

REA Finance B.V.

HALF YEARLY REPORT 2010

The director presents the half yearly report and condensed financial statements of the company for the six months ended 30 June 2010.

Introduction

The company was established in 2006 as a wholly owned subsidiary of R.E.A. Holdings plc ("REAH"), a company incorporated under the Companies Act of the United Kingdom, for the principal purpose of issuing debt securities.

At 30 June 2010 the company had in issue £37 million nominal of 9.5 per cent guaranteed sterling notes 2015/17 (the "sterling notes"), which are irrevocably and unconditionally guaranteed by REAH and admitted to the Official List and trading on the Regulated Market of London Stock Exchange plc.

Substantially all the company's assets comprise loans made to Indonesian subsidiaries of REAH (the "Indonesian debtor companies").

Business Review

During the period the company made a further loan of \$10 million to PT Sasana Yudha Bhakti, an Indonesian debtor company, funded by a loan of that amount from REAH. The company also received interest on loans made to the Indonesian debtor companies, paid interest to the holders of the sterling notes and paid interest on the loan to the company from REAH.

On 12 August 2010 the company announced proposals for a restructuring of the security relating to the sterling notes (the "Proposals"). The Proposals are contained in a circular issued on that date by REAH to holders of the sterling notes (the "Circular"). A copy of the announcement and the Circular is available on the company's website at www.rea.co.uk.

Results

The result after taxation for the six months to 30 June 2010 was a profit of £52,000 (2009: loss of £22,000). The net asset value of the company as at 30 June 2010 amounted to £695,000 (31 December 2009: £ 693,000).

Risks and uncertainties

The principal risks and uncertainties facing the company relate to the due performance by group entities of their obligations under their respective loan agreements with the company. Any shortfall in performance would impact negatively on the company's ability to perform its obligations to REAH with respect to its loans to the company of \$46.5 million and to the holders of the sterling notes. Further details of these risks and uncertainties were set out on page 3 of the company's annual report and accounts for 2009 (the "2009 Annual Report"), a copy of which is available on the company's website at www.rea.co.uk/reafinance.

To date there has been no subsequent change in the principal risks and uncertainties facing the business, nor in the arrangements designed to limit the extent of the principal risks. However, assuming implementation of the Proposals, the company will have repaid its loans of \$46.5 million from REAH and REAH will be indebted to the company to the extent of £37.475 million. Thereafter the principal risks and uncertainties facing the company will relate to the due performance by REAH of its obligations under the loan agreement to be concluded with the company.

Risk management objectives

The company's risk management objectives and policies were set out on page 3 of the 2009 Annual Report and there has been no subsequent change.

Related party transactions

There has been no change to related party transactions since 31 December 2009.

Future outlook

The management is of the opinion that the present level of activities will be maintained until the date on which the Proposals become effective, anticipated to be on or about 7 September 2010. Thereafter, the

company's principal asset will consist of loans amounting to £37.475 million to REAH and its principal liability will comprise the £37 million nominal sterling notes currently in issue.

Statement of directors' responsibilities

The sole director of the company is Intertrust (Netherlands) B.V. The director confirms that this condensed set of financial statements has been prepared in accordance with Dutch Generally Accepted Accounting Principles as applicable to interim reports, and that the interim management report herein includes a fair review of the information required by the Disclosure and Transparency Rules of the Financial Services Authority, paragraph DTR 4.2.7.

Intertrust (Netherlands) B.V.

By: Patrick Blöte
Proxy Holder
27 August 2010

By: Guido Wagenaar
Proxy Holder

BALANCE SHEET AT 30 JUNE 2010

		30 June 2010 £'000	30 June 2009 £'000	31 December 2009 £'000
	Note			
Fixed assets				
Loans to group entities	1	68,431	59,638	60,106
		<u>68,431</u>	<u>59,638</u>	<u>60,106</u>
Current assets				
Amounts owed by group entities		164	153	18
Prepayments and accrued income		2	2	3
Cash and cash equivalents		80	88	236
		<u>246</u>	<u>243</u>	<u>257</u>
Current liabilities (due within one year)				
Amounts due to group entities		-	1	1
Amounts due to third parties		12	11	6
Taxation	2	-	66	18
Accruals and deferred income		14	6	14
		<u>26</u>	<u>84</u>	<u>39</u>
Current assets less current liabilities		<u>220</u>	<u>159</u>	<u>218</u>
Total assets less current liabilities		<u>68,651</u>	<u>59,797</u>	<u>60,324</u>
Long term liabilities (due after one year)				
Amounts due to group entities	3	30,956	22,163	22,631
Bond loans	4	37,000	37,000	37,000
Total long term liabilities		<u>67,956</u>	<u>59,163</u>	<u>59,631</u>
Capital and reserves				
Paid up and called up share capital	5	15	15	16
Share premium account	5	475	475	475
Translation reserve	5	(3)	(3)	(4)
Other reserves	5	156	169	169
Unappropriated results	5	52	(22)	37
Total shareholder's equity		<u>695</u>	<u>634</u>	<u>693</u>
Total long term liabilities and share capital and reserves		<u>68,651</u>	<u>59,797</u>	<u>60,324</u>

PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS ENDED 30 JUNE 2010

		30 June 2010 £'000	30 June 2009 £'000	31 December 2009 £'000
	Note			
Finance activities				
Interest income on loans to group entities		2,962	2,747	5,436
Interest expense on loans from group entities		(397)	(504)	(951)
Interest expense on bond loans		(1,757)	(1,757)	(3,515)
		<u>808</u>	<u>486</u>	<u>970</u>
Other financial income and expenses				
Other interest expense		-	-	(4)
Currency exchange rate differences		15	1	(3)
		<u>15</u>	<u>1</u>	<u>(7)</u>
Other income and expenses				
Other income		-	-	19
General and administrative expenses		(163)	(173)	(342)
		<u>(163)</u>	<u>(173)</u>	<u>(323)</u>
Result on ordinary activities before taxation		<u>660</u>	<u>314</u>	<u>640</u>
Overseas withholding taxes	6	(593)	(275)	(544)
Corporate income tax	6	(15)	(61)	(59)
Result after taxation		<u>52</u>	<u>(22)</u>	<u>37</u>

NOTES TO THE ACCOUNTS for the six months ended 30 June 2010

General information

The company was incorporated as a limited liability company under the laws of the Netherlands on 7 November 2006 and has its statutory seat in Amsterdam. The ultimate holding company is R.E.A. Holdings plc. The principal activity of the company is to act as a finance company.

The functional currency of the company is pounds sterling, which is also the presentation currency of the accounts.

Basis of preparation

The condensed financial information for the six months ended 30 June 2010 comprises the unaudited results for the six months ended 30 June 2010 and 30 June 2009, together with the audited financial statements for the year ended 31 December 2009, on which the auditors gave an unqualified report and did not draw attention to any matters by way of emphasis.

The condensed financial statements for the six months ended 30 June have been prepared in accordance with accounting principles generally accepted in The Netherlands and in conformity with provisions governing financial statements as contained in Part 9 of Book 2 of the Dutch Civil Code, and should be read in conjunction with the audited financial statements for the year ended 31 December 2009.

The same accounting policies, presentation and methods of computation are followed in this condensed set of financial statements as applied in the company's latest annual audited financial statements.

Exchange Rates

The exchange rates used are:

	30 June 2010	30 June 2009	31 Dec 2009
1 GBP (pound sterling) = EUR (euro)	1.22	1.17	1.12
1 GBP (pound sterling) = USD (US dollar)	1.50	1.65	1.61

Cash flow statement

The condensed financial information for the six months ended 30 June 2010 of the company's ultimate holding company includes a consolidated cash flow statement for the group as a whole. Accordingly, the company has elected to use the exemption provided under Dutch Law and does not present its own cash flow statement.

1. Loans to group entities

		30 June 2010 £'000	30 June 2009 £'000	31 December 2009 £'000
PT REA Kaltim Plantations ("REAK")	USD 20,000,000	13,314	18,520	12,401
		30,000	30,000	30,000
		385	385	385
		<u>43,699</u>	<u>48,905</u>	<u>42,786</u>
PT Sasana Yudha Bhakti ("SYB")	USD 26,500,000	17,642	3,643	10,230
		7,000	7,000	7,000
		90	90	90
		<u>24,732</u>	<u>10,733</u>	<u>17,320</u>
Total loans to group entities		<u>68,431</u>	<u>59,638</u>	<u>60,106</u>

The loans of US\$20.0 million to REAK and of US\$26.5 million to SYB bear interest at 2.9229 per cent over SIBOR and are repayable on or before 31 December 2017. The loans of £30 million to REAK and of £7 million to SYB bear interest at 10.4229 per cent and are repayable by three equal annual instalments commencing 31 December 2015. The loans of £385,000 to REAK and £90,000 to SYB bear interest at 9.6729 per cent and are repayable on 31 December 2017.

	30 June 2010 £'000	30 June 2009 £'000	31 December 2009 £'000
Balance of loans as at 1 January	60,106	62,822	62,822
Loan repaid	-	-	(6,383)
New loans advanced	6,756	-	6,383
Currency exchange rate differences	1,569	(3,184)	(2,716)
Balance of loans as at period end	<u>68,431</u>	<u>59,638</u>	<u>60,106</u>

During the period, the company made a further advance of \$10 million to SYB.

2. Taxation

	30 June 2010 £'000	30 June 2009 £'000	31 December 2009 £'000
Corporate income tax	-	66	18
	<u>-</u>	<u>66</u>	<u>18</u>

See also note 6

3. Amounts due to group entities after one year

	30 June 2010 £'000	30 June 2009 £'000	31 December 2009 £'000
R.E.A. Holdings plc: loan account	USD 46,500,000	30,956	22,163
	<u>30,956</u>	<u>22,163</u>	<u>22,631</u>

Pursuant to a loan agreement made between the company and R.E.A. Holdings plc and dated 29 July 2008, the parties agreed that the company shall repay the loan of US\$46.5 million as and when the cash requirements and covenant arrangements of the company so permit and in any event on 31 December 2017.

	30 June 2010 £'000	30 June 2009 £'000	31 December 2009 £'000
Balance loan as at 1 January	22,631	25,347	25,347
New loan advanced	6,756	-	-
Currency exchange rate differences	1,569	(3,184)	(2,716)
Balance of loan	<u>30,956</u>	<u>22,163</u>	<u>22,631</u>

4. Bond loans

	30 June 2010 £'000	30 June 2009 £'000	31 December 2009 £'000
Bonds issued	37,000	37,000	37,000
	<u>37,000</u>	<u>37,000</u>	<u>37,000</u>

The 9.5 per cent guaranteed sterling notes 2015/17 (the "sterling notes") are irrevocably guaranteed by the company's parent company, R.E.A. Holdings plc, a company incorporated in the United Kingdom whose share capital is listed on the London Stock Exchange. The notes are secured principally by way of a first charge over all monies due to the company from time to time by PT REA Kaltim Plantations and by PT Sasana Yudha Bhakti. All costs relating to the issue of the notes are borne by those entities to which the company has made loans.

5. Capital and reserves

The authorised share capital of the company amounts to EUR 90,000 divided into 90,000 shares of EUR 1 each, of which 18,000 shares have been issued, fully paid. The share capital is recorded at the rate of exchange at the balance sheet date. At 30 June 2010 the rate was 1 GBP = 1.22 EUR.

	Share capital	Translation reserve	Share premium	Other reserves	Unappropriated results
	£'000	£'000	£'000	£'000	£'000
Unaudited balance as at 31 December 2008	17	(5)	475	78	91
Paid-in/ (repaid)	-	-	-	-	-
Transfer	-	-	-	91	(91)
Dividend	-	-	-	-	-
Revaluation	(1)	1	-	-	-
Result for the period	-	-	-	-	37
Audited balance as at 31 December 2009	16	(4)	475	169	37
Paid-in/ (repaid)	-	-	-	-	-
Transfer (see Other Information)	-	-	-	-	-
Dividend	-	-	-	(13)	(37)
Revaluation	(1)	1	-	-	-
Result for the period	-	-	-	-	52
Unaudited balance as at 30 June 2010	15	(3)	475	156	52

6. Taxation on the result of ordinary activities before taxation

	30 June 2010	30 June 2009	31 December 2009
	£'000	£'000	£'000
Overseas withholding taxes	593	275	544
Corporate income tax- current period	15	12	59
- prior periods	-	49	-
	608	336	603

In the annual financial statements for 2006, 2007 and 2008 the company took credit for the withholding taxes deducted from interest received on loans to Indonesian group entities. During the six months ended 30 June 2009 the Dutch fiscal authorities asserted that such withholding taxes are not in accordance with the Dutch/Indonesian tax treaty and are, therefore, not eligible for credit against the company's liability to Dutch corporate income tax. The charge of £61,000 for such tax for the six months ended 30 June 2009 includes £49,000 in respect of prior periods.

OTHER INFORMATION

Shareholder information

The company's report and condensed financial statements for the six months ended 30 June 2010 (the "half yearly report") is now available for downloading from the company's web site at www.rea.co.uk.

Statutory rules relating to the appropriation of results

In accordance with a restriction prescribed by Dutch law, a company may only make a distribution of profit provided that shareholders' equity exceeds its issued share capital and legal reserves, in which case the remaining reserves and the unappropriated profit for the year may be dealt with by shareholders in accordance with the company's articles of association.

Appropriation of the result for the year

At the company's Annual General Meeting held on 26 May 2010, the shareholder resolved to declare a dividend of £50,000 from the result of the year 2009 of £37,013 and from other reserves of £12,987. The dividend was paid on 1 June 2010.

Subsequent events

Other than as stated as follows no events have occurred since the balance sheet date, which would change the financial position of the company and which would require adjustment of or disclosure in the interim report and condensed financial statements now presented.

On 12 August 2010 the company announced proposals for a restructuring of the security relating to the sterling notes (the "Proposals"). The Proposals are contained in a circular issued on that date by REAH to holders of the sterling notes (the "Circular"). A copy of the announcement and the Circular is available on the company's website at www.rea.co.uk.