



PRESS RELEASE

**HALF YEAR RESULTS OF THE SIPEF GROUP
30 JUNE 2006**

- Increased own production of palm oil and rubber
- Net result share of the group up 13 %
- Net result share of the group for the full year expected to be ahead of 2005

GROUP PRODUCTION

In tonnes	Own	Third Parties	Total 30/06/2006	Own	Third Parties	Total 30/06/2005
Palm oil	91,079	38,372	129,451	87,809	39,839	127,648
Rubber	5,581	1,367	6,948	5,168	1,269	6,437
Tea	2,312	487	2,799	2,527	577	3,104

Production of palm oil and rubber from our own estates was ahead of last year and in line with the estimate. Unfavorable weather conditions in Java affected own tea production in Cibuni.

AVERAGE MARKET PRICES

Prices in USD/tonne		30/06/2006	30/06/2005
Palm oil	CIF Rotterdam	438	417
Rubber	RSS1 FOB Singapore	2,239	1,325
Tea	FOB Jakarta	1,378	1,150

The market for crude palm oil remained well supported during the first half of the year with prices moving between USD 425 CIF and 465 CIF per tonne. The strength came mainly from expected growth in demand from the bio-fuel sector that received a boost from increasing crude oil prices. The outlook remains steady as growth is well absorbed by strong demand.

Rubber prices improved steadily during the first six months. By the end of June prices had gained 50% since the start of 2006. The surge in prices was fuelled by adverse weather in all major producing countries compounded by fund money flowing into rubber futures. This rapid increase called for the correction that we saw starting in July.

Tea prices were boosted by the sharp losses in production in Kenya earlier this year resulting from a severe drought. All markets were looking for suitable replacements and so our teas readily found a home at attractive levels.

CONSOLIDATED INCOME STATEMENT

	IFRS		IFRS
Euro millions	30/06/2006		30/06/2005
Revenue	61.24		51.72
Cost of sales	<u>-45.15</u>		<u>-35.87</u>
Gross profit	16.09		15.85
Variation biological assets	2.94		-0.40
Selling, general and admin expenses	-5.77		-5.54
Other operating income / (charges)	<u>0.34</u>		<u>0.81</u>
Operating result	13.60		10.72
Financial income / (charges)	-0.65		-1.01
Exchange result	<u>-0.54</u>		<u>2.24</u>
Financial result	<u>-1.19</u>		<u>1.23</u>
Profit before tax	12.41		11.95
Tax	<u>-3.74</u>		<u>-3.82</u>
Profit after tax	8.67		8.13
Equity method – insurance	0.86		0.72
Equity method – Sipef-CI	<u>0.04</u>		<u>-0.46</u>
Profit for the period	9.57		8.39
Net result, share of the group	8.26		7.31

In Euro per share	30/06/2006		30/06/2005
Weighted average shares outstanding	872,511		865,196
Operating result	15.59		12.40
Net earnings	9.46		8.45

Gross profit increased to Euro 16.09 million, although profit margins eroded mainly due to wage and fuel price increases.

Higher commodity prices led to an increase in value of the biological assets giving rise to an unrealized gain of Euro 2.94 million against an unrealized loss of Euro 0.40 million on the same period last year.

The exchange gain in the corresponding period last year mainly arose from the strengthening of the PNG Kina against the Euro whereas the Kina depreciated in the current period.

Note: effect of IAS 41 on the consolidated result

Euro millions	30/06/2006	30/06/2005
Profit for the period	9.57	8.39
<i>Planting cost</i>	2.18	1.31
<i>Variation Biological Assets</i>	<u>-5.12</u>	<u>-0.91</u>
Net variation Biological Assets	-2.94	0.40
<i>Depreciation on planting</i>	-0.85	-0.70
<i>Deferred tax on biological assets</i>	<u>1.13</u>	<u>0.32</u>
Net effect of IAS 41	-2.66	0.02
Profit for the period before IAS 41	6.91	8.41

Valuation of biological assets for the half year results was based on internal models corresponding to the methods used by external valuers at each year end. A new external valuation will be made at the end of 2006.

Higher sales prices for palm oil and rubber were the main reasons for increased net effect of Euro 2.66 million against a negative effect of Euro 0.02 million for the corresponding period last year.

CONSOLIDATED BALANCE SHEET (condensed)

In Euro millions	30/06/2006	31/12/2005
Biological assets (depreciated cost)	30.39	30.29
Revaluation	<u>78.56</u>	<u>76.70</u>
Biological assets (IAS 41)	108.95	106.99
Other fixed assets	52.09	53.03
Net current assets, net of cash	<u>19.54</u>	<u>17.67</u>
Total net assets	<u>180.58</u>	<u>177.69</u>
Shareholders' equity, group share	113.37	111.64
Minority interest	14.65	13.63
Provisions and deferred tax liabilities	32.32	31.28
Net financial debt	<u>20.24</u>	<u>21.14</u>
Total net liabilities	<u>180.58</u>	<u>177.69</u>

Report of the statutory auditors on the consolidated accounts of the Sipef Group as at 30 June 2006.

Deloitte Bedrijfsrevisoren/Reviseurs d'Entreprises BV o.v.v.e. CVBA has conducted a limited review of the interim consolidated financial information as at June 30, 2006. This limited review consisted principally of analysis, comparison and discussions of the financial information and therefore was less extensive than an audit, the purpose of which is to form an opinion on the financial statements taken as a whole. This review did not disclose any elements that would have required significant corrections in the interim consolidated financial information. We note however that, with regard to the valuation of the biological assets, 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. The full report of the statutory auditor on the limited review of the interim consolidated financial information can be found on Sipef's website at www.sipef.com.

PROSPECTS

Commodity prices for all crops, except rubber, have risen in the beginning of the second half and own production is anticipated to increase for the full year over 2005. Although the interest charge will be affected by the recently announced acquisition and in the absence of exceptional events such as adverse currency exchange movements and weather conditions, we expect net result, share of the group for the full year to be ahead of last year.

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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, 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.