

REA Finance B.V.

HALF YEARLY REPORT 2012

The director presents the half yearly report and condensed financial statements of REA Finance B.V. (the "Company") for the six months ended 30 June 2012.

General

The Company is a limited liability company incorporated under the laws of The Netherlands and acts a finance company. The ultimate holding company is R.E.A. Holdings plc ("REAH"), London, United Kingdom. The REA group is principally engaged in the cultivation of oil palms in the province of East Kalimantan in Indonesia and in the production of crude palm oil and by-products from fruit harvested from its oil palms.

The Company has in issue £34.5 million 9.5 percent guaranteed sterling notes 2015/2017 ("sterling notes"), matched by indebtedness by REAH to the Company. The sterling notes are irrevocably and unconditionally guaranteed by REAH and by R.E.A. Services Limited ("REAS"), also a wholly owned subsidiary of REAH, and are admitted to the standard listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities.

Overview of activities

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 (the "Noteholders") and to REAH.

Results

The result after taxation for the six months to 30 June 2012 was a profit of £30,000 (2011: £23,000). The net asset value of the Company as at 30 June 2012 amounted to £613,000 (31 December 2011: £583,000).

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 the year ended 31 December 2011 (the "2011 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, or in the arrangements designed to limit the extent of the principal risks.

Risk management objectives

The Company's risk management objectives were set out on page 3 of the 2011 Annual Report and there has been no subsequent change.

Related party transactions

There has been no change to related party transactions since 31 December 2011.

Future outlook

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: **D J Jaarsma**

Proxy Holder

Date: 24 August 2012

By: **M Lustig**

Proxy Holder

Date: 24 August 2012

BALANCE SHEET AT 30 JUNE 2012

		30 June 2012 £'000	30 June 2011 £'000	31 December 2011 £'000
	Note			
Fixed assets				
Loans to group entities	1	37,475	37,475	37,475
		<u>37,475</u>	<u>37,475</u>	<u>37,475</u>
Current assets				
Amounts owed by group entities		14	206	13
Prepayments and accrued income		28	22	28
Cash and cash equivalents		109	64	83
		<u>151</u>	<u>292</u>	<u>124</u>
Current liabilities (due within one year)				
Amounts due to group entities	2	-	90	-
Amounts due to third parties		1	2	5
Taxation		-	-	-
Accruals and deferred income		12	7	11
		<u>13</u>	<u>99</u>	<u>16</u>
Current assets less current liabilities		<u>138</u>	<u>193</u>	<u>108</u>
Total assets less current liabilities		<u>37,613</u>	<u>37,668</u>	<u>37,583</u>
Long term liabilities (due after one year)				
Amounts due to group entities	3	2,460	-	2,460
Bond loans	4	34,540	37,000	34,540
Total long term liabilities		<u>37,000</u>	<u>37000</u>	<u>37,000</u>
Capital and reserves				
Paid up and called up share capital	5	15	16	16
Share premium account	5	475	475	475
Translation reserve	5	(3)	(4)	(4)
Other reserves	5	96	158	96
Unappropriated results	5	30	23	-
Total shareholder's equity		<u>613</u>	<u>668</u>	<u>583</u>
Total long term liabilities and share capital and reserves		<u>37,613</u>	<u>37,668</u>	<u>37,583</u>

PROFIT AND LOSS ACCOUNT FOR THE SIX MONTHS ENDED 30 JUNE 2012

	Note	30 June 2012 £'000	30 June 2011 £'000	31 December 2011 £'000
Finance activities				
Interest income on loans to group entities		1,813	1,813	3,627
Interest expense on loans from group entities		(105)	-	(105)
Interest expense on bond loans		<u>(1,641)</u>	<u>(1,758)</u>	<u>(3,398)</u>
		67	55	124
Other financial income and expenses				
Other interest income		-	-	-
Currency exchange rate differences		3	(8)	3
Premium on purchase of bond loans		<u>-</u>	<u>-</u>	<u>(142)</u>
		3	(8)	(139)
Other income and expenses				
Other income		-	-	-
General and administrative expenses		<u>(31)</u>	<u>(19)</u>	<u>(56)</u>
		<u>(31)</u>	<u>(19)</u>	<u>(56)</u>
Result on ordinary activities before taxation		39	28	(71)
Corporate income tax	6	<u>(9)</u>	<u>(5)</u>	<u>9</u>
Result after taxation		<u>30</u>	<u>23</u>	<u>(62)</u>

NOTES TO THE ACCOUNTS for the six months ended 30 June 2012

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 2012 comprises the unaudited results for the six months ended 30 June 2012 and 30 June 2011 together with the audited financial statements for the year ended 31 December 2011 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 2012 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 2011.

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 2012	30 June 2011	31 Dec 2011
1 GBP (pound sterling) = EUR (euro)	1.24	1.10	1.20
1 GBP (pound sterling) = USD (US dollar)	1.57	1.60	1.55

Cash flow statement

The condensed financial information for the six months ended 30 June 2012 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 2012 £'000	30 June 2011 £'000	31 December 2011 £'000
REA Holdings Plc ("REAH")	37,475	37,475	37,475
Total loans to group entities	<u>37,475</u>	<u>37,475</u>	<u>37,475</u>

The Company's parent company is R.E.A. Holdings plc ("REAH"), a company incorporated in the United Kingdom whose share capital is listed on the London Stock Exchange.

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

	30 June 2012 £'000	30 June 2011 £'000	31 December 2011 £'000
Balance of loans as at 1 January	37,475	37,475	37,475
New loans advanced	-	-	-
Balance of loans as at period end	<u>37,475</u>	<u>37,475</u>	<u>37,475</u>

2. Amounts due to group entities within one year

	30 June 2012 £'000	30 June 2011 £'000	31 December 2011 £'000
R.E.A. Holdings plc: dividend payable	-	90	-
	<u>-</u>	<u>90</u>	<u>-</u>

3. Amounts due to group entities after one year

	30 June 2012 £'000	30 June 2011 £'000	31 December 2011 £'000
R.E.A. Holdings plc: loan account	2,460	-	2,460
	<u>2,460</u>	<u>-</u>	<u>2,460</u>

The loan from REAH incurs interest at 8.5 per cent and is repayable in three equal annual instalments commencing on 20 December 2015. The loan from REAH to the Company was made during 2011 to finance the purchase for cancellation of £2.46 million nominal of sterling notes (see note 4).

4. Bond loans

	30 June 2012 £'000	30 June 2011 £'000	31 December 2011 £'000
Bonds issued	34,540	37,000	34,540
	<u>34,540</u>	<u>37,000</u>	<u>34,540</u>

The 9.5 per cent guaranteed sterling notes 2015/17 (the "sterling notes") are irrevocably and unconditionally guaranteed by REAH and REA Services Limited ("REAS"), a subsidiary of REAH incorporated in the United Kingdom. As at 30 June 2012 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, PT Cipta Davia Mandiri and to PT Sasana Yudha Bhakti. Unless previously redeemed or cancelled by the Company 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 2012 the rate was 1 GBP = 1.24 EUR.

	Share capital £'000	Translation reserve £'000	Share premium £'000	Other reserves £'000	Unappropriated results £'000
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	-	-	-	(62)	-
Audited balance as at 31 December 2011	16	(4)	475	96	-
Paid-in/ (repaid)	-	-	-	-	-
Transfer	-	-	-	-	-
Dividend	-	-	-	-	-
Revaluation	(1)	1	-	-	-
Result for the period	-	-	-	-	30
Unaudited balance as at 30 June 2012	15	(3)	475	96	30

6. Taxation on the result of ordinary activities before taxation

	30 June 2012 £'000	30 June 2011 £'000	31 December 2011 £'000
Corporate income tax- current period	(9)	(5)	(14)
- prior periods	-	-	5
	<u>(9)</u>	<u>(5)</u>	<u>9</u>

OTHER INFORMATION

Shareholder information

The Company's report and condensed financial statements for the six months ended 30 June 2012 (the "half yearly report") is 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.

Subsequent events

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.