<u>71.74</u>
Biological assets (IAS 41)	106.99	95.88
Other fixed assets	52.43	48.32
Net current assets, net of cash	<u>18.27</u>	<u>11.90</u>
Total net assets	<u>177.69</u>	<u>156.10</u>
Shareholders' equity, Group share	111.64	92.50
Minority interest	13.63	12.59
Provisions and deferred tax liabilities	31.28	27.36
Net financial debt	<u>21.14</u>	<u>23.65</u>
Total net liabilities	<u>177.69</u>	<u>156.10</u>

The increase in net assets and shareholders' equity is due to the positive results and the strengthening of the Rupiah, Kina and Dong against the Euro.

**Report of the statutory auditors on the consolidated accounts of the Sipef Group as at 31 December 2005.**

*The statutory auditor, Deloitte Bedrijfsrevisoren BV o.v.v.e CVBA, confirms that its audit work, which is substantially finished, did not reveal any significant corrections that should be made to the accounting information included in the 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.

## DIVIDENDS

The Board considers that the group's financial condition and prospects allow it to propose to the annual general meeting in June 2006 an unchanged dividend of 3 Euro gross per share.

## PROSPECTS

Production of crops is expected to increase. Current prices of our commodities are above last year's average. In the absence of adverse weather, exchange or other factors this should lead to improved operating results in 2006.

March 1, 2006.

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The financial information presented above has been prepared in accordance with the recognition and measurement principles of IFRS as endorsed in the European Union. Detailed information and comments on the accounting information included in this press release are available on our website [www.sipef.com](http://www.sipef.com), under the item 'Investor Relations'.

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.