

REA Finance B.V.
Amsterdam

Annual report and accounts
for the year ended 31 December 2009

REA Finance B.V., Amsterdam

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REA Finance B.V., Amsterdam

Report of the management

The management herewith presents to the shareholder the audited accounts of REA Finance B.V. (hereinafter "the Company") for the year ended 31 December 2009.

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 (hereinafter "REAH"), London, United Kingdom.

Overview of activities

During the year the Company received \$10.5m from PT REA Kaltim Plantations as part repayment of a loan. The Company made an additional loan of \$10.5m to PT Sasana Yudha Bhakti.

Results

The net asset value of the Company as at 31 December 2009 amounts to GBP 693,406 (2008: GBP 656,393). The result after taxation for the year amounts to a profit of GBP 37,013 (2008: GBP 91,437 profit).

Risks and uncertainties

The principal risks and uncertainties facing the Company relate to the due performance by group entities of their obligations under their respective loan agreements with the Company. Any shortfall in performance would impact negatively on the Company's ability to perform its obligations to REAH with respect to its loan to the Company of \$36.5 million and to the holders of £37 million nominal of 9.5 per cent guaranteed sterling notes 2015/17 ("the Note Holders"). The extent of this risk is limited by:

- the guarantee given by REAH in favour of the Note Holders; and
- the Limited Recourse Agreement dated 21 August 2008 and made between the Company and REAH (together the "Parties") (the "LRA").

The LRA reflects the intention of the Parties that the Company, in relation to its financing activities, should (i) meet the minimum risk requirements of article 8c, paragraph 2, of the Dutch Corporate Income Tax Act and (ii) not be exposed to risk in excess of the Minimum Risk Amount ("MRA"). For these purposes the MRA is 1 per cent of the aggregate amounts outstanding under the loans to group entities. In relation to point (i) above, the Company's capital and reserves as at 31 December 2009 complied with the minimum risk requirements of article 8c, paragraph 2, of the Dutch Corporate Income Tax Act.

Risk management objectives

In carrying out its financing activities, it is the policy of the Company to minimise exposure to interest and exchange rate fluctuations by ensuring that loans are denominated in the same currency as the financing sources from which such loans are funded and that interest receivable on such loans is based on a formula from which the Company derives a fixed margin over the cost of funding. In addition, the Company relies on the arrangements described under "Risks and uncertainties" above to limit its exposure to loss.

The Company does not enter into or trade other financial instruments for any purpose.

The Company's overheads are denominated mostly in Euros and sterling. The fixed margin referred to above, which is derived in US dollars and sterling, is formulated to cover all the overheads and to leave a residual margin as compensation for assuming the limited risk under the LRA. The Company does not seek to hedge the minimal foreign currency risk implicit in these arrangements.

The principal credit risk is described in detail under "Risks and uncertainties" above. Deposits of surplus cash resources are only made with banks with high credit ratings.

Audit Committee

In August 2008 the Dutch Act on the Supervision of Accounting Firms (Wet Toezicht Accountantsorganisaties) ("ASAF") was amended. This resulted in a wider definition of a public interest entity (organisatie van openbaar belang) ("PIE"). All Dutch entities which have issued listed debt are now considered to be PIEs. In addition on August 8 2008, an implementing regulation (algemene maatregel van bestuur) ("IR") came into force in the Netherlands, enacting Article 41 of European Directive no. 2006/43/EG (the "ED"), regarding legislative supervision of annual reports and consolidated financial statements. This IR obliges all PIEs to establish an audit committee ("AC").

REA Finance B.V., Amsterdam

Report of the management

Audit Committee (continued)

The AC is formed by members of the Company's supervisory board ("SB") or by non-executive management board members. Because the Company falls within the definition of a PIE it is in principle obliged to establish an AC. Although the ED provides certain exemptions for establishing an AC for securitisation vehicles ("SV"), under the IR (the regulation whereby the ED was implemented in the Netherlands) the Company is not considered to be a SV and therefore can not make use of the exemption to install an AC.

In the light of extensive research and discussions between, amongst others, the Dutch Authority for the Financial Markets (Autoriteit Financiële Markten) and several legal advisors and audit firms, there are certain matters to be considered with respect to the requirement to establish an AC :

- the activities of the Company and those of a SV are very similar;
- under the ED the Company qualifies as a SV and would thus be exempted from the obligation to establish an AC;
- the Company does not have a SB nor non-executive members of the board. Furthermore, establishment of a SB would require an amendment to the Company's Articles of Association;
- it remains unclear why the IR contains a more stringent definition of a SV than the ED.

The general view in the Netherlands is that it could not have been the legislators' intention for financing vehicles, such as the Company, not to fall within the description of a SV and thus not be exempted. In view of the above reasons, Management currently does not consider it to be in the Company's best interest, nor has it taken steps, to implement an AC.

Future outlook

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

Amsterdam, 28 April 2010
Intertrust (Netherlands) B.V.

REA Finance B.V., Amsterdam

Responsibility confirmation

The managing director is responsible for the preparation of this annual financial report.

To the best of the knowledge of the managing director:

- the accompanying annual accounts prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company; and
- the accompanying "Report of the management " section of this annual report provides a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties that it faces.

The current managing director of the Company, responsible for the executive management of the Company, is Intertrust (Netherlands B.V.), a company represented by G.R. Wagenaar and P.M. Blöte.

G.R. Wagenaar

P.M. Blöte

Amsterdam, 28 April 2010

REA Finance B.V., Amsterdam

Balance sheet as at 31 December 2009
(Before appropriation of results)

	Notes	2009	2008
		£	£
Fixed assets			
Financial fixed assets			
Loans to group entities	1	60,105,759	62,822,222
<i>Total fixed assets</i>		<u>60,105,759</u>	<u>62,822,222</u>
Current assets			
Debtors			
Amounts owed by group entities	2	18,184	110,429
Prepayments and accrued income	3	3,287	1,296
Cash and cash equivalents	4	235,796	91,330
<i>Total current assets</i>		<u>257,267</u>	<u>203,055</u>
Current liabilities (due within one year)			
Amounts due to group entities	5	1,543	1,346
Amounts due to third parties	6	5,980	9,316
Taxation	7	17,737	5,000
Accruals and deferred income	8	13,600	6,000
<i>Total current liabilities</i>		<u>38,860</u>	<u>21,662</u>
Current assets less current liabilities		<u>218,407</u>	<u>181,393</u>
Total assets less current liabilities		<u>60,324,166</u>	<u>63,003,615</u>
Long term liabilities (due after one year)			
Amounts due to group entities	9	22,630,760	25,347,222
Bond loans	10	37,000,000	37,000,000
<i>Total long term liabilities</i>		<u>59,630,760</u>	<u>62,347,222</u>
Capital and reserves			
Paid up and called up share capital	11	16,110	17,401
Share premium account		475,000	475,000
Translation reserve		(3,886)	(5,177)
Other reserves		169,169	77,732
Unappropriated results		37,013	91,437
<i>Total shareholder's equity</i>		<u>693,406</u>	<u>656,393</u>
Total long term liabilities and share capital and reserves		<u>60,324,166</u>	<u>63,003,615</u>

The accompanying notes are an integral part of this balance sheet.

Profit and loss account for the year ended 31 December 2009

	Notes	2009	2008
		£	£
Finance activities			
Interest income on loans to group entities	12	5,436,253	4,906,377
Interest expense on loans from group entities	13	(950,982)	(1,275,450)
Interest expense on bond loans	14	<u>(3,515,000)</u>	<u>(2,802,500)</u>
<i>Result finance activities</i>		970,271	828,427
Other financial income and expenses			
Other interest income	15	5	11,387
Other interest expense	16	(3,978)	-
Currency exchange rate differences	17	<u>(3,363)</u>	<u>7,123</u>
<i>Total other financial income and expenses</i>		(7,336)	18,510
Other income and expenses			
Other income	18	18,690	-
General and administrative expenses	19	<u>(342,184)</u>	<u>(259,862)</u>
<i>Total other income and expenses</i>		(323,494)	(259,862)
Result on ordinary activities before taxation		<u>639,441</u>	<u>587,075</u>
Overseas withholding taxes	20	(543,625)	(490,638)
Corporate income tax	20	(58,803)	(5,000)
Result after taxation		<u><u>37,013</u></u>	<u><u>91,437</u></u>

The accompanying notes are an integral part of this profit and loss account.

REA Finance B.V., Amsterdam

Notes to the annual accounts for the year ended 31 December 2009

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, and its place of business is at Prins Bernhardplein 200, 1097 JB Amsterdam.

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 and with the financial reporting requirements included in Part 9 of Book 2 of the Dutch Civil Code. The most significant accounting principles are as follows:

a. Foreign currencies

Assets and liabilities in foreign currencies are translated into pounds sterling at the exchange rates prevailing on the balance sheet date. Transactions in foreign currencies are translated into pounds sterling at the exchange rates in effect at the time of the transactions. The resulting exchange rate differences are taken to the profit and loss account, with the exception of the share capital which is included in Capital and reserves under Translation

The exchange rates used in the annual financial statements are:	<u>31.12.09</u>	<u>31.12.08</u>
1 GBP (pound sterling) = EUR	1.12	1.03
1 GBP (pound sterling) = USD	1.61	1.44

b. Loans and receivables

Loans and receivables are stated at their face value, less an allowance for any possible uncollectible amounts.

c. Other assets and liabilities

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

d. Recognition of income

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

e. 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.

Cash flow statement

The annual report for 2009 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.

Balance Sheet

1 Loans to group entities			2009	2008
			£	£
PT REA Kaltim Plantations ("REAK")	USD	20,000,000	12,400,416	13,888,889
	USD	10,500,000	-	7,291,667
			30,000,000	30,000,000
			385,000	385,000
			<u>42,785,416</u>	<u>51,565,556</u>
PT Sasana Yudha Bhakti ("SYB")	USD	6,000,000	3,720,125	4,166,666
	USD	10,500,000	6,510,218	-
			7,000,000	7,000,000
			90,000	90,000
			<u>17,320,343</u>	<u>11,256,666</u>
Total loans to group entities			<u>60,105,759</u>	<u>62,822,222</u>

The loans of US\$20 million to REAK and of US\$16.5 million to SYB bear interest at 2.9229 per cent over SIBOR and are repayable on or before 31 December 2017. The loans of £30 million to REAK and of £7 million to SYB bear interest at 10.4229 per cent and are repayable by three equal annual instalments commencing 31 December 2015. The loans of £385,000 to REAK and of £90,000 to SYB bear interest at 9.6729 per cent and are repayable on 31 December 2017.

Balance of loans as at 1 January			62,822,222	37,598,488
Loan repaid			(6,383,306)	-
New loans advanced			6,383,305	18,351,487
Currency exchange rate differences			(2,716,462)	6,872,247
Balance of loans as at 31 December			<u>60,105,759</u>	<u>62,822,222</u>

2 Amounts owed by group entities			2009	2008
			£	£
R.E.A. Holdings plc: current account			18,184	110,429
			<u>18,184</u>	<u>110,429</u>

3 Prepayments and accrued income			2009	2008
			£	£
VAT receivable	EUR	3,246	2,898	1,296
Prepayments			389	-
			<u>3,287</u>	<u>1,296</u>

4 Cash and cash equivalents			2009	2008
			£	£
Current account			207,907	53,469
Current account	EUR	8,634	7,728	11,837
Current account	USD	32,517	20,161	26,024
			<u>235,796</u>	<u>91,330</u>

5 Amounts due to group entities within one year			2009	2008
			£	£
R.E.A. Holdings plc: current account	EUR	500	448	483
PT REA Kaltim Plantations: current account			1,095	863
			<u>1,543</u>	<u>1,346</u>

6 Amounts due to third parties			2009	2008
			£	£
Trade creditors			5,980	9,316
			<u>5,980</u>	<u>9,316</u>

7 Taxation			2009	2008
			£	£
Corporate income tax			17,737	5,000
			<u>17,737</u>	<u>5,000</u>

See also note 20.

8 Accruals and deferred income	2009	2008
	£	£
Audit fee	12,000	6,000
Tax adviser fee	1,600	-
	<u>13,600</u>	<u>6,000</u>

9 Amounts due to group entities	2009	2008
	£	£
R.E.A. Holdings plc: loan account	USD 36,500,000	USD 36,500,000
	<u>22,630,760</u>	<u>25,347,222</u>
	<u>22,630,760</u>	<u>25,347,222</u>

Pursuant to a Loan Agreement made between the Company and R.E.A. Holdings plc and dated 29 July 2008, the parties agreed that the Company shall repay the loan of US\$36.5m as and when the cash requirements and covenant arrangements of the Company so permit and in any event on 31 December 2017.

Balance loan as per 1 January	25,347,222	15,213,488
Increase/ (decrease)	-	3,261,487
Currency exchange rate differences	(2,716,462)	6,872,247
Balance loan as per 31 December	<u>22,630,760</u>	<u>25,347,222</u>

10 Bond loans	2009	2008
	£	£
Bonds issued	37,000,000	37,000,000
	<u>37,000,000</u>	<u>37,000,000</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 and by PT Sasana Yudha Bhakti. All costs relating to the issue of the Notes are borne by those group entities (in note 1) to which the company has made loans.

Balance as at 1 January	37,000,000	22,000,000
Increase/ (decrease)	-	15,000,000
Balance as at 31 December	<u>37,000,000</u>	<u>37,000,000</u>

11 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 31 December 2009 the rate was 1 GBP = 1.1173 EUR.

At the annual general meeting of shareholders held on 22 May 2009 it was resolved to add the balance of the unappropriated result for 2008 to the other reserves.

	Share capital	Translation reserve	Share premium	Other reserves	Unappropriated results
Unaudited balance as at 31.12.07	13,203	(979)	385,000	2,896	74,836
Paid-in/ (repaid)	-	-	90,000	-	-
Transfer	-	-	-	74,836	(74,836)
Revaluation	4,198	(4,198)	-	-	-
Result for the period	-	-	-	-	91,437
Unaudited balance as at 31.12.08	<u>17,401</u>	<u>(5,177)</u>	<u>475,000</u>	<u>77,732</u>	<u>91,437</u>
Paid-in/ (repaid)	-	-	-	-	-
Transfer	-	-	-	91,437	(91,437)
Revaluation	(1,291)	1,291	-	-	-
Result for the period	-	-	-	-	37,013
Balance as at 31.12.09	<u>16,110</u>	<u>(3,886)</u>	<u>475,000</u>	<u>169,169</u>	<u>37,013</u>

Profit and loss account

12 Interest income on loans to group entities	2009	2008
	£	£
PT REA Kaltim Plantations	4,407,735	4,408,799
PT Sasana Yudha Bhakti	<u>1,028,518</u>	<u>497,578</u>
	<u><u>5,436,253</u></u>	<u><u>4,906,377</u></u>
13 Interest expense on loans from group entities	2009	2008
	£	£
Interest payable on loans from group entities	<u>950,982</u>	<u>1,275,450</u>
	<u><u>950,982</u></u>	<u><u>1,275,450</u></u>
14 Interest expense on bond loans	2009	2008
	£	£
Interest payable bonds	<u>3,515,000</u>	<u>2,802,500</u>
	<u><u>3,515,000</u></u>	<u><u>2,802,500</u></u>
15 Other interest income	2009	2008
	£	£
Bank interest on deposit accounts	<u>5</u>	<u>11,387</u>
	<u><u>5</u></u>	<u><u>11,387</u></u>
16 Other interest expense	2009	2008
	£	£
Interest on late payment of corporation tax	<u>3,978</u>	<u>-</u>
	<u><u>3,978</u></u>	<u><u>-</u></u>
17 Currency exchange rate differences	2009	2008
	£	£
On finance activities	<u>(3,363)</u>	<u>7,123</u>
	<u><u>(3,363)</u></u>	<u><u>7,123</u></u>
18 Other income	2009	2008
	£	£
Expenses reimbursed by the shareholder	<u>18,690</u>	<u>-</u>
	<u><u>18,690</u></u>	<u><u>-</u></u>
19 General and administrative expenses	2009	2008
	£	£
Management	3,347	2,893
Guarantee fee - R.E.A. Holdings plc	277,500	221,250
Administration	23,192	19,293
Tax advice	14,101	7,145
Notary expenses	16,488	1,846
Bank charges	1,448	1,348
Audit fee Deloitte Accountants B.V.	6,000	6,000
General expenses	<u>108</u>	<u>87</u>
	<u><u>342,184</u></u>	<u><u>259,862</u></u>

The amount payable to Deloitte Accountants B.V. relates to the audit of the Company's financial statements for 2009 and 2008.

20 Taxation on the result on ordinary activities before taxation	2009	2008
	£	£
Overseas withholding taxes	543,625	490,638
Corporate income tax	<u>58,803</u>	<u>5,000</u>
	<u>602,428</u>	<u>495,638</u>

The Company has concluded an Advance Pricing Agreement and an Advance Tax Ruling with the Dutch fiscal authorities dated 21 February 2007. The Company's financing activities are based on a transfer pricing report and are confirmed to be conducted at arm's length in the Advance Pricing Agreement. The profit on such financing activities comprises interest received on loans to Indonesian group entities, less interest payable on loans from group and external entities and operating expenses relating to such activities. Dutch corporate income tax is assessable on such profit.

In the annual financial statements for 2006, 2007 and 2008 the company took credit for the withholding taxes deducted from interest received on loans to Indonesian group entities. During the period under review the Dutch fiscal authorities have asserted that such withholding taxes are not in accordance with the Dutch/Indonesian tax treaty and are, therefore, not eligible for credit against the company's liability to Dutch corporate income tax. The charge of £58,803 for such tax for the year ended 31 December 2009 includes £41,226 in respect of prior periods.

Dutch corporate income tax at a rate of 20.0% amounting to £17,577 has been provided on the profit arising in 2009 (2008: £5,000) on other activities.

21 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.

22 Directors

The Company has one (2008: one) managing director, who receives remuneration.
The Company has no (2008: none) supervisory directors.

23 Ultimate Holding Company

The immediate and ultimate holding company and the controlling party is R.E.A. Holdings plc ("REAH"), incorporated in the United Kingdom and registered in England and Wales. The financial statements of the company are consolidated into the group headed by REAH which is the only group into which the results of the company are consolidated. Copies of the annual report, including the audited financial statements, of REAH are available at the registered office of REAH.

Amsterdam, 28 April 2010
Intertrust (Netherlands) B.V.

REA Finance B.V., Amsterdam

Other information

To: the shareholder of REA Finance B.V.

Report of the auditor

Report on the financial statements

We have audited the accompanying financial statements of REA Finance B.V., Amsterdam, which comprise the balance sheet as at 31 December 2009, the profit and loss account for the year then ended and the notes.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of REA Finance B.V. as at 31 December 2009, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Amsterdam, 28 April 2010
Deloitte Accountants B.V.

J. Penon

REA Finance B.V., Amsterdam

Other information (continued)

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

The management proposes to the shareholder to declare a dividend amounting to £50,000 from the result for the year of £37,013 and from other reserves of £12,987. This proposal is not reflected in these accounts.

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 annual accounts now presented.