

## **REA Finance B.V.**

### **HALF YEARLY REPORT 2016**

The director presents the half yearly report and condensed financial statements of REA Finance B.V. (the "Company") for the period of six months ended June 30, 2016.

#### **General**

The Company is a private company with limited liability incorporated under the laws of the Netherlands and acts as a finance company. The ultimate holding company is R.E.A. Holdings plc (hereinafter "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 harvesting from its oil palms.

#### **Overview of activities**

At 30 June 2016 the Company has outstanding £8.324 million nominal of 9.5 per cent guaranteed sterling notes 2015/17 (the "2017 sterling notes") and £31.852 million nominal of 8.75 per cent guaranteed sterling notes 2020.

The Company has loans receivable from REAH totalling £43.111 million, a Tranche A loan of £11.260 million bearing interest at 9.6783 per cent and repayable on December 20, 2017, and a Tranche B loan of £31.852 million bearing interest at 8.9283 per cent and repayable on August 20, 2020. There is also a loan from REAH to the Company of £2.460 million bearing interest at 8.5 per cent and repayable on December 20, 2017.

During the period under review the Company received interest on the loans from the Company to REAH and paid interest to the note holders of the sterling notes (the "Note holders") and to REAH.

#### **Result**

The result after taxation for the period of six months ended June 30, 2016 was a profit of £44,602 (June 30, 2015; £45,509). The net asset value of the Company as at June 30, 2016 amounted to £808,676 (December 31, 2015; £764,074).

#### **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 Note holders. 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 December 31, 2015 (the "2015 Annual report"), a copy of which is available on REAH's website at [www.rea.co.uk](http://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 2015 Annual Report and there has been no subsequent change.

#### **Related party transactions**

There has been no change to related party transactions since June 30, 2016.

#### **Future outlook**

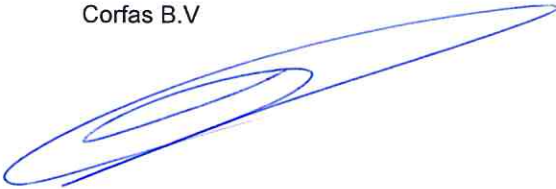
Management is of the opinion that the present level of activities will be maintained during the next financial year. Management expects that the average number of employees will not change during the next financial year.

### **Statement of directors' responsibilities**

The sole director of the Company is Corfas 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 Conduct Authority, paragraph DTR 4.2.7.

Amsterdam, September 27, 2016

Corfas B.V

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke, positioned below the text 'Corfas B.V'.

# Balance Sheet at June 30, 2016

	Notes	June 30, 2016 £'000	June 30, 2015 £'000	December 31, 2015 £'000
<b>Fixed assets</b>				
Loans to group entities	1	43,111	24,983	43,111
		<u>43,111</u>	<u>24,983</u>	<u>43,111</u>
<b>Current assets</b>				
Loan to group entities	1	-	12,492	-
Amounts due from group entities		301	154	285
Prepayments and accrued income		8	7	-
Taxation receivable		6	2	-
Cash and cash equivalents		26	105	30
		<u>340</u>	<u>12,760</u>	<u>315</u>
<b>Current liabilities (due within one year)</b>				
Creditors		1	-	-
Amounts due to third parties		6	19	21
Amount due to group entities	2	-	820	-
Taxation payable		-	-	5
Sterling notes	3	-	9,873	-
		<u>7</u>	<u>10,712</u>	<u>26</u>
<b>Current assets less current liabilities</b>		<u>334</u>	<u>2,048</u>	<u>289</u>
<b>Total assets less current liabilities</b>		<u>43,445</u>	<u>27,031</u>	<u>43,400</u>
<b>Long term liabilities (due after one year)</b>				
Amounts due to group entities	2	2,460	1,640	2,460
Sterling notes	3	40,176	24,667	40,176
<b>Total long term liabilities</b>		<u>42,636</u>	<u>26,307</u>	<u>42,636</u>
<b>Capital and reserves</b>				
Paid up and called up share capital	4	15	13	13
Share premium	4	475	475	475
Translation reserve	4	(3)	(1)	(1)
Other reserves	4	277	191	277
Unappropriated results	4	45	46	-
<b>Total shareholder's equity</b>		<u>809</u>	<u>724</u>	<u>764</u>
<b>Total long term liabilities and share capital and reserves</b>		<u>43,445</u>	<u>27,031</u>	<u>43,400</u>

**Profit and Loss account for the period of six months ended June 30, 2016**

	Notes	June 30, 2016 £'000	June 30, 2015 £'000	December 31, 2015 £'000
<b>Finance activities</b>				
Interest income on loans to group entities		1,967	1,813	3,593
Interest expenses on loans from group entities		(105)	(104)	(209)
Interest expenses on sterling notes		(1,789)	(1,641)	(3,246)
		<u>73</u>	<u>68</u>	<u>137</u>
<b>Other financial income and expenses</b>				
Currency exchange rate differences		2	6	7
		<u>2</u>	<u>6</u>	<u>7</u>
<b>Other income and expenses</b>				
Operational income		3	-	-
General and administrative expenses		(23)	(17)	(37)
		<u>(19)</u>	<u>(17)</u>	<u>(37)</u>
<b>Result on ordinary activities before taxation</b>				
		56	57	107
Corporate income tax	5	(11)	(11)	(22)
<b>Result after taxation</b>		<u>45</u>	<u>46</u>	<u>85</u>

## Notes to the accounts for the period of six months ended June 30, 2016

### General information

The company was incorporated as a limited liability company under the laws of the Netherlands on November 7, 2006 and has its statutory seat in Amsterdam, the Netherlands. 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 period of six months ended June 30, 2016 comprises the unaudited results for the six months ended June 30, 2016 and June 30, 2015 together with the audited financial statements for the year ended December 31, 2015 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 period of six months ended June 30, 2016 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 December 31, 2015.

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 audited annual financial statements.

### Exchange rates

The exchange rates used are:

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>December 31, 2015</u>
1 GBP (pound sterling) = EUR (euro)	1.21	1.42	1.36



### 1. Loans to group entities

	June 30, 2016 £'000	June 30, 2015 £'000	December 31, 2015 £'000
R.E.A. Holdings plc (due within one year)	-	12,492	-
R.E.A. Holdings plc (due after one year)	-	24,983	-
- Tranche A loan	11,259	-	11,259
- Tranche B loan	31,852	-	31,852
Total loans to group entities	43,111	37,475	43,111

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 Tranche A loan to REAH bears interest at 9.6783 per cent and is repayable on December 20, 2017. The Tranche B loan to REAH bears interest at 8.9283 per cent and is repayable on August 20, 2020. The loans to REAH represents the on-lending of proceeds from the issue of the 9.5 per cent guaranteed sterling notes 2017 (the "2017 sterling notes") and the 8.75 per cent guaranteed sterling notes 2020 (the "2020 sterling notes") on such terms that permit the Company to earn such interest margin as is specified by the Advance Pricing Agreement referred to in note 14 from the Financial Statements for the year ended December 31, 2015.

### 2. Amounts due to group entities

	June 30, 2016 £'000	June 30, 2015 £'000	December 31, 2015 £'000
R.E.A. Holdings plc: Loan account (due within one year)	-	820	-
R.E.A. Holdings plc: Loan account (due after one year)	2,460	1,640	2,460
	2,460	2,460	2,460

The sterling loan from REAH incurs interest at 8.5% and is repayable on December 20, 2017. The loan from REAH to the Company was provided during 2011 in order to finance the re-purchase of £2,460,000 nominal of sterling notes.

### 3. Sterling notes

	June 30, 2016 £'000	June 30, 2015 £'000	December 31, 2015 £'000
Notes issued (due within one year) 9.5 per cent sterling notes 2015/2017	-	9,873	-
Notes issued (due after one year) 9.5 per cent sterling notes 2015/2017	8,324	24,667	8,324
Notes issued (due after one year) 8.75 per cent sterling notes 2020	31,852	-	31,852
	40,176	34,540	40,176

The Sterling Notes are listed on the London Stock Exchange and are irrevocably and unconditionally guaranteed by REAH and R.E.A. Services Limited ("REAS"), a subsidiary of REAH incorporated in the United Kingdom. As at June 30, 2016 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 Kutai Mitra Sejahtera and to PT Sasana Yudha Bhakti. Unless

previously redeemed or purchased and cancelled the 2017 sterling notes are repayable on December 20, 2017. The 2020 sterling notes are repayable on August 20, 2020.

#### 4. 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 June 30, 2016 the rate was 1 GBP = 1.21 EUR.

	Share capital £'000	Share premium £'000	Translation reserve £'000	Other reserves £'000	Unappropriated results £'000
Unaudited balance as at June 30, 2015	13	475	(1)	191	46
Result for the period	-	-	-	-	40
Appropriation of result	-	-	-	86	(86)
Dividend	-	-	-	-	-
Audited balance as at Dec 31, 2015	13	475	(1)	277	-
Revaluation	2	-	(2)	-	-
Result for the period	-	-	-	-	45
Appropriation of result	-	-	-	-	-
Unaudited balance as at June 30, 2016	15	475	(3)	277	45

#### 5. Taxation on the result of ordinary activities before taxation

	June 30, 2016 £'000	June 30, 2015 £'000	December 31, 2015 £'000
Corporate income tax - current period	(11)	(11)	(22)
	(11)	(11)	(22)

## **OTHER INFORMATION**

### **Shareholder information**

The Company's report and condensed financial statements for the six months ended June 30, 2016 (the "half yearly report") is available for downloading from REAH's web site at [www.rea.co.uk](http://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.