R.E.A. HOLDINGS PLC

Cakra estate

Resurfaced estate road

Loading of coal stockpile

Half yearly report

2018

R.E.A. Holdings plc ("REA") is a UK company of which the shares are admitted to the Official List and to trading on the main market of the London Stock Exchange.

The REA group is principally engaged in the cultivation of oil palms in the province of East Kalimantan in Indonesia and in the production and sale of crude palm oil ("CPO") and crude palm kernel oil ("CPKO").

Key statistics

	6 months to 30 June 2018	6 months to 30 June 2017
Results ($'000)		
Revenue	48,170	46,275
Earnings before interest, tax, depreciation and amortisation	10,947	8,348
Profit / (loss) before tax	1,336	(15,708)
Loss for the period	(635)	(14,449)
Loss attributable to ordinary shareholders	(4,514)	(14,144)
Cash generated/(utilised) by operations	9,565	(799)
Loss per share (US cents)	(11.1)	(34.6)
Average exchange rates		
Indonesian rupiah to US dollar	13,813	13,344
US dollar to pound sterling	1.37	1.27
FFB crops (tonnes)		
Group harvested	324,955	241,235
Third party harvested	80,463	52,780
Total	405,418	294,015
Production (tonnes)		
FFB processed	393,382	288,477
FFB sold	10,744	5,892
CPO	89,638	63,867
Palm kernels	18,649	12,776
CPKO	7,456	4,583
Extraction rates (percentage)		
CPO	22.8	22.1
Palm kernel	4.7	4.4
CPKO	40.3	37.2

References to group companies in this report are as defined under the map on page 3.

The terms "FFB", "CPO" and "CPKO" mean, respectively, "fresh fruit bunches", "crude palm oil" and "crude palm kernel oil".

References to "dollars" and "$" are to the lawful currency of the United States of America.

References to "rupiah" are to the lawful currency of Indonesia.

Contents

Overview

Production levels have materially increased. Operational initiatives successfully implemented across the business combined with currently more normal weather conditions give management confidence that FFB production for the full year will be at record levels.

Although the benefits to the results from the strong operational performance were largely offset by weak CPO prices during the six months to 30 June 2018, higher production will rapidly be reflected in financial performance once CPO prices improve.

The sale of the group's interest in PBJ to the Kuala Lumpur Kepong Berhad ("KLK") group, which completed on 31 August, has reduced the group's indebtedness and significantly improved the group's financial position.

Highlights

Financial

- Revenue up 4 per cent to $48.2 million (2017: $46.3 million) following a continuation of the recovery in cropping that started in 2017
- Gross profit up 30 per cent to $6.9 million (2017: $5.3 million); production cost per tonne of palm oil reduced by 10 per cent
- Pre-tax profit of $1.3 million (2017: loss of $15.7 million), largely due to exchange gains of $10.4 million (2017: loss of $4.2 million) arising from the decline in value of the rupiah against the dollar
- Average selling prices (FOB Samarinda) for CPO of $549 (2017: $622) and for CPKO of $977 (2017: $1,290)
- Two new medium term rupiah bank loans, totalling some $32.5 million, drawn in August 2018 to replace the earlier repayment of a rupiah term loan and revolving credit facility, together amounting to $10.2 million, and to augment working capital

Agricultural operations

- 35 per cent increase in FFB production to 324,955 tonnes in six months to 30 June 2018 (2017: 241,235 tonnes)
- Record crops for the group in July and August of, respectively, 80,767 tonnes (July 2017: 43,596 tonnes) and 89,210 tonnes (August 2017: 51,279 tonnes)
- Extraction rates averaging 22.8 per cent (2017: 22.1 per cent)
- Improved harvester availability, expanded transport fleet and infrastructure improvements should further improve crop collection and extraction rates
- New planting until end August 2018 concentrated on PBJ so as to maximise sale proceeds

Sale of PBJ

- Sale of 95 per cent interest in PBJ to the KLK group completed on 31 August 2018
- Cash inflow to the group of some $56.4 million to be utilised to reduce group indebtedness, further augment working capital and to provide funding for planned extension planting
- Bank debt of some $24.1 million owed by PBJ repaid in full

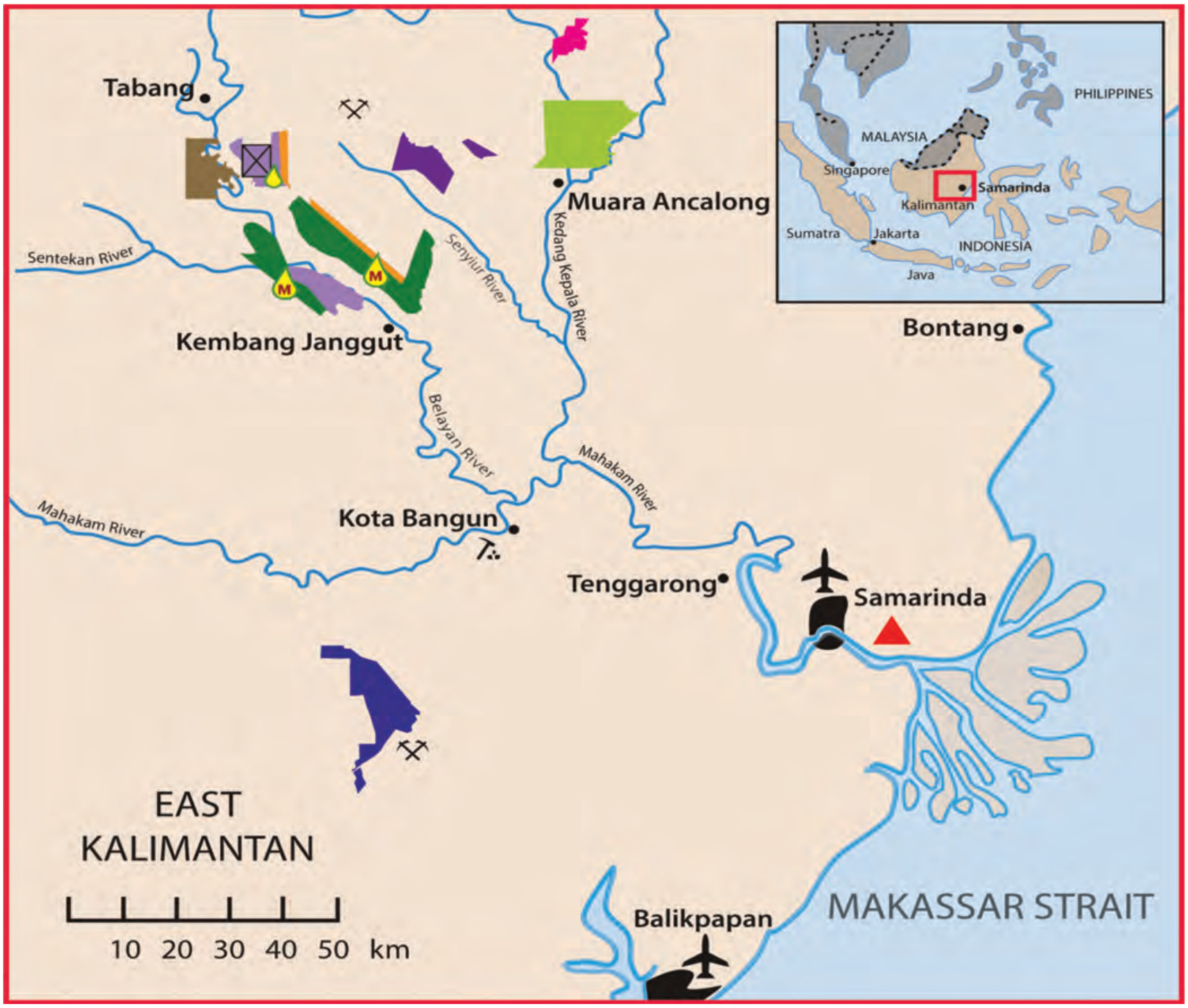
Coal operations

- Mining operations resuming: the loading point on the Mahakam River now established; the conveyor that runs from the group's concession to the loading point under refurbishment; and dewatering of the existing pit now started
- Disposal of the existing stockpile to be completed imminently

Outlook

- Improved production seen in the first half of 2018 expected to continue into the second half of the year and to be maintained going forward; full year FFB crop expected to surpass previous highest level
- Indications that restocking in India and China may gradually lead to some recovery in CPO prices through to the end of 2018, underpinned by increased biodiesel mandates and a firmer petroleum oil price
- Subject to confirmation that PU will not be affected by a recently announced Indonesian government moratorium on oil palm expansion, rapid planting out of PU planned to start around year end as soon as necessary compliance procedures completed; in the meanwhile, planting of up to 900 hectares on PBJ2 to be progressed
- Agricultural operations expected to generate increasing cash flows, further augmented by positive cash from the main coal concession

Maps



The smaller map shows the location of the group's operations within the context of South East Asia. The larger map provides a plan of the operational areas and of the river system by which access is obtained to the main areas.

Key	
M	Methane capture plant
	Oil mill
	Stone source
	Coal concession
	Tank storage

Companies		
	CDM	PT Cipta Davia Mandiri
	KKS	PT Kartanegara Kumalasakti
	KMS	PT Kutai Mitra Sejahtera
	PBJ	PT Putra Bongan Jaya - *now divested*
	PBJ2	PT Persada Bangun Jaya
	REAK	PT REA Kaltim Plantations
	SYB	PT Sasana Yudha Bhakti
	PU	PT Prasetia Utama
	SYB	SYB land transfer

Interim management report

Results

Key highlights of the income statement for the six months to 30 June 2018, with comparative figures for 2017, were as follows:

	6 months to 30 June 2018 $'m	6 months to 30 June 2017 $'m	Year to 31 December 2017 $'m
Revenue	48.2	46.3	100.2
Gross profit	6.9	5.3	12.9
Profit/(loss) before tax	1.3	(15.7)	(21.9)

The year 2018 to date has seen a continuation of the marked recovery in crops that commenced in 2017 with crop collection for the first six months being well ahead of the same period last year. However, the benefits of the increased crop collection were largely offset by the steady decline in CPO pricing that was experienced in the six months to 30 June 2018. To place this in context, had the average price realised per tonne of CPO in that period been the same as that achieved in the six months to 30 June 2017, it is estimated that revenue and gross profit would both have been $5.4 million higher.

Reported profit before tax benefited from mark to market exchange gains of $10.4 million (2017: loss of $4.2 million). These gains were primarily caused by a decline in the value of the rupiah against the dollar.

Earnings before interest, depreciation, amortisation and tax amounted to $10.9 million for the six months to 30 June 2018 (2017: $8.3 million).

Specific components of the results

Cost of sales for the six months to 30 June 2018, with comparative figures for 2017, was made up as follows:

	6 months to 30 June 2018 $'m	6 months to 30 June 2017 $'m	Year to 31 December 2017 $'m
Depreciation and amortisation	11.3	10.8	22.2
Purchase of external FFB	8.9	7.1	14.4
Estate operating costs	22.6	21.2	49.7
	42.8	39.1	86.3

Whilst total cost of sales increased slightly to $42.8 million (2017: $39.1 million) during the period, the marked increase in crop collection has resulted in a 10 per cent reduction in the cost per tonne of palm oil produced.

As noted in previous reports, the amendment of IAS 41 Agriculture effective 1 January 2016 has resulted in the discontinuation of the previous movement in the fair value of biological assets and its replacement by a depreciation charge. Whilst this change has no effect on the group's cash flows, it means that the group now reports a depreciation charge that is higher and profits that are lower than they would have been applying the previous accounting provisions of IAS 41.

The increased cost of purchasing external FFB reflected a substantial increase in the volume purchased offset by a reduction in purchase price.

Reported operating costs are similar to those of the same period of 2017 reflecting the essentially fixed nature of these costs. Increased expenditure on harvesting, road upkeep and weeding as part of the work on the rehabilitation of the mature areas continues.

Administrative expenses at $6.8 million were lower than the $7.3 million incurred in 2017. This was the result of savings from staff changes and the combination of the former Jakarta and Samarinda offices into the group's current head office in Balikpapan that took place in 2017.

Investment revenues in 2017 benefited from interest in respect of a tax refund. This was a one-off item and, as a result, investment revenues for the six months to 30 June 2018 were substantially lower at $0.1 million.

The $10.4 million of exchange gains referred to above has been set off for reporting purposes against interest and other finance costs amounting to $8.9 million resulting in a finance credit of $1.5 million (2017: charge of $13.5 million). Interest incurred of $11.1 million was lower than in 2017 ($12.2 million) reflecting an improvement in the group's net debt position.

The tax charge for the six months to 30 June 2018 of $2.0 million (2017: credit of $1.3 million) has been stated after providing $0.9 million (2017: $0.9 million) against deferred tax credits previously recorded against losses which may not now be capable of use prior to time expiry.

Dividends

The fixed semi-annual dividend on the company's preference shares that fell due on 30 June 2018 was duly paid. Although the operational performance and financial condition of the group is improving, the directors do not consider that the results reported for the six months to 30 June 2018 reflect a sufficient improvement to justify the declaration of an interim ordinary dividend in respect of 2018.

Agricultural operations

The key agricultural statistics were as follows:

	6 months to 30 June 2018	6 months to 30 June 2017
FFB crops (tonnes)		
Group harvested	324,955	241,235
Third party harvested	80,463	52,780
Total	405,418	294,015
Production (tonnes)		
Total FFB processed	393,382	288,477
CPO	89,638	63,867
Palm kernels	18,649	12,776
CPKO	7,456	4,583
Extraction rates (percentage)		
CPO	22.8	22.1
Palm kernel	4.7	4.4
CPKO	40.3	37.2
Rainfall (mm)		
Average across the estates	1,673	2,034

The recovery in operations that began in 2017 has continued into 2018 with the FFB crop for the first six months of the year reflecting a noticeable upturn in production from March onwards. The positive trend is continuing with record group crops in July and August of, respectively, 80,767 tonnes (July 2017: 43,596 tonnes) and 89,210 tonnes (August 2017: 51,279 tonnes). As a result, FFB harvested in the eight months to August 2018 amounted to 494,932 tonnes (2017: 336,110 tonnes). Bunch counts indicate that crop availability through to the end of 2018 will remain at good levels.

The significantly better crop yields being achieved must be attributed in part to weather factors with the negative impact of the 2015 and 2016 El Niño weather phenomenon now over. Weather, however, has not been the only factor involved; of equal, and probably greater, significance have been the enhanced fertiliser programmes introduced into the mature areas with effect from 2016 and programmes to improve upkeep and access. The group believes that completion of these latter programmes may result in some further enhancement of yields.

The increase, by comparison with the preceding year, of slightly over 50 per cent in third party FFB purchases during the six months to 30 June 2018 has been maintained in July and August. Whilst, as with the group, weather factors have facilitated increased production by third party growers, third party purchases also reflect the increasing maturity and expanding area of smallholder plantings in the vicinity of the group's estates.

Harvester numbers have been increasing since the beginning of the year and incentive targets and work programmes have been adjusted in response to the cropping demands. The road improvement programme, instituted in 2017, is continuing and the truck fleet has been expanded by some 30 per cent.

With the increasing crop levels the group is pushing ahead with the expansion of the group's newest mill to increase the capacity of that mill to 80 tonnes per hour. The expansion is scheduled to be completed during 2019.

Significantly higher CPO production in Indonesia and increasing stock levels at origins, exacerbated by changes in Indian tariffs on imported CPO, have led to a steady downward drift in the CPO price since the first quarter of 2018. Opening the year at $677.5 per tonne, CIF Rotterdam, the price stood at $655 at the end of June 2018 and is currently close to the low for the year at $540. Indications are that prices are at or around their bottom and that restocking in India and China may lead gradually to some price recovery in the closing months of 2018 underpinned by a firmer petroleum oil price. Further ahead, consumption growth and limitations on oil palm expansion are expected to support prices positively.

CPKO prices have been similarly affected, whilst maintaining their premia over CPO, opening in 2018 at $1,260 per tonne, CIF Rotterdam, declining to $910 per tonne at the end of June 2018 and currently at $860 per tonne.

The average selling price for the group's CPO for the six months to the end of June 2018, on an FOB basis at the port of Samarinda, net of export levy and duty, was $549 per tonne (2017: $622 per tonne). The average selling price for the group's CPKO, on the same basis, was $977 per tonne (2017: $1,290 per tonne).

Pending closing of the sale of PBJ, as discussed below, the concentration of the group's planting programme to the end of August was on completing the 520 hectares of 2018 planting that were required at PBJ to maximise the sale proceeds. After completion of necessary bunding and land compensation arrangements, the required additional area was duly planted. Concurrently, a further 220 hectares were planted at CDM to round off certain larger, near contiguous, blocks and thus optimise the efficiency of the CDM development.

Going forward, the primary focus of the group's expansion programme will initially be PU. Plantings in this area can only start once the necessary environmental compliance procedures have been completed. Completion is expected towards the end of 2018, following which the group plans to proceed rapidly with the planting out of PU subject to confirmation that a just announced Indonesian government moratorium on oil palm expansion will not apply to PU. In preparation for this, the group is currently establishing nurseries sized to provide the volume of seedlings that the development of PU will require. Pending commencement of planting at PU, the group plans during the remaining months of 2018 to commence planting out an area of PBJ2 adjacent to REAK of up to 900 hectares (of which part may be allocated to smallholder cooperatives).

Sale of PBJ

As previously announced, on 25 April 2018, the group reached an agreement for the sale by its subsidiary, REAK of REAK's 95 per cent interest in PBJ to the KLK group, subject to certain conditions. Such conditions having been met, the sale was completed on 31 August 2018.

The consideration for the sale of REAK's interest in PBJ was settled on 31 August 2018 on an estimated basis but remains subject to adjustment following agreement or determination of certain figures as at the date of completion. The bank debt owed by PBJ and the net debt owed by PBJ to the group were refinanced by the KLK group at completion and have been repaid in full.

The planted area of PBJ at completion was just short of 7,500 hectares (of which slightly over 800 hectares were mature).

Stone and coal operations

Following the previously reported purchase of loading facilities on a property adjacent to the group's coal concession at Kota Bangun, the group is pushing ahead with plans to resume mining operations. The loading point on the Mahakam River has been established in recent weeks and work to refurbish the coal conveyor that crosses the group's concession and runs to the loading point is now in hand. Dewatering to provide access to the mine's northern deposit has commenced and disposal of the coal stockpile is expected to be completed imminently.

The limestone quarry adjacent to the group's PBJ property has continued to provide crushed stone for hardening roads on PBJ. Under the terms of the PBJ sale, arrangements are in place for a member of the group to retain use of the existing stone crushing site in PBJ and to supply stone to KLK as required.

For the present, the group is continuing to prioritise the stone and coal operations that offer the greatest certainty of returns in the near term. Once the prioritised operations are generating cash flow, the group will reconsider the options for developing and operating the andesite stone concession.

Sustainability

The RSPO annual surveillance audits for all of the group's certified estates, its two older mills and its bulking station downstream of Samarinda were successfully concluded in June and July 2018. Work to resolve the outstanding High Conservation Value ("HCV") compensation liability in respect of a small area of some 20 hectares in the SYB northern estate area is continuing. The group has instructed an independent third-party to obtain satellite imagery in accordance with RSPO criteria and guidelines so as to define the original land cover and coefficients before land clearing commenced. Thereafter, once the appropriate compensation liability has been determined and the settlement period agreed, the process for RSPO certification of the group's third and newest oil mill and its supply chain will commence.

The HCV assessments for PU and certain SYB planned plasma areas are being reviewed and updated in preparation for new plantings in accordance with the RSPO New Plantings Procedures. The RSPO compensation panel has approved in principle an HCV compensation plan in respect of an area of CDM with payments to be settled over several years.

ISPO certification of SYB, which was outstanding at the time of publication of the group's 2017 annual report, has now been obtained following issuance of an outstanding palm oil mill effluent permit in May 2018.

Certifications of the estates, mills and bulking station under ISO 14001:2004 Environment Management System continue to be renewed as they expire.

As part of its ongoing commitment to supporting smallholder farmers in the vicinity of the group's estates, the group has been conducting surveys of smallholder FFB production to understand better the challenges faced by such farmers. The results of these surveys are now being analysed so that relevant further training and ongoing support can be offered to smallholders with a view to improving smallholder crop yields and fruit quality.

Household take-up of renewable energy distributed to local villages via the Indonesian national electricity company, PLN, continues to grow each month.

Following the installation of new camera traps in REAK and CDM in 2017, further surveys are being conducted in 2018 and continuing into 2019 to verify the current status of the orangutan population.

The group is giving increasing attention to encroachment within the boundaries of its estates. Satellite imagery has been acquired from Satelligence, together with a land cover map for 2017, in order to define a baseline forest cover, degraded areas and planted oil palm areas within the estate areas and in close proximity to their boundaries. The map is being used for land cover planning and rehabilitation of previously encroached and degraded areas. Through Satelligence, the group has also implemented a forest cover monitoring system that generates bi-weekly updates on forest cover, land clearing and oil palm development within the group's estates and within a five kilometre buffer zone around the estate boundaries. This allows the group to monitor and investigate any illegal activity within the estates that may be damaging to the environment.

Financing

At 30 June 2018, the group continued to be financed by a combination of debt and equity (comprising ordinary and preference share capital). There was a decrease in total equity including non-controlling interests to $269.3 million from $276.7 million at 31 December 2017.

Group indebtedness and related engagements at 30 June 2018 totalled $194.5 million against $220.0 million at 31 December 2017. Against this indebtedness, the group held cash and cash equivalents of $2.3 million (31 December 2017: $5.5 million). The composition of the resultant net indebtedness of $192.3 million was as follows:

	$'m
7.5 per cent dollar notes 2022 ("2022 dollar notes") ($24.0 million nominal)	23.7
8.75 per cent guaranteed sterling notes 2020 ("2020 sterling notes") (£31.9 million nominal)	40.8
Loan from related party	8.2
Loans from non-controlling shareholder	29.7
Indonesian term bank loans	45.5*
Drawings under revolving credit facilities	46.7
	194.6
Cash and cash equivalents	(2.3)
Net indebtedness	192.3

* Excluding $25.1 million of Indonesian term bank loans that have been reflected within the net balance representing assets held for resale in the accompanying consolidated balance sheet at 30 June 2018.

As announced on 28 August 2018, the group has recently arranged and drawn down two new medium term rupiah loans equivalent in total to some $32.5 million. In anticipation of this, on 8 August 2018 the group repaid rupiah term loan and revolving credit facilities amounting to $10.2 million. The proceeds of the new loans will be used to refinance the monies used for that repayment and, as to the balance, in augmenting the group's working capital.

Subsequent completion of the sale of PBJ, as described above, resulted in the bank debt of PBJ, equivalent to some $24.1 million being repaid in full. The cash inflow to the group arising from the sale amounted to some $56.4 million which will be used to reduce group indebtedness, further augment working capital and provide funding for the group's planned expansion programme.

The group is continuing discussions with its Indonesian bankers with a view to reducing interest costs and to better aligning the repayment profile of its bank loans to its projected future cash availability.

Outlook

The latest bunch census indicates that crop levels for the remaining months of the year will be maintained at close to recent levels. The directors therefore expect a record FFB crop for the year with every likelihood of still higher crops going forward. With improved harvester availability, an expanded transport fleet and more resilience in the group's infrastructure, crop collection should further improve.

Whilst higher crops and better extraction rates should continue to enhance operational performance, the benefit to revenue and profits is currently being reduced by low CPO prices. The current CPO price weakness follows a significant increase in CPO production during 2018 to date but there are now indications that growth in palm oil consumption, supported by increases in mandated use of CPO in the manufacture of bio-fuels, should have a positive effect on prices in the coming months and 2019. Any increase in the price of CPO will directly flow through to group revenue, profits and cash flow.

The resumption of mining operations at the group's main coal concession, following on from the imminent sale of the existing coal stockpile, will have a further positive impact on future results.

Following completion of the PBJ sale and with new bank facilities of some $32.5 million in place, the group is now funded to press ahead rapidly with development of the new planting areas and necessary expansion of oil mills.

With the significant improvement in the group's financial position and with recent successful operational initiatives helping to secure the recovery in the group's operations, the prospects for the group going forward are markedly better.

Approved by the board on 20 September 2018 and signed on its behalf by

DAVID J BLACKETT
Chairman

Risks and uncertainties

The principal risks and uncertainties, as well as mitigating and other relevant considerations, affecting the business activities of the group as at the date of publication of the 2017 annual report (the “annual report”) were set out on pages 36 to 41 of that report, under the heading “Risks and uncertainties”. A copy of the report may be downloaded from the company’s website at www.rea.co.uk. Such risks and uncertainties in summary comprise:

Agricultural operations	
Climatic factors	Material variations from the norm
Cultivation risks	Impact of pests and diseases
Other operational factors	Logistical disruptions to the production cycle, including transportation and input shortages or cost increases
Produce prices	Consequences of lower realisations from sales of CPO and CPKO
Expansion	Delays in securing land or funding for the extension planting programme
Environmental, social and government practices	Failure to meet expected standards
Community relations	Disruptions arising from issues with local stakeholders
Stone and coal operations	
Operational factors	Failure by external contractors to achieve agreed targets
Prices	Consequences of stone or coal price weakness
Environmental, social and government practices	Failure to meet expected standards
General	
Currency risk	Adverse exchange movements between sterling or the rupiah and the dollar
Funding	Meeting liabilities as they fall due in periods of weaker produce prices
Counterparty risk	Default by suppliers, customers or financial institutions
Regulatory and country exposure	Failure to meet or comply with expected standards or applicable regulations; adverse political or legislative changes in Indonesia
Systems access and controls	Weakness in IT controls and financial reporting system

An independent review of the group’s IT access and control systems and procedures was completed in July 2018. The review made certain recommendations that are currently being implemented to ensure compliance with best practice and with the group’s policies on internal control.

The directors continue to monitor and assess the impact of the UK’s prospective termination of membership of the European Union on the group’s operations. So far, the effect has been limited to a positive impact from a decline in sterling against the dollar. The directors do not at present foresee that the prospective termination poses any significant risk to the group’s operations.

At the date of the annual report, the directors considered the risks in relation to climatic and other operational factors, produce prices and funding to be of particular significance. In the case of climatic and other operational factors and produce prices, the directors’ assessment reflected the negative impact on revenues that could be caused by adverse climatic conditions or operational circumstances and, in the case of funding, the considerations referred to in the “Viability statement” in the “Directors report” on page 43 of the annual report.

Improving operational performance, recent initiatives to improve the group’s funding position and the sale of PBJ, all as described in the Interim management report above, have reduced the significance of funding risk. Subject to that, the directors consider that the principal risks and uncertainties for the second six months of 2018 continue to be those set out in the annual report as summarised above.

Going concern

In the statements regarding viability and going concern on pages 43 and 44 of the 2017 annual report published in April 2018, the directors set out consideration with respect to the group's capital structure and their assessment of liquidity and financing adequacy.

Since that time, and as noted under "Financing" in the Interim management report above, the group's financial position has been materially strengthened by completion of the sale of its 95 per cent subsidiary PT Putra Bongan Jaya ("PBJ") to the Kuala Lumpur Kepong Berhad group. The sale resulted in a cash inflow to the group of $56.4 million and the repayment of PBJ's external borrowings equivalent to some $24.1 million.

Revolving credit facilities that fell due for renewal in July 2018 were duly renewed and, on 28 August 2018, the group drew down a new rupiah term bank loan equivalent to $32.5 million. This effectively replaced previous term loan and revolving credit facilities equivalent to $10.2 million. The group is continuing discussions with its bankers on replacing the remaining revolving credit facilities (which are equivalent to $14.9 million and fall due for renewal in July 2019) and other shorter term bank debt with new bank facilities better aligned to the projected profile of the group's future cash flows.

With the continuing improvement in production, the group's plantation operations can be expected to generate increasing cash flows going forward. These should be augmented by positive cash from the group's main coal concession which is expected to recommence production shortly. The group is confident that this improving operational outlook and the cash resources now available to the group will permit the bank discussion to be successfully concluded and will ensure that the group is able to repay or refinance impending debt repayments of which the most material are represented by the remaining revolving credit facilities (which are equivalent to some $14.9 million and fall due for renewal in July 2019) and the £31.9 million nominal (equivalent to some $42.0 million) of 8.75 per cent sterling notes that fall due for repayment on 31 August 2020.

Accordingly, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing the accompanying financial statements.

Directors' responsibilities

The directors are responsible for the preparation of this half yearly financial report.

The directors confirm that:

- the accompanying condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting"

- the "Interim management report" and "Risks and uncertainties" sections of this half yearly report include a fair review of the information required by rule 4.2.7R of the Disclosure and Transparency Rules of the Financial Conduct Authority, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and

- note 18 in the notes to the consolidated financial statements includes a fair review of the information required by rule 4.2.8R of the Disclosure and Transparency Rules of the Financial Conduct Authority, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the group during that period, and any changes in the related party transactions described in the 2017 annual report that could do so.

The current directors of the company are as listed on page 42 of the company's 2017 annual report.

Approved by the board on 20 September 2018

DAVID J BLACKETT
Chairman

Consolidated income statement

for the six months ended 30 June 2018

	Note	6 months to 30 June 2018 $'000	6 months to 30 June 2017 $'000	Year to 31 December 2017 $'000
Revenue	2	48,170	46,275	100,241
Net gain / (loss) arising from changes in fair value of agricultural produce	4	1,557	(1,830)	(1,069)
Cost of sales:				
Depreciation and amortisation		(11,281)	(10,837)	(22,215)
Other costs		(31,522)	(28,280)	(64,062)
Gross profit		6,924	5,328	12,895
Distribution costs		(502)	(563)	(1,378)
Administrative expenses	5	(6,756)	(7,254)	(13,681)
Operating loss		(334)	(2,489)	(2,164)
Investment revenues		135	263	1,072
Finance costs	6	1,535	(13,482)	(20,770)
Profit / (loss) before tax		1,336	(15,708)	(21,862)
Tax	7	(1,971)	1,259	(3,039)
Loss for the period		(635)	(14,449)	(24,901)
Attributable to:				
Ordinary shareholders		(4,514)	(14,144)	(27,408)
Preference shareholders		4,260	3,720	7,777
Non-controlling interests		(381)	(4,025)	(5,270)
		(635)	(14,449)	(24,901)
Loss per 25p ordinary share (US cents)	8	(11.1)	(34.6)	(67.0)

All operations in all periods are continuing

Consolidated balance sheet

as at 30 June 2018

	Note	30 June 2018 $'000	30 June 2017 $'000	31 December 2017 $'000
Non-current assets				
Goodwill		12,578	12,578	12,578
Intangible assets	10	3,063	3,956	3,477
Property, plant and equipment	11	414,017	472,469	482,341
Land titles	12	32,848	34,761	35,178
Stone and coal interests		41,342	38,232	37,877
Deferred tax assets		11,116	12,702	9,867
Non-current receivables		4,354	2,142	4,996
Total non-current assets		519,318	576,840	586,314
Current assets				
Inventories		19,421	10,379	11,497
Biological assets		3,226	1,832	1,927
Investments		–	4,930	2,730
Trade and other receivables		36,000	43,611	39,280
Assets available for sale	14	56,423	–	–
Cash and cash equivalents		2,269	2,974	5,543
Total current assets		117,339	63,726	60,977
Total assets		636,657	640,566	647,291
Current liabilities				
Trade and other payables		(89,769)	(19,267)	(62,212)
Current tax liabilities		(13)	(8)	(11)
Bank loans		(27,996)	(29,398)	(28,140)
Sterling notes		–	(10,803)	–
Other loans and payables		(10,239)	(5,400)	(10,469)
Total current liabilities		(128,017)	(64,876)	(100,832)
Non-current liabilities				
Bank loans		(64,145)	(99,844)	(96,991)
Sterling notes		(40,823)	(39,877)	(41,364)
US dollar notes		(23,686)	(23,614)	(23,649)
Deferred tax liabilities		(81,017)	(79,124)	(79,600)
Other loans and payables		(29,681)	(36,553)	(28,120)
Total non-current liabilities		(239,352)	(279,012)	(269,724)
Total liabilities		(367,369)	(343,888)	(370,556)
Net assets		269,288	296,678	276,735
Equity				
Share capital		132,528	121,426	132,528
Share premium account		42,401	42,585	42,401
Translation reserve		(56,003)	(33,473)	(50,897)
Retained earnings		133,717	147,338	135,074
		252,643	277,876	259,106
Non-controlling interests		16,645	18,802	17,629
Total equity		269,288	296,678	276,735

Consolidated statement of comprehensive income

for the six months ended 30 June 2018

	6 months to 30 June 2018 $'000	6 months to 30 June 2017 $'000	Year to 31 December 2017 $'000
Loss for the period	(635)	(14,449)	(24,901)
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Actuarial losses	(219)	–	(205)
Deferred tax on actuarial losses	55	–	41
	(164)	–	(164)
Items that will not be reclassified to profit or loss:			
Exchange differences on translation of foreign operations	1,933	5,575	(11,419)
Exchange differences on deferred tax	(4,321)	(278)	(279)
	(2,388)	5,297	(11,862)
Total comprehensive income for the period	(3,187)	(9,152)	(36,763)
Attributable to:			
Ordinary shareholders	(7,066)	(8,847)	(39,270)
Preference shareholders	4,260	3,720	7,777
Non-controlling interests	(381)	(4,025)	(5,270)
	(3,187)	(9,152)	(36,763)

Consolidated statement of changes in equity

for the six months ended 30 June 2018

	Share capital $'000	Share premium $'000	Translation reserve $'000	Retained earnings $'000	Sub total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2017	121,426	42,585	(39,127)	161,839	286,723	22,827	309,550
Total comprehensive income	–	–	5,654	(10,781)	(5,127)	(4,025)	(9,152)
Dividends to preference shareholders	–	–	–	(3,720)	(3,720)	–	(3,720)
At 30 June 2017	121,426	42,585	(33,473)	147,338	277,876	18,802	296,678
Total comprehensive income	–	–	(17,424)	(9,014)	(26,438)	(1,173)	(27,611)
Sale of shareholding in sub-group	–	–	–	807	807	–	807
Issue of new preference shares (cash)	11,102	(184)	–	–	10,918	–	10,918
Dividends to preference shareholders	–	–	–	(4,057)	(4,057)	–	(4,057)
At 31 December 2017	132,528	42,401	(50,897)	135,074	259,106	17,629	276,735
Total comprehensive income	–	–	(5,106)	2,903	(2,203)	(984)	(3,187)
Dividends to preference shareholders	–	–	-	(4,260)	(4,260)	–	(4,260)
At 30 June 2018	132,548	42,401	(56,003)	133,717	252,643	16,645	269,288

Consolidated cash flow statement

for the six months ended 30 June 2018

	Note	6 months to 30 June 2018 $'000	6 months to 30 June 2017 $'000	Year to 31 December 2017 $'000
Net cash from / (used in) operating activities	16	2,381	(13,253)	19,670
Investing activities				
Interest received		135	263	29
Purchases of property, plant and equipment		(13,959)	(11,871)	(31,960)
Purchases of intangible assets		–	–	(112)
Expenditure on land titles		–	(701)	(949)
Investment in stone and coal interests		(3,595)	(1,024)	(669)
Net cash used in investing activities		(17,419)	(13,333)	(33,661)
Financing activities				
Preference dividends paid		(4,260)	(3,720)	(7,777)
Repayment of bank borrowings		(7,933)	(1,544)	(6,754)
Repayment of borrowings from related party		–	–	(7,400)
Proceeds of issue of preference shares, less costs of issue		–	–	10,918
Redemption of 2017 dollar notes		–	(20,048)	(20,156)
Redemption of 2015/2017 sterling notes		–	–	(11,154)
Proceeds of sale of investments		2,730	4,925	7,078
New borrowings from non-controlling shareholder and related party		8,227	22,000	23,986
Deposit received relating to sale of subsidiary		8,000	–	–
New bank borrowings drawn		4,973	3,222	6,356
Net cash from financing activities		11,737	4,835	(4,903)
Cash and cash equivalents				
Net decrease in cash and cash equivalents		(3,301)	(21,751)	(18,894)
Cash and cash equivalents at beginning of period		5,543	24,593	24,593
Effect of exchange rate changes		27	132	(156)
Cash and cash equivalents at end of period		2,269	2,974	5,543

Notes to the consolidated financial statements

1. Basis of accounting

The condensed consolidated financial statements for the six months ended 30 June 2018 comprise the unaudited financial statements for the six months ended 30 June 2018 and 30 June 2017, neither of which has been reviewed by the company's auditor, together with audited financial statements for the year ended 31 December 2017.

The information shown for the year ended 31 December 2017 does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006, and is an abridged version of the group's published financial statements for that year which have been filed with the Registrar of Companies. The auditor's report on those statements was unqualified and did not contain any statements under section 498(2) or (3) of the Companies Act 2006.

The condensed consolidated financial statements for the six months ended 30 June 2018 have been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union, and should be read in conjunction with the annual financial statements for the year ended 31 December 2017 which were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The accounting policies and methods of computation adopted in the preparation of the condensed consolidated financial statements for the six months ended 30 June 2018 are the same as those set out in the group's annual report for 2017.

For the reasons given under “Going concern” above, the financial statements have been prepared on the going concern basis.

The condensed consolidated financial statements for the six months ended 30 June 2018 were approved by the board of directors on 20 September 2018.

2. Revenue

	6 months to 30 June 2018 $'000	6 months to 30 June 2017 $'000	Year to 31 December 2017 $'000
Sales of goods	47,516	45,708	99,956
Revenue from services	654	567	285
	48,170	46,275	100,241
Investment revenue	135	263	1,072
Total revenue	48,305	46,538	101,313

3. Segment information

The group continues to operate in two segments, being the cultivation of oil palms and the stone and coal operations. In the period ended 30 June 2018, the relevant measures for the stone and coal operations continued to fall below the quantitative thresholds set out in IFRS 8. Accordingly, no segment information is included in these financial statements.

4. Agricultural produce movement

The net gain / (loss) arising from changes in fair value of agricultural produce represents the movement in the fair value of that inventory less the amount of the movement in such inventory at historic cost (which is included in cost of sales), together with movements in the value of current biological assets, which represents growing produce on oil palm trees.

Notes to the consolidated financial statements
continued

5. Administrative expenses

	6 months to 30 June 2018 $'000	6 months to 30 June 2017 $'000	Year to 31 December 2017 $'000
Loss on disposal of property, plant and equipment	207	–	–
Indonesian operations	5,923	6,184	14,685
Head office	3,326	3,520	5,665
	9,456	9,704	20,350
Amount included as additions to fixed assets	(2,700)	(2,450)	(6,669)
	6,756	7,254	13,681

6. Finance costs

	6 months to 30 June 2018 $'000	6 months to 30 June 2017 $'000	Year to 31 December 2017 $'000
Interest on bank loans and overdrafts	7,107	7,505	15,665
Interest on US dollar notes	901	1,639	2,669
Interest on sterling notes	1,832	2,324	5,184
Interest on other loans	1,317	760	1,896
Change in value of sterling notes arising from exchange fluctuations	740	3,069	4,800
Change in value of bank loans and overdrafts arising from exchange fluctuations	(11,142)	1,110	(1,190)
Other finance charges	694	468	817
	1,449	16,875	29,841
Amount included as additions to property, plant and equipment	(2,984)	(3,393)	(9,071)
	(1,535)	13,482	20,770

7. Tax

	6 months to 30 June 2018 $'000	6 months to 30 June 2017 $'000	Year to 31 December 2017 $'000
Current tax:			
UK corporation tax	–	136	28
Overseas withholding tax	638	494	1,538
Foreign tax	7	16	27
Total current tax	645	646	1,593
Deferred tax:			
Current year	449	(2,830)	(794)
Prior year	877	925	2,240
Total deferred tax	1,326	(1,905)	1,446
Total tax	1,971	(1,259)	3,039

The tax charge for the period of $2.0 million (30 June 2017: credit of $1.3 million) is based on the reported results of the operations in each jurisdiction, using relevant rates of tax, adjusted for items which include non-taxable income/expense, prior year reduction in the carrying value of Indonesian tax losses and Indonesian withholding taxes not utilisable in the UK. If the income mix in the second half of 2018 differs materially from that of the first half, it may result in a disproportionate movement in the effective rate of taxation for the full year.

8. Loss per share

	6 months to 30 June 2018 $'000	6 months to 30 June 2017 $'000	Year to 31 December 2017 $'000
Loss for the purpose of calculating loss per share*	(4,514)	(14,144)	(27,408)

* being net loss attributable to ordinary shareholders

	'000	'000	'000
Weighted average number of ordinary shares for the purpose of loss per share	40,510	40,510	40,510

9. Dividends

	6 months to 30 June 2018 $'000	6 months to 30 June 2017 $'000	Year to 31 December 2017 $'000
Amounts recognised as distributions to equity holders:			
Preference dividends of 9p per share per annum (2017: 9p per share)	4,260	3,720	7,777
	4,260	3,720	7,777

10. Intangible assets

	30 June 2018 $'000	30 June 2017 $'000	31 December 2017 $'000
Cost:			
Beginning of period	5,377	5,265	5,265
Additions	–	–	112
End of period	5,377	5,265	5,377
Depreciation:			
Beginning of period	1,900	1,089	1,089
Additions	414	220	811
End of period	2,314	1,309	1,900
Carrying amount:			
Beginning of period	3,477	4,176	4,176
End of period	3,063	3,956	3,477

Computer software and proprietary technology that are not integral to an item of property, plant and equipment are recognised separately as intangible assets.

11. Property, plant and equipment

	Plantings	Buildings and structures	Plant, equipment and vehicles	Construction in progress	Total
	$'000	$'000	$'000	$'000	$'000
Cost:					
At 1 January 2017	185,856	258,873	111,672	5,595	561,996
Opening balance adjustment	3,966	(3,966)	–	–	–
Additions	5,120	4,763	573	708	11,164
At 30 June 2017	194,942	259,670	112,245	6,303	573,160
Additions	6,427	12,842	435	970	20,674
Transfers to / (from) construction in progress	–	2,128	69	(2,197)	–
At 30 December 2017	201,369	274,640	112,749	5,076	593,834
Additions	5,217	6,190	830	1,611	13,848
Transfers to / (from) construction in progress	–	59	–	(59)	–
Disposals	–	–	(482)	–	(482)
Transferred to assets available for sale	(25,650)	(43,181)	(1,731)	(1,437)	(71,999)
At 30 June 2018	180,936	237,708	111,366	5,191	535,201
Accumulated depreciation:					
At 1 January 2017	17,771	27,098	45,205	–	90,074
Charge	4,851	2,697	3,069	–	10,617
At 30 June 2017	22,622	29,795	48,274	–	100,691
Charge	4,339	2,584	3,879	–	10,802
At 31 December 2017	26,961	32,379	52,153	–	111,493
Charge	4,947	2,811	3,109	–	10,867
Disposals	–	–	(274)	–	(274)
Transferred to assets available for sale	(257)	(209)	(436)	–	(902)
At 30 June 2018	31,651	34,981	54,552	–	121,184
Carrying amount:					
At 30 June 2018	149,285	202,727	56,814	5,191	414,017
At 31 December 2017	174,408	242,261	60,596	5,076	482,341
At 30 June 2017	172,320	229,875	63,971	6,303	472,469

Additions during the period to property, plant and equipment amounted to $13.8 million (year to 31 December 2017: $31.8 million, six months to 30 June 2017: $11.2 million).

Disposals during the period of property, plant and equipment amounted to $0.5 million (2017: $nil) and gave rise to a loss on disposal of $0.2 million (2017: $nil).

12. Land titles

	30 June 2018 $'000	30 June 2017 $'000	31 December 2017 $'000
Cost:			
Beginning of period	39,851	38,903	38,903
Additions	111	531	948
Transferred to assets available for sale	(2,733)	–	–
End of period	37,229	39,434	39,851
Amortisation:			
Beginning of period	4,673	4,673	4,673
Transferred to assets available for sale	(292)	–	–
End of period	4,381	4,673	4,673
Carrying amount:			
Beginning of period	35,178	34,230	34,230
End of period	32,848	34,761	35,178

13. Capital commitments

Capital commitments contracted, but not provided for by the group as at 30 June 2018, amounted to $4.5 million (31 December 2017: $8.2 million, 30 June 2017: $2.4 million).

14. Assets available for sale

During the period, the group decided to sell its operating subsidiary, PBJ. The sale completed on 31 August 2018. Accordingly, certain assets and liabilities have been reclassified as available for sale as at 30 June 2018. The amounts reclassified as available for sale on the balance sheet are as follows:

	30 June 2018 $'000
Non-current assets	
Property, plant and equipment	71,097
Land titles	2,441
Deferred tax assets	532
Non-current receivables	1,254
Current assets	
Inventories	691
Trade and other receivables	6,540
Cash and cash equivalents	2,753
Current liabilities	
Trade and other payables	(3,788)
Bank loans	(25,097)
Reclassified as available for sale	56,423

15. Fair values of financial instruments

The table below provides an analysis of the book values and fair values of financial instruments, excluding receivables and trade payables and Indonesian stone and coal interests, as at the balance sheet date. Investments, cash and deposits, dollar notes and sterling notes are classified as level 1 in the fair value hierarchy prescribed by IFRS 7 "Financial instruments: disclosures". (Level 1 includes instruments where inputs to the fair value measurements are quoted prices in active markets). All other financial instruments are classified as level 3 in the fair value hierarchy. (Level 3 includes instruments which have no observable market data to provide inputs to the fair value measurements.) No reclassifications between levels in the fair value hierarchy were made during 2018 (2017: none).

	30 June 2018 Book value $'000	30 June 2018 Fair value $'000	30 June 2017 Book value $'000	30 June 2017 Fair value $'000	31 December 2017 Book value $'000	31 December 2017 Fair value $'000
Cash and deposits*	2,269	2,269	2,974	2,974	5,545	5,545
Investments**	–	–	–	–	2,730	2,730
Bank debt-within one year**	(833)	(833)	(150)	(150)	(295)	(295)
Bank debt-within one year*	(27,163)	(27,163)	(29,248)	(29,248)	(27,845)	(27,845)
Bank debt-after more than one year**	(16,176)	(16,176)	(18,395)	(18,395)	(17,936)	(17,936)
Bank debt-after more than one year*	(47,969)	(47,969)	(81,449)	(81,449)	(79,055)	(79,055)
Loan from related party-within one year*	(8,227)	(8,227)	(5,400)	(5,400)	–	–
Loans from non-controlling shareholder-after more than one year*	(29,681)	(29,681)	(29,516)	(29,516)	(29,864)	(29,864)
US dollar notes-repayable 2022**	(23,686)	(23,254)	(23,614)	(23,915)	(23,649)	(23,074)
Sterling notes-repayable 2015/2017**	–	–	(10,803)	(10,651)	–	–
Sterling notes-repayable 2020**	(40,823)	(42,948)	(39,877)	(41,479)	(41,364)	(42,857)
Net debt and related engagements	(192,289)	(193,982)	(235,478)	(237,229)	(211,733)	(212,651)

* bearing interest at floating rates
** bearing interest at fixed rates

The fair values of cash and deposits and bank debt approximate their carrying values since these carry interest at current market rates. The fair value of investments approximates their carrying value. The fair values of the dollar notes and sterling notes are based on the latest prices at which those notes were traded prior to the balance sheet dates.

A one per cent increase in interest applied to those financial instruments shown in the table above which carry interest at floating rates would have resulted over a period of six months in a pre-tax profit (and equity) decrease of approximately $0.6 million (year to 31 December 2017: pre-tax profit (and equity) decrease of $1.3 million; six months to 30 June 2017: $0.7 million).

16. Reconciliation of operating profit to operating cash flows

	6 months to 30 June 2018 $'000	6 months to 30 June 2017 $'000	Year to 31 December 2017 $'000
Operating loss	(334)	(2,489)	(2,164)
Amortisation of intangible assets	–	201	811
Depreciation of property, plant and equipment	11,281	10,467	21,419
(Increase) / decrease in fair value of agricultural produce	(258)	1,830	1,137
(Increase) / decrease in value of growing produce	(1,299)	–	110
Amortisation of land titles	–	169	–
Amortisation of sterling and US dollar note issue expenses	237	547	648
Loss on disposal of property, plant and equipment	(207)	–	–
Operating cash flows before movements in working capital	9,420	10,725	21,961
(Increase) / decrease in inventories (excluding fair value movements)	(8,357)	3,558	3,133
(Increase) / decrease in receivables	(17,132)	(10,461)	649
Increase / (decrease) in payables	26,304	(6,227)	20,174
Exchange translation differences	(670)	1,606	(101)
Cash generated / (utilised) by operations	9,565	(799)	45,816
Taxes paid	(34)	(34)	(6,627)
Tax refunds received	–	–	5,398
Interest paid	(7,150)	(12,420)	(24,917)
Net cash from / (to) operating activities	2,381	(13,253)	19,670

17. Movements in net borrowings

	6 months to 30 June 2018 $'000	6 months to 30 June 2017 $'000	Year to 31 December 2017 $'000
Change in net borrowings resulting from cash flows:			
Decrease in cash and cash equivalents	(3,274)	(21,619)	(19,050)
Net decrease / (increase) in borrowings	2,960	(1,678)	398
Increase in non-controlling shareholder and related party borrowings	(8,227)	(22,966)	(16,586)
	(8,541)	(46,263)	(35,238)
Redemption of 2015/2017 sterling notes	–	–	11,154
Redemption of 2017 US dollar notes	–	–	20,156
Amortisation of sterling notes expenses	(200)	(471)	(537)
Amortisation of US dollar notes expenses	(37)	(76)	(111)
Redemption of US dollar notes	–	20,048	–
Transferred to assets available for sale	22,344	–	–
	13,566	(26,762)	(4,576)
Currency translation differences	8,610	(3,607)	(4,780)
Net borrowings at beginning of period	(214,465)	(205,109)	(205,109)
Net borrowings at end of period	(192,289)	(235,478)	(214,465)

18. Related parties

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

During the period the company has drawn a short term unsecured dollar loan from R.E.A. Trading Limited, a company controlled by Mr R M Robinow and his family, on normal commercial terms as to interest. At 30 June 2018, the loan amounted to $8.2 million. Other than this loan during the first six months of 2018 there have been no other new material related party transactions and only those related transactions which were disclosed in the company's 2017 annual report have continued.

19. Events after the reporting period

On 25 April 2018, the group reached an agreement for the sale by its subsidiary, REAK of REAK's 95 per cent interest in PBJ to the Kuala Lumpur Kepong Berhad ("KLK") group, subject to certain conditions. Such conditions having been met, the sale was completed on 31 August 2018.

The consideration for the sale of REAK's interest in PBJ was settled on 31 August 2018 on an estimated basis but remains subject to adjustment following agreement or determination of certain figures as at the date of completion. The bank debt owed by PBJ and the net debt owed by PBJ to the group were refinanced by the KLK group at completion and have been repaid in full.

Pursuant to the terms of the sale, the agreed consideration was subject to reduction if the additional area of oil palms planted at PBJ during 2018 ahead of completion fell short of 520 hectares. Such additional area remains subject to final survey but the group estimates that it is in excess of 520 hectares. Including these 2018 plantings, the planted area of PBJ at completion was just short of 7,500 hectares (of which some 800 hectares were mature).

The group recently arranged and, on 28 August 2018, drew down two new medium term rupiah loans equivalent in total to some $32.5 million. In anticipation of this, on 8 August 2018 the group repaid rupiah term loan and revolving credit facilities amounting to $10.2 million.

Otherwise there have been no material post balance sheet events that would require disclosure in, or adjustment to, these financial statements.

20. Rates of exchange

	30 June 2018		30 June 2017		31 December 2017	
	Closing	Average	Closing	Average	Closing	Average
Indonesian rupiah to US dollar	14,404	13,813	13,319	13,344	13,548	13,400
US dollar to pound sterling	1.3203	1.37	1.2990	1.27	1.3435	1.29

Reference to "dollars" and "$" are to the lawful currency of the United States of America. References to rupiah are to the lawful currency of Indonesia.

21. Cautionary statement

This document contains certain forward-looking statements relating to R.E.A. Holdings plc (the "group"). The group considers any statements that are not historical facts as "forward-looking statements". They relate to events and trends that are subject to risk and uncertainty that may cause actual results and the financial performance of the group to differ materially from those contained in any forward-looking statement. These statements are made by the directors in good faith based on information available to them and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

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