REGISTRATION DOCUMENT

issued by

R.E.A. Holdings plc

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R.E.A. Holdings plc

(Incorporated in England and Wales under the Companies Act 2006 with registered number 671099)

This document is a registration document pursuant to Directive 2003/71/EC and provides information on R.E.A. Holdings plc (the "**company**") that, according to the particular nature of the company and the securities which it may offer to the public or apply to have admitted to trading on the Regulated Market of London Stock Exchange plc (the "**Market**"), is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the company. The Market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2004/39/EC). This document has been filed with the Financial Services Authority in its capacity as competent authority under the UK Financial Services and Markets Act 2000.

This document (and any supplements) shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of any securities on the basis of this document, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The company accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the company (which has taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and contains no omissions likely to affect the import of the statements contained in it.

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1. Documents incorporated by reference

This document should be read and construed in conjunction with the following documents which shall be deemed to be incorporated in, and form part of this document, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this document to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this document.

(A) The annual reports of the company for the years ended 31 December 2008 and 31 December 2007 which contain (a) the audited annual financial statements of the company for those years, as well as the auditors' report and notes and (b) a description of the business of the company and its subsidiaries.

(B) The half yearly report of the company for the six month period ended 30 June 2009 which includes the unaudited half yearly financial statements of the company.

During the life of this document, the above documents will be available to be downloaded from the company's website: www.rea.co.uk and to be inspected, during normal business hours, at the London offices of the company's solicitors, Ashurst LLP, at Broadwalk House, 5 Appold Street, London EC2A 2HA.

Documents incorporated by reference in the above documents are not incorporated by reference in this document.

2. Risk factors

Because the group's coal mining venture is still at a fairly early stage and has not to date contributed to the group's profits, the risks and uncertainties of that venture are considered by the directors to be material to the group only as respects the risk that the venture may fail, in which event some or all of the capital so far invested in the venture may be lost (although the directors believe that the group could recover monies from a re-sale of the concession rights so far acquired, so that a total loss of invested capital is unlikely). All other risks and uncertainties relating to the group's activities that the directors' consider are, or may be, material relate to the group's established East Kalimantan agricultural operations. These risks and uncertainties are as follows:

2.1 Climatic factors

Although the group's agricultural operations are located in an area of high rainfall with sunlight hours well suited to the cultivation of oil palm, climatic conditions vary from year to year and setbacks are possible. Unusually high levels of rainfall can disrupt estate operations. Unusually low levels of rainfall that lead to a water availability below the minimum required for the normal development of the oil palm may lead to a reduction in subsequent crop levels. Such reduction is likely to be broadly proportional to the size of the cumulative water deficit. Over a long period, crop levels should be reasonably predictable but there can be material variations from the norm in individual years.

2.2 Agricultural factors

As in any agricultural business, there are risks that crops from the group's estate operations may be affected by pests and diseases. Agricultural best practice can to some extent mitigate these risks but they cannot be entirely eliminated.

After harvesting, FFB crops become rotten if not processed within a short period. Any hiatus in FFB collection or processing may therefore lead to a loss of crop. The group endeavours to maintain resilience in its palm oil mills with two mills operating separately and some ability within each factory to switch from steam based to diesel based electricity generation but such resilience would be inadequate to compensate for a material loss of processing capacity for anything other than a short time period.

2.3 Operational factors

The group's agricultural productivity is dependent upon necessary inputs, including, in particular, fertiliser and fuel. Whilst the directors have no reason to expect shortages in the availability of such inputs, should such shortages occur over any extended period the group's operations could be materially disrupted. Equally, increases in input costs would be likely to reduce profit margins.

The group has bulk storage facilities within its main area of agricultural operations and at its transhipment terminal downstream of the port of Samarinda. Such facilities and the further storage facilities afforded by the group's fleet of barges have hitherto always proved adequate to meet the group's requirements for CPO and CPKO storage. Nevertheless, disruptions to river

transport between the main areas of agricultural operations and the port of Samarinda, or delays in collection of CPO and CPKO from the transhipment terminal, could result in a group requirement for CPO and CPKO storage exceeding the available capacity. This would be likely to force a temporary cessation in FFB processing with a resultant loss of crop.

The group maintains insurance to cover those risks against which the directors consider that it is economic to insure. Certain risks (including the risk of fire in planted areas on the group's estates), for which insurance cover is either not available or would, in the opinion of the directors, be disproportionately expensive, are not insured. Occurrence of an adverse uninsured event could result in the group sustaining material losses.

2.4 Produce prices

The profitability and cash flow of the group depend both upon world prices of CPO and CPKO and upon the group's ability to sell its produce at price levels comparable with such world prices.

CPO and CPKO are primary commodities and as such are affected by levels of world economic activity and factors affecting the world economy, including levels of inflation and interest rates. This may lead to significant price swings although the directors believe that such swings should be moderated by the fact that the annual oilseed crops account for the major proportion of world vegetable oil production and producers of such crops can reduce or increase their production within a relatively short time frame.

In the past, in times of very high CPO prices, the Indonesian authorities have for short periods imposed either restrictions on the export of CPO and CPKO or very high duties on export sales of such oil. The directors believe that such measures are damaging not only to large plantation groups but also to the large number of smallholder farmers growing oil palm in Indonesia and to the Indonesian economy as a whole (because CPO is an important component of Indonesia's dollar earning exports). The directors are thus hopeful that such measures will not be repeated and were encouraged that the significant rise in CPO and CPKO prices during 2007 and the early months of 2008 did not lead to a re-imposition of such restrictions or imposts. Instead, the Indonesian government continued to allow the free export of CPO and CPKO but introduced a sliding scale of duties on CPO and CPKO exports. Furthermore, the starting point for this sliding scale was set at a level such that when CPO and CPKO prices fell back in the last quarter of 2008, the rate of export duty payable was reduced to nil.

World markets for CPO and CPKO may be distorted by the imposition of import controls or taxes in consuming countries. The directors believe that the imposition of such controls or taxes on CPO or CPKO will normally result in greater consumption of alternative vegetable oils within the area in which the controls or taxes have been imposed and the substitution outside that area of CPO and CPKO for other vegetable oils. Should such arbitrage fail to occur or prove insufficient to compensate for the market distortion created by the applicable import controls or taxes, selling prices for the group's CPO and CPKO could be depressed.

2.5 **Expansion**

The group is planning further extension planting of oil palm. The directors hope that land allocations obtained by the group will become available for planting ahead of the land becoming needed for development and that the development programme can be funded from available group cash resources and future operational cash flows, appropriately supplemented with further debt funding. Should, however, land or cash availability fall short of expectations and the group be unable to secure alternative land or funding, the extension planting programme, upon which the continued growth of the group's agricultural operations will in part depend, may be delayed or curtailed.

Any shortfall in achieving planned extensions of the group's planted areas would be likely to impact negatively the annual revaluation of the group's biological assets, the movements upon which are taken to the group's income statement. Whilst this would not affect the group's underlying cash flow, it could adversely affect market perceptions as to the value of the company's securities.

2.6 **Currency**

CPO and CPKO are essentially dollar based commodities. Accordingly, the group's revenues and the underlying value of the group's agricultural operations are effectively dollar denominated. All of the group's borrowings, other than the £37 million nominal of sterling notes issued by REA Finance and irrevocably and unconditionally guaranteed by the company, are also dollar denominated and the group has entered into a sterling dollar debt swap to hedge the sterling notes. A substantial component of the group's costs (including fertiliser and machinery inputs) is dollar denominated or linked. Accordingly, the principal currency risk faced by the group is that those components of group costs that arise in Indonesian rupiah and sterling may, if such currencies strengthen against the dollar, negatively impact margins in dollar terms. The directors consider that this risk is inherent in the group's business and capital structure and the group does not therefore normally hedge against such risk.

2.7 **Environmental practices**

The group's existing East Kalimantan agricultural operations and the planned expansion of those operations are based on land areas that have been previously logged and zoned by the Indonesian authorities as appropriate for agricultural development on the basis that, regrettable as it may be from an environmental viewpoint, the logging has been so extensive that primary forest is unlikely to regenerate. Such land areas fall within a region that elsewhere includes substantial areas of unspoilt primary rain forest inhabited by diverse flora and fauna. As such, the group, in common with other oil palm growers in Kalimantan, must expect scrutiny from conservation groups and could suffer adverse consequences if its environmental policies were to be singled out for criticism by such groups.

The group is committed to sustainable oil palm development and takes great care to follow best practice on environmental issues. An environmental master plan was constructed using independent environmental experts when the group first commenced operations in East Kalimantan and this plan is updated regularly with further advice from independent experts to

reflect modern practice and to take account of changes in circumstances (including planned extensions to the areas to be developed by the group). Substantial conservation reserves have been established in areas already developed by the group and further reserves will be added as new areas are developed. The group supports the principles and criteria established by the Roundtable on Sustainable Palm Oil and is working towards obtaining accreditation from that organisation.

2.8 **Regulatory exposure**

Changes in existing, and adoption of new, Indonesian laws and regulations affecting the group (including, in particular, laws and regulations relating to land tenure, work permits for expatriate staff and taxation) could have a negative impact on the group's activities. Many of the licences, permits and approvals held by the group are subject to periodic renewal. Renewals are often subject to delays and there is always a risk that a renewal may be refused or made subject to new conditions.

Land in East Kalimantan held by the group for its agricultural operations is held subject to satisfaction by the group of various continuing conditions, including conditions requiring the group to promote smallholder developments of oil palm.

2.9 **Country exposure**

All of the group's agricultural operations are located in Indonesia and the group is therefore significantly dependent on economic and political conditions in Indonesia. In the late 1990's, in common with other parts of South East Asia, Indonesia experienced severe economic turbulence and there have been subsequent occasional instances of civil unrest, often attributed to ethnic tensions, in certain parts of Indonesia. In the more recent past, Indonesia has been stable and the Indonesian economy has continued to grow.

Whilst freedom to operate in a stable and secure environment is critical to the group and security risks should never be underestimated, the group has always sought to mitigate those risks and, since the inception of its East Kalimantan operations in 1989, has never been adversely affected by security problems.

Although there can be no certainty as to such matters, under current political conditions, the directors are not aware of any circumstances which would lead them to believe that any government authority would revoke the registered land titles granted to the group, impose exchange controls or otherwise seek to restrict the group's freedom to manage its operations.

2.10 **Local relations**

The operations of the group could be seriously disrupted if there were to be a material breakdown in relations between the group and the host population in the group's area of operations in East Kalimantan.

Whilst the group does have employees in Indonesia from outside East Kalimantan, care has always been taken to give priority to applications for employment from members of the local population. Moreover, local contractors used by the group provide employment opportunities for

residents of surrounding villages and such residents also act as suppliers to the group and its employees. The directors believe that the group's operations have been a source of increased prosperity to the surrounding villages and that the group has reasonable relations with those villages. The group has made progress in recent years in assisting the surrounding villages in establishing their own smallholdings of oil palm and it is hoped that this, together with other initiatives to encourage local farmers in the production of foodstuffs for sale to the group's workers and their dependents, will continue to assist in preserving the group's relationships with the local population.

The group's agricultural operations are established in a relatively remote and sparsely populated area. The operational areas were acquired with the knowledge and support of the local authorities and development has been arranged wholly within the areas in respect of which the group has obtained the required development permits. These areas are comprised of government owned land which was for the most part unoccupied prior to the group's arrival. However, some small areas of land were previously used by local villagers for the cultivation of crops and, accordingly, when taking over such areas, the group negotiates with, and pays compensation to, the affected parties.

The negotiation of compensation payments can involve a considerable number of local individuals with differing views and this can cause difficulties in reaching agreement with all affected parties. There is also a risk that, after an agreement has been completed, a party to the agreement may become disaffected with the terms agreed and may seek to repudiate the agreement. Such difficulties and risk have in the past caused, and are likely to continue periodically to cause, delays to the extension planting programme and other disruption. The group has to date been successful in managing such periodic delays and disruption so that they have not, in overall terms, materially disrupted the group's extension planting programme or operations generally but there is a continuing risk that they could do so.

2.11 Other relationships

The group is materially dependent upon its staff and employees and endeavours to manage this dependence as detailed on page 27 of the company's 2008 annual report in the section entitled "Review of the group" under the sub-heading "Employees".

Relationships with minority shareholders in Indonesian group companies are also important to the group. The group endeavours to maintain cordial relations with the persons concerned by seeking their support for decisions affecting their interests and responding constructively to any concerns that they may have.

3. R.E.A. Holdings plc

The company was incorporated in England and Wales on 27 September 1960 under the Companies Act 1948 with registered number 671099. The company is a public limited company and is subject to the provisions of the Companies Act 2006. The company's registered office is at First Floor, 32-36 Great Portland Street, London, W1W 8QX and its telephone number is + 44 (0)20 7436 7877.

The company is the parent company of a group of companies and is not itself a subsidiary of any other company. Substantially all of the operations of the group that are currently cash generating are owned by REA Kaltim and the company's profitability and cash flow is therefore materially dependent upon REA Kaltim.

3.1 The business of the group

The group is principally engaged in the cultivation of oil palms in the province of East Kalimantan in Indonesia and in the production of CPO and by-products from fruit harvested from its oil palms. Detailed information concerning the group's agricultural operations (and in particular the markets into which the group's palm products are sold) is provided on pages 18 to 32 of the company's 2008 annual report (in the section entitled "Review of the group" under the headings "Operations" and "Sustainability") as updated on pages 4 to 6 of the company's 2009 half yearly report (in the section entitled "Chairman's statement" under the headings "Operations", "Land allocations and development" and "Sustainability") and by paragraph 3.2 ("Update concerning the group's agricultural operations") below.

During 2008, the directors decided to augment the traditional agricultural operations of the group by developing a modest coal mining operation also based in East Kalimantan. Detailed information concerning this diversification is provided on pages 32 to 34 of the company's 2008 annual report (in the section entitled "Review of the group" under the heading "New initiative") as updated on pages 6 to 8 the company's 2009 half yearly report (in the section entitled "Chairman's statement" under the heading "Coal initiative") and by paragraph 3.3 ("Update concerning the group's coal operations") below.

3.2 Update concerning the group's agricultural operations

The FFB crop for the year to 31 December 2009 amounted to 490,000 tonnes, slightly ahead of the budgeted crop of 486,000 tonnes and an increase of 8.6 per cent on the FFB crop for 2008 of 451,000 tonnes. In addition, the group purchased 13,000 tonnes of FFB from smallholders (2008 – 6,000 tonnes).

Processing of the group's own FFB production and the externally purchased FFB, together totalling 503,000 tonnes (2008 – 457,000 tonnes), produced 118,000 tonnes of CPO (2008 - 106,000 tonnes) and 24,000 tonnes of palm kernels (2008 - 21,000 tonnes) reflecting extraction rates of 23.5 per cent for CPO (2008 - 23.2 per cent) and 4.7 per cent for kernels (2008 - 4.6 per cent). Production of CPKO amounted to 10,000 tonnes (2008 – 8,000 tonnes) with an extraction rate of 40.0 per cent (2008 – 40.1 per cent).

The rainfall across the group's estates averaged 3,123 mm for 2009, compared with 3,504 mm for the previous year. Rainfall of in excess of 3,000 mm per annum is more than sufficient for oil palm cultivation provided that the rainfall is distributed reasonably evenly over the year as oil palm estate soil has limited capacity to retain water. During 2009, there was an extended drier period between August and October, probably reflecting the reported El Nino effect. Although this was of some concern to the group, an analysis of the rainfall received during this drier period suggests that the rainfall was just sufficient to avoid deficits in the moisture required by the group's palms for optimal development. If correct, this would mean that the reduced levels of rainfall between August and October should not have a negative impact on cropping in 2010. On that basis, the group is budgeting an FFB crop of 561,000 tonnes for 2010.

After the collapse in the CPO price seen in 2008, when the price fell from a high in early March of just under $1,400 per tonne, CIF Rotterdam, to a low of $435 in October, the price recovered to reach $830 per tonne in May 2009. It then fell back to a level of just over $600 in July 2009 since when it has been relatively steady to firm trading for the most part in the range $650 to $800 per tonne and closing at the end of 2009 at just over $800 per tonne. Although stocks in CPO producing countries are currently quite high, offtake has been good and the recovery in crude petroleum oil prices is likely to encourage an increase in the volume of vegetable oil converted to bio-diesel. The directors believe that prices may well stay at around current levels at least until mid 2010 after which much will depend on the extent of 2010 soybean plantings, weather factors influencing the annual oilseed crops and continuing recovery in the levels of world economic activity.

The group made good progress with land titling during 2009 and increased its fully titled area of plantation land to a total of 52,029 hectares. Settlement of land compensation issues proceeded sufficiently to permit the group to develop (that is, to clear and plant out or prepare for planting out) a further 2,690 hectares of oil palm land during 2009 increasing the area planted or under development at 31 December 2009 to 30,990 hectares (of which 22,069 hectares were classified as mature from 1 January 2010). The group plans to develop a further 8,000 hectares in total during 2010 and 2011. Clearing of the current plantable element of the first larger scale village cooperative scheme supported by the group (having a gross area of 1,500 hectares) was also completed during 2009 and planting out is proceeding according to plan.

Following the ISO 14001 certification of the group's mills in 2008, two of the group's estates have now also been certified under the same standard with the balance of the estates expected to obtain certification in 2010. The group also remains on track to seek accreditation during 2010 from the Roundtable on Sustainable Palm Oil as a sustainable producer of CPO. The group's conservation department is beginning to obtain academic recognition and a current project aimed at maintaining orang-utan populations in the group's conservation areas has generated particular interest. The Ironwood Foundation, a charitable foundation supported by the conservation department, has been successful in obtaining some funding for a project to conserve rare and endangered crocodile species in a wetland area in the East Kutai district of East Kalimantan, near to one of the estates of the group.

3.3 Update concerning the group's coal operations

Following its acquisition of rights in respect of the Liburdinding and Muser coal mining concessions located near Tanah Grogot in the southern part of East Kalimantan in the second half of 2008, the group further extended its coal operations in December 2009 with the acquisition of rights in respect of a third coal mining concession located near Kota Bangun in the central part of East Kalimantan which was purchased for a cash consideration of some $4.5 million.

Until recently, Indonesian law restricted the direct ownership of Indonesian coal mining concessions by foreign companies but a new Indonesian mining law enacted in December 2008 will permit such ownership (subject to a provision that foreign controlled mining companies must be owned locally to the extent of not less than 20 per cent within a prescribed period after such companies commence commercial mining operations). The new mining law will become effective after publication by the Government of Indonesia of regulations implementing the law.

Pending implementation of the new Indonesian mining law, the group has entered into arrangements with a local investor and members of his family (together the group's "**local partners**") whereby the Liburdinding and Muser concessions are currently held by two companies which are wholly owned by the group's local partners and the recently acquired Kota Bangun concession is held by a 95 per cent subsidiary of one of these companies with the balance of 5 per cent being owned by the local partners. A fourth company, KCCMSI, incorporated under the Indonesian foreign investment law and owned 95 per cent by KCC (a wholly owned subsidiary of the company incorporated in England and Wales that acts as a sub-holding company for the group's coal operations) and 5 per cent by the local partners, has been established by KCC to spearhead the group's coal operations. The three coal mining concession holding companies are being financed by loan funding from the group (through KCC) upon terms that KCC will have the right to acquire the concession holding companies at original cost, as soon as Indonesian law allows this, on a basis that will give the group (through KCC) 95 per cent ownership with the balance of 5 per cent remaining owned by the local partners. In the interim, the group will receive appropriate remuneration for the funding and services that it provides to the concession holding companies and no dividends or other distributions or payments may be paid or made by the concession holding companies to the local partners without the prior agreement of KCC.

The rights held by the concession holding companies in respect of the Liburdinding and Kota Bangun concessions are in the form of exploitation licences. These licences are valid for terms expiring, respectively, in 2013 and 2016, but are renewable on expiry. Currently, Muser is held on an exploration licence but this will be converted into an exploitation licence which will be for an initial term of five years and will also be renewable on expiry. Royalties based on coal sales are payable in respect of Liburdinding and Muser at the rates of 13 and 5 per cent, respectively, and will be payable in respect of Muser at the rate of 13 per cent. All three concession holding companies will be required to reconstitute the areas mined when coal extraction has been completed.

During 2009, the group's operational focus in relation to its coal activities was on bringing the Liburdinding concession into production. The necessary infrastructural facilities (principally a port facility and road access to the port) were substantially complete by June 2009. However, the group withdrew from its original plan to establish, as rapidly as possible, a production level of

30,000 tonnes per month when it became clear that the sulphur content of the Liburdinding coal was such that, in what had become a buyer's market for export coal, it would be necessary either to blend the coal mined with purchased coal having a lower sulphur content or to accept a significant price penalty. The group concluded that the Liburdinding coal was best sold within Indonesia and steps were taken to establish a coal depot at Semarang in Central Java to facilitate deliveries to industrial users of coal in that area (a large coal consuming district) and to permit blending with other coal to meet specific buyer requirements. This is now in operation and the first sales of Liburdinding coal are currently being made. For 2010, the group is budgeting for output from Liburdinding of 150,000 tonnes.

The group also intends that the newly acquired Kota Bangun concession should be brought into production during 2010 with a view to achieving, by December 2010, an output of 16,000 tonnes per month. Geological surveys commissioned by the group have not yet assessed the whole of the Kota Bangun concession but indicate, based on the parts so far assessed, that the concession is likely to contain not less than 2 million tonnes of coking coal with calorific values generally in the range 8,500 to 9,500 kcal/kg ADB (air dried basis) which is significantly higher than the calorific value of the Liburdinding coal (assessed at 5,800 to 6,200 kcal/kg ADB) and should ensure a ready export market for the Kota Bangun production. The concession is well located, being approximately 5 kilometres from the Mahakam river. Nevertheless mining costs for coal from the Kota Bangun concession are expected to be greater than for coal from the Liburdinding concession because the former will have a higher stripping ratio (being the amount of earth and rock (or "overburden") required to be removed to gain access to the coal, expressed as the number of cubic metres of overburden *in situ* to be removed to extract one tonne of coal) and will require blasting of the overburden. Actual unit production costs in both cases will be sensitive to stripping ratios and diesel prices but the group is budgeting for production costs per tonne in the range $64 to $78 per tonne for Kota Bangun coal and $23 to $29 per tonne for Liburdinding coal.

The group aims to augment the basic mining revenues from the Liburdinding and Kota Bangun concessions in two respects during 2010. First, it intends to make available the port facility established for the Liburdinding concession for use by third parties for an appropriate charge. Secondly, one of the concession holding companies has recently been accepted as one of a limited number of approved suppliers to the Indonesian state electricity company ("**PLN**"). The group intends to take advantage of this approval not only to underpin the market for Liburdinding coal but also to sell coal to PLN that has been sourced from third parties either by outright purchase or by mining third party concessions against payment of an agreed royalty. As both of these proposed additions to the coal activities will be new, there can be no certainty as to how fast and in what volumes they can be added. However, the directors consider targets of 20,000 tonnes per month of third party throughput through the Liburdinding port and of 50,000 tonnes per month of sales to PLN (sourced by a combination of outright purchases and mining of third party concessions under royalty arrangements) to be reasonable.

The group is budgeting the overheads of its coal operations for 2010 (excluding head office costs in the UK, interest, depreciation and amortisation) at $100,000 per month. Net contribution from third party coal throughput in the Liburdinding port is projected at $2.50 per tonne and the contribution margins achievable on sales to PLN at between $5 and $10 per tonne (depending on the mix of coal sourced by outright purchase and coal sourced by mining third party concessions).

The overall results of the coal operations will be critically dependent upon sales volumes and prevailing coal prices. The directors believe that the published Newcastle globalCOAL index (which currently stands at **$**100 per tonne up from just under $70 per tonne in September 2009), when adjusted for differences in calorific values (the index being based on coal with a net calorific value of 6,000 kcal/kg), has over time provided a reasonable indicator of prevailing East Kalimantan coal prices.

Although the group's geological assessment of the Muser concession indicates that this concession contains coal generally in the range 6,000 to 7,000 kcal/kg ADB, the stripping ratio at Muser will be materially higher than at Liburdinding which is likely to mean that the Muser coal, although still profitable to mine, will have a relatively high cost of production. Moreover, the Muser coal has a higher sulphur content than the Liburdinding coal. The group therefore intends to continue geological exploration during 2010 to delineate the coal reserves at Muser but to defer bringing the concession into production until commercial levels of output are being obtained from Liburdinding and Kota Bangun.

The group is investigating the possibility of one of the coal mining concession holding companies obtaining a licence to quarry stone from an area near to the group's agricultural estates with a view to selling crushed stone to the group's agricultural operations and to third parties operating in the vicinity of those operations. Initial studies indicate that this would benefit the group both in terms of the direct returns that may be achievable from the quarrying operations and from cost savings in road upkeep by the agricultural operations.

In developing the coal mining concessions and the possible stone quarry activity, the group remains committed to observing international standards of best environmental practice.

3.4 **Financing**

The group's indebtedness currently comprises £37 million nominal of sterling notes, which have been hedged against dollars at an average rate of $1.854 = £1, $30 million nominal of dollar notes and bank borrowings and leasing commitments in Indonesia which totalled $10.3 million at 31 December 2009. Against this, the group had cash balances at 31 December 2009 totalling $20.8 million.

The planned planting of a further 8,000 hectares of oil palm during 2010 and 2011 and the concomitant requirement for continuing investment in estate buildings, oil palm processing facilities and other estate plant and equipment will involve the group in continuing major capital expenditure over the next two years. Given the group's existing cash resources and provided that the CPO price remains at reasonable levels, the directors expect that such capital expenditure can be funded from internally generated cash flow. Given the volatility of commodity markets, the directors cannot, however, rely on this expectation and whilst the expansion programme can, in extremity, be rapidly scaled back to align with available cash resources, once areas have been planted with oil palms, some or all of the investment thereby made will be lost if the areas are not maintained and the milling capacity needed to process the resultant FFB is not installed. Accordingly, the directors believe that it is essential that the group holds some cash cushion against the possibility of additional cash being required to fund the oil palm expansion programme. To this end, the group is currently seeking to arrange further fixed term bank facilities in Indonesia.

At 31 December 2009, the group had invested some $14 million in its coal operations. The development of the Kota Bangun concession will require further investment and cash resources will also be required to meet the working capital requirements that will arise if the coal operations develop as envisaged. To avoid withdrawing needed capital from the agricultural operations, the directors believe that going forward the coal operations should be funded from their own internally generated cash flow supplemented by external borrowings at a level that the coal operations can reasonably be expected to support. The coal operations have been offered some local bank facilities. While the directors consider that it is sensible to have bank facilities available, given recent events in the banking market and the general conditions applicable to the bank debt available, they believe that the coal operations should not become reliant on bank finance. Accordingly, the group is currently proposing to raise some $15 million for deployment in the coal operations by way of an issue of $15 million nominal of additional dollar notes and 150,000 redeemable participating preference shares of $10 each in the capital of KCC with such additional dollar notes and shares to be subscribed in the ratio of $100 nominal of additional dollar notes to one KCC participating preference share.

The KCC participating preference shares will provide a limited interest in the group's coal operations such that if those operations achieve an average annual level of earnings before interest, tax, depreciation and amortisation of $8 million over the four and a half year period from 1 January 2010 to 30 June 2014 (equivalent to $36 million for the full period), the combined return to a subscriber of additional dollar notes and KCC participating preference shares will be 15 per cent per annum. If the required level of earnings is not achieved, then, except in certain limited circumstances (such as divestment of all or a significant part of the operations or a change of control of the company), no dividends or other distributions will be paid or made on the KCC participating preference shares and after 31 December 2014 the shares will be converted into valueless deferred shares. Under that circumstance, the combined return to a subscriber of additional dollar notes and KCC participating preference shares will be 7.5 per cent per annum.

Beyond the proposed issue of additional dollar notes, the directors have no immediate plans for the group to issue further listed debt securities. The directors are, however, aware that the Indonesian tax authorities have recently announced revisions to the rates of withholding tax to be applied to payments of interest from Indonesia to the Netherlands as well as changes to the basis upon which such authorities will accept that a foreign company is eligible for the concessionary tax treatment provided for in any double tax agreement between the applicable company's country of domicile and Indonesia. This development appears likely to result in the rate of withholding tax applicable to payments of interest (the aggregate gross amount of which in 2009 was $8.9 million) on loans to Indonesian subsidiaries of the company from REA Finance increasing from 10 per cent to 20 per cent. Should this prove the case, the directors may wish to effect some reorganisation of the sterling notes to mitigate this adverse fiscal development.

The directors have previously stated that, whilst they believe that it is important that the group retains flexibility as to the extent to which the group should fund itself with borrowed monies, as a general borrowing policy they consider that it is appropriate to the group at its present stage of development that net debt (that is, borrowings and other indebtedness of the group (other than intra-group indebtedness), less cash, bank deposits and similar balances) remains below 100 per cent of total equity. The directors expect that net debt, which amounted to 49 per cent of total equity at 30

June 2009 (31 December 2008 – 48 per cent), will remain significantly below the 100 per cent level during 2010.

3.5 Selected financial information

The following table provides summary financial information concerning the group as at the dates and for the periods stated. The information has been extracted without material adjustment from the audited annual financial statements of the company included in the company's 2008 annual report and the unaudited financial statements of the company included in the company's 2009 half yearly report.

	As at 30 June 2009 $'000	As at 30 June 2008 $'000	As at 31 December 2008 $'000	As at 31 December 2007 $'000
Summary of net assets				
Non-current assets	290,931	260,557	278,227	236,713
Current assets	43,686	59,491	51,983	50,557
Current liabilities	(12,634)	(23,764)	(24,200)	(13,565)
Non-current liabilities	(147,964)	(127,012)	(143,399)	(125,072)
	174,019	169,272	162,611	148,633

	6 months to 30 June 2009 $'000	6 months to 30 June 2008 $'000	Year to 31 December 2008 $'000	Year to 31 December 2007 $'000
Summary of results (before taxation and minority interests)				
Revenue	32,441	46,113	79,630	57,600
Earnings before interest, tax, depreciation and movement on biological assets	15,908	29,582	45,700	43,346
Depreciation and amortisation	(1,446)	(1,419)	(2,477)	(1,990)
Change in fair value of biological assets	1,523	7,460	(2,660)	8,030
Operating profit	15,985	35,623	40,563	49,386
Investment revenues and finance costs	(2,666)	(1,575)	(4,254)	(2,376)
Profit before taxation	13,319	34,048	36,309	47,010

3.6 Directors and corporate governance of the company

(A) The directors of the company (all being of First Floor, 32-36 Great Portland Street, London W1W 8QX) are as follows:

(i) Richard Michael Robinow (Chairman)

Mr Robinow was appointed a director in 1978 and has been chairman since 1984. After early investment banking experience, he has been involved for over 35 years in the plantation industry. He is a non-executive director but devotes a significant proportion of his working time to the affairs of the group, dealing principally with matters of strategy and finance. He is a non-executive director of M.P. Evans Group plc, a UK plantation company of which the issued shares are admitted to

trading on the Alternative Investment Market of the London Stock Exchange, and of two overseas listed plantation companies: Sipef NV, Belgium, and REA Vipingo Plantations Limited, Kenya. Aged 64.

(ii) John Clifton Oakley (Managing director)

After early experience in investment banking and general management, Mr Oakley joined the group in 1983 as divisional managing director of the group's then horticultural operations. He was appointed to the main board in 1985 and subsequently oversaw group businesses involved in tea, bananas, pineapples and merchanting, transferring in the early 1990's to take charge of the day to day management of the group's then embryonic East Kalimantan agricultural operations. He was appointed managing director on 1 January 2002. As the sole executive director, he has overall responsibility for operational control of the group. Aged 61.

(iii) David Blackett (Senior independent non-executive director)

Mr Blackett was appointed a non-executive director in July 2008 and was subsequently appointed as chairman of the audit and remuneration committees and as senior independent non-executive director. After qualifying as a chartered accountant in Scotland, he worked for over 25 years in South East Asia where he concluded his career as chairman of AT&T Capital Inc. Prior to joining that company, he was a director of an international investment bank with responsibility for the bank's South East Asian operations. He is a non-executive director of South China Holdings Limited, a company listed on the Hong Kong Stock Exchange. Aged 59.

(iv) John McDonald Green-Armytage (Independent non-executive director)

Mr Green-Armytage was a non-executive director from 1984 to 1994. He rejoined the board in a non-executive capacity in 1997 and subsequently for several years served as chairman of the audit and remuneration committees. After a career in investment banking, he moved to become managing director of a UK listed company with South East Asian involvement. He has subsequently held directorships of a number of companies in both executive and non-executive capacities. These currently include the chairmanship of AMEC PLC. Aged 64.

(v) John Rankin Macdonald Keatley (Independent non-executive director)

Mr Keatley was a non-executive director from 1975 to 1983 and chairman from 1978 to 1983. He rejoined the board in a non-executive capacity in 1985 and is chairman of the nomination committee. After a background in the fertiliser industry, he is now involved in a family business investing in property in the UK and elsewhere. Aged 76.

(vi) David Henry Rothwell Killick (Independent non-executive director)

Mr Killick was appointed a non–executive director in 2006 and is a member of the audit and remuneration committees. After qualifying as a barrister, he became a Fellow of the Institute of Chartered Secretaries and Administrators. He worked for over 28 years for the Commonwealth Development Corporation, serving as a member of its management board from 1980 to 1994. Thereafter, he has held a number of directorships. He is currently a director of Reallyenglish.com Limited and a member of the council of management of Slough Council for Voluntary Service. Aged 72.

(vii) Lionel Edgar Charles Letts (Independent non-executive director)

Mr Letts was appointed a non-executive director in 1989. After serving in the British Armed Forces in World War II and thereafter in the British Foreign Office, he was a main board director of Jardine Matheson & Co. Limited for 15 years and then set up his own business. Thereafter, for over 40 years, he has held directorships and advisory posts in companies covering a wide range of activities in various countries, with particular emphasis on the plantation industry. His present directorships include The China Club Limited and China Investment Fund. Aged 91.

(viii) Chan Lok Lim (Independent non-executive director)

Mr Lim was appointed a non-executive director in 2002. He has been involved for over 30 years in companies in South East Asia engaged in power generation and distribution, water and waste treatment, industrial and agro-industrial engineering (including palm oil mill design and construction) and in the plantation industry. He is chairman of SPC Power Corporation, a public company listed on the Philippines Stock Exchange, and a director of Agusan Plantations Inc, Philippines, Agumil Philippines Inc and Pan Abrasives (Private) Limited, Singapore. Aged 68.

(B) As noted in paragraph (A) above, Mr Robinow is a director of M.P. Evans Group plc and of Sipef NV. Both M.P. Evans Group plc and Sipef NV have interests in oil palm plantations in Indonesia. Since CPO is an international commodity and the group's share of the CPO market is small, the group does not compete for sales with other producers of CPO.

(C) As detailed under "Significant shareholders" in section 3.9 below, Mr Robinow, together with his immediate family and other members of the Robinow family, together own the whole of the issued share capital of Emba, a significant shareholder in the company. Emba has agreed that it will not undertake activities in conflict with those of the group.

(D) Save as referred to in paragraphs (B) and (C) above, no director of the company has any potential conflicts of interest between his duties to the company and his private interests or other duties.

3.7 **Corporate governance**

(A) The directors appreciate the importance of ensuring that the group's affairs are managed effectively and with integrity and acknowledge that the principles laid down in the Combined Code provide a widely endorsed model for achieving this. The directors seek to apply those principles in a manner proportionate to the group's size but reserving the right enshrined in the Combined Code, when it is appropriate to the individual circumstances of the company, not to comply with certain Combined Code principles and to explain why.

(B) The board has appointed audit, nomination and remuneration committees, with written terms of reference, to undertake certain of the board's functions. Further information regarding the audit committee is provided under "Audit committee" in section 3.8 below. The nomination committee is responsible for recommending new appointments to the board while the remuneration committee sets the remuneration and benefits of the managing director (being the only executive director of the company) and the chairman.

(C) In the opinion of the directors, the company complies fully with the provisions set out in section 1 of the Combined Code.

3.8 **Audit committee**

(A) The audit committee comprises David Blackett and David Killick. It is responsible for:

(i) monitoring the integrity of the financial statements and the significant reporting issues and judgements that they contain;

(ii) reviewing the effectiveness of the internal control functions (including the internal audit function and arrangements whereby internally raised staff concerns as to financial reporting and other relevant matters are considered);

(iii) making recommendations to the board in relation to the appointment, reappointment and removal of the external auditors, their remuneration and terms of engagement; and

(iv) reviewing and monitoring the independence of the external auditors and the effectiveness of the audit process.

The audit committee also monitors the engagement of the auditors in respect of non-audit work.

(B) The members of the audit committee discharge their responsibilities by informal discussions between themselves and with the external auditors and management, by consideration of reports by management, the group's internal audit function in Indonesia and the external auditors, and by holding at least three formal meetings in each year.

3.9 **Significant shareholders**

(A) As at 27 January 2010 (being the latest practicable date prior to the publication of this document), the company had received notifications required by the Disclosure and Transparency Rules of the Financial Services Authority from the following persons of the voting rights held by them as shareholders through the holdings of ordinary shares indicated:

	Number of ordinary shares	*Percentage of ordinary share capital*
Emba	9,957,500	30.57
Alcatel Bell Pensioenfonds VZW	4,007.049	12.3
Prudential plc group of companies	4,360,229	13.38
Artemis UK Smaller Companies	1,919,400	5.89

In addition, the company has been notified that the above interest of Prudential plc group of companies includes 3,630,792 ordinary shares (11.14%) in which M&G Investment Funds 3, an Open Ended Investment Company, is interested.

(B) In so far as the company is aware, other than as disclosed in paragraph (A) above, no person has directly or indirectly an interest in the company's capital which is notifiable under the Disclosure and Transparency Rules of the Financial Services Authority. In so far as is known to the company and other than as disclosed in paragraph (A) above, there are no persons who, directly or indirectly, could exercise control over the company and no arrangements the operation of which could result in a change of control of the company at a future date.

(C) Pursuant to deeds dated 24 November 1998 and 10 April 2001, Emba has agreed that it will not undertake activities in conflict with those of the group and that it will deal with the group only on a basis that is appropriate between, on the one hand, a listed company and its subsidiaries and, on the other hand, a significant shareholder in the listed company. On the basis of that agreement, the directors are satisfied that the group is capable of carrying on business independently of Emba and that all transactions and relationships between the group and Emba are, and will be, at arm's length and on normal commercial terms.

(D) Mr R M Robinow (the chairman of the company), his immediate family and other members of the Robinow family together own the whole of the issued share capital of Emba.

4. General information

4.1 Historical financial information

The company's audited financial statements for years ended 31 December 2007 and 2008 were drawn up in accordance with International Financial Reporting Standards as adopted by the European Union.

4.2 Legal and arbitration proceedings

The group is not, and has not been involved in any legal, governmental or arbitration proceedings (including any proceedings which are pending or threatened of which the company is aware) which may have or have had in the 12 months preceding the date of this document a significant effect on the financial position or profitability of the company and/or the group.

4.3 Significant change in the company's financial or trading position

There has been no significant change in the financial or trading position of the group since 30 June 2009, being the end of the last period for which the company has published interim financial information, nor has there been any recent event particular to the company that is to a material extent relevant to the solvency of the company.

4.4 Material adverse changes in the company's prospects

There has been no material adverse change in the prospects of the company since the date of the last published audited financial statements for the financial year ended 31 December 2008, being the end of the last period for which the company has published audited financial statements.

4.5 Group investments

Since 30 June 2009, the group has invested some $4.5 million in relation to the acquisition of rights in respect of the Kota Bangun coal concession as described under paragraph 3.3 above. Apart from normal capital expenditure on the continued development of the group's agricultural operations as referred to in paragraph 3.2 above and the company's 2009 interim report, no material investments have been made by the group since 30 June 2009 and no commitments have been made as respects any future such investments.

4.6 Material contracts

The following are summaries of the principal contents of all the material contracts, not being contracts entered into in the ordinary course of business, that could result in a member of the group being under an obligation or entitlement that is material to the company's ability to meet its obligations:

(A) a trust deed dated 12 September 2005 and made between (i) the company (as issuer) and (ii) The Law Debenture Trust Corporation plc (as trustee) pursuant to which the company constituted $30 million of 7.5 per cent dollar notes 2012/14; such dollar notes are unsecured obligations of the company, bear interest at the fixed rate of 7.5 per cent per annum and are redeemable by three equal annual instalments commencing 31 December 2012 (provided that

the amount of dollar notes to be redeemed on any redemption date will be subject to reduction to the extent of dollar notes previously purchased and cancelled save in so far as such dollar notes were purchased and cancelled prior to a previous redemption date and taken into account in reducing the dollar note redemption requirement in relation to that previous redemption date);

(B) a supplemental rights agreement dated 23 January 2006 and made between (i) Mr M E Zukerman and the Zukerman Family Trust (together with their permitted assignees, the "Zukerman dollar noteholders") being the holders of $19 million nominal of dollar notes (the "Zukerman dollar notes") and (ii) the company pursuant to which it was agreed that:

(a) subject to certain limitations, the company has the right to purchase from the Zukerman dollar noteholders at any time and from time to time some or all of their holdings of Zukerman dollar notes (the "call rights") at par plus interest accrued up to the date of completion of such purchase;

(b) under certain circumstances, the Zukerman dollar noteholders have the right to require the company to purchase some or all of the Zukerman dollar notes (the "put rights") at par plus interest accrued up to the date of completion of such purchase;

(c) the limitations upon the exercise by the company of the call rights are that the nominal amount of the Zukerman dollar notes (as reduced by any previous exercises of the call rights) shall not by such exercise be reduced in nominal amount to below 25 per cent of the nominal amount of the aggregate of all then outstanding dollar notes and any further notes constituted by deed supplemental to the trust deed summarised at sub-paragraph (A) above (the "trust deed") unless the entire outstanding holding of Zukerman dollar notes is to be acquired by the company; and

(d) the circumstances under which the Zukerman dollar noteholders may exercise the put rights are occurrences of events that supplement the events of default contained in the trust deed; the principal of such supplemental events comprise (i) material disposals of assets by the group, (ii) any person or group of persons acting in concert obtaining the right to exercise more than 50 per cent of the votes that may generally be cast at a general meeting of the company and (iii) if UK withholding tax becomes payable in respect of any principal or interest payments on the Zukerman dollar notes, the company not paying such additional amounts as will result in the net amounts receivable by the Zukerman dollar noteholders remaining as they would have been had no such withholding tax been payable;

(C) a master agreement (in the form of the International Swaps and Derivatives Association, Inc 2002 Master Agreement) dated 13 February 2007 and made between (i) Australia and New Zealand Banking Group Limited ("ANZ") and (ii) REA Kaltim together with:

(a) a confirmatory letter dated 14 February 2007 from ANZ to REA Kaltim pursuant to which (i) ANZ agreed to pay to REA Kaltim (I) on 27 December 2015 (or, if either party should so elect, 10 February 2012) (the "termination date"), the sum of £22,000,000 and (II) semi-annually in arrear in each year up to and including the termination date,

the sum of £1,145,683 and (ii) REA Kaltim agreed to pay to ANZ (I) on the termination date, the sum of $42,889,000 and (II) semi-annually in arrear in each year up to and including the termination date, interest on the sum of $42,889,000 calculated at the rate of 10.568 per cent per annum; and

(b) a confirmatory letter dated 1 October 2008 from ANZ to REA Kaltim pursuant to which (i) ANZ agreed to pay to REA Kaltim (I) on 27 December 2015 (or, if either party should so elect, 30 September 2013) (the "termination date"), the sum of £8,000,000 and (II) semi-annually in arrear in each year up to and including the termination date, interest on the sum of £8,000,000 calculated at the rate of 10.4153 per cent per annum and (ii) REA Kaltim agreed to pay to ANZ (I) on the termination date, the sum of $14,512,000 and (II) semi-annually in arrear in each year up to and including the termination date, interest on the sum of $14,512,000 calculated at the rate of 9.71 per cent per annum;

(D) a subordination deed dated 14 February 2007 and made between (i) REA Finance (as subordinated creditor), (ii) REA Kaltim (as borrower) and (iii) Australia and New Zealand Banking Group Limited (as senior creditor) pursuant to which REA Finance agreed to subordinate indebtedness owed by REA Kaltim to REA Finance to amounts owed by REA Kaltim to the senior creditor pursuant to the contract summarised at sub-paragraph (C) above upon terms that, for so long as REA Kaltim remains indebted to the senior creditor pursuant to that contract, no action may be taken by REA Finance to enforce recovery of amounts due to it from REA Kaltim;

(E) an agreement as to amended and restated loan terms and ongoing loan agreement dated 16 August 2007 and made between (i) REA Finance, (ii) REA Kaltim and (iii) the company (as amended pursuant to a letter dated 21 August 2008 from REA Finance and the company to REA Kaltim) pursuant to which the parties amended and restated the terms of an agreement as to amended and restated loan terms and ongoing loan agreement dated 27 November 2006 and REA Finance and REA Kaltim agreed that:

(a) the terms applicable to a $20 million loan from REA Finance to REA Kaltim be amended and restated so that the loan would be unsecured, would bear interest at a rate per annum equal to the aggregate of the applicable margin (as defined below) plus 2.75 per cent above the Singapore Inter Bank Offered Rate from time to time and would be repayable at par in one bullet payment on 31 December 2017;

(b) the terms applicable to a £385,000 loan from REA Finance to REA Kaltim (being a loan in an amount equal to the aggregate amount of the share premium contributions of £385,000 made by the company to REA Finance) be amended and restated so that the loan would be unsecured, would bear interest at a rate per annum equal to the aggregate of the applicable margin (as defined below) plus 9.5 per cent per annum and would be repayable at par in one bullet payment on 31 December 2017;

(c) the terms applicable to loans from REA Finance to REA Kaltim funded from the proceeds of issue of sterling notes be amended and restated so that the loans would be treated as booked in principal amounts equal to the par values of the sterling notes

from which the relative proceeds derived, would be unsecured, would bear interest at a rate per annum equal to the aggregate of the applicable margin (as defined below) plus 10.25 per cent per annum and would be repayable at par by three equal annual instalments commencing on 31 December 2015;

(d) any further advances made by REA Finance to REA Kaltim (in addition to those referred to at (a) to (c) above) would be unsecured and made upon terms that:

(i) where the advance is financed by REA Finance out of new borrowings ("funding borrowings"), the advance would be denominated (and repayable) in the currency of the funding borrowings, would bear interest at a rate per annum equal to the applicable margin (as defined below) plus the rate applicable to the funding borrowings, plus, where the funding borrowings are guaranteed by the company, the guarantee fee (if any) payable by REA Finance in respect of such guarantee, and would be repayable at such discount or premium as matches the discount or premium (if any) applicable on repayment of the funding borrowings and in accordance with a schedule or in one bullet payment that matches the repayment terms applicable to the funding borrowings;

(ii) where the advance is financed out of proceeds of the repayment or prepayment of a loan by REA Finance to any subsidiary of the company incorporated in Indonesia and engaged in the cultivation of oil palms or processing of oil palm fruit (a "predecessor loan"), the advance would be denominated (and repayable) in the currency of the predecessor loan, would bear interest at a rate per annum equal to the applicable margin (as defined below) plus the rate payable in respect of the predecessor loan (excluding such part as was referable to the margin but including such part of the rate (if any) as was referable to any guarantee fee) and would be repayable at par (i) where repayment of the predecessor loan was accelerated or the predecessor loan was prepaid, in accordance with a schedule or in one bullet payment that matches the repayment terms applicable to the predecessor loan; or (ii) where the predecessor loan was repaid in accordance with its terms on the due repayment date, on 31 December 2017; and

(iii) where the advance is financed otherwise than as provided in sub-paragraphs (i) and (ii) above, the advance would be denominated (and repayable) in sterling, would bear interest at a rate per annum equal to the applicable margin (as defined below) plus 9.5 per cent and would be repayable at par in one bullet payment on 31 December 2017;

and, further, so that all such loans and advances shall be repayable early in the event of default by REA Kaltim and may be prepaid at the option of REA Kaltim on any interest payment date after the second anniversary of the date on which the relevant loan or advance was made; for the foregoing purposes, the "applicable margin" means the margin determined by Transfer

Pricing Associates (an independent company established in Amsterdam and specialising in transfer pricing) as being an arm's length margin reasonably necessary to compensate REA Finance for (i) its equity risks and (ii) its involvement in the group financing activities;

(F) a second supplemental trust deed dated 21 August 2008 and made between (i) REA Finance, (ii) the company and (iii) Capita Trust Company Limited pursuant to which REA Finance constituted £28 million nominal of 9.5 per cent guaranteed sterling notes 2015/17 forming a single series with and ranking *pari passu* with, and being fungible with, the then existing £22 million nominal of 9.5 per cent guaranteed sterling notes 2015/17 of REA Finance and the parties amended and restated the trust deed dated 1 December 2006 made between REA Finance (as Issuer), the company (as Guarantor) and Capita Trust Company Limited (as Trustee) as amended by a first supplemental trust deed dated 6 August 2007; such sterling notes are obligations of REA Finance secured principally on loans made by REA Finance to REA Kaltim and SYB, are unconditionally and irrevocably guaranteed by the company, bear interest at the fixed rate of 9.5 per cent per annum and are redeemable by three equal annual instalments commencing 31 December 2015 (provided that the amount of sterling notes to be redeemed on any redemption date will be subject to reduction to the extent of sterling notes previously purchased and cancelled save in so far as such sterling notes were purchased and cancelled prior to a previous redemption date and taken into account in reducing the sterling note redemption requirement in relation to that previous redemption date);

(G) a loan agreement dated 21 August 2008 and made between (i) REA Finance, (ii) SYB and (iii) the company pursuant to which:

(a) REA Finance agreed to lend SYB (i) the sum of £6,990,774, financed by REA Finance out of the proceeds of the issue of sterling notes; (ii) the sum of $6,000,000, financed by REA Finance out of new borrowings by REA Finance from the company pursuant to an intra-group loan agreement dated 29 July 2008 between the company as lender and REA Finance as borrower; and (iii) the sum of £90,000, financed by REA Finance out of an additional share premium contribution made by the company to REA Finance;

(b) it was agreed that each such advance and any further advances by REA Finance to SYB would be unsecured and:

(i) where the advance is financed by REA Finance out of the proceeds of the issue of sterling notes, the advance would be denominated (and repayable) in sterling, would bear interest at a rate per annum equal to the aggregate of the applicable margin (as defined below) plus 10.25 per cent per annum and would be repayable in an amount equal to the par value of the relevant sterling notes by three equal annual instalments commencing on 31 December 2015;

(ii) where the advance is financed by REA Finance out of other new borrowings ("funding borrowings"), the advance would be denominated (and repayable) in the currency of the funding borrowings, would bear interest at a rate per annum equal to the applicable margin (as defined below) plus the rate

applicable to the funding borrowings, plus, where the funding borrowings are guaranteed by the company, the guarantee fee (if any) payable by REA Finance in respect of such guarantee, and would be repayable at such discount or premium as matches the discount or premium (if any) applicable on repayment of the funding borrowings and in accordance with a schedule or in one bullet payment that matches the repayment terms applicable to the funding borrowings;

(iii) where the advance is financed out of proceeds of the repayment or prepayment of a loan by REA Finance to any subsidiary of the company incorporated in Indonesia and engaged in the cultivation of oil palms or processing of oil palm fruit (a "predecessor loan"), the advance would be denominated (and repayable) in the currency of the predecessor loan, would bear interest at a rate per annum equal to the applicable margin (as defined below) plus the rate payable in respect of the predecessor loan (excluding such part as was referable to the margin but including such part of the rate (if any) as was referable to any guarantee fee) and would be repayable at par (i) where repayment of the predecessor loan was accelerated or the predecessor loan was prepaid, in accordance with a schedule or in one bullet payment that matches the repayment terms applicable to the predecessor loan; or (ii) where the predecessor loan was repaid in accordance with its terms on the due repayment date, on 31 December 2017; and

(iv) where the advance is financed otherwise than as provided at (i), (ii) or (iii) above, the advance would be denominated (and repayable) in sterling, would bear interest at a rate per annum equal to the applicable margin (as defined below) plus 9.5 per cent and would be repayable at par in one bullet payment on 31 December 2017;

and, further, that all such advances shall be repayable early in the event of a default by SYB and may be prepaid at the option of SYB on any interest payment date after 2 September 2008; for the foregoing purposes, the "applicable margin" means the margin determined by Transfer Pricing Associates (an independent company established in Amsterdam and specialising in transfer pricing) as being an arm's length margin reasonably necessary to compensate REA Finance for (i) its equity risks and (ii) its involvement in the group financing activities;

(H) a facility agreement dated 23 April 2009 and made between (i) REA Kaltim as borrower, (ii) PT Bank Rabobank International Indonesia, PT ANZ Panin Bank and PT Bank CIMB Niaga Tbk as lenders, (iii) PT Bank Rabobank International Indonesia as Agent and Accounts Bank and (iv) Cooperatieve Centrale Raiffeisen Boerenleenbank B.A., pursuant to which:

(a) the lenders agreed to provide facilities comprising Facility 1 in the amount of $4.75 million and Facility 2 in the amount of $11.75 million, Facility 1 being available for draw-down for a period of 12 months from the date of the agreement (and is currently

undrawn) and Facility 2 being available for draw-down at any time up until 29 June 2009 (and drawn-down on 29 June 2009 to $11,119,041.44);

(b) REA Kaltim agreed to pay interest on the aggregate amount of the facility drawn down (i) in the case of Facility 1, at a floating rate equal to 2.75 per cent per annum over the Singapore Inter Bank Offered Rate from time to time, plus a liquidity premium; (ii) in the case of Facility 2, at a floating rate equal to 3.90 per cent per annum over the Singapore Inter Bank Offered Rate for PT ANZ Panin Bank's share, 2.75 per cent per annum over the Singapore Inter Bank Offered Rate for PT Bank CIMB Niaga Tbk's share, and 3.25 per cent per annum over the Singapore Inter Bank Offered Rate for PT Bank Rabobank International Indonesia's share, plus (in each case) a liquidity premium and commitment fees to the lenders on undrawn balances;

(c) REA Kaltim agreed to repay Facility 2 in monthly instalments commencing May 2009 as follows: May 2009 to December 2009 – 8 instalments of $112,500, January 2010 to December 2010 – 12 instalments of $125,000, January 2011 to December 2011 – 12 instalments of $175,000, January 2012 to December 2012 – 12 instalments of $225,000, January 2013 to December 2013 – 12 instalments of $300,000, January 2014 to March 2014 – 3 instalments of $316,666.67 (or, if earlier, following demand from the Agent in the event of an event of default) and to repay each advance drawn down under Facility 1 (together with any interest) in full on the Maturity Date for Facility 1, which is 12 months from the date of the agreement;

(d) REA Kaltim agreed to provide or procure the provision to the lenders of security for the facilities principally comprising charges over substantially the whole of the assets and undertaking of REA Kaltim and an unsecured guarantee from the company; and

(e) REA Kaltim gave various representations, warranties and undertakings to the lenders, including certain financial covenants;

(I) a subordination deed dated 23 April 2009 and made between (i) REA Finance (as subordinated creditor), (ii) REA Kaltim (as borrower) and (iii) PT Bank Rabobank International Indonesia, PT ANZ Panin Bank and PT Bank CIMB Niaga Tbk (as senior creditors), pursuant to which REA Finance agreed to subordinate indebtedness owed by REA Kaltim to REA Finance to indebtedness owed by REA Kaltim to the senior creditors pursuant to the contract summarised at sub paragraph (H) above upon terms that, for so long as REA Kaltim remains indebted to the senior creditors pursuant to that contract, payments by REA Kaltim in respect of indebtedness owed to REA Finance are prohibited (save that, absent an event of default, REA Kaltim may make the interest payments provided for in the contract summarised at sub-paragraph (E) above) and no action may be taken by REA Finance to enforce recovery of amounts due to it from REA Kaltim;

(J) a master agreement (in the form of the International Swaps and Derivatives Association, Inc 2002 Master Agreement) dated 20 October 2008 and made between (i) Australia and New

Zealand Banking Group Limited ("ANZ") and (ii) SYB together with a confirmatory letter dated 26 November 2008 from ANZ to SYB pursuant to which (i) ANZ agreed to pay to SYB (I) on 27 December 2015 (or, if either party should so elect, on 24 October 2013, 24 October 2014 or 24 October 2015) (the "termination date"), the sum of £7,000,000 and (II) semi-annually in arrear in each year up to and including the termination date, interest on the sum of £7,000,000 calculated at the rate of 10.4153 per cent per annum and (ii) SYB agreed to pay to ANZ (I) on the termination date, the sum of $11,200,000 and (II) semi-annually in arrear in each year up to and including the termination date, interest on the sum of $11,200,000 calculated at the rate of 10.33 per cent per annum;

(K) a placing agreement made by way of letter dated 28 January 2010 from the company to Guy Butler Limited ("Guy Butler") pursuant to which:

(a) Guy Butler, as agent of the company, has agreed to use its reasonable endeavours to procure placees to subscribe up to $15 million nominal of additional dollar notes for cash at a subscription price equal to 90 per cent of par plus an amount equal to the interest that will be payable in respect of the additional dollar notes calculated by reference to the period from 1 January 2010 up to the date of allotment, such subscription being conditional upon the admission of the additional dollar notes placed to the Official List and to trading on the Regulated Market of the London Stock Exchange becoming effective by not later than 9.30 am on 28 February 2010;

(b) as a term of the issue of the additional dollar notes, each placee will also subscribe, at par, one KCC participating preference share for every $100 nominal of additional dollar notes subscribed, each such share having the following rights and being subject to the following restrictions:

(i) Income

Save as provided at (iii) below, the KCC participating preference shares do not confer on the holders thereof any rights to participate in the profits of KCC

(ii) Capital

On a return of capital on the liquidation of KCC pursuant to (a) a valid resolution for the winding up of KCC passed on or prior to 31 December 2014 or (b) a valid order by a court of competent jurisdiction that KCC be wound up made on or prior to 31 December 2014, the surplus assets of KCC remaining after payment of its liabilities shall be applied first in paying to the holders of the KCC participating preference shares an amount equal to the amount that would have been payable on redemption of the KCC participating preference shares had one of the redemption events specified at paragraph (iii)(II) below occurred immediately prior to the commencement of the liquidation

(iii) Redemption

(I) If the earnings before interest, tax, depreciation and amortisation of the relevant coal operations (being (i) KCC, KCCMSI and those companies incorporated in Indonesia that, as at 28 January 2010, are (or are proposed to be) engaged in coal mining and are funded by loans from KCC and (ii) any subsidiaries from time to time of any such companies) over the four and a half year period from 1 January 2010 to 30 June 2014 amount, in aggregate, to $36 million or more, KCC shall redeem all of the outstanding KCC participating preference shares on 31 December 2014 at $44.70 per share

(II) KCC shall redeem all of the outstanding KCC participating preference shares on the 31 December next following the occurrence of any of the following events (each a "redemption event"):

(1) the sale or divestment by the group of all or a significant part of, or an interest in all or a significant part of, the relevant coal operations (and for this purpose, a part or interest in part of the relevant coal operations will be considered "significant" if the net assets attributable to the part or interest divested represent 20 per cent or more of the net assets of the relevant coal operations in both cases as at the immediately preceding 31 December);

(2) the accounting reference date of the company being changed to a date other than 31 December; and

(3) any person or group of persons acting in concert obtains the right to exercise more than 50 per cent. of the votes which may generally be cast at a general meeting of the company

at a redemption price of:

(1) $21.50 per KCC participating preference share, where redemption becomes due on 31 December 2011;

(2) $31.20 per KCC participating preference share, where redemption becomes due on 31 December 2012;

(3) $36.50 per KCC participating preference share, where redemption becomes due on 31 December 2013; and

(4) $44.70 per KCC participating preference share, where redemption becomes due on 31 December 2014

(III) KCC may, on not less than three months' notice in writing to the holders of the KCC participating preference shares, elect to redeem all, but not some only, of the outstanding KCC participating preference shares on any of 31 December 2011, 31 December 2012, 31 December 2013 and 31 December 2014 at the applicable price per share specified at (II) above

(IV) Redemption of the KCC participating preference shares is subject to any restrictions on redemption imposed by law; where, because of such restrictions, KCC is unable to redeem KCC participating preference shares otherwise required to be redeemed by the articles of association of KCC, KCC shall redeem as many of the KCC participating preference shares as, subject to such restrictions, it can and the balance when those restrictions cease to apply; each redemption of some but not all of the KCC participating preference shares shall be made amongst the holders thereof *pro rata* to their holdings of KCC participating preference shares

(iv) Conversion

If otherwise than by reason of the provisions of (iii)(IV) above KCC has not become obliged to redeem, or elected to redeem, all of the outstanding KCC participating preference shares by 31 December 2014, then, unless KCC has by such time commenced winding up, the rights attaching to each outstanding KCC participating preference share will automatically be varied to the effect that each such share is converted, on 1 January 2015, into one valueless deferred share of $10 in the capital of KCC

(v) Voting

The KCC participating preference shares do not confer on the holders thereof any rights to receive notice of or to attend and vote at any general meeting of KCC

(c) the company agreed to pay Guy Butler a commission of 1.5 per cent of the nominal value of the additional dollar notes subscribed by the placees (plus VAT) and to bear all expenses of and incidental to the placing;

(d) the company granted to each placee a non assignable option to require the company to purchase, or to procure one or more purchasers to purchase, dollar notes owned by the placee at a price equal to par plus accrued but unpaid interest as follows:

(i) (I) if a redemption event (as defined in (K)(b)(iii)(II) above) should occur on or prior to 31 December 2013, (II) if KCC should elect to redeem the KCC participating preference shares on or prior to 31 December 2013 or (III) if a valid resolution is passed for the winding up of KCC or an order is validly made by a court of competent jurisdiction that KCC be wound up, in either

case on or prior to 31 December 2013, then in any such event (each such event being a "Put Event") the placee may require the company to purchase, or to procure one or more purchasers to purchase, on the 31 December following the relevant Put Event (or, if the Put Event occurs on a 31 December, on that 31 December) (or, in either case, if later, within seven days of receipt by the company of the relevant notice exercising the option), all or any of the dollar notes owned by the placee up to a maximum nominal amount equal to $100N where "N" is the number of KCC participating preference shares owned by the relevant placee at the date of the relevant Put Event (such option being exercisable only once by each placee); and

(ii) if the company purchases and cancels dollar notes such that the nominal amount of dollar notes due to be redeemed by the company on 31 December 2012 or 31 December 2013 is reduced (in accordance with the provisions of condition 5(A) of the trust deed), then the placee may require the company to purchase, or to procure one or more purchasers to purchase, on 31 December 2012 and/or 31 December 2013 (as applicable) (or, if later, within seven days of receipt by the company of the relevant notice exercising the option), all or any of the dollar notes owned by the placee that would, but for such purchase and cancellation, have fallen to be redeemed on 31 December 2012 or 31 December 2013 (as applicable) up to a maximum nominal amount equal to:

$100N/3 - $Y

where:

"N" is the number of KCC participating preference shares owned by the relevant placee ; and

"Y" is the amount of a holding of $100N/3 of dollar notes that the Issuer is obliged to redeem on 31 December 2012 or 31 December 2013 (as applicable) after taking into account any dollar notes previously purchased and cancelled by the Issuer

provided that the company shall only be obliged to purchase, or to procure one or more purchasers to purchase, dollar notes owned by a placee following an exercise by such placee of the put option against receipt by the company of such evidence as the company may reasonably require as to the number of KCC participating preference shares that the placee owns; and

(L) a deed poll dated 28 January 2010 executed by the company in favour of the holders from time to time of the KCC participating preference shares pursuant to which:

(a) the company granted to each holder from time to time of the KCC participating preference shares an option, exercisable in the event that KCC is prohibited by law from redeeming the KCC participating preference shares on the date upon which they

would otherwise, in accordance with the articles of association of KCC, become due for redemption, to require the company to purchase, or to procure one or more purchasers to purchase, those of the affected KCC participating preference shares held by such holder; the price payable for any KCC participating preference shares purchased pursuant to an exercise of such option will be an amount equal to the redemption price due; and

(b) the company guaranteed the due and punctual payment by KCC of the amount due, owing or payable by KCC to the holders from time to time of the KCC participating preference shares, in the event that a valid resolution is passed for the winding up of KCC or an order is validly made by a court of competent jurisdiction that KCC be wound up, in either case on or prior to 31 December 2014.

4.7 **Available Information**

During the life of this document, the following documents will be available to be downloaded from the company's website: www.rea.co.uk and to be inspected, during normal business hours, at the London offices of the company's solicitors, Ashurst LLP, at Broadwalk House, 5 Appold Street, London EC2A 2HA.

(A) the memorandum and articles of association of the company;

(B) the annual reports of the company for the years ended 31 December 2008 and 31 December 2007;

(C) the half yearly report of the company for the six month period ended 30 June 2009; and

(D) the trust deed.

4.8 **Statutory auditors**

The annual financial statements of the company for the years ended 31 December 2008 and 31 December 2007 have been audited by Deloitte LLP (Chartered Accountants and Registered Auditors) of 2 New Street Square, London EC4A 3BZ and contain an audit report from Deloitte LLP which was not qualified and which did not contain a statement under section 498(2) or (3) of the Companies Act 2006. None of the information contained in this document has been audited.

4.9 **Third party information**

This document contains third party information (provided by Oil World, found on page 24 of the company's 2008 Annual Report). The company confirms that the third party information has been accurately reproduced from the information provided to it and as far as the company is aware and able to ascertain, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Definitions

Unless the context otherwise requires, the following definitions apply throughout this document:

Term	Definition
"additional dollar notes"	the $15 million nominal of 7.5 per cent dollar notes 2012/14 proposed to be issued by the company to form a single series with and rank *pari passu* with the existing dollar notes
"board"	the board of directors of the company
"Combined Code"	the Combined Code on Corporate Governance issued by the Financial Reporting Council in 2006
"company"	R.E.A. Holdings plc, whose registered address is at First Floor, 32-36 Great Portland Street, London W1W 8QX
"CPKO"	crude palm kernel oil
"CPO"	crude palm oil
"directors"	the directors of the company
"dollar notes"	the $30 million nominal of 7.5 per cent dollar notes 2012/14 of the company, all of which are in issue, or, as the context may permit, such dollar notes together with the additional dollar notes
"Emba"	Emba Holdings Limited
"FFB"	oil palm fresh fruit bunches
"group"	the company and its subsidiaries
"KCC"	KCC Resources Limited, the wholly owned subsidiary of the company that acts as a sub-holding company for the group's coal operations, incorporated in England and Wales
"KCCMSI"	PT KCC Mining Services Indonesia, a subsidiary of the company incorporated in the Republic of Indonesia
"KCC participating preference shares"	redeemable participating preference shares of $10 each in the capital of KCC having the rights and being subject to the restrictions described in the summary of material contract (K) in paragraph 4.6 above
"London Stock Exchange"	London Stock Exchange plc
"ordinary shares"	ordinary shares of 25p each in the capital of the company
"original trust deed"	the trust deed dated 12 September 2005 made between the company (as issuer) and The Law Debenture Trust Corporation plc (as trustee) constituting the dollar notes
"REA Finance"	REA Finance B.V., a wholly owned subsidiary of the company incorporated in the Netherlands
"REA Kaltim"	P.T. REA Kaltim Plantations, the principal operating subsidiary of the

	company, incorporated in the Republic of Indonesia
"sterling notes "	the £50 million nominal of 9.5 per cent guaranteed sterling notes 2015/17 of REA Finance which are irrevocably and unconditionally guaranteed by the company, £37 million nominal of which are in issue
"SYB"	PT Sasana Yudha Bhakti, a subsidiary of the company incorporated in the Republic of Indonesia
"trust deed"	the original trust deed as supplemented by a supplemental trust deed to be executed between the parties to the original trust deed

References to "dollars" and to "$" are to the lawful currency of the United States and to "sterling" and "£" are to the lawful currency of the United Kingdom. Unless otherwise specifically indicated, where a dollar amount is stated as at a date and with a sterling equivalent, that sterling equivalent represents the sterling conversion of the applicable dollar amount at the exchange rate ruling as at the close of business in London on the date in question.