

**REA Finance B.V.**  
**Amsterdam**

Annual report and accounts  
for the year ended December 2007

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## **Report of the management**

The management herewith presents to the shareholder the accounts of REA Finance B.V. (hereinafter "the Company") for the year 2007.

## **General**

The Company is a limited liability company incorporated under the laws of The Netherlands and acts as a finance company. The ultimate holding company is R.E.A. Holdings plc, United Kingdom.

## **Overview of activities**

The Company has issued bonds in the amount of 7 million pound sterling and has given a 7,035,000 pound sterling loan to PT REA Kaltim Plantations. On January 25, 2007 the Company received a share premium contribution in the amount of 35,000 pound sterling from the shareholder R.E.A. Holdings plc.

## **Results**

The net asset value of the Company as at 31 December 2007 amounts to GBP 474,956. (2006: GBP 365,120)  
The result for the year 2007 amounts to a profit of GBP 74,836 (2006: GBP 2,896 profit)

## **Future outlook**

The management is of the opinion that the present level of activities will be maintained during the next financial year.

Amsterdam, 1 August 2008  
Fortis Intertrust (Netherlands) B.V.

**Balance sheet as at 31 December 2007**

(Before the proposed appropriation of the result and expressed in pound sterling)

	Notes	2007	2006
<b>Fixed assets</b>			
Financial fixed assets			
Loans to group entities	1	37,598,488	30,883,371
<i>Total fixed assets</i>		37,598,488	30,883,371
<b>Current assets</b>			
Debtors			
Amounts owed by group entities	2	2,387	211,084
Prepayments and accrued income	3	3,988	-
Cash and cash equivalents	4	62,114	15,813
<i>Total current assets</i>		68,489	226,897
<b>Current liabilities (due within one year)</b>			
Amounts due to group entities	5	15,166,894	15,628,305
Amounts due to third parties	6	-	99,555
Taxation	7	-	-
Accruals and deferred income	8	25,127	17,289
<i>Total current liabilities</i>		15,192,021	15,745,149
<b>Current assets less current liabilities</b>		(15,123,532)	(15,518,252)
<b>Total assets less current liabilities</b>		22,474,956	15,365,120
<b>Long term liabilities (due after one year)</b>			
Bond loans	9	22,000,000	15,000,000
<i>Total long term liabilities</i>		22,000,000	15,000,000
<b>Net asset value</b>		474,956	365,120
<b>Capital and reserves</b>	10		
Paid up and called up share capital		13,203	12,087
Share premium account		385,000	350,000
Translation reserve		(979)	137
Other reserves		2,896	-
Unappropriated results		74,836	2,896
<i>Total shareholder's equity</i>		474,956	365,120

The accompanying notes form an integral part of these financial statements.

Profit and loss account for the year ended 31 December 2007

	Notes	2007	2006
(Expressed in pound sterling)			
<b>Finance activities</b>			
Interest income on loans to group entities	11	4,071,591	231,858
Interest expense on loans from group entities	12	(1,271,824)	(94,903)
Interest expense on bond loans	13	(2,136,459)	(99,555)
<i>Result finance activities</i>		<u>663,308</u>	<u>37,400</u>
<b>Other financial income and expenses</b>			
Other interest income	14	9,418	3,636
Currency exchange rate differences	15	<u>56</u>	<u>169</u>
<i>Total other financial income and expenses</i>		<u>9,474</u>	<u>3,805</u>
<b>Other income and expenses</b>			
General and administrative expenses	16	<u>(190,786)</u>	<u>(17,535)</u>
<i>Total other income and expenses</i>		<u>(190,786)</u>	<u>(17,535)</u>
<b>Result before taxation</b>		<u>481,996</u>	<u>23,670</u>
Overseas withholding taxes	17	(407,160)	(20,774)
<b>Result after taxation</b>		<u><u>74,836</u></u>	<u><u>2,896</u></u>

The accompanying notes form an integral part of these financial statements.

**Notes to the annual accounts for the year ended 31 December 2007**

**General**

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 GBP, which is also the presentation currency of the accounts.

**Basis of presentation**

The accompanying accounts have been prepared in accordance with accounting principles generally accepted in The Netherlands, the most significant of which are as follows:

**a. Foreign currencies**

Assets and liabilities in foreign currencies are translated into pound sterling at their exchange rates prevailing on the balance sheet date. Transactions in foreign currencies are translated into pound sterling at the exchange rates in effect at the time of the transactions. The resulting currency exchange rate differences are taken to the profit and loss account.

The exchange rates used in the annual accounts are:

	31.12.2007	31.12.2006
1 GBP (pound sterling) = EUR	1.3633	1.4800
1 GBP (pound sterling) = USD	2.0048	1.9600

**b. Assets and liabilities**

Assets and liabilities are shown at face value, unless stated otherwise in the notes.

**c. Recognition of income**

Income and expenses, including taxation, are recognised and reported on accrual basis.

**d. Corporate income tax**

Taxation on the result for the period comprises both current taxation payable and deferred taxation.

No current taxation is provided if, and to the extent that, profits can be offset against losses brought forward from previous periods. Deferred tax assets on losses are recognised to the extent that it is probable that taxable profits will be available against which the deferred tax assets can be utilised.

Current tax liabilities are computed taking into account all available tax credits.

The Company has reached agreements with the tax authorities on the at arms' length remuneration for its financing activities. The Advance Pricing Agreement and Advance Tax Ruling are valid until 31 December 2017.

				2007	2006
				GBP	GBP
<b>Balance sheet</b>					
<b>1 Loans to group entities</b>					
PT REA Kaltim Plantations	USD	30,500,000	15,213,488	15,533,371	
PT REA Kaltim Plantations			22,000,000	15,000,000	
PT REA Kaltim Plantations			385,000	350,000	
			<u>37,598,488</u>	<u>30,883,371</u>	
<p>The loan of USD 30.5 million to PT REA Kaltim Plantations bears interest at 2.9132 per cent over SIBOR, and is repayable on or before 31 December 2017. The loan of GBP 22 million bears interest at 10.4153 per cent and is repayable by three equal instalments commencing 31 December 2015. The loan of £385,000 bears interest at 9.6632 per cent and is repayable on 31 December 2017.</p>					
Balance loan as per 1 January			30,883,371		
Increase/(decrease)			7,035,000		
Currency exchange rate differences			(319,883)		
Balance loan as per 31 December			<u>37,598,488</u>		
<b>2 Amounts owed by group entities</b>					
Loan interest receivable			-	107,202	
Loan interest receivable			-	124,656	
R.E.A. Kaltim: current account	EUR	3,250	2,387	-	
Withholding tax			-	(20,774)	
			<u>2,387</u>	<u>211,084</u>	
<b>3 Prepayments and accrued income</b>					
VAT receivable	EUR	5,437	3,988	-	
			<u>3,988</u>	<u>-</u>	
<b>4 Cash and cash equivalents</b>					
Current account			38,378	3,636	
Current account	EUR	2,699	1,980	12,177	
Current account	USD	43,615	21,756	-	
			<u>62,114</u>	<u>15,813</u>	
<b>5 Amounts due to group entities</b>					
R.E.A. Holdings plc: loan account	USD	30,500,000	15,213,488	15,533,371	
R.E.A. Holdings plc: current account	EUR	500	367	336	
R.E.A. Holdings plc: current account			(46,961)	94,598	
			<u>15,166,894</u>	<u>15,628,305</u>	
<p>By virtue of a Deed of Assignment made between the Company and R.E.A. Holdings plc and dated 27 November 2006, the parties agreed that the Company shall repay the loan of \$30.5 million as and when the cash requirements and covenant arrangements of the Company so permit and in any event on 31 December 2017.</p>					
Balance as per 1 January			15,628,305		
Increase/(decrease)			(141,528)		
Currency exchange rate differences			(319,883)		
Balance loan as per 31 December			<u>15,166,894</u>		
<b>6 Amounts due to third parties</b>					
Interest payable on Notes			-	99,555	
			<u>-</u>	<u>99,555</u>	

			<b>2007</b>	<b>2006</b>
			<b>GBP</b>	<b>GBP</b>
<b>7 Taxation</b>				
Corporate income tax			-	-
			-	-
<b>8 Accruals and deferred income</b>				
Management fee	EUR	4,971	3,646	8,752
Administration fee	EUR	28,510	20,912	5,372
Tax adviser fee	EUR	776	569	703
Notary fee			-	2,462
			<u>25,127</u>	<u>17,289</u>
<b>9 Bond loans</b>				
Bonds issued			<u>22,000,000</u>	<u>15,000,000</u>
			<u>22,000,000</u>	<u>15,000,000</u>

The 9.5 per cent guaranteed sterling notes 2015-17 ("the 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.

Balance as per 1 January	15,000,000
Increase/(decrease)	<u>7,000,000</u>
Balance as per 31 December	<u>22,000,000</u>

## 10 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 and fully paid up.

In the annual general meeting of shareholders held on 29 January 2008 it was decided to add the balance of the unappropriated result 2006 to the other reserves.

	<u>Translation</u>		<u>Share premium</u>	<u>Other reserves</u>	<u>Unappr.results</u>
	<u>Share capital</u>	<u>Reserve</u>			
Paid-in / (repaid)	12,224	-	350,000	-	-
Transfer	-	-	-	-	-
Dividend	-	-	-	-	-
Revaluation	(137)	137	-	-	-
Result for the period	-	-	-	-	2,896
Balance as per 31.12.2006	<u>12,087</u>	<u>137</u>	<u>350,000</u>	<u>-</u>	<u>2,896</u>
Paid-in / (repaid)	-	-	35,000	-	-
Transfer	-	-	-	2,896	(2,896)
Dividend	-	-	-	-	-
Revaluation	1,116	(1,116)	-	-	-
Result for the period	-	-	-	-	74,836
Balance as per 31.12.2007	<u>13,203</u>	<u>(979)</u>	<u>385,000</u>	<u>2,896</u>	<u>74,836</u>



	2007	2006
	GBP	GBP
<b>Profit and loss account</b>		
<b>11 Interest income on loans to group entities</b>		
PT REA Kaltim Plantations	4,071,591	231,858
	<u>4,071,591</u>	<u>231,858</u>
<b>12 Interest expense on loans from group entities</b>		
Interest payable on loans from group entities	1,271,824	94,903
	<u>1,271,824</u>	<u>94,903</u>
<b>13 Interest expense on bond loans</b>		
Interest payable bonds	2,136,459	99,555
	<u>2,136,459</u>	<u>99,555</u>
<b>14 Other interest income</b>		
Bank interest on deposit accounts	9,418	3,636
	<u>9,418</u>	<u>3,636</u>
<b>15 Currency exchange rate differences</b>		
On finance activities	56	169
	<u>56</u>	<u>169</u>
<b>16 General and administrative expenses</b>		
Management	2,991	8,751
Guarantee fee - REAH	164,571	-
Administration	11,840	5,372
Tax advice	3,261	703
Notary expenses	1,030	2,462
Bank charges	1,109	135
General expenses	5,984	112
	<u>190,786</u>	<u>17,535</u>
<b>17 Overseas withholding taxes</b>		
Provision for C.I.T. 2007 (2006)	-	-
Withholding taxes on interest income	407,160	20,774
	<u>407,160</u>	<u>20,774</u>

**Staff numbers and employment costs**

The Company has no employees and hence incurred no wages, salaries or related social security charges during the reporting period, nor during the previous year.

**Directors**

The Company has one (previous year: one) managing director, who receives a remuneration.  
The Company has no (previous year: none) supervisory directors.

Amsterdam, 1 August 2008

Fortis Intertrust (Netherlands) B.V.

**Other information**

**Appropriation of results**

Under the restriction that Dutch law prescribes that any profit distribution may only be made to the extent that the shareholder's equity exceeds the amount of the issued capital and the legal reserves, the remaining reserves and unappropriated results are - in accordance with the Company's articles of association - at the disposal of the shareholder.

The management proposes to the shareholder to add the result for the year to the other reserves.

**Audit of annual accounts**

In accordance with article 403, Book 2 of the Netherlands Civil Code, the annual accounts are exempt from audit.

**Subsequent events**

No events have occurred since balance sheet date, which would change the financial position of the Company and which would require adjustment of or disclosure in the annual accounts now presented.