R.E.A. HOLDINGS PLC

Half yearly report

2015

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

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


Loading ramp at KMS


Smallholders training


New jetty at Sungai Mariam

Key statistics

	6 months to 30 June 2015	6 months to 30 June 2014
Results ($'000)		
Revenue	46,205	66,436
Earnings before interest, tax, depreciation, amortisation and biological gain	9,138	26,522
Profit before tax	1,357	17,077
Profit for the period	561	12,044
(Loss) / profit attributable to ordinary shareholders	(3,397)	8,122
Cash generated by operations	9,448	16,251
(Loss) / earnings per share (US cents)	(9.7)	23.2
Average exchange rates		
Indonesian rupiah to US dollar	12,923	11,795
US dollar to pound sterling	1.53	1.67
Production (tonnes)		
Group FFB	280,035	309,801
Third party FFB	68,635	68,603
Total	348,670	378,404
CPO	74,018	81,048
Palm kernels	15,769	16,654
CPKO	5,311	6,398
Extraction rates (percentage)		
CPO	21.5	21.6
Palm kernel	4.6	4.4
CPKO	33.6	38.3

Contents

Highlights

Financial

- Revenues of $46.2 million (2014: $66.4 million) predominantly as a result of lower prices for CPO and CPKO but with lower crops also a factor
- Costs reduced by $7.3 million
- Profit before tax of $1.4 million (2014: $17.1 million) reflecting the same factors as affected sales revenue
- Purchases of third party fresh fruit bunches ("FFB") continue to augment the revenue stream
- Placing of 4.2 million new 9 per cent preference shares raised $7.9 million in July 2015
- Proposed issue of up to £40 million new 8.75 per cent sterling notes 2020 due to complete on 3 September 2015, to refinance a substantial proportion of the existing £34.5 million 9.5 per cent sterling notes 2015/2017 together with a placing of up to an additional £5.5 million new notes
- For the immediate future new development expenditure to be predominantly equity financed unless specific debt finance already agreed

Agricultural operations

- Crop of FFB of 280,035 tonnes (2014: 309,801 tonnes), mirroring lower cropping throughout East Kalimantan during the first half of 2015
- Third party FFB purchases stable at 68,635 tonnes (2014: 68,603 tonnes)
- Cleared land in PT Putra Bongan Jaya ("PBJ") increased by 1,160 hectares and development now accelerating in both PBJ and PT Cipta Davia Mandiri ("CDM")
- First phase of the construction of perimeter bunding in PBJ to control flooding now complete
- Major refurbishment of the two older mills, including three out of the four boilers, now complete improving efficiency and capacity
- Works initiated to double capacity of the third and newest oil mill in 2016

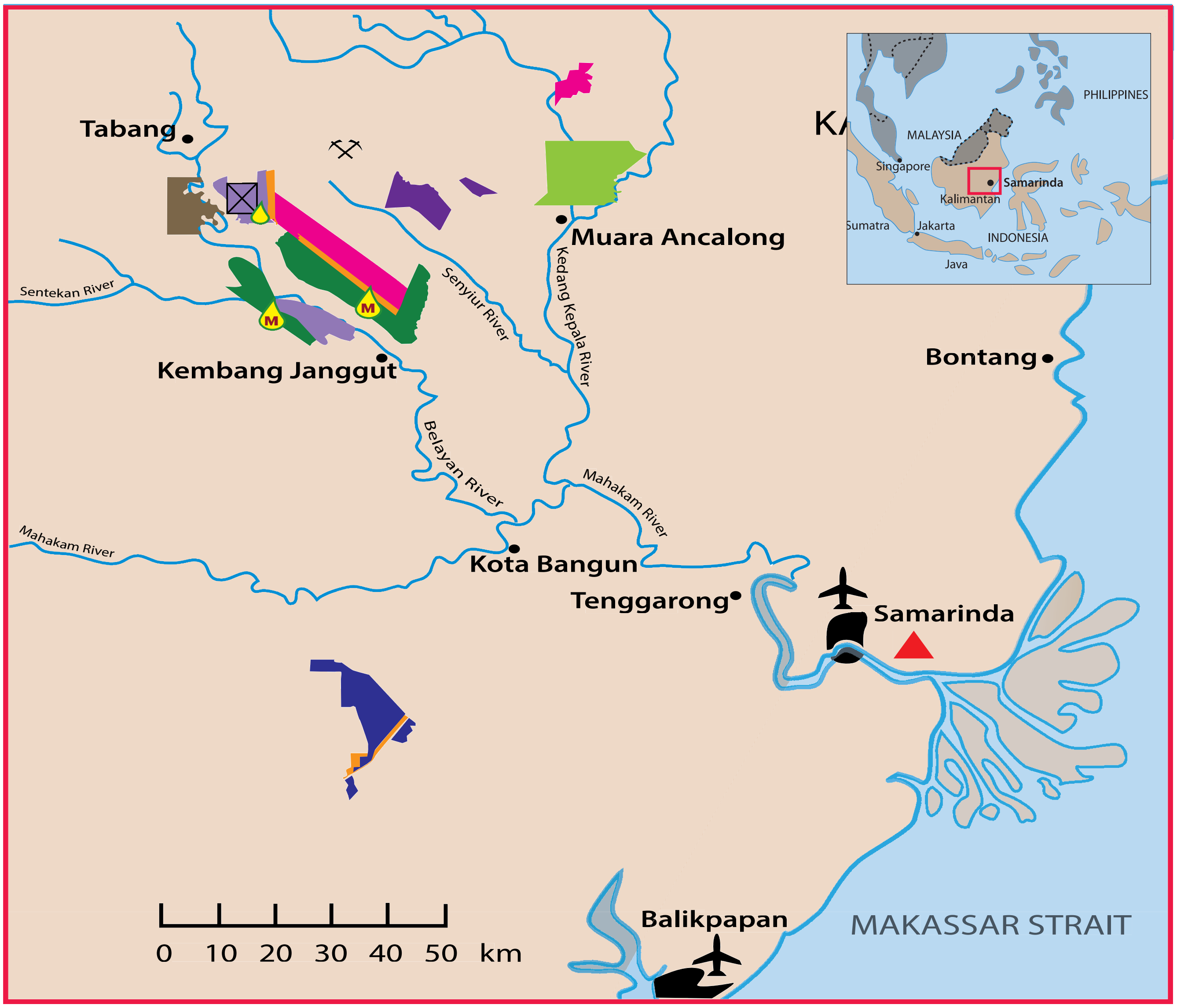
Sustainability

- Second sustainability report published in June 2015 highlighting success in meeting the group's sustainability targets since 2013
- Revenues starting to flow from the supply of renewable electricity to local villages in a pioneering collaboration with the Indonesian state electricity company
- Projects initiated to ensure traceability and to optimise quality of smallholder FFB, so as to meet international standards and maximise yields and profitability
- Three regional awards for corporate social responsibility in the plantation sector

Prospects

- Proposals for an Indonesian listing of PT REA Kaltim Plantations ("REA Kaltim") moving forward
- Discussions initiated concerning a potential equity participation by a trade investor ahead of, or alongside, a listing
- Concentration on cost reduction assisted by continuing weakness of Indonesian rupiah
- Expansion planting progressing in line with expectations towards an eventual target of 60,000 hectares

Maps



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

Key

M	Methane capture plant	
	Oil mill	
	Stone quarry	
	Tank storage	
	CDM	PT Cipta Davia Mandiri
	KKS	PT Kartanegara Kumalasakti
	KMS	PT Kutai Mitra Sejahtera
	PBJ	PT Putra Bongan Jaya
	PBJ2	PT Persada Bangun Jaya
	REAK	PT REA Kaltim Plantations
	SYB	PT Sasana Yudha Bhakti
	SYB swap: land surrender	
	SYB swap: new PU land	

Chairman's statement

Results

Revenue, operating profit and profit before tax reported by the group for the six months to 30 June 2015, with comparative figures for 2014, were as follows:

	6 months to 30 June 2015 $'m	6 months to 30 June 2014 $'m	Year to 31 December 2014 $'m
Revenue	46.2	66.4	125.9
Operating profit	6.6	24.5	32.1
Profit before tax	1.4	17.1	23.7

The results reflect a material reduction in revenue as compared with the corresponding period of 2014, partially offset by cost savings. As shown by the following analysis the main reason for the revenue reduction was the lower average prices achieved for the group's outputs. A nine per cent fall in overall production volumes was a contributory factor.

	$'m
Reduction in revenue due to selling prices	(14.8)
Reduction in revenue due to production volumes	(4.7)
Other factors	(0.7)
	(20.2)

The fall in the market prices for the group's outputs also resulted in a negative movement of $1.4 million in the fair value of agricultural inventory against a gain of $1.0 million in the six months to 30 June 2014.

Specific components of the results

Cost of sales, with comparative figures for 2014, was made up as follows:

	6 months to 30 June 2015 $'m	6 months to 30 June 2014 $'m	Year to 31 December 2014 $'m
Purchase of external FFB	7.6	11.3	19.7
Estate operating costs	23.4	20.8	47.9
Depreciation and amortisation	5.2	5.2	10.3
	36.2	37.3	77.9

Although estate operating costs at $23.4 million were higher than the $20.8 million reported for the first six months of 2014, this was due to the timing of fertiliser applications which occurred and were expensed to a much greater extent in the second half of 2014 than will be the case in 2015. On an annualised basis estate operating costs showed a slight reduction on the figure reported for 2014 as a whole, notwithstanding an increase of 860 hectares in the mature area under cultivation at the beginning of 2015. Whilst rupiah wages in East Kalimantan have again been increased, the impact of this has been moderated by a weaker Indonesian rupiah. Improvements to operating efficiencies, including the move in 2014 from contractor to in-house composting, continue to produce savings.

The net gain on valuation of the group's biological assets included in operating profit amounted to $2.9 million (2014: $3.2 million). The discount rates applied were 15 per cent per annum for the group's more established estates and 18 per cent per annum for all other estates. These discount rates are the same as those applied in 2014 save as respects the estates owned by PT Kutai Mitra Sejahtera where the rate of 15 per cent now applied is a reduction from 16.5 per cent in 2014. This reduction is in line with the group's policy that as the maturity of any particular area progresses, the discount rate will be steadily reduced.

Administrative expenses, at $4.4 million against $8.2 million in 2014, reflected further steps by the group to reduce overheads but also benefited from a one off write back of a $2.2 million provision in respect of future UK pension contributions that is no longer required.

Excluding changes referable to exchange movements and to the fair value of derivative instruments (the latter being itself influenced by exchange movements) and before deduction of amounts transferred as additions to biological assets, finance charges totalled $8.4 million, a reduction of some $0.5 million as compared with the corresponding period of 2014. The interest premium as compared with dollars payable on the group's Indonesian rupiah borrowings was more than compensated for by an exchange gain of $1.1 million on the rupiah liabilities. Overall, changes in fair value attributable to exchange fluctuations and in respect of derivative instruments resulted in a profit of $1.4 million (2014: loss $0.3 million) so that, after deduction of amounts transferred as addition to biological assets, the net charge to income amounted to $5.3 million (2014: $7.6 million).

The results reported include a tax charge of $0.8 million (2014: $5.0 million). As in previous years, the high effective rate reflects an Indonesian tax rate of 25 per cent (higher than the applicable UK rate of 20.25 per cent) and withholding tax on intra-group payments partially written off.

Ordinary dividend

As noted above and as further referred to under "Agricultural operations" below, 2015 has seen a significant fall in CPO prices and this has had an inevitable negative impact on the group's cash flows. In response to this, the group is engaged in various initiatives to refinance existing indebtedness and to raise additional equity to permit continuation of the group's planned extension planting programme. Pending the outcome of these initiatives and until they have seen how the CPO market develops, the directors consider it preferable not to commit yet to any level of dividend declaration in respect of 2015.

For the same reason, the directors have deferred any decision regarding a capitalisation issue of new preference shares to ordinary shareholders, such as has been made in previous years as a method of augmenting returns to ordinary shareholders while conserving the group's cash resources.

Agricultural operations

The following table shows the FFB crops, the CPO, palm kernel and CPKO production, resultant extraction rates and annual rainfall for the six months to 30 June 2015, together with comparative figures for 2014:

	6 months to 30 June 2015	6 months to 30 June 2014
FFB crops (tonnes)		
Group	280,035	309,801
Third party	68,635	68,603
Total	348,670	378,404
Production (tonnes)		
CPO	74,018	81,048
Palm kernels	15,769	16,654
CPKO	5,311	6,398
Extraction rates (percentage)		
CPO	21.5	21.6
Palm kernel	4.6	4.4
CPKO	33.6	38.3
Rainfall (mm)		
Average across the estates	1,505	1,295

A number of groups operating in East Kalimantan have reported lower cropping during the first six months of 2015. This is thought to reflect the combination of unusually high rainfall in February following on from an extended dry period in September and October 2014. Rainfall for the half year to 30 June 2015 averaged 1,505 millimetres across the group's operations, closer to recent historical averages for the equivalent period and ahead of the 1,295 millimetres that fell during the corresponding period in 2014. However, rainfall in July and, to date, in August has been well below average.

Cropping in the initial part of July was affected by the Ramadan fasting period and subsequent festivities. With the holiday period now over, daily cropping rates are improving to more normal levels. Smallholder crops continue to make a steady contribution to throughput and revenue.

In the group's two older mills, refurbishment of three out of the four boilers has been completed. Refurbishment of the remaining fourth boiler is in progress. Other major refurbishment works in the mills are now substantially complete although there is a continuing programme of repair work and maintenance to ensure optimum throughput.

Improving mill operation and capacity should be reflected in improving extraction rates. These are currently running at much better levels, although the drier weather may be a contributing factor.

Completion of a new second loading ramp at the group's oldest mill means that it is now possible to grade all third party fruit being purchased by the group and this should help reduce the negative impact on extraction rates of poorer quality third party fruit. Whilst the extent of this impact is difficult to measure precisely, the group's Perdana oil mill, which processes a much higher proportion of third party fruit than the group's Cakra and Satria oil mills, had a CPO extraction rate for the half year to 30 June 2015 of 21.4 per cent as compared with the 23.6 per cent achieved by the Satria oil mill.

The group expects that the actions referred to under "Sustainability" below to ensure the traceability of all FFB processed in the group's mills will permit a more informed and mutually beneficial dialogue between the group and local farmers regarding measures to improve FFB quality.

Works have been initiated to extend the group's newest oil mill so as to double its capacity in 2016, thereby ensuring at least until 2019 sufficient processing capacity for all crop from the group's estates and from the growing number of maturing smallholder plantings in the vicinity.

During the period from 1 January to 30 June 2015, the CPO price, CIF Rotterdam, for the most part traded within the range $650 to $700 per tonne but with some occasional dips towards the $600 level. Whilst there have been increasing indications of an El Niño weather event in 2015 and a recent announcement that the US will mandate increased use of biofuels with effect from 2016, CPO prices have been significantly weaker in recent weeks. In the opinion of the directors, this reflects a general weakness in commodity markets, concerns about growth in China and the current plentiful supplies of soybeans. The previously announced new Indonesian levy on exports of CPO is now being implemented at a level of $50 per tonne. The planned use of levy proceeds to support increased mandatory blending of biodiesel in fuel sold within Indonesia is likely to improve biodiesel offtake and may well result in some firming in the CPO price in due course.

The average selling price for the group's CPO for the six-month period to 30 June 2015, on an FOB basis at the port of Samarinda and after payment of export duty, was $542 per tonne (2014: $711 per tonne). The average selling price for the group's CPKO on the same basis was $862 per tonne (2014: $1,034 per tonne). In addition, during the half year to 30 June 2015, the group realised approximately $378,000 from the sale of green palm certificates with the price for green palm certificates in respect of CPKO currently at $50 per tonne (2014: $60 per tonne).

The breakdown of land areas held by the group remains as set out on page 15 of the annual report for 2014 published in April 2015.

Good progress is being made with development of the new land areas held by PBJ and CDM. Construction of the perimeter bunding required to control flooding in the lower lying areas of PBJ is now substantially complete and work to install the water gates has commenced. During the half year to 30 June 2015, the area cleared for planting at PBJ increased by 1,160 hectares. With expansion now possible into lower lying areas and as the higher areas become more accessible, the group expects clearing to accelerate rapidly within the further 6,000 hectares that are immediately available to be cleared and planted. At CDM, clearing has started on an initial 1,000 hectares. Planting out is following steadily behind land clearing with 525 hectares planted to date.

The group is also working towards completing the long announced swap of land held by PT Sasana Yudha Bhakti for shares in PT Prasetia Utama in the second half of 2015 in which case development of a nursery would be initiated towards the end of the year.

The group's pioneering collaboration with the Indonesian state electricity company came to fruition in April 2015 when the group's two methane capture plants started to supply renewable electricity to local villages. Initially, 14 villages were connected and the first revenues are now starting to flow through. The Indonesian state electricity company is now working on completing connections to a further 7 villages as well as installing prepay meters in village houses. As further villages are connected and the installed number of prepay meters increases, power offtake from the group is projected to increase.

Stone and coal operations

The group is continuing to seek a "cornerstone" third party stone offtake agreement to underpin the investment needed to upgrade the access road to the group's stone concession which will be a necessary preliminary to commencing extraction operations at the concession.

The group's coal mining activities remain suspended.

Sustainability

In June 2015, the group published its second sustainability report in support of its continuing commitment to produce palm oil in a responsible manner. The purpose of this report, which has been produced in accordance with the Global Reporting Initiative framework, is to provide stakeholders with detailed information about the group's performance on all material environmental and socio-economic issues that is more comprehensive than the information provided in the 2014 annual report. The report is available to download from the group's website: www.rea.co.uk.

The report summarises the group's sustainability performance in 2013 and 2014 and demonstrates its success in meeting the majority of the commitments and targets made in the first sustainability report, published in July 2013. Such targets include the installation of water flow meters at all three mills (2014), conducting an employee satisfaction survey (2014), ceasing to use the herbicide Paraquat (2013) and including the group's third mill within the scope of the group's carbon footprint calculation (2013). The group's new commitments and targets to the end of 2016 include ensuring the traceability of all FFB processed by the group to the land where it was produced, mapping the encroachment within the conservation areas and developing an action plan to restore these areas, reducing the intensity of the group's Greenhouse Gas ("GHG") emissions per planted hectare, and reducing the volume of water used by the mills to process each tonne of FFB.

The process of ensuring that all operations achieve and maintain Roundtable on Sustainable Palm Oil ("RSPO") certification and the International Sustainability and Carbon Certification ("ISCC") is continuing. In July 2015, the group was awarded ISCC for the group's newest oil mill and in April 2015 passed the RSPO and ISCC surveillance audits for the two older mills. The group is preparing for the first RSPO audits of the newest mill and the associated estate areas which will take place later in 2015.

A number of carbon stock assessments were undertaken in the group's new development areas during the first half of 2015 to fulfil a new requirement of the RSPO Principles and Criteria which applies from January 2015. This new requirement adds to the longer standing RSPO requirements for all new oil palm development that a high conservation value assessment, social impact assessment and soil survey must be conducted and submitted for public consultation prior to commencing land clearing.

The market for ISCC CPO has weakened in 2015 and no sales to this market have so far been made this year. Conversely, the market for RSPO Greenpalm certificates has been more buoyant, with sales made to date in 2015 in respect of production of 20,000 tonnes of RSPO certified CPO and nearly 7,000 tonnes of RSPO certified CPKO realising the net proceeds of $378,000 referred to under "Agricultural operations" above.

In April 2015, experts from SarVision visited the plantations to trial the use of unmanned aerial vehicles for collecting imagery which could support various aspects of plantation management. This field trial was part of a project funded by the European Space Agency. The applications trialled include early detection of disease, FFB bunch census, mapping encroachment within the conservation reserves and identification of independent smallholder plantings within the catchment area for the group's mills.

During the first half of 2015 the smallholder and survey teams have focused on mapping the independent smallholder land within the group's supply base and developing a comprehensive database of these suppliers. Going forward, only FFB from smallholders who have registered their land with the group will be processed in the group's mills so that the group will have a fully traceable supply base and access to more accurate yield data for the independent smallholders.

The group is also working with an international development NGO, SNV, to improve the agricultural practices of smallholders within the group's supply chain who manage their own land so as to optimise their yields and fruit quality in a way that complies with the standards of the RSPO. Improving the yields and quality of FFB produced by smallholders is a high priority as this will increase both the income that these farmers receive from their land and the profitability of the group's oil mills. The training scheme is designed so that farmers, upon completion of training, will be in a position to train other smallholders within the same cooperative.

In June 2015, the group received three awards from the Investment and Promotion Board in the district of Kutai Kartenagara in respect of its contribution to corporate social responsibility in the plantation sector. The three awards relate to the provision of benefits to society in terms of infrastructure, health, education and culture, to innovation and to conservation and the environment.

Financing

The group continues to be financed by a combination of debt and equity (comprising ordinary and preference share capital). Total equity including non-controlling interests amounted to $299.9 million at 30 June 2015 against $306.6 million at 31 December 2014.

Capital expenditure of $12.9 million and dividends paid by the parent company of $6.3 million were financed mainly by a combination of net cash from operating activities of $2.6 million and a reduction in the group's cash balances.

As a result, group indebtedness and related engagements at 30 June 2015 totalled $198.0 million against $195.4 million at 31 December 2014. Against this indebtedness, the group held cash and cash equivalents of $6.0 million (31 December 2014: $16.2 million). The composition of the resultant net indebtedness of $192.0 million was as follows:

	$'m
7.5 per cent dollar notes 2017 ($34.0 million nominal)	33.6
9.5 per cent guaranteed sterling notes 2015/17 (£34.5 million nominal)	53.1
Hedge of the principal amount of £22 million nominal of the sterling notes	8.3
Indonesian term bank loans	72.0
Drawings under working capital lines	31.0
	198.0
Cash and cash equivalents	(6.0)
Net indebtedness	192.0

As stated in the 2014 annual report, the directors intend that, when market conditions permit, existing shorter dated debt should be repaid and replaced with preference share capital or debt of a longer maturity.

In line with this intention, in July 2015 the group raised $7.9 million through a placing for cash of 4.2 million new 9 per cent cumulative preference shares at 120p per share. Further, as announced on 3 August 2015, the group is proceeding with a proposal to refinance a substantial proportion of the £34.5 million 9.5 per cent sterling notes 2015/17 issued by REA Finance B.V. ("REAF") and guaranteed by the company (the "existing sterling notes") with new 8.75 per cent sterling notes 2020 also to be issued by REAF and guaranteed by the company (the "new sterling notes") and concurrently to place up to £5.5 million of new sterling notes for cash. The refinancing is to be effected by way of an exchange offer of new sterling notes for existing sterling notes on the basis of £1 nominal of new sterling notes for every £1 nominal of existing sterling notes.

Both the exchange offer and the placing are expected to complete on 3 September 2015, subject to, inter alia, the sanction of the holders of existing sterling notes by way of an extraordinary resolution to be proposed at a meeting of the noteholders convened for 27 August 2015, as well as upon execution of all of the necessary documentation and admission of the new sterling notes to the Official List and to trading on the Regulated Market of the London Stock Exchange. The exchange offer is also conditional upon a suitable level of acceptances being received in respect of the existing sterling notes by 1 September 2015. The directors have received informal and non-binding indications that holders of in excess of £25 million nominal of the existing sterling notes (representing in excess of 70 per cent thereof) are likely to vote in favour of the proposal and to accept the exchange offer in respect of their respective holdings of existing sterling notes.

Negotiation of new bank facilities in Indonesia for the companies with development programmes are advancing and agreement has recently been reached for the renewal of, and an increase in, the local bank facilities for the companies that own the group's mature estates. The group is also in discussion regarding the rollover of the principal component of the group's cross currency interest rate swap upon which an expected liability will otherwise crystallise on the existing maturity on 27 December 2015.

Whilst the directors consider it important to ensure that the group maintains sufficient bank facilities to provide a reserve against working capital demands arising from fluctuations in production and shipments, they recognise that, with CPO prices at current levels, the group must be careful in increasing its overall indebtedness. Accordingly, for the immediate future, the directors aim to finance with equity the major part of any new development expenditure for which specific debt finance is not already in place. The directors recognise the cost of equity dilution but they expect this to be more than outweighed by the benefits of continued expansion of the group's hectarage.

To this end, the directors are continuing to work towards implementing their previously announced intention of effecting a public offering of a minority shareholding in the group's principal operating subsidiary, REA Kaltim, which is the holding company for all of the agricultural operations of the group, combined with a listing of REA Kaltim shares on the Indonesia Stock Exchange in Jakarta. In addition, the group is now in discussions concerning a possible participation by a trade investor in the equity of REA Kaltim ahead of, or alongside, the planned public offering.

The directors acknowledge that market conditions are currently not optimal for a public offering but they believe that it remains politically important to enhance the group's local credentials and, to that end, to be in a position to proceed with the planned public offering as soon as circumstances permit.

Outlook

CPO prices are difficult to predict but the directors derive comfort from the fact that food demand for vegetable oils is still growing and that such growth will, progressively, more than compensate for any fall off in biodiesel usage. Furthermore, in the major markets for CPO of India and China, past experience suggests that consumption is highly price elastic and that, as prices fall, per capita consumption increases. Whilst the directors do not believe that prices will rapidly recover to the high levels of above $1,000 per tonne (CIF Rotterdam) seen between 2010 and 2012, they do believe that some recovery from the current very depressed levels is likely in the relatively short term.

In the meanwhile, the group is striving to reduce costs. In this, it is making good progress and is being helped by the continuing weakness of the Indonesian rupiah. With improved production volumes and extraction rates, this should ensure that the group remains a low cost producer of CPO and, as such, well placed to weather the current low period in the CPO price cycle.

Moreover, by continuing its extension planting programme in a period when extension planting of oil palm is generally reducing, the group should be particularly well placed to benefit when CPO prices do recover.

RICHARD M ROBINOW
Chairman
25 August 2015

Risks and uncertainties

The principal risks and uncertainties, as well as relative mitigating and other relevant considerations, affecting the business activities of the group as at the date of publication of the 2014 annual report were set out on pages 36 to 41 of that report, under the heading "Risks and uncertainties". A copy of the report may be downloaded from the company's website at www.rea.co.uk. In summary, such risks and uncertainties comprised:

Agricultural operations	
Climatic factors	Material variations from the norm
Cultivation risks	Impact of pests and diseases
Other operational factors	Logistical disruptions to the production cycle, including transportation
Produce prices	Consequences of lower realisations from sales of CPO and CPKO
Expansion	Delays in securing land or funding for the extension planting programme
Sustainability practices	Failure to meet expected standards
Community relations	Disruptions arising from issues with local stakeholders
Stone and coal operations	
Operational factors	Failure by external contractors to achieve agreed targets
Prices	Consequences of stone or coal price weakness
Sustainability practices	Failure to meet expected standards
General	
Currency risk	Adverse exchange movements between sterling or the Indonesian rupiah and the dollar
Counterparty risk	Default by suppliers, customers or financial institutions
Regulatory and country exposure	Failure to meet or comply with expected standards or applicable regulations; adverse political or legislative changes in Indonesia

The recent decline in crude palm oil and crude palm kernel oil prices may have increased the significance to the group of the risk in respect of produce prices. Subject to that, the directors consider that the principal risks and uncertainties for the second six months of 2015 continue to be those set out in the company's 2014 annual report as summarised above.

Going concern

As referred to in the Chairman's statement, the group has published proposals (the "proposed sterling note exchange") to refinance some or all of the 9.5 per cent sterling notes 2015/17 issued by REA Finance B.V. ("REAF") ("existing sterling notes") with new 8.75 per cent sterling notes 2020 also to be issued by REAF. At the same time, the directors are progressing arrangements to renew or replace those Indonesian bank facilities (including hedging instruments) falling due in 2015 and to arrange additional facilities to provide for a reserve against working capital demands arising from fluctuations in production and shipments, whilst seeking to ensure that overall indebtedness remains at an appropriate level, particularly in the light of current CPO price levels.

For the immediate future, it is intended to finance with equity the major part of any new development expenditure for which specific debt finance is not already in place. To this end, the group is continuing to work towards effecting a public offering of a minority shareholding in the company's subsidiary, PT REA Kaltim Plantations ("REA Kaltim") possibly coupled with a placing of REA Kaltim shares ahead of such offering. A significant proportion of development expenditure is discretionary and could be delayed or deferred should the need arise.

Institutional holders of a substantial majority of existing sterling notes have indicated informally that they support the proposed sterling note exchange which is scheduled to complete on 3 September 2015. Some existing Indonesian bank facilities and some additional facilities have already been renewed or put in place. The directors expect that discussions regarding the balance of the planned renewals, replacements and additions will be satisfactorily concluded.

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

Directors' responsibilities

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

The directors confirm that:

- the accompanying condensed set of financial statements has been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union.
- the "Chairman's statement" and "Risks and uncertainties" sections of this half yearly report include a fair review of the information required by rule 4.2.7R of the Disclosure and Transparency Rules of the Financial Conduct Authority, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and
- note 16 in the notes to the consolidated financial statements includes a fair review of the information required by rule 4.2.8R of the Disclosure and Transparency Rules of the Financial Conduct Authority, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the group during that period, and any changes in the related party transactions described in the last annual report that could do so.

The current directors of the company are as listed on page 42 of the company's 2014 annual report.

Approved by the board on 25 August 2015
RICHARD M ROBINOW
Chairman

Consolidated income statement

for the six months ended 30 June 2015

	Note	6 months to 30 June 2015 $'000	6 months to 30 June 2014 $'000	Year to 31 December 2014 $'000
Revenue	2	46,205	66,436	125,865
Net (loss) / gain arising from changes in fair value of agricultural inventory	4	(1,351)	1,022	(1,692)
Cost of sales		(36,267)	(37,318)	(77,914)
Gross profit		8,587	30,140	46,259
Net gain arising from changes in fair value of biological assets	10	2,907	3,202	3,571
Other operating income	2	–	–	2
Distribution costs		(494)	(674)	(1,325)
Administrative expenses	5	(4,415)	(8,187)	(16,391)
Operating profit		6,585	24,481	32,116
Investment revenues	2	28	167	398
Finance costs	6	(5,256)	(7,571)	(8,770)
Profit before tax		1,357	17,077	23,744
Tax	7	(796)	(5,033)	(1,763)
Profit for the period		561	12,044	21,981
Attributable to:				
Ordinary shareholders		(3,397)	8,122	14,153
Preference shareholders		4,204	3,990	8,140
Non-controlling interests		(246)	(68)	(312)
		561	12,044	21,981
(Loss) / earnings per 25p ordinary share (US cents)	8	(9.7)	23.2	40.3

All operations in all periods are continuing

Consolidated balance sheet
as at 30 June 2015

	Note	30 June 2015 $'000	30 June 2014 $'000	31 December 2014 $'000
Non-current assets				
Goodwill		12,578	12,578	12,578
Biological assets	10	320,139	299,870	310,175
Property, plant and equipment	11	152,059	148,653	151,172
Prepaid operating lease rentals		35,225	30,667	33,879
Indonesian stone and coal interests		31,503	31,280	31,334
Deferred tax assets		12,572	11,592	8,909
Non-current receivables		2,439	2,049	2,749
Total non-current assets		566,515	536,689	550,796
Current assets				
Inventories		14,433	23,473	16,180
Trade and other receivables		23,648	23,462	25,487
Cash and cash equivalents		6,038	25,193	16,224
Total current assets		44,119	72,128	57,891
Total assets		610,634	608,817	608,687
Current liabilities				
Trade and other payables		(23,112)	(17,278)	(17,818)
Current tax liabilities		(851)	(2,969)	(2,581)
Bank loans		(43,150)	(36,110)	(40,326)
Sterling notes		(15,499)	–	(14,693)
US dollar notes		–	(6,134)	–
Hedging instruments		(8,785)	–	(9,590)
Ordinary dividend payable		(2,044)	(2,243)	–
Other loans and payables		(703)	(836)	(1,238)
Total current liabilities		(94,144)	(65,570)	(86,246)
Non-current liabilities				
Bank loans		(59,861)	(59,792)	(60,638)
Sterling notes		(37,641)	(57,606)	(37,713)
US dollar notes		(33,553)	(33,468)	(33,472)
Preference shares issued by a subsidiary		–	(38)	–
Hedging instruments		–	(5,920)	–
Deferred tax liabilities		(80,692)	(72,769)	(77,191)
Other loans and payables		(4,857)	(7,059)	(6,802)
Total non-current liabilities		(216,604)	(236,652)	(215,816)
Total liabilities		(310,748)	(302,222)	(302,062)
Net assets		299,886	306,595	306,625
Equity				
Share capital		112,974	101,372	112,974
Share premium account		23,366	25,161	23,366
Translation reserve		(43,840)	(28,874)	(44,324)
Retained earnings		205,362	207,188	212,928
		297,862	304,847	304,944
Non-controlling interests		2,024	1,748	1,681
Total equity		299,886	306,595	306,625

Consolidated statement of comprehensive income

for the six months ended 30 June 2015

	6 months to 30 June 2015 $'000	6 months to 30 June 2014 $'000	Year to 31 December 2014 $'000
Profit for the period	561	12,044	21,981
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Actuarial losses	–	–	(212)
Deferred tax on actuarial losses	–	–	42
	–	–	(170)
Items that will not be reclassified to profit or loss:			
Exchange differences on translation of foreign operations	2,707	1,902	(8,429)
Exchange differences on deferred tax	(1,635)	1,680	(3,383)
	1,072	3,582	(11,982)
Total comprehensive income for the period	1,633	15,626	9,999
Attributable to:			
Ordinary shareholders	(2,325)	11,704	2,171
Preference shareholders	4,204	3,990	8,140
Non-controlling interests	(246)	(68)	(312)
	1,633	15,626	9,999

Consolidated statement of changes in equity

for the six months ended 30 June 2015

2015	Share capital $'000	Share premium $'000	Translation reserve $'000	Retained earnings $'000	Sub total $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2015	112,974	23,366	(44,324)	212,928	304,944	1,681	306,625
Total comprehensive income	–	–	484	806	1,290	343	1,633
Dividends to preference shareholders	–	–	–	(4,204)	(4,204)	–	(4,204)
Dividends to ordinary shareholders	–	–	–	(4,168)	(4,168)	–	(4,168)
At 30 June 2015	112,974	23,366	(43,840)	205,362	297,862	2,024	299,886
2014							
At 1 January 2014	101,574	25,161	(32,549)	203,225	297,411	2,030	299,441
Total comprehensive income	–	–	3,675	12,233	15,908	(282)	15,626
Purchase and sale of treasury shares	(202)	–	–	–	(202)	–	(202)
Dividends to preference shareholders	–	–	–	(3,990)	(3,990)	–	(3,990)
Dividends to ordinary shareholders	–	–	–	(4,280)	(4,280)	–	(4,280)
At 30 June 2014	101,372	25,161	(28,874)	207,188	304,847	1,748	306,595
Total comprehensive income	–	–	(15,450)	9,890	(5,560)	(67)	(5,627)
Issue of new preference shares (cash)	8,946	1,618	–	–	10,564	–	10,564
Issue of new preference shares (scrip)	3,420	(3,420)	–	–	–	–	–
Purchase of treasury shares	(764)	7	–	–	(757)	–	(757)
Dividends to preference shareholders	–	–	–	(4,150)	(4,150)	–	(4,150)
At 31 December 2014	112,974	23,366	(44,324)	212,928	304,944	1,681	306,625

Consolidated cash flow statement
for the six months ended 30 June 2015

	Note	6 months to 30 June 2015 $'000	6 months to 30 June 2014 $'000	Year to 31 December 2014 $'000
Net cash from operating activities	14	2,613	14,160	24,392
Investing activities				
Interest received		28	167	398
Proceeds on disposal of property, plant and equipment		2,273	–	–
Purchases of property, plant and equipment		(3,754)	(6,442)	(14,892)
Expenditure on biological assets		(7,917)	(9,194)	(18,522)
Expenditure on prepaid operating lease rentals		(1,256)	(455)	(4,261)
Investment in Indonesian stone and coal interests		(169)	(843)	(897)
Net cash used in investing activities		(10,795)	(16,767)	(38,174)
Financing activities				
Preference dividends paid		(4,204)	(3,990)	(8,140)
Ordinary dividends paid		(2,124)	(2,036)	(4,280)
Repayment of bank borrowings		(5,155)	(940)	(30,715)
Purchase of treasury shares, net of sales		–	43	(959)
Proceeds of issue of preference shares		–	–	10,564
Redemption of US dollar notes		–	–	(6,310)
Payment to close out hedging contract		–	–	(41)
New bank borrowings drawn		9,529	–	35,419
Net cash used in financing activities		(1,954)	(6,923)	(4,462)
Cash and cash equivalents				
Net decrease in cash and cash equivalents	15	(10,136)	(9,530)	(18,244)
Cash and cash equivalents at beginning of period		16,224	34,574	34,574
Effect of exchange rate changes		(50)	149	(106)
Cash and cash equivalents at end of period		6,038	25,193	16,224

Notes to the consolidated financial statements

1. Basis of accounting

The condensed consolidated financial statements for the six months ended 30 June 2015 comprise the unaudited financial statements for the six months ended 30 June 2015 and 30 June 2014, neither of which has been reviewed by the company's auditor, together with audited financial statements for the year ended 31 December 2014.

The information shown for the year ended 31 December 2014 does not constitute statutory accounts within the meaning of section 435 of the Companies Act 2006, and is an abridged version of the group's published financial statements for that year which have been filed with the Registrar of Companies. The auditor's report on those statements was unqualified and did not contain any statements under section 498(2) or (3) of the Companies Act 2006.

The condensed consolidated financial statements for the six months ended 30 June 2015 have been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union, and should be read in conjunction with the annual financial statements for the year ended 31 December 2014 which were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

The accounting policies and methods of computation adopted in the preparation of the condensed consolidated financial statements for the six months ended 30 June 2015 are the same as those set out in the group's annual report for 2014.

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

The condensed consolidated financial statements for the six months ended 30 June 2015 were approved by the Board of Directors on 25 August 2015.

2. Revenue

	6 months to 30 June 2015 $'000	6 months to 30 June 2014 $'000	Year to 31 December 2014 $'000
Sales of goods	44,344	65,269	124,538
Revenue from services	1,861	1,167	1,327
	46,205	66,436	125,865
Other operating income	–	–	2
Investment revenue	28	167	398
Total revenue	46,233	66,603	126,265

3. Segment information

The group continues to operate in two segments, being the cultivation of oil palms and the stone and coal operations, together with a head office segment made up of the activities of the UK, European and Singaporean subsidiaries. In the period ended 30 June 2015, the relevant measures for the stone and coal operations continued to fall below the quantitative thresholds set out in IFRS 8. Accordingly, no segment information is included in these financial statements.

4. Agricultural produce inventory movement

The net (loss) / gain arising from changes in fair value of agricultural produce inventory represents the movement in the fair value of that inventory less the amount of the movement in such inventory at historic cost (which is included in cost of sales).

5. Administrative expenses	6 months to 30 June 2015 $'000	6 months to 30 June 2014 $'000	Year to 31 December 2014 $'000
Net foreign exchange losses / (gains)	217	106	(391)
Net (credit) / charge for additional UK pension contributions (see note 17)	(2,179)	74	314
Loss on disposal of fixed assets	–	–	484
Indonesian operations	5,683	7,476	13,794
Head office	2,696	2,771	5,587
	6,417	10,427	19,788
Amount included as additions to biological assets	(2,002)	(2,240)	(3,397)
	4,415	8,187	16,391

6. Finance costs	6 months to 30 June 2015 $'000	6 months to 30 June 2014 $'000	Year to 31 December 2014 $'000
Interest on bank loans and overdrafts	3,686	3,939	4,869
Interest on US dollar notes	1,275	1,681	3,438
Interest on sterling notes	2,510	2,790	5,414
Change in value of sterling notes arising from exchange fluctuations	466	1,851	(3,350)
Change in fair value of derivative financial instruments	(730)	(2,080)	2,404
Change in value of loans arising from exchange fluctuations	(1,121)	528	(354)
Other finance charges	887	538	(402)
	6,973	9,247	12,019
Amount included as additions to biological assets	(1,717)	(1,676)	(3,249)
	5,256	7,571	8,770

7. Tax	6 months to 30 June 2015 $'000	6 months to 30 June 2014 $'000	Year to 31 December 2014 $'000
Current tax:			
UK corporation tax	–	301	–
Foreign tax	589	5,783	7,711
Prior year	–	–	(7,000)
Total current tax	589	6,084	711
Deferred tax:			
Current year	207	(1,051)	2,063
Prior year	–	–	(1,011)
Total deferred tax	207	(1,051)	1,052
Total tax	796	5,033	1,763

The tax charge for the period of $796,000 (2014: $5,033,000) is based on the reported results of the operations in each jurisdiction, using relevant rates of tax, adjusted for items which include non-taxable income/expense, Indonesian withholding taxes not utilisable in the UK and time expired tax losses brought forward. If the income mix in the second half of 2015 differs materially from that of the first half, it will result in a disproportionate movement in the effective rate of taxation for the full year.

As disclosed in note 9 on page 88 of the 2014 Annual Report, the Indonesian tax authorities filed earlier in the year an appeal for judicial review with the Supreme Court of Indonesia of the findings of the Jakarta Tax Court in May 2014 in favour of a group subsidiary which had disputed the disallowance of mark-to-market losses in 2008 on its cross currency interest rate swap. The case is still pending in the Supreme Court.

8. (Loss) / earnings per share

	6 months to 30 June 2015 $'000	6 months to 30 June 2014 $'000	Year to 31 December 2014 $'000
(Loss) / earnings for the purpose of (loss) / earnings per share*	(3,397)	8,122	14,153

* being net (loss) / profit attributable to ordinary shareholders

	'000	'000	'000
Weighted average number of ordinary shares for the purpose of (loss) / earnings per share	35,085	35,079	35,085

9. Dividends

	6 months to 30 June 2015 $'000	6 months to 30 June 2014 $'000	Year to 31 December 2014 $'000
Amounts paid or payable and recognised as distributions to equity holders:			
Preference dividends of 9p per share per annum	4,204	3,990	8,140
Ordinary dividends:			
Interim re 2013 (3.5p per share paid 24 January 2014)	–	2,036	2,036
Final re 2013 (3.75p per share paid 25 July 2014)	–	2,244	2,244
Interim re 2014 (4p per share paid 23 January 2015)	2,124	–	–
Final re 2014 (3.75p per share paid 24 July 2015)	2,044	–	–
	8,372	8,270	12,420

10. Biological assets

	6 months to 30 June 2015 $'000	6 months to 30 June 2014 $'000	Year to 31 December 2014 $'000
Beginning of period	310,175	288,180	288,180
Opening balance adjustment	(215)	–	–
Additions to planted area and costs to maturity including finance costs	9,772	8,538	20,617
Transfers to property, plant and equipment	(2,203)	–	(2,095)
Transfers to non-current receivables	–	(50)	–
Transfers to current receivables	(297)	–	(98)
Net biological gain	2,907	3,202	3,571
End of period	320,139	299,870	310,175
Net biological gain comprises:			
Fair value of crops harvested during the period	(31,008)	(44,000)	(87,647)
Gain arising from movement in fair value attributable to other physical changes	18,407	39,997	76,808
Gain arising from movement in fair value attributable to price changes	15,508	7,205	14,410
	2,907	3,202	3,571

The basis of the determination of the fair value of the group's biological assets is explained on page 81 of the Annual Report 2014 under Accounting policies (group), and has remained unchanged. The discount rates used in the determination of fair value in these financial statements are 15 per cent (2014: 15 per cent) in the case of PT REA Kaltim Plantations and PT Sasana Yudha Bhakti, 15 per cent in the case of PT Kutai Mitra Sejahtera (2014: 16.5 per cent) and 18 per cent in the case of all other group plantation companies (2014: 18 per cent). The discount rates reflect the degree of maturity of the relevant plantations. In addition a standard unit margin of $63.9 (2014: $60.9) per tonne of oil palm fresh fruit bunches has been used.

11. Capital expenditure on property, plant and equipment and capital commitments

In the period, there were additions to property, plant and equipment of $3.8 million (2014: $6.4 million).

Capital commitments contracted, but not provided for by the group as at 30 June 2015, amounted to $1.8 million (31 December 2014: $3.9 million, 30 June 2014: $1.7 million).

12. Fair values of financial instruments

The table below provides, as at the balance sheet date, an analysis of the book values and fair values of financial instruments, excluding receivables and trade payables and Indonesian stone and coal interests all of which are carried at cost and as respects which the directors consider that cost is approximately equal to their fair values. All financial instruments are classified as level 1 in the fair value hierarchy prescribed by IFRS 7 "Financial instruments: disclosures" other than the cross currency interest rate swaps and the preference shares issued by a subsidiary that are classified as levels 2 and 3 respectively. No reclassifications between levels in the fair value hierarchy were made during the period (2014: none).

	30 June 2015 Book value $'000	30 June 2015 Fair value $'000	30 June 2014 Book value $'000	30 June 2014 Fair value $'000	31 December 2014 Book value $'000	31 December 2014 Fair value $'000
Cash and deposits*	6,038	6,038	25,193	25,193	16,224	16,224
Bank debt-within one year*	(43,150)	(43,150)	(36,110)	(36,110)	(40,326)	(40,326)
Bank debt-after more than one year*	(59,861)	(59,861)	(59,792)	(59,792)	(60,638)	(60,638)
Preference shares issued by a subsidiary	–	–	(38)	–	–	–
US dollar notes**	(33,553)	(35,031)	(39,602)	(41,034)	(33,472)	(34,691)
Sterling notes-within one year**	(15,499)	(16,561)	–	–	(14,693)	(16,006)
Sterling notes-after more than one year**	(37,641)	(40,222)	(57,606)	(62,899)	(37,713)	(41,084)
Hedging instruments - hedge against principal liabilities	(8,306)	(8,306)	(4,999)	(4,999)	(8,567)	(8,567)
Net debt and related engagements	(191,972)	(197,093)	(172,954)	(179,641)	(179,185)	(185,088)
Hedging instruments - hedge against interest liabilities	(479)	(479)	(921)	(921)	(1,023)	(1,023)
	(192,451)	(197,572)	(173,875)	(180,562)	(180,208)	(186,111)

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

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

A one per cent increase in interest applied to those financial instruments shown in the table above which carry interest at floating rates would have resulted over a period of one year in a pre-tax profit (and equity) decrease of approximately $970,000 (2014: pre-tax profit (and equity) decrease of $707,000).

The group's derivative financial instruments which are held at fair value comprise the hedging instruments as described in note 13. There were no non-recurring fair value measurements.

13. Hedging instruments

Hedging instruments comprise the outstanding cross currency interest rate swap ("CCIRS") described in note 26 (page 100) of the Annual Report 2014. The fair value of the CCIRS has been derived by a discounted cash flow analysis using quoted foreign forward exchange rates and yield curves derived from quoted interest rates with maturities corresponding to the applicable cash flows. The valuation of the CCIRS at 30 June 2015 at fair value resulted in a gain of $730,000 (30 June 2014: gain $2,080,000). The movement in the period has been dealt with through the consolidated income statement under finance costs.

A 50 basis points movement in the spread between the assumed yield curves for pounds sterling and the US dollar would increase or decrease the valuation by approximately $110,000 (2014: $442,000).

14. Reconciliation of operating profit to operating cash flows

	6 months to 30 June 2015 $'000	6 months to 30 June 2014 $'000	Year to 31 December 2014 $'000
Operating profit	6,585	24,481	32,116
Depreciation of property, plant and equipment	5,140	5,438	9,705
Decrease / (increase) in fair value of agricultural produce inventory	1,351	(1,022)	1,692
Amortisation of prepaid operating lease rentals	320	241	548
Amortisation of sterling and US dollar note issue expenses	107	220	358
Biological gain	(2,907)	(3,202)	(3,571)
(Profit) / loss on disposal of property, plant and equipment	(1,538)	–	484
Operating cash flows before movements in working capital	9,058	26,156	41,332
Decrease / (increase) in inventories (excluding fair value movements)	396	(5,106)	(527)
Increase in receivables	(528)	(3,047)	(5,659)
Increase / (decrease) in payables	1,669	(1,861)	(3,123)
Exchange translation differences	(1,147)	109	1,030
Cash generated by operations	9,448	16,251	33,053
Taxes paid	(1,997)	(2,142)	(3,401)
Tax refunds received	–	8,461	8,461
Interest paid	(4,838)	(8,410)	(13,721)
Net cash from operating activities	2,613	14,160	24,392

15. Movements in net borrowings

	6 months to 30 June 2015 $'000	6 months to 30 June 2014 $'000	Year to 31 December 2014 $'000
Change in net borrowings resulting from cash flows:			
Decrease in cash and cash equivalents	(10,136)	(9,530)	(18,244)
Net (increase) / decrease in borrowings	(4,374)	940	(4,704)
	(14,510)	(8,590)	(22,948)
Issue of preference shares	–	–	10,564
Redemption of US dollar notes, net of amortisation of issue expenses	–	–	6,310
Amortisation of sterling and US dollar notes issue expenses	(80)	(220)	–
	(14,590)	(8,810)	(6,074)
Currency translation differences	1,542	(1,227)	1,555
Net borrowings at beginning of period	(170,618)	(157,918)	(166,099)
Net borrowings at end of period	(183,666)	(167,955)	(170,618)

16. Related parties

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. During the first six months of 2015 no new material related party transactions have been started and only those related party transactions which were disclosed in the company's 2014 annual report have continued.

17. Pensions

Since the issue of the annual report for 2014, the actuarial valuation as at 31 December 2014 of the R.E.A. Pension Scheme (the "Scheme"), as referred to in note 37 of the annual report, has been prepared and shows that the Scheme assets marginally exceeded the Scheme's technical provisions as at that date. Investment outperformance since the 2011 valuation and a favourable change in the mortality assumption have more than offset the negative changes in financial assumptions (reflecting lower UK gilt yields).

Additional deficit contributions are now being discontinued and the remaining provision for future deficit contributions attributable to the group has been credited to the group's consolidated income statement for the six months ended 30 June 2015. The net (credit) / charge included in administrative expenses is as follows:

	6 months to 30 June 2015 $'000	6 months to 30 June 2014 $'000	Year to 31 December 2014 $'000
Release of provision relating to additional contributions paid in the period	(311)	(261)	(357)
Additional contributions paid in the period	311	335	671
Release of balance of provision relating to additional contributions no longer required	(2,179)	-	-
Net (credit) / charge to administrative expenses (see note 5)	(2,179)	74	314

18. Events after the reporting period

A final dividend of 3.75p per ordinary share in respect of the year ended 31 December 2014 was paid on 24 July 2015.

On 1 July 2015, the group raised $7.9 million through a placing for cash of 4.2 million new 9 per cent cumulative preference shares at 120p per share.

On 3 August 2015, the company published proposals whereby REA Finance B.V. would create up to £40 million nominal of 8.75 per cent guaranteed sterling notes 2020 ("new sterling notes") to be issued as to £34.5 million by way of an exchange offer to acquire all of the £34.5 million nominal of 9.5 per cent guaranteed sterling notes 2015/17 ("existing sterling notes") currently in issue (the "exchange offer") and as to the balance of up to £5.5 million by way of an issue of new sterling notes for cash at par.

The proposals are conditional, inter alia, on the passing of a resolution at an extraordinary general meeting of existing note holders to be held on 27 August 2015.

At the time of the publication of the proposals, the directors had received informal and non-binding indications from holders of in excess of £25 million nominal of existing sterling notes that they would vote in favour of the resolution and accept the exchange offer.

The result of the vote and of the exchange offer and placing will be announced on or before 2 September 2015.

Assuming acceptance of the offer by holders of £25 million nominal of existing sterling notes, the existing sterling notes and the new sterling notes (assuming the issue for cash of all £5.5 million of new sterling notes) would be repayable as follows:

31 December 2017	(existing sterling notes)	£9.5 million ($15.0 million)
31 August 2020	(new sterling notes)	£30.5 million ($47.9 million)

19. Rates of exchange

	30 June 2015		30 June 2014		31 December 2014	
	Closing	Average	Closing	Average	Closing	Average
Indonesian rupiah to US dollar	13,300	12,923	11,969	11,795	12,440	11,908
US dollar to pound sterling	1.5728	1.53	1.7099	1.67	1.5593	1.65

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

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