

Final Results

R.E.A.Hldgs PLC 25 April 2007 Preliminary results for the year ended 31 December 2006

===== Highlights Profit attributable to ordinary shareholders of £6,208,000 (2005 £4,520,000), an increase of 37% Fresh fruit bunch crops of 334,076 tonnes (2005 313,335 tonnes) an increase of 7% Development of an additional 6,500 hectares of oil palm during the year against a target of 6,000 hectares Some 25,000 hectares now developed, of which just over half was in commercial production during 2006 Significant strengthening of the group's financial position during the year with majority of debt now long term Palm oil prices now at historically high levels, reflecting the prospect of strong demand from the food and bio-fuel industries The directors see a bright future for the group, with plantings of recent years coming to maturity and realistic prospects of being able to continue extension planting at a rapid rate for several years to come Presentation of annual report The accompanying consolidated financial statements of the company are presented in accordance with International Financial Reporting Standards ("IFRS"). The company continues to prepare its individual financial statements in accordance with UK Generally Accepted Accounting Practice and, as was the case in the annual report for 2005, to present those statements separately from the consolidated financial statements. Results Profit before tax for 2006, as shown in the accompanying consolidated income statement, amounted to £10,625,000 representing a 10 per cent increase over the profit before tax of the preceding year of £9,622,000. The 2006 results were struck after significantly higher administrative expenses than in 2005 (£3.00 million against £1.57 million). This was principally caused by two factors: a requirement to provide for national insurance in respect of a director's outstanding share options to reflect increases in the company's ordinary share price, and an exchange loss of £503,000 resulting from the appreciation of sterling against the US dollar during 2006 (2005: gain of £505,000). Gains on revaluation of biological assets were again an important component of the reported profits and amounted to £4.68 million against £4.13 million in 2005. In both years, the gains principally reflected projected increases in future production arising from the continuing extension planting programme and the increasing maturity of existing planted areas. At the after tax level, profit for the year at £7.45 million was 18 per cent ahead of the £6.30 million achieved in 2005. The percentage increase in profit attributable to ordinary shareholders was materially higher at 37 per cent. This was the consequence of a reduction in profit attributable to minority interests following the company's acquisition, in early 2006, of the former 12.3 per cent minority interest in the company's subsidiary, Makassar Investments Limited ("Makassar"). Operations The crop outturn for 2006 amounted to 334,076 tonnes of oil palm fresh fruit bunches ("FFB") and represented an increase of some 6.6 per cent on the FFB crop for 2005 of 313,355 tonnes but a shortfall of 5.4 per cent on the 2006 budgeted FFB crop of 353,000 tonnes. The failure to achieve the budgeted FFB crop is attributed by the directors to reduced rainfall in the second half of the year, coupled with a normal cyclic depression in the cropping cycle, resulting in lower cropping levels in the second half. Rainfall for 2006 as a whole amounted to 2,967 mm. Whilst this was considerably lower than the rainfall of the preceding year, which was closer to 5,000 mm, it was still well above the minimum level of rainfall generally regarded as necessary for oil palm cultivation. However, the pattern of rainfall during the year was characteristic of an El Nino weather event. The usual onset of rains in September was delayed until November while December rainfall was unevenly distributed. The crude palm oil ("CPO") and palm kernel extraction rates for 2006 were, respectively, 23.2 per cent and 3.8 per cent as compared with the rates of 23.4 per cent and 4.0 per cent achieved in 2005. The CPO extraction rate for 2005 was itself a reduction on the CPO extraction rates achieved by the group in earlier years and this was attributed by the directors to very damp conditions during 2005 inhibiting the weevil activity upon which cross-pollination

depends, leading to poor fruit set. The effects of this continued to be felt during the early months of 2006 so that the CPO extraction rate for the first half of 2006 remained low. With fruit quality returning to normal during the second half, CPO extraction rates steadily improved and in the final quarter exceeded 24 per cent. Rates have continued to improve in the first quarter of 2007. As with the CPO extraction rate, the palm kernel extraction rate for 2006 was negatively affected by poor fruit set. The group's second palm oil mill was brought into production as planned in the second half of 2006 and provides additional capacity needed to process the FFB crops that will be harvested from the areas coming into production from 2007 onwards. The second mill incorporates, within the overall facility, a palm kernel crushing plant in which the palm kernel output from both oil mills can be further processed to extract the crude palm kernel oil ("CPKO") that the palm kernels contain. The second oil mill has the capacity to generate more electrical power than is needed for the mill's processing of FFB and the surplus capacity is utilised to power the kernel crushing plant. Although the kernel crushing plant was commissioned at the same time as the second oil mill, commercial production of CPKO was delayed by initial teething problems with the filtration equipment installed. These have now been resolved and the plant has moved to full scale production from the start of 2007. Delays to land clearing operations during 2005 meant that of the development programme originally planned for 2005, development of 2,250 hectares was carried forward. The development programme for 2006 was to complete this balance together with a further 3,750 hectares giving a total target of 6,000 hectares. Actual development completed in 2006 in fact amounted to some 6,500 hectares taking the total developed area of the group's estates at 31 December 2006 to just under 25,000 hectares. The directors had originally planned that the extension planting development target for 2007 should be 7,000 hectares but have now reduced that target by the 500 hectare excess over target achieved in 2006. Accordingly, the 2007 extension planting development target for 2007 has been set at 6,500 hectares. This represents an ambitious planting target but the achievement of the 2006 development target provides encouragement that the group has the logistical capacity to manage this scale of extension planting. Successful implementation of the full 2007 development programme will, however, depend upon the titling of land allocations held by the group proceeding as planned so that land becomes available for development in time, and to an extent sufficient, to meet the requirements of the development programme (as should be the case if the titling process proceeds in accordance with the anticipated timetable). The group continues to seek allocation of additional areas suitable for planting with oil palms within the vicinity of its existing operations. Discussions have recently commenced in respect of two new prospective areas within the Province of East Kalimantan and are continuing in respect of a land area of 8,000 hectares.

Sustainability The continuing expansion of the group's operations is bringing with it increasing social obligations. The group has always been committed to ensuring the sustainability of its operations. Development to date has followed an environmental master plan that was based on a detailed environmental assessment made by independent experts in 1995 and since periodically updated. Furthermore the group has for many years helped local communities both by providing staff and equipment on an ad hoc basis to assist community development and by encouraging and supporting smallholder programmes. With the growth in the group's operations, it was decided during 2006 that additional dedicated management would be required to meet the many demands that sustainability requirements place on responsible oil palm producers and a start has been made in recruiting personnel with the specific skills needed to meet the high standards that the group aims to achieve.

Finance In the first quarter of 2006, the longstanding dispute between the group and Mr M E Zukerman and his associated interests (the "MEZ group") was finally resolved with the payment by the group to the MEZ group of \$6,000,000 in cash, in settlement of various claims by the MEZ group, and the acquisition by the company, for a consideration of \$19,000,000, of the minority interest in Makassar formerly owned by the MEZ group. This consideration was satisfied by the issue by the company to the MEZ group of \$19,000,000 nominal of 7.5 per cent dollar notes 2012/14 ("dollar notes"). Between February and May 2006, the company issued a total of 4,200,000 new ordinary shares and 3,000,000 new preference shares for cash to raise some £13,400,000, net of expenses. Of these monies, \$6,000,000 was applied in refinancing the

\$6,000,000 payment to the MEZ group and \$5,700,000 in funding liquidation distributions to third party shareholders in the company's subsidiary, Makassar Participation plc, which was then wound up. Proposals agreed in April 2006 with the holders of the company's then outstanding 1,548,807 warrants resulted in the subsequent exercise by or on behalf of warrant holders of all such warrants with a consequent cash inflow to the company of £876,000. A further net cash inflow of \$5,400,000 was received by the company during July and August 2006 from the completion of the dollar note offering programme, with the issue of a further \$6,000,000 nominal of dollar notes increasing the nominal amount of dollar notes in issue to the full \$30,000,000 originally authorised. In December 2006, £15,000,000 of a proposed total issue of £22,000,000 nominal of 9.5 per cent guaranteed sterling notes 2015/17 ("sterling notes") were issued for cash at a subscription price of 98.33 per cent of par by REA Finance B.V. ("REA Finance"), a wholly owned subsidiary of the company formed for the purposes of this issue. The early months of 2007 have seen further significant changes in the group's indebtedness. In January 2007, REA Finance issued a further £7,000,000 nominal of 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 that had initially been proposed. Subsequently, the group was successful in arranging a nine year sterling US dollar debt swap to convert the sterling proceeds of the sterling note issue to US dollars while hedging the currency risk of the continuing sterling liability represented by the notes. Following that debt swap, \$12.25 million of bank loans was prepaid. Normal repayments of bank indebtedness in 2007 to-date have amounted to a further \$5.25 million. The combined effect of the foregoing transactions has been to eliminate all group minority interests, other than interests representing local investor participations in Indonesia, and to provide the group with substantial longer term debt financing. On the basis of present CPO prices, the directors expect that operating cash flows for the remainder of 2007, together with the group's existing cash resources, will exceed the amount required to fund both the planned development programme for the year and near term debt repayments. However, looking beyond 2007 and allowing for the fact that CPO prices may not be sustained at present levels, the group is likely to require a modest amount of further funding if, as the directors hope will be the case, extension planting is continued at a high level. The directors are currently considering early action to address the probable requirement. Dividends The fixed semi-annual dividends on the 9 per cent cumulative preference shares that fell due on 30 June and 31 December 2006 were duly paid. An interim dividend in lieu of final in respect of 2006 of 1p per ordinary share was declared by the directors on 20 December 2006 and paid on 9 February 2007. This was the first ordinary dividend paid by the group since early 2000 and reflected the directors' confidence that the group's improving financial situation and prospects could support the resumption of ordinary dividends. Staff The directors extend their thanks to all of the group's staff for their continued loyalty and hard work. Prospects The directors do not believe that the unusual pattern of 2006 rainfall will have resulted in anything more than minor water deficits in some estate areas. Accordingly, the FFB crop for 2007 has been budgeted at 380,000 tonnes with the expected increase over 2006 reflecting a budgetary assumption of average rainfall (both as to quantum and distribution) and the maturing of the 3,000 hectares of oil palms planted by the group in 2004 (being the first extension planting by the group under the new extension planting programme initiated in 2003). The directors anticipate that crops for 2007 will be weighted towards the second half of the year. Crops to end March 2007 were approximately 9,000 tonnes below budget but, as the monthly phasing of each year's crop varies from year to year, this should not be taken as indicating a likelihood that the FFB crop for 2007 as a whole will be below budget. The CPO price, spot CIF Rotterdam, rose strongly in the second half of 2006 to finish the year at slightly over \$600 per tonne. Prices have remained firm going into 2007 and have further strengthened in recent weeks to above \$700 per tonne following a period of lower than expected CPO production in Malaysia and optimistic forecasts about additional medium term demand for CPO and other vegetable oils from the bio-diesel market. A strong increase in ethanol production capacity worldwide has resulted in markedly increased corn prices and it has been forecast that this will lead to increased plantings of corn, particularly in North America. It may be expected that additional corn hectareage will be planted at the expense of soybean in which case a

reduction in the present plentiful stock of soybeans worldwide is likely. Whilst expectations of bio-fuel demand and concerns over availability of feedstock have probably been the dominant factors in the recent increase in CPO prices, the CPO market is currently also benefiting from health concerns in relation to trans-fatty acids. Such acids are formed when vegetable oils are artificially hardened by hydrogenation. Poly-unsaturated oils, such as soyabean oil, rape oil and sunflower oil, require hydrogenation before they can be used for shortening or other solid fat applications but CPO does not. The group took advantage of firm CPO prices to sell forward some 20 per cent of its projected production for the period to June 2008 at an average price of \$620 per tonne CIF Rotterdam. It remains dependent upon future CPO prices as respects the balance of its production but if, as now appears possible, CPO prices remain at or near current levels, the directors are optimistic that 2007 will prove another good year for the group. Continuing cost inflation in Indonesia has to be an area of some concern to the group but this concern is for the moment more than outweighed by positive factors. The group now has an established operating base and a solid financial structure, the plantings of recent years are coming to maturity and the group has realistic prospects of being able to continue its extension planting programme at a rapid rate for several years to come. The directors therefore see the group as having a bright future.

Consolidated income statement for the year ended 31 December 2006 2006 2005 ===== £'000 £'000

Revenue	17,833	14,944	Cost of sales	(8,060)	(6,641)	-----	-----	Gross profit	9,773	8,303	Net gain arising from changes in fair value of biological assets	4,677	4,133	Other operating income	5	6	
Distribution costs	(283)	(190)	Administrative expenses	(3,004)	(1,572)	-----	-----	Operating profit	11,168	10,680	Investment revenues	344	98	Finance costs	(887)	(1,156)	
						-----	-----	Profit before tax	10,625	9,622	Tax	(3,171)	(3,323)				
						-----	-----	Profit for the year	7,454	6,299							
Attributable to: Ordinary shareholders	6,208	4,520	Preference shareholders	965	765	Minority interests	281	1,014	-----	-----	7,454	6,299	=====	=====	Earnings per 25p ordinary share Basic	21.5p	20.0p
															Diluted	20.3p	16.7p

All operations in both years are continuing Consolidated balance sheet at 31 December 2006 2006 2005

						=====	=====	£'000	£'000	Non-current assets:																																																												
Goodwill	6,417	-	Biological assets	73,212	68,192	Property, plant and equipment	14,615	10,565	Prepaid operating lease rentals	2,643	661	Deferred tax assets	5,445	5,619	Non-current receivables	1,141	1,193																																																					
						-----	-----	Total non-current assets	103,473	86,230	-----	-----	Current assets:																																																									
Inventories	2,600	2,017	Trade and other receivables	2,022	2,854	Cash and cash equivalents	19,014	5,007	-----	-----	Total current assets	23,636	9,878	-----	-----	Total assets	127,109	96,108																																																				
						-----	-----	Current liabilities: Trade and other payables	(4,305)	(7,122)	Current tax liabilities	(112)	(141)	Obligations under finance leases	(154)	(354)	Bank loans	(10,969)	(2,180)																																																			
						-----	-----	Other loans and payables	(202)	(149)	-----	-----	Total current liabilities	(15,742)	(9,946)	-----	-----	Non-current liabilities:																																																				
Bank loans	(9,821)	(19,913)	Sterling notes	(13,984)	-	US dollar notes	(14,953)	(2,852)	Deferred tax liabilities	(16,961)	(17,372)	Obligations under finance leases	(17)	(190)	Other loans and payables	(1,793)	(1,702)	-----	-----	Total non-current liabilities	(57,529)	(42,029)	-----	-----	Total liabilities	(73,271)	(51,975)	-----	-----	Net assets	53,838	44,133	=====	=====	Equity: Share capital	19,218	14,788	Share premium account	10,995	2,627	Capital redemption reserve	-	3,240	Warrants	-	1,162	Translation reserve	(11,523)	(5,858)	Special reserve (non-distributable)	1,892	-	Retained earnings	32,950	21,668	-----	-----	53,532	37,627	Minority interests	306	6,506	-----	-----	Total equity	53,838	44,133	=====	=====	Consolidated statement of recognised income and expense for the year ended 31 December 2006 2006 2005

						=====	=====	£'000	£'000	Exchange translation differences	(6,166)	3,522	Tax on items taken directly to equity	224	352	-----	-----	Net (loss)/ income recognised directly in equity	(5,942)	3,874	Profit for the year	7,454	6,299	Share based payment - deferred tax credit	967	-	-----	-----	Total recognised income and expense for the year	2,479	10,173	=====	=====	Attributable to: Ordinary shareholders	1,508	7,791	Preference shareholders	965	765	Minority interests	6	1,617	-----	-----	2,479	10,173	=====	=====	Reconciliation of movements in equity for the year ended 31 December 2006 2006 2005
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						=====	=====	£'000	£'000	Total recognised income and
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expense for the year 2,479 10,173 Issue of new ordinary shares by way of placings and open offer (net of costs) 10,367 - Issue of new preference shares by way of placings (net of costs) 3,071 - Issue of new ordinary shares on exercise of share options 82 - Issue of new ordinary shares on exercise of warrants 876 2 Issue of new ordinary shares arising on conversion of convertible loan stock - 7 Issue of new ordinary shares arising on restructuring of balance of convertible loan stock and write off of debt and equity issuance costs - (384) Subscription of new shares by minority interest in subsidiary companies 110 - Dividends to minority shareholders of a subsidiary - (236) Dividends to preference shareholders (965) (765) Liquidation distribution to preference shareholders in a subsidiary (2,304) - Acquisition of minority interest in a subsidiary (4,011) - ----- 9,705 8,797 Equity at beginning of year 44,133 35,336 ----- Equity at end of year 53,838 44,133 ===== Consolidated cash flow statement for the year ended 31 December 2006 2006 2005 ===== £'000 £'000 Operating profit 11,168 10,680 Depreciation of property, plant and equipment 843 806 Amortisation of prepaid operating lease rentals 50 19 Amortisation of sterling and US dollar note issue expenses 31 - Biological gain (4,677) (4,133) Gain on disposal of property, plant and equipment - (5) Loss on disposal of investment - 9 ----- Operating cash flows before movements in working capital 7,415 7,376 Increase in inventories (762) (116) Decrease / (increase) in receivables 542 (647) (Decrease) / increase in payables (1,454) 2,933 Exchange differences 125 (505) ----- Cash generated by operations 5,866 9,041 Taxes paid (119) (59) Interest paid (1,482) (1,008) ----- Net cash from operating activities 4,265 7,974 ----- Investing activities Interest received 344 98 Proceeds on disposal of property, plant and equipment - 15 Purchases of property, plant and equipment (6,471) (2,931) Expenditure on biological assets (10,094) (5,660) Expenditure on prepaid operating lease rentals (1,539) (332) Costs incurred in acquisition of minority interest in subsidiary (199) - Disposal of investments - 1,058 ----- Net cash used in investing activities (17,959) (7,752) ----- Financing activities Preference dividends paid (965) (765) Repayment of borrowings (2,015) (17,463) Repayment of obligations under finance leases (329) (158) Proceeds of issue of new share capital in subsidiaries to minority shareholders 110 - Proceeds of issue of preference share capital less expenses 3,071 - Proceeds of issue of ordinary share capital less expenses 10,376 (138) Proceeds of issue of new ordinary share capital on exercise of warrants 876 - Liquidation distribution to preference shareholders in a subsidiary (3,094) - Issue of US dollar notes, net of expenses 2,901 (49) Issue of sterling notes, net of expenses 13,981 - New borrowings raised 3,494 22,093 ----- Net cash from financing activities 28,406 3,520 ----- Cash and cash equivalents Net increase in cash and cash equivalents 14,712 3,742 Cash and cash equivalents at beginning of year 5,007 1,061 Effect of exchange rate changes (705) 204 ----- Cash and cash equivalents at end of year 19,014 5,007 ===== Notes ===== Revenue 2006 2005 ----- £'000 £'000 Sales of goods 17,724 14,770 Revenue from services 109 174 ----- 17,833 14,944 Other operating income 5 6 Investment income 344 98 ----- Total revenue 18,182 15,048 ===== Segment information ----- In the table below, the group's sales are analysed by geographical origin and the carrying amount of segment net assets and additions to property, plant and equipment by geographical area of location. No analyses are provided by business segment as the group has only one business segment. 2006 2005 £'m £'m Sales by geographical market: United Kingdom 0.1 0.2 Europe - 0.6 Indonesia 13.6 8.8 Rest of Asia 4.1 5.3 ----- 17.8 14.9 ===== Carrying amount of segment net assets by geographical area of asset location: United Kingdom and Europe 13.5 0.9 Indonesia 40.3 43.2 ----- 53.8 44.1 ===== Biological assets 2006 2005 ----- £'000 £'000 Beginning of year 68,192 51,765 Reclassification of expenditure in prior years between land, plantations and other non-current assets (758) - Additions to planted area and costs to maturity 10,113 5,660 Net biological gain 4,677 4,133 Exchange differences (9,012) 6,592 Transfers - 42 ----- End of year 73,212 68,192 ===== Finance costs 2006 2005 ----- £'000 £'000 Interest on bank loans and overdrafts 2,043 1,302 Interest on convertible loan stock - 95 Interest on US dollar notes 1,081 94 Interest on sterling notes 105 - Interest on other loans 33 168 Interest on obligations under finance leases 34 64 ----- 3,296 1,723 Amount included as additions to biological assets

(1,960) (967) Amount capitalised on acquisition (57) - ----- 1,279 756 Other finance charges
203 277 Exchange loss on repayment of long term intra-group foreign currency loans - 123
Exchange gain on redemption of preference shares held by minority interests in a subsidiary (595) -
----- 887 1,156 ===== Amount included as additions to biological assets arose on
the general pool of borrowings applicable to the Indonesian operations and reflected a capitalisation
rate of 44.7 per cent (2005 - 40.6 per cent). Tax 2006 2005 --- £'000 £'000 Current tax: UK
corporation tax - - Foreign tax 119 79 ----- Total current tax 119 79 ----- Deferred tax:
Current year 3,052 3,244 Attributable to an increase in the rate of tax - - ----- Total deferred
tax 3,052 3,244 ----- Total tax 3,171 3,323 ===== Dividends 2006 2005 -----
£'000 £'000 Amounts recognised as distributions to equity holders: Preference dividends of 9p per
share 965 765 Ordinary dividends - - ----- 965 765 ===== Earnings per share 2006
2005 ----- £'000 £'000 Earnings for the purpose of basic earnings per share being net
profit attributable to ordinary shareholders 6,208 4,520 Interest on convertible loan stock (net of
tax) - 66 ----- Earnings for the purpose of diluted earnings per share 6,208 4,586 =====
===== '000 '000 Weighted average number of ordinary shares for the purpose of basic earnings
per share 28,857 22,631 Effect of dilutive potential ordinary shares 1,666 4,784 -----
Weighted average number of ordinary shares for the purpose of diluted earnings per share 30,523
27,415 ===== Events after the balance sheet date ----- An
interim dividend of 1p per ordinary share in lieu of final in respect of the year ended 31 December
2006 was paid on 9 February 2007. In accordance with IAS10 "Events after the Balance Sheet
Date" this dividend has not been included in these financial statements. On 24 January 2007 the
company's subsidiary, REA Finance B.V., issued a further £7 million nominal of 9.5 per cent
guaranteed sterling notes 2015/17 at a price of 99.6574 per cent of par. This issue ranks pari passu
in all respects with the previous issue of £15 million nominal. The group has also entered into a
cross currency interest rate swap to convert the sterling proceeds of the issue of £22 million nominal
of the sterling notes into US dollars and to provide a hedge against the currency risk of the
continuing liability represented by the sterling notes. Financial information and publication of
annual report ----- Whilst the financial information
included in this preliminary announcement (the "preliminary financial information") has been
computed in accordance with IFRS, this announcement does not itself contain sufficient information
to comply with IFRS. The company expects to publish its 2006 annual report, incorporating its
consolidated financial statements, in early May 2007. The preliminary financial information does
not constitute statutory accounts of the company for the years ended 31 December 2005 or 2006,
but is derived from those accounts. Statutory accounts for 2005 have been delivered to the Registrar
of Companies. The auditors have reported on those accounts; their reports were unqualified and did
not contain statements under sections 237(2) or (3) of the Companies Act 1985. The statutory
accounts for the year ended 31 December 2006 will be finalised on the basis of financial
information presented by the directors in this preliminary announcement and will be delivered to the
Registrar of Companies following the company's annual general meeting. This announcement was
approved by the board of the company on 25 April 2007. The 2007 annual general meeting is being
convened for 5 June 2007. This information is provided by RNS The company news service from
the London Stock Exchange