

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

Annual report and accounts  
for the period ended 31 December 2006

0090690



**Table of contents:**

**page**

**Annual report**

Report of the management

3

**Annual accounts**

Balance sheet as at 31 December 2006

4

Profit and loss account for the period ended 31 December 2006

5

Notes to the annual accounts

6

**Other information**

Appropriation of results

10

Audit of annual accounts

10

Subsequent events

10

## Report of the management

REA Finance B.V. ("the Company") was incorporated on 7 November 2006.

The management herewith presents to the shareholder the accounts of the Company for the period from the date incorporation to 31 December 2006.

## 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 15 million pound sterling and has given a 30,5 million US dollars loan and 15,35 million pound sterling loan to PT REA Kaltim Plantations. On December 5, 2006 the Company received a share premium contribution in the amount of 350,000 pound sterling from the shareholder R.E.A. Holdings plc.

## Results

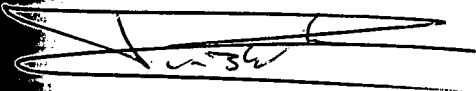
The net asset value of the Company as at 31 December 2006 amounts to GBP 365,120.

The result for the period from the date incorporation to 31 December 2006 amounts to a profit of GBP 2,896.

## Future outlook

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

Amsterdam, 29 January 2008  
Fortis Intertrust (Netherlands) B.V.



07-02-2008

Balance sheet as at 31 December 2006

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

	Notes	2006
<b>Fixed assets</b>		
Financial fixed assets		
Loans to group entities	1	30,883,371
<b>Total fixed assets</b>		<b>30,883,371</b>
<b>Current assets</b>		
Debtors		
Amounts owed by group entities	2	211,084
Cash and cash equivalents	3	15,813
<b>Total current assets</b>		<b>226,897</b>
<b>Current liabilities (due within one year)</b>		
Amounts due to group entities	4	15,628,305
Amounts due to third parties	5	99,555
Taxation	6	-
Accruals and deferred income	7	17,289
<b>Total current liabilities</b>		<b>15,745,149</b>
<b>Current assets less current liabilities</b>		<b>(15,518,252)</b>
<b>Total assets less current liabilities</b>		<b>15,365,120</b>
<b>Long term liabilities (due after one year)</b>		
Bond loans	8	15,000,000
<b>Total long term liabilities</b>		<b>15,000,000</b>
<b>Net asset value</b>		<b>365,120</b>
<b>Capital and reserves</b>	9	
Paid up and called up share capital		12,087
Share premium account		350,000
Translation reserve		137
Other reserves		-
Unappropriated results		2,896
<b>Total shareholder's equity</b>		<b>365,120</b>

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

## Profit and loss account for the period ended 31 December 2006

	Notes	2006
(Expressed in pound sterling)		
<b>Finance activities</b>		
Interest income on loans to group entities	10	231,858
Interest expense on loans from group entities	11	(94,903)
Interest expense on bond loans	11	(99,555)
<i>Result finance activities</i>		37,400
<b>Other financial income and expenses</b>		
Other interest income	12	3,636
Currency exchange rate differences	13	169
<i>Total other financial income and expenses</i>		3,805
<b>Other income and expenses</b>		
General and administrative expenses	14	(17,535)
<i>Total other income and expenses</i>		(17,535)
<b>Result before taxation</b>		23,670
Overseas withholding taxes	15	(20,774)
<b>Result after taxation</b>		2,896

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

Notes to the annual accounts for the year ended 31 December 2006

**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:

1 GBP (pound sterling) = EUR  
1 GBP (pound sterling) = USD

31.12.2006

1.48  
1.96

**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.

07-02-2008

2006  
GBP

Balance sheet
**1 Loans to group entities**

PT REA Kaltim Plantations	USD	30,500,000	15,533,371
PT REA Kaltim Plantations			15,000,000
PT REA Kaltim Plantations			350,000
			<u>30,883,371</u>

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 15 million bears interest at 10.4153 per cent and is repayable by three equal instalments commencing 31 December 2015. The loan of £350,000 bears interest at 9.6632 per cent and is repayable on 31 December 2017.

Balance loan as per 1 January

Increase/(decrease)	USD	30,500,000	17,741,144
Increase/(decrease)			15,350,000
Currency exchange rate differences			(2,207,772)
Balance loan as per 31 December			<u>30,883,371</u>

**2 Amounts owed by group entities**

Loan interest receivable	USD	210,531	107,202
Loan interest receivable			124,656
Withholding tax			(20,774)
			<u>211,084</u>

**3 Cash and cash equivalents**

Current account			3,636
Current account	EUR	18,133	12,177
			<u>15,813</u>

**4 Amounts due to group entities**

R.E.A. Holdings plc: loan account	USD	30,500,000	15,533,371
R.E.A. Holdings plc: current account	EUR	500	336
R.E.A. Holdings plc: interest payable	USD	184,745	94,598
			<u>15,628,305</u>

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.

Balance as per 1 January

Increase/(decrease)	USD	30,500,000	17,741,144
Increase/(decrease)	EUR	500	171
Increase/(decrease)	USD	184,745	94,598
Currency exchange rate differences			(2,207,607)
Balance loan as per 31 December			<u>15,628,305</u>

**5 Amounts due to third parties**

Interest payable on Notes			99,555
			<u>99,555</u>

**6 Taxation**

Corporate income tax			-
			<u>-</u>

		2006
		GBP
<b>7 Accruals and deferred income</b>		
Management fee	EUR 639	8,752
Administration fee	EUR 8,000	5,372
Tax adviser fee	EUR 1,047	703
Notary fee	EUR 3,666	2,462
		<u>17,289</u>

**8 Bond loans**

Bonds issued

15,000,000

15,000,000

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.

Increase/(decrease)

15,000,000

Balance as per 31 December

15,000,000

**9 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.

	Share capital	Translation Reserve	Share premium	Other reserves	Unappr.results
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>



2006

GBP

**Profit and loss account**

**10 Interest income on loans to group entities**

PT REA Kaltim Plantations

231,858

231,858

**11 Interest expense on loans**

Interest payable bonds

99,555

Interest payable on loans from group entities

94,903

194,458

**12 Other interest income**

Bank interest on deposit accounts

3,636

3,636

**13 Currency exchange rate differences**

On finance activities

169

169

**14 General and administrative expenses**

Management

8,751

Administration

5,372

Tax advice

703

Notary expenses

2,462

Bank charges

135

General expenses

112

17,535

**15 Overseas withholding taxes**

Provision for C.I.T. 2006

-

Withholding taxes on interest income

20,774

20,774

**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.

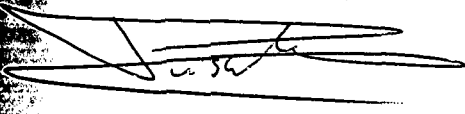
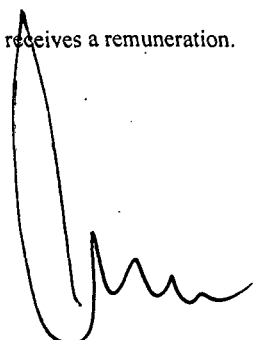
**Directors**

The Company has one managing director, who receives a remuneration.

The Company has no supervisory directors.

Amsterdam, 29 January 2008

Fortis Intertrust (Netherlands) B.V.

07-02-2008

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

During the next financial year the Company paid the interest due to the bond holders and received interest from PT REA Kaltim Plantations. In addition, on 24 January 2007 the Company issued a further £7 million of Notes.

07-02-2008