# Interim Results

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R.E.A.Hldgs PLC 05 September 2007 R.E.A. HOLDINGS PLC - 2007 INTERIM RESULTS Highlights ========== Revenue of £12,202,000 (2006 £9,064,000), an increase of 35% Earnings before interest, tax, depreciation, amortization and biological gain of £9,063,000 (2006 £3,967,000), an increase of 128% Profit attributable to ordinary shareholders of £5,460,000 (2006 £3,143,000), an increase of 74% Anticipated ordinary dividends in respect of 2007 totalling 2p per ordinary share (2006 - 1p); first interim dividend of 1p per ordinary share declared for payment on 5 October 2007 To provide some additional return to shareholders in a year of favourable crude palm oil prices, proposed capitalisation issue of 1,085,795 new 9 per cent cumulative preference shares to ordinary shareholders on the basis of one new preference share for every 30 ordinary shares Fresh fruit bunch crop to end August 2007 19,000 tonnes ahead of budget; budgeted crop for 2007 of 380,000 tonnes remains realistic Land from existing land bank immediately available for planting increased by 6,000 hectares with expectation of a further increase of about 5,000 hectares by year end To offset possibility of further delays in titling balance of existing land bank, conditional agreement reached to acquire a further 20,000 hectares of plantable land in East Kalimantan for $3.8 million; acquisition expected to be completed prior to year end, whereupon acquired land will be immediately available for planting Further consolidation of financial position resulting at 30 June 2007 in group cash and liquid resources of £21 million and indebtedness of £46 million (of which £11 million owed to banks and balance represented by medium term notes) Proposed placing of 1,064,581 new preference shares at 105p per share as a first and minor step towards meeting anticipated future funding requirements of the planned continuing expansion; the group will also seek additional medium term debt for drawdown over two or more years from 2008 Current net returns from sales of crude palm oil at historically high levels; while this continues, the group is well placed to benefit Summary of results for the six months to 30 June 2007 ===================================================== 6 months to 6 months to 30 June 30 June 2007 2006 Change £'000 £'000 % Revenue 12,202 9,064 + 35 Earnings before interest, tax, depreciation, amortisation and biological gain 9,063 3,967 + 128 Profit before tax 8,799 5,505 + 60 Profit for the period 5,989 3,763 + 59 Profit attributable to ordinary shareholders 5,460 3,143 + 74 Earnings per ordinary share (diluted) 16.9p 10.7p + 58 Dividend per ordinary share 1.0p nil n/a Chairman's statement ==================== Results Group profit before tax for the six months to 30 June 2007 amounted to £8,799,000, some 60 per cent ahead of the profit before tax of the corresponding period of 2006 of £5,505,000. The results principally reflect the combination of an increased gross profit for the period of £9,786,000 (against £4,803,000) partly offset by a lower biological gain at £1,024,000 (against £1,926,000). As discussed under "Operations" below, crops for the six month period were in fact slightly lower than in the preceding year. Accordingly, the increased gross profit was mainly the result of the substantially higher prices that the group was able to achieve for its crude palm oil ("CPO") during the period. Although not large in the context of the group's overall results, the group also benefited from a better contribution from its palm kernel production since, with its recently constructed palm kernel crushing plant now in full operation, the group is able to process kernels into palm kernel oil and sell that oil rather than, as previously, selling unprocessed kernels. The directors continue to refine the methodology applied in valuing the group's estates for reporting purposes. In particular, with the estates owned by the company's principal subsidiary, PT REA Kaltim Plantations ("REA Kaltim"), now approaching full maturity and with the still wholly immature areas owned by other subsidiaries of the company expanding, the directors consider that it is no longer appropriate to value all of the estates on a single discount rate (17.5 per cent at 31 December 2006). Instead, they consider that estate valuations should reflect a discount rate specific to each subsidiary (at 30 June 2007, 17.5 per cent

in the case of REA Kaltim and 19 per cent in the case of the other subsidiaries). The directors have also reviewed the initial costs of oil palm extension development and have concluded that, with increasing levels of expenditure on infrastructural establishment, the costs of infrastructural development should no longer be treated as an input to the creation of biological assets but should be capitalised and depreciated as permanent infrastructure. The reported gain on biological assets has been struck after reflecting these refinements. The group's profits effectively arise in US dollars (the functional currency of the group) and are translated into sterling for reporting purposes. Weakness in the US dollar during the six months to 30 June 2007 (with an average US dollar to sterling exchange rate of £1=$1.98, against £1=$1.80 for the corresponding period of 2006) meant that the reported percentage increase in the group's profits for the six months to June 2007 was less than would have been the case had the group reported in US dollars. Ordinary dividend CPO prices are at the moment at levels significantly above the average level of the last ten years (which was some $450 per tonne CIF Rotterdam) but there can be no certainty that this will continue. If it does not, the directors are anxious to ensure that the group will have the cash resources necessary to finance completion of any extension planting in hand (including any necessary attendant additions of buildings and capital equipment). With extension planting continuing at a rapid rate, this perforce constrains the rate at which the directors feel that they can prudently declare, or recommend the payment of, ordinary dividends. The directors do appreciate that many shareholders invest not only for capital growth but also for income and that the payment of dividends is important. After several years in which no dividends were paid on the ordinary shares, ordinary dividends were resumed in February 2007 when an interim dividend in lieu of final of 1p per ordinary share was paid in respect of 2006. With the expectation of increasing crops from the group's expanding oil palm hectarage, the directors believe that, notwithstanding the cash constraints of the development programme, the group should be able to support progressive increases in ordinary dividends from the modest level established in respect of 2006. They do however envisage that, because of the cash constraints referred to above, the rate of progression will be steady rather than dramatic. Moreover, the directors intend that any new level of dividend set in respect of any given year should be sustainable in subsequent years. On this basis, the directors have declared a first interim dividend in respect of 2007 of 1p per ordinary share payable on 5 October 2007 to shareholders on the register of members on 14 September 2007. Absent unforeseen circumstances, the directors intend to declare a second interim dividend, in lieu of final, in respect of 2007, for payment early in 2008, of a further 1p per ordinary share, making a total dividend of 2p per ordinary share in respect of the year (2006 - 1p). The directors recognise that annual dividends totalling 2p per ordinary share may be thought not to reflect fully recent improvements in the group's financial position and prospects, particularly in a year in which the group is benefiting from favourable CPO prices. Accordingly, with the aim of providing some additional return to ordinary shareholders while conserving the group's cash resources, the directors further propose that the company should make a capitalisation issue to ordinary shareholders of 1,085,795 new 9 per cent cumulative preference shares on the basis of one new preference share for every 30 ordinary shares held on 1 October 2007. Shareholders are being sent a separate circular setting out details of the proposed capitalisation issue. Operations Fresh fruit bunches ("FFB") harvested during the six months to 30 June 2007 totalled 165,000 tonnes. Although some 8,000 tonnes ahead of budget, this FFB crop was, as noted earlier, below the crop of 191,000 tonnes achieved in the corresponding period of 2006. This was in line with the budget expectation that, given the distribution of rainfall during 2005 and 2006 and the normal pattern of cropping cycles, crops in 2007 would be weighted towards the second half (whereas crops in 2006 were weighted towards the first half). Crops for July and August 2007 have been running ahead of the levels achieved in July and August 2006 and support the projection of higher crops in the second half of 2007. The FFB crop to end August 2007 amounted to 229,000 tonnes and was 19,000 tonnes ahead of budget. This suggests that the budgeted crop for 2007 of 380,000 tonnes remains a realistic projection. Crude palm oil ("CPO") and palm kernel production for the six months to 30 June 2007 amounted to, respectively, 40,700 tonnes (43,900 tonnes) and 7,000 tonnes (7,400 tonnes) reflecting extraction rates of 24.5 per cent for CPO (23.0 per cent) and 4.2 per cent (3.9 per cent) for kernels.

With the kernel crushing plant fully operational during the period, kernels were further processed into crude palm kernel oil ("CPKO"). Production of CPKO for the six months to 30 June 2007 amounted to 3,042 tonnes, reflecting an extraction rate of 43.5 per cent. Rainfall in the half year averaged 2,790 millimetres (2006 - 2,070 millimetres) across the group's estates, a high level that augurs well for cropping over the coming months. There were some limited periods of very heavy rains with consequent flooding. Fortunately, operational disruption was much less than during flooding in previous years because, with the group now having a fully operational oil mill on each side of the Belayan river (which bisects the group's estates), FFB no longer has to be transported across the Belayan. The CPO price over the first half of 2007 averaged US$686 per tonne, CIF Rotterdam, as compared with an average of US$432 per tonne for the first half of 2006. One effect of this was a significant increase in the price of cooking oil in the Indonesian domestic market which press reports indicate has been the subject of much debate in Indonesian government circles. A proposed scheme for the sale by Indonesian CPO producers of a proportion of their production in the domestic market at a discount to world market prices was not implemented. Instead the rate of duty levied by the Indonesian government on CPO exports was increased at the end of the period to 6.5 per cent. Duty is charged on a gazetted price which broadly tracks the price of CPO FOB Indonesian ports. It has recently been reported that the rate of duty will be further changed so as to apply a sliding scale, with a new maximum rate of 10 per cent when the gazetted price rises above US$850 per tonne. The current gazetted price is US$816 per tonne on which duty on the new sliding scale will be charged at 7.5 per cent. As already announced in the company's annual report for 2006, the group has entered into a forward contract for the sale of a proportion of its expected CPO production up to 30 June 2008 at an average price of US$620 per tonne CIF Rotterdam. The tonnage outstanding under this contract at 30 June 2007 amounted to 24,000 tonnes, being 2,000 tonnes per month for the 12 month period to 30 June 2008. Land allocations and development At the end of 2006, the group's land allocations comprised some 65,416 hectares of which 30,106 hectares are held by REA Kaltim and 15,310 hectares and 20,000 hectares by, respectively, PT Sasana Yudha Bhakti ("SYB") and PT Kartanegara Kumala Sakti ("KKS"), two 95 per cent subsidiaries of the company. Of these allocations, the entire REA Kaltim area and 5,110 hectares of the SYB areas were fully titled at 31 December 2006. Major efforts were made during the six months to 30 June 2007 to move forward the titling process in relation to the remaining land allocations. In the case of SYB, these efforts have borne fruit in that the group has now advanced the titling process to the point at which it can commence planting approximately 6,000 hectares of the hitherto untitled SYB areas and can reasonably expect to have the remainder of those areas available for planting by the end of 2007. Full hak guna usaha ("HGU") titles should then follow automatically. Completion of the titling process has involved some minor changes to the borders of certain of the areas involved and, when all HGU titles to the SYB areas have been issued, it is likely that the total area under HGU will exceed the allocated 15,310 hectares by up to 1,000 hectares. The position in relation to the KKS areas is less satisfactory with completion of the titling process in respect of these areas awaiting the issue of a decree by the Ministry of Forestry that will allow implementation of a new provincial development plan that has been drawn up and approved by the provincial government of East Kalimantan. Issue of this decree, which is being negotiated between the Ministry of Forestry and the East Kalimantan provincial authorities, has been reported to be imminent for some time but remains pending (although it is reported that the provincial authorities are urging strongly that the decree be issued in the near future). Whilst the directors are confident that the required Ministry of Forestry decree will be issued in due course and that the KKS areas will become available for planting, the timing of such decree remains uncertain. With the current extension planting programme rapidly exhausting that part of the group's land bank that is available for immediate development, the directors have been concerned to ensure that the group's expansion programme is not suddenly brought to a halt. To this end, the group has recently reached agreement to acquire, subject to satisfaction of certain conditions as respects the furtherance of the titling process, an area of approximately 20,000 hectares in respect of which agricultural development permits are at an advanced stage. Although not contiguous with the group's existing planted areas,

the land (which is deforested and highly suitable for planting with oil palms) lies within the Kutai district of East Kalimantan (in which all of the group's existing land areas are located) and should be capable of being managed without material addition to the group's central overheads. The consideration for the acquisition has been agreed at some $3.8 million (to be paid in cash) on terms that the group will bear all further costs to be incurred in securing full HGU titles. It is expected that the acquisition will be completed before the end of 2007 whereupon the land acquired will be immediately available for planting. The group is continuing previously reported negotiations in respect of several other land areas in East Kalimantan that are within the general vicinity of the existing operations. The directors are optimistic that these negotiations will lead in due course to further additions to the group's land bank although it is clear that interest in oil palm development in East Kalimantan has increased and that competition for land suitable for development is intensifying. The group's target for extension development for 2007 is 6,500 hectares. It has been the normal pattern of recent years that targeted development takes place to a greater extent in the second half of each year than the first (development in the first half having to compete with work on completion of planting of areas developed in the preceding year). In addition, the 2007 programme has been delayed to an extent by the hitherto untitled SYB areas being released for planting a little later than had been hoped. Nevertheless, the directors consider that, absent further unforeseen delays and weather constraints, the group can still realistically hope to complete its targeted programme by year end or early 2008 (and without affecting planned further expansion in 2008). Financing The group continued during the first half of 2007 to consolidate its financial position. In January 2007, REA Finance BV issued a further £7,000,000 nominal of 9.5 per cent guaranteed sterling notes 2015/17 ("sterling notes") at 99.6574 per cent of par, to increase the nominal amount of sterling notes in issue to the full £22,000,000 proposed. This was followed in April 2007 by the issue of 1,500,000 new ordinary shares of the company by way of a placing with institutional investors at a price of 450p per share to raise £6.5 million net of expenses. Bank debt was reduced by £8,628,000 during the six months to 30 June 2007. Indebtedness of the group at 30 June 2007 stood at £46,449,000 and the group's cash and liquid resources at £20,810,000 with the indebtedness principally comprising the £22,000,000 nominal of sterling notes, $30,000,000 of 7.5 per cent dollar notes 2012/14 of the company and group indebtedness to banks of £11,774,000. While the group's net realisations from CPO sales remain at present levels, the group should continue to benefit from substantial positive cash flows from its operating activities. However, the group is engaged in a major expansion of its planted areas requiring what is, in terms of the group's present size, very large capital investment. The directors do not expect that this capital investment can be met only from the cash flows from operating activities but anticipate that (on the assumption that there is no curtailment of existing plans) it will in addition require, over the next three years, not only the entire current liquid resources of the group but also further funding. As a first and minor step towards meeting this requirement for further capital and with a view to maintaining the proportion of its total equity that is represented by preference capital, the company is proposing to issue 1,064,581 new 9 per cent cumulative preference shares for cash at a price of 105p per share by way of a placing with institutional investors. The group will also be seeking further medium term debt to be drawn down over a period of two or more years from 2008 onwards in amounts that should not materially increase from its current level the percentage of total equity that is represented by debt. Corporate governance With the continuing growth in the company's market capitalisation on the London Stock Exchange, it is apparent that the company's corporate governance policies are receiving greater scrutiny from some institutional shareholders and external commentators than has previously been the case. The directors fully accept the importance of ensuring that the group's affairs are managed effectively and with integrity and acknowledge that the Combined Code on Corporate Governance (the "Code") provides a model for achieving this. The company has always sought to apply the principles of the Code in a manner proportionate to its size and will continue to do so but reserving the right enshrined in the Code, when it is appropriate to the individual circumstances of the company, not to comply with certain Code principles and to explain why. With the company becoming larger, the directors consider that it is appropriate to bring the company into

fuller compliance with the Code. To that end, the membership of the audit and remuneration committees has recently been reconstituted so that the audit committee now comprises Mr Green-Armytage (chairman) and Mr Killick and the remuneration committee comprises Mr Green-Armytage (chairman), Mr Killick and Mr Robinow. In the opinion of the directors, these changes to the audit and remuneration committees bring those committees into full compliance with the principles of the Code but they acknowledge that a few institutions may disagree on the grounds that such institutions consider that non-executive directors who have served on the board of the company for more than nine years (as Mr Green-Armytage has done) can never be treated as independent non-executive directors. The directors do not agree with this view. Whilst the Code states that service by a director for more than nine years is to be taken into account by the board in assessing the independence of the director concerned, it is not, in terms of the Code, determinative of independence. Moreover, all of the long serving directors of the company have, hitherto, been re-elected annually after endorsement of their independence by their co-directors as required by the Code and with the support of the vast majority of shareholders. The directors do accept that, as the company continues to develop, further refreshment of the board will become appropriate (and this in turn will facilitate refreshment of the board committees). Currently, with the rapid expansion of areas under cultivation and with only a small executive in London, the group is facing the dual challenge in its Indonesian operations of further building relationships with Indonesian co-investors, subsidiary company directors, counterparties and authorities and of simultaneously broadening, and increasing the resilience of, its local management. The directors consider that successfully addressing these immediate issues and preserving the continuity that this demands are higher priorities than the recruitment and induction of new directors to the company's board. As the group develops, so will the composition of the board change but the directors are firmly of the view that the change should be evolutionary. Proposed incentive plan The group is proposing to introduce a long term incentive plan for staff occupying key positions in the group's Indonesian operations. It is anticipated that members of staff participating in the plan will be awarded notional interests in ordinary shares of the company which will vest subject to performance and which, to the extent vested, will in the future convert to cash sums equivalent to the gains (if any) that would have been realised had the participating members of staff actually acquired, at market price on 1 January 2007, the numbers of ordinary shares comprised in the notional holdings awarded to them and then realised those shares at prevailing market prices on the dates on which the vested notional holdings are converted to cash. It is expected that the total number of notional ordinary shares to be awarded initially will be 130,000 and that the performance criteria to which the vesting of notional holdings will be subject will be measured over a period of four years commencing in 2007. Full details of the plan and of the awards made under it will be included in the annual report for 2007. No director of the company will participate in the plan. Prospects As already noted, the group is fortunate in its current ability to realise net returns from sales of its CPO that are at historically high levels. The benefits of this are obvious but it would be foolish to believe that the existing position as respects CPO sales will continue indefinitely. Prices of primary commodities have been cyclical since biblical times and are likely to remain so. Moreover, as has already been seen in relation to duty on CPO exports from Indonesia, high prices bring with them risks of increased taxation. Having said this, it seems possible that CPO prices could remain at good levels for a while longer. Within the overall vegetable oil complex, conventional demand for food use continues to grow, fuelled by growth in world population and by economic growth in various rapidly developing areas, especially China and India. Prices are being further underpinned by efforts to develop bio-fuels. These represent a significant new factor in vegetable oil markets. Although the longer term influence that bio-fuels will have on vegetable oil prices is not yet clear, the directors envisage that their impact may be two-fold. First, if vegetable oil prices fall, the economics of converting vegetable oil to bio-diesel will improve. Given the enormous potential demand for bio-fuels, if these can be produced at economic prices, this should ensure that vegetable oil surpluses can be absorbed much more rapidly than has been the case in the past. This is likely to provide an underlying base level of support for vegetable oil markets and should mean that the average price of vegetable oils over the normal

commodity cycle will be higher than in the past. Secondly, the directors believe that, as is currently the case in the US where former soybean areas are being planted with corn for ethanol production, land that has conventionally been used to grow oil seeds may be turned over to other crops destined for the bio-fuel market. This would reduce supplies to the vegetable oil complex with a positive effect on the supply demand balance within that complex. While CPO prices remain at good levels, the group, with the prospect of steadily increasing crops from its expanding planted hectarage, is well placed to benefit. Certainly, the resultant cash flows will be very helpful to successful realisation of the group's primary objective. That objective remains the establishment of a major CPO production unit that, through efficiency and volume of throughput on a fixed overhead base, can produce CPO at a unit cost that is as low as, and ideally lower than, that of other producers of CPO and competitor vegetable oils. The group continues to progress towards this objective and, as it does so, further growth in the value of the group can be expected. Consolidated income statement for the six months ended 30 June 2007 ==================================================================== 6 months to 6 months to Year to 30 June 30 June 31 December 2007 2006 2006 Note £'000 £'000 £'000 Revenue 2 12,202 9,064 17,833 Cost of sales 4 (2,416) (4,261) (8,060) ------ ------ ------ Gross profit 9,786 4,803 9,773 Net gain arising from changes in fair value of biological assets 8 1,024 1,926 4,677 Other operating income - 5 5 Distribution costs (184) (93) (283) Administrative expenses (1,184) (1,188) (3,004) ------ ------ ------ Operating profit 9,442 5,453 11,168 Investment revenues 2 363 751 344 Finance costs 5 (1,006) (699) (887) ------ ------ ------ Profit before tax 8,799 5,505 10,625 Tax 6 (2,810) (1,742) (3,171) ------ ------ ------ Profit for the period 5,989 3,763 7,454 ====== ====== ====== Attributable to: Ordinary shareholders 5,460 3,143 6,208 Preference shareholders 515 450 965 Minority interest 14 170 281 ------ ------ ------ 5,989 3,763 7,454 ====== ====== ====== Earnings per 25p ordinary share 7 Basic 17.3p 11.5p 21.5p Diluted 16.9p 10.7p 20.3p All operations in all periods are continuing. Consolidated balance sheet as at 30 June 2007 ============================================ 30 June 30 June 31 December 2007 2006 2006 Note £'000 £'000 £'000 Non-current assets Goodwill 6,262 6,798 6,417 Biological assets 8 77,776 69,173 73,212 Property, plant and equipment 14,958 12,743 14,615 Prepaid operating lease rentals 2,680 1,017 2,643 Deferred tax assets 4,708 5,357 5,445 Non-current receivables 1,080 1,662 1,141 ------- ------- ------- Total non-current assets 107,464 96,750 103,473 ------- ------- ------- Current assets Inventories 3,480 2,608 2,600 Trade and other receivables 2,404 1,680 2,022 Cash and cash equivalents 20,810 9,014 19,014 ------- ------- ------- Total current assets 26,694 13,302 23,636 ------- ------- ------- Total assets 134,158 110,052 127,109 ------- ------- ------- Current liabilities Trade and other payables (3,385) (3,266) (4,305) Current tax liabilities (113) (136) (112) Obligations under finance leases (49) (161) (154) Bank loans (4,104) (4,730) (10,969) Other loans and payables (205) (152) (202) ------- ------- ------- Total current liabilities (7,856) (8,445) (15,742) ------- ------- ------- Non-current liabilities Bank loans (7,670) (18,378) (9,821) Sterling notes 9 (20,015) - (13,984) US dollar notes (14,594) (12,889) (14,953) Deferred tax liabilities (17,798) (17,049) (16,961) Obligations under finance leases (17) (172) (17) Other loans and payables (2,224) (1,796) (1,793) Total non-current liabilities (62,318) (50,284) (57,529) ------- ------- ------- Total liabilities (70,174) (58,729) (73,271) ------- ------- ------- Net assets 63,984 51,323 53,838 ======= ======= ======= Equity Issued share capital 19,593 18,884 19,218 Share premium account 17,144 9,172 10,995 Warrants - 1,162 - Translation reserve 10 (13,283) (8,802) (11,523) Special reserve (non-distributable) - 2,768 1,892 Retained earnings 40,217 28,043 32,950 ------- ------- ------- 63,671 51,227 53,532 Minority Interests 313 96 306 ------- ------- ------- Total equity 63,984 51,323 53,838 ======= ======= ======= Consolidated statement of recognised income and expense for the six months ended 30 June 2007 ==================================================== 6 months to 6 months to Year to 30 June 30 June 31 December 2007 2006 2006 £'000 £'000 £'000 Exchange translation differences (1,811) (3,357) (6,166) Tax on items taken directly to equity 39 148 224 ------- ------- ------- Net income recognised directly in equity (1,772) (3,209) (5,942) Profit for the period 5,989 3,763 7,454 Share based payment - deferred tax credit 226 - 967 ------- ------- ------- Total

recognised income and expense for the period 4,443 554 2,479 ======= ======= =======
Attributable to: Ordinary shareholders 3,922 199 1,508 Preference shareholders 515 450 965
Minority interests 6 (95) 6 ------- ------- ------- 4,443 554 2,479 ======= ======= =======
Reconciliation of movements in equity for the six months ended 30 June 2007
=====================================================================
6 months to 6 months to Year to 30 June 30 June 31 December 2007 2006 2006 £'000 £'000 £'000
Total recognised income and expense for the period 4,443 554 2,479 Issue of new ordinary shares by way of placings and open offer (net of costs) 6,529 10,334 10,367 Issue of new preference shares by way of placings (net of costs) - 3,067 3,071 Issue of new ordinary shares on exercise of share options - - 82 Issue of new ordinary shares on exercise of warrants - - 876 Subscriptions of new shares by minority interest in subsidiaries - - 110 Dividends to minority shareholders of a subsidiary - (60) - Dividends to preference shareholders (515) (450) (965) Dividend to ordinary shareholders (311) - - Liquidation distribution to preference shareholders in a subsidiary - - (2,304) Acquisition of minority interest in a subsidiary - (4,011) (4,011) Redemption of shares in a subsidiary held by minorities - (2,224) - ------- ------- ------- 10,146 7,190 9,705 Equity at beginning of period 53,838 44,133 44,133 ------- ------- ------- Equity at end of period 63,984 51,323 53,838 ======= ======= ======= Consolidated cash flow statement for the six months ended 30 June 2007
=================================================================
6 months to 6 months to Year to 30 June 30 June 31 December 2007 2006 2006 £'000 £'000 £'000
Operating activities Operating profit 9,442 5,453 11,168 Depreciation of property, plant and equipment 635 428 843 Amortisation of prepaid operating lease rentals 35 12 50 Amortisation of sterling and US dollar note issue expenses 57 - 31 Biological gain (1,024) (1,926) (4,677) ------- ------- ------- Operating cash flows before movements in working capital 9,145 3,967 7,415 Increase in inventories (966) (691) (762) (Increase)/decrease in receivables (408) 459 542 Decrease in payables (1,182) (2,766) (1,454) Exchange translation differences (585) (336) 125 ------- ------- ------- Cash generated by operations 6,004 633 5,866 Taxes paid (322) (45) (119) Interest paid (724) (699) (1,482) ------- ------- ------- Net cash from operating activities 4,958 (111) 4,265 ------- ------- ------- Investing activities Interest received 363 156 344 Purchases of property, plant and equipment (1,351) (3,488) (6,471) Expenditure on biological assets (5,457) (4,006) (10,094) Expenditure on operating leases (139) (426) (1,539) Costs incurred in acquisition of minority interest in a subsidiary - (198) (199) ------- ------- ------- Net cash from investing activities (6,584) (7,962) (17,959) ------- ------- ------- Financing activities Ordinary dividends paid (311) - - Preference dividends paid (515) (450) (965) Repayment of borrowings (8,628) - (2,015) Repayment of obligations under finance leases (103) (200) (329) Proceeds of issue of new share capital in subsidiaries to minority shareholders - - 110 Proceeds of issue of preference share capital less expenses - 3,067 3,071 Proceeds of issue of ordinary share capital less expenses 6,529 10,334 10,376 Proceeds of issue of new ordinary shares on exercise of warrants - - 876 Liquidation distribution to preference shareholders in a subsidiary - (3,094) (3,094) Issue of US dollar notes (net of expenses) - (30) 2,901 Issue of sterling notes (net of expenses) 6,659 - 13,981 New bank borrowings raised - 2,639 3,494 ------- ------- ------- Net cash from financing activities 3,631 12,266 28,406 ------- ------- ------- Cash and cash equivalents Net increase in cash and cash equivalents 2,005 4,193 14,712 Cash and cash equivalents at beginning of period 19,014 5,007 5,007 Effect of exchange rate changes (209) (186) (705) ------- ------- ------- Cash and cash equivalents at end of period 20,810 9,014 19,014 ======= ======= ======= Notes to the consolidated financial statements
========================================= 1. Basis of accounting The consolidated financial statements for the six months ended 30 June 2007 have been prepared in accordance with International Financial Reporting Standards (IFRS) endorsed for use by the EU at that date and in accordance with the provisions of the Companies Act 1985. The group accounting policies are set out in the annual report and financial statements for 2006. The consolidated interim financial information has been prepared in accordance with those accounting policies and with IAS 34 "Interim Financial Reporting". 2. Revenue 6 months to 6 months to Year to 30 June 30 June 31 December 2007 2006 2006 £'000 £'000 £'000 Sales of goods 12,103 9,010 17,724 Revenue from

services 99 54 109 ------- ------- ------- 12,202 9,064 17,833 Other operating income - 5 5 Investment revenues 363 751 344 ------- ------- ------- Total revenue 12,565 9,820 18,182 ======= ======= ======= Investment revenues comprises: Interest receivable 363 157 - Exchange gain on repayment of preference shares held by minority shareholders in a subsidiary - 594 344 ------- ------- ------- 363 751 344 ======= ======= ======= 3. Segment information The group operates in only one business segment and hence no analysis of results by segment is required. 4. Cost of sales Cost of sales of £2,416,000 (2006: £4,261,000) is stated net of a deduction of £1,627,000 (2006: £369,000) in respect of an increase in inventories of agricultural produce (which are stated at fair value). 5. Finance costs 6 months to 6 months to Year to 30 June 30 June 31 December 2007 2006 2006 £'000 £'000 £'000 Interest on bank loans 610 1,098 2,043 Interest on US dollar notes 586 482 1,081 Interest on sterling notes 1,113 - 105 Interest on other loans - - 33 Interest on obligations under finance leases 5 22 34 ------- ------- ------- 2,314 1,602 3,296 Amount included as additions to biological assets (1,468) (849) (1,960) Amount capitalised on acquisition - (54) (57) ------- ------- ------- 846 699 1,279 Other finance charges 160 - 203 Exchange gain on repayment of preference shares held by minority interests in a subsidiary - - (595) ------- ------- ------- 1,006 699 887 ======= ======= ======= 6. Tax 6 months to 6 months to Year to 30 June 30 June 31 December 2007 2006 2006 £'000 £'000 £'000 Current tax: UK corporation tax - - - Foreign tax 828 40 119 ------- ------- ------- Total current tax 828 40 119 ------- ------- ------- Deferred tax: Current year 1,947 1,702 3,052 Attributable to a reduction in the rate of UK tax 35 - - ------- ------- ------- Total deferred tax 1,982 1,702 3,052 ------- ------- ------- Total tax 2,810 1,742 3,171 ======= ======= ======= The element of the deferred tax charge relating to the reduction in the UK corporation tax rate from 30% to 28% arises from the resultant reduction in net UK deferred tax assets. This adjustment is reflected in the profit and loss account, the statement of recognised income and expense or directly to equity, as appropriate. 7. Earnings per share 6 months to 6 months to Year to 30 June 30 June 31 December 2007 2006 2006 £'000 £'000 £'000 Earnings for the purpose of earnings per share* 5,460 3,143 6,208 ======= ======= ======= * being profit attributable to ordinary shareholders '000 '000 '000 Weighted average number of ordinary shares for the purpose of basic earnings per share 31,503 27,210 28,857 Effect of dilutive potential ordinary shares 805 2,105 1,666 ------- ------- ------- Weighted average number of ordinary shares for the purpose of diluted earnings per share 32,308 29,315 30,523 ======= ======= ======= 8. Biological assets 30 June 30 June 31 December 2007 2006 2006 £'000 £'000 £'000 Beginning of period 73,212 68,192 68,192 Reclassification of expenditure in prior years between land, plantations and other non-current assets - - (758) Additions to planted area and costs to maturity 5,457 4,006 10,113 Net biological gain 1,024 1,926 4,677 Exchange differences (1,917) (4,951) (9,012) ------- ------- ------- End of period 77,776 69,173 73,212 ======= ======= ======= Net biological gain comprises: Gain arising from changes in fair value attributable to physical changes 1,024 2,336 3,828 Gain/(loss) arising from changes in fair value attributable to price changes - (410) 252 Gain in relation to prior year reclassification - - 597 ------- ------- ------- 1,024 1,926 4,677 ======= ======= ======= 9. Sterling notes Sterling notes comprise £22,000,000 of 9.5 per cent guaranteed sterling notes issued for cash by the company's subsidiary, REA Finance B.V., of which £7,000,000 were issued during the period at 99.6574 per cent of par. The book value at 30 June 2007 is stated after deducting an amount of £662,000 being the net benefit of a cross currency interest rate swap (note 10). 10. Translation reserve In February 2007, REA Finance B.V., a subsidiary company, entered into a cross currency interest rate swap ("CCIRS") with a major international bank as a cash flow hedge for the interest and principal obligations relating to the sterling notes. In accordance with International Financial Reporting Standards, the obligations under the CCIRS have been marked to market, with a net amount of £303,000 credited to a hedge reserve included in the consolidated balance sheet within the translation reserve. 11. Movement in net borrowings 30 June 30 June 31 December 2007 2006 2006 £'000 £'000 £'000 Change in net borrowings resulting from cash flows: Increase in cash and cash equivalents 2,005 4,193 14,712 Repayment/(increase) in borrowings 8,628 (2,409) (1,478) ------- ------- ------- 10,633 1,784 13,234 Issue of US dollar notes less expenses - - (2,927) Issue of US dollar notes for the acquisition of

minority interest in a subsidiary - (10,728) (10,729) Issue of sterling notes less expenses (6,659) - (13,984) Lease repayments 103 - 329 New leases - (20) - ------- ------- ------- 4,077 (8,964) (14,077) Currency translation differences 1,168 2,130 3,675 Net borrowings at beginning of period (30,884) (20,482) (20,482) ------- ------- ------- Net borrowings at end of period (25,639) (27,316) (30,884) ======= ======= ======= 12. Basis of preparation The interim financial information contained in this report has not been audited and does not constitute statutory accounts for the purpose of Section 240 of the Companies Act 1985. It complies with applicable International Financial Reporting Standards and has been prepared on the basis of the stated accounting policies which are the policies set out in the 2006 annual report. The figures for the year ended 31 December 2006 are abridged and have been based on figures extracted from the statutory accounts filed with the Registrar of Companies on which the auditors gave an unqualified report. This information is provided by RNS The company news service from the London Stock Exchange