

REA Finance B.V.

HALF YEARLY REPORT 2011

The director presents the half yearly report and condensed financial statements of R.E.A Finance BV (the "Company") for the six months ended 30 June 2011.

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.

The Company has in issue £37 million 9.5 percent guaranteed sterling notes 2015/2017 ("sterling notes"), matched by a loan from the Company to REAH on terms as to interest which enables the Company to pay interest to the holders of sterling notes (the "Noteholders"), to retain a margin to cover its expenses and to provide an agreed return on its financing activities, and as to principal which will provide in due course the Company with funds necessary to repay the Noteholders.

The sterling notes are irrevocably and unconditionally guaranteed by REAH and by R.E.A. Services Limited ("REAS"), another wholly owned subsidiary of REAH, and are admitted to the Official List and trading on the Regulated Market of London Stock Exchange plc.

Business Review

During the period the Company received interest on the loan from the Company to REAH and paid interest to the holders of the sterling notes.

Results

The result after taxation for the six months to 30 June 2011 was a profit of £23,000 (2010: £52,000). The net asset value of the Company as at 30 June 2011 amounted to £668,000 (31 December 2010: £735,000).

Risks and uncertainties

The principal risks and uncertainties facing the Company relate to the due performance by REAH of its obligations under the loan agreement with the Company. Any shortfall in performance would impact negatively on the Company's ability to perform its obligations to the Noteholders. Further details of these risks and uncertainties were set out on page 3 of the Company's annual report and accounts for 2010 (the "2010 Annual Report"), a copy of which is available on REAH's website at www.rea.co.uk.

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.

Risk management objectives

The Company's risk management objectives and policies were set out on page 3 of the 2010 Annual Report and there has been no subsequent change.

Related party transactions

There has been no change to related party transactions since 31 December 2010.

Future outlook

On 12 July 2011, the Company purchased for cancellation £2,460,000 nominal of sterling notes at a price of 105.45. In other respects, the management is of the opinion that the present level of activities will continue for the remainder of the year.

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: Lonneke Van den Hoeven
Proxy Holder
Date: 25 August 2011



By: David Jaarsma
Proxy Holder

BALANCE SHEET AT 30 JUNE 2011

| | | 30 June 2011 £'000 | 30 June 2010 £'000 | 31 December 2010 £'000 |
|---|------|--------------------------|--------------------------|------------------------------|
| | Note | | | |
| Fixed assets | | | | |
| Loans to group entities | 1 | 37,475 | 68,431 | 37,475 |
| | | <u>37,475</u> | <u>68,431</u> | <u>37,475</u> |
| Current assets | | | | |
| Amounts owed by group entities | | 206 | 164 | 160 |
| Prepayments and accrued income | | 22 | 2 | 9 |
| Cash and cash equivalents | | 64 | 80 | 105 |
| | | <u>292</u> | <u>246</u> | <u>274</u> |
| Current liabilities (due within one year) | | | | |
| Amounts due to group entities | 2 | 90 | - | - |
| Amounts due to third parties | | 2 | 12 | 2 |
| Taxation | | - | - | - |
| Accruals and deferred income | | 7 | 14 | 12 |
| | | <u>99</u> | <u>26</u> | <u>14</u> |
| Current assets less current liabilities | | <u>193</u> | <u>220</u> | <u>260</u> |
| Total assets less current liabilities | | <u>37,668</u> | <u>68,651</u> | <u>37,735</u> |
| Long term liabilities (due after one year) | | | | |
| Amounts due to group entities | 3 | - | 30,956 | - |
| Bond loans | 4 | 37,000 | 37,000 | 37,000 |
| Total long term liabilities | | <u>37,000</u> | <u>67,956</u> | <u>37,000</u> |
| Capital and reserves | | | | |
| Paid up and called up share capital | 5 | 16 | 15 | 15 |
| Share premium account | 5 | 475 | 475 | 475 |
| Translation reserve | 5 | (4) | (3) | (3) |
| Other reserves | 5 | 158 | 156 | 156 |
| Unappropriated results | 5 | 23 | 52 | 92 |
| Total shareholder's equity | | <u>668</u> | <u>695</u> | <u>735</u> |
| Total long term liabilities and share capital and reserves | | <u>37,668</u> | <u>68,651</u> | <u>37,735</u> |

PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS ENDED 30 JUNE 2011

| | Note | 30 June 2011 £'000 | 30 June 2010 £'000 | 31 December 2010 £'000 |
|--|------|--------------------------|--------------------------|------------------------------|
| Finance activities | | | | |
| Interest income on loans to group entities | | 1,813 | 2,962 | 5,876 |
| Interest expense on loans from group entities | | - | (397) | (844) |
| Interest expense on bond loans | | <u>(1,758)</u> | <u>(1,757)</u> | <u>(3,515)</u> |
| | | 55 | 808 | 1,517 |
| Other financial income and expenses | | | | |
| Other interest income | | - | - | - |
| Currency exchange rate differences | | <u>(8)</u> | <u>15</u> | <u>7</u> |
| | | (8) | 15 | 7 |
| Other income and expenses | | | | |
| Other income | | - | - | - |
| General and administrative expenses | | <u>(19)</u> | <u>(163)</u> | <u>(306)</u> |
| | | (19) | (163) | (306) |
| Result on ordinary activities before taxation | | 28 | 660 | 1,218 |
| Overseas withholding taxes | 6 | - | (593) | (1,112) |
| Corporate income tax | 6 | <u>(5)</u> | <u>(15)</u> | <u>(14)</u> |
| Result after taxation | | <u>23</u> | <u>52</u> | <u>92</u> |

NOTES TO THE ACCOUNTS for the six months ended 30 June 2011

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 ("REAH"). 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 2011 comprises the unaudited results for the six months ended 30 June 2011 and 30 June 2010 together with the audited financial statements for the year ended 31 December 2010 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 2010.

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 2011 | 30 June 2010 | 31 Dec 2010 |
|--|--------------|--------------|-------------|
| 1 GBP (pound sterling) = EUR (euro) | 1.10 | 1.22 | 1.16 |
| 1 GBP (pound sterling) = USD (US dollar) | 1.60 | 1.57 | 1.61 |

Cash flow statement

The condensed financial information for the six months ended 30 June 2011 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 2011 £'000 | 30 June 2010 £'000 | 31 December 2010 £'000 |
|------------------------------------|----------------|--------------------------|--------------------------|------------------------------|
| REA Holdings Plc ("REAH") | | 37,475 | - | 37,475 |
| PT REA Kaltim Plantations ("REAK") | USD 20,000,000 | - | 13,314 | - |
| | | - | 30,000 | - |
| | | - | 385 | - |
| | | <u>-</u> | <u>43,699</u> | <u>-</u> |
| PT Sasana Yudha Bhakti ("SYB") | USD 26,500,000 | - | 17,642 | - |
| | | - | 7,000 | - |
| | | - | 90 | - |
| | | <u>-</u> | <u>24,732</u> | <u>-</u> |
| Total loans to group entities | | <u>37,475</u> | <u>68,431</u> | <u>37,475</u> |

The former loans to REAK and SYB were assigned to R.E.A. Services Ltd ("REAS") on 29 November 2010. In consideration for REAS "paying" the consideration for the assigned loans to REAH (rather than the Company), REAH acknowledged indebtedness to the Company of an equivalent aggregate amount. An amount equal to the dollar indebtedness then owed by the Company to REAH (US\$46.5 million) was thereupon set-off against the indebtedness owed by REAH to the Company, thereby extinguishing the former.

The loan to REAH bears interest at 9.6729 per cent and is repayable in three equal annual instalments commencing on 31 December 2015.

| 1. Loans to group entities (cont.) | 30 June 2011 £'000 | 30 June 2010 £'000 | 31 December 2010 £'000 |
|---|--------------------------|--------------------------|------------------------------|
| Balance of loans as at 1 January | 37,475 | 60,106 | 60,106 |
| New loans advanced | - | 6,756 | 6,756 |
| GBP loans to REAK and SYB reassigned to REAS | - | - | (37,475) |
| Consideration received from REAH for assignment | - | - | 37,475 |
| USD loans to REAK and SYB assigned to REAS | - | - | (29,580) |
| Currency exchange rate differences | - | 1,569 | 203 |
| Balance of loans as at period end | <u>37,475</u> | <u>68,431</u> | <u>60,106</u> |

2. Amounts due to group entities within one year

| | 30 June 2011 £'000 | 30 June 2010 £'000 | 31 December 2010 £'000 |
|---------------------------------------|--------------------------|--------------------------|------------------------------|
| R.E.A. Holdings plc: dividend payable | 90 | - | - |
| | <u>90</u> | <u>-</u> | <u>-</u> |

3. Amounts due to group entities after one year

| | 30 June 2011 £'000 | 30 June 2010 £'000 | 31 December 2010 £'000 |
|-----------------------------------|--------------------------|--------------------------|------------------------------|
| R.E.A. Holdings plc: loan account | - | 30,956 | - |
| | <u>-</u> | <u>30,956</u> | <u>-</u> |

| | 30 June 2011 £'000 | 30 June 2010 £'000 | 31 December 2010 £'000 |
|------------------------------------|--------------------------|--------------------------|------------------------------|
| Balance of loan as at 1 January | - | 22,631 | 22,631 |
| New loan received | - | 6,756 | 6,747 |
| Extinguished by set-off (note 1) | - | - | (29,580) |
| Currency exchange rate differences | - | 1,569 | 2,716 |
| Balance of loan | <u>-</u> | <u>30,956</u> | <u>-</u> |

4. Bond loans

| | 30 June 2011 £'000 | 30 June 2010 £'000 | 31 December 2010 £'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 and jointly guaranteed by the Company's parent company, R.E.A. Holdings plc ("REAH"), a company incorporated in the United Kingdom whose share capital is listed on the London Stock Exchange and by REA Services Limited ("REAS"), a subsidiary of REAH incorporated in the United Kingdom. As at 30 June 2011 the obligations of REAS in respect of such guarantee were secured by charges over designated bank accounts and over loans made by REAS to PT REA Kaltim Plantations and to PT Sasana Yudha Bhakti. The sterling notes are repayable in three equal annual instalments commencing on 31 December 2015.

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 2011 the rate was 1 GBP = 1.1 EUR.

| | Share capital £'000 | Translation reserve £'000 | Share premium £'000 | Other reserves £'000 | Unappropriated results £'000 |
|---|---------------------------|---------------------------------|---------------------------|----------------------------|------------------------------------|
| Audited balance as at 31 December 2009 | 16 | (4) | 475 | 169 | 37 |
| Paid-in/ (repaid) | - | - | - | - | - |
| Transfer | - | - | - | 37 | - |
| Dividend | - | - | - | (50) | - |
| Revaluation | (1) | 1 | - | - | - |
| Result for the period | - | - | - | - | 52 |
| Audited balance as at 31 December 2010 | 15 | (3) | 475 | 156 | 92 |
| Paid-in/ (repaid) | - | - | - | - | - |
| Transfer | - | - | - | 92 | (92) |
| Dividend | - | - | - | (90) | - |
| Revaluation | 1 | (1) | - | - | - |
| Result for the period | - | - | - | - | 23 |
| Unaudited balance as at 30 June 2011 | 16 | (4) | 475 | 158 | 23 |

6. Taxation on the result of ordinary activities before taxation

| | 30 June 2011 £'000 | 30 June 2010 £'000 | 31 December 2010 £'000 |
|--------------------------------------|--------------------------|--------------------------|------------------------------|
| Overseas withholding taxes | - | 593 | 544 |
| Corporate income tax- current period | 5 | 15 | 59 |
| - prior periods | - | - | - |
| | <u>5</u> | <u>608</u> | <u>603</u> |

OTHER INFORMATION

Shareholder information

The Company's report and condensed financial statements for the six months ended 30 June 2011 (the "half yearly report") is now available for downloading from REAH'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 10 May 2011, the shareholder resolved to declare a dividend of £90,000 from the result of the year 2010 of £92,000.

Subsequent events

On 12 July 2011, the Company purchased for cancellation £2,460,000 nominal of sterling notes at a price of 105.45. Otherwise 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 half yearly report and condensed financial statements now presented.