

Trading Statement

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R.E.A.Hldgs PLC
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R.E.A. Holdings plc
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Agricultural operations

The group's crop of oil palm fresh fruit bunches ("FFB") for the year to 31 December 2010 amounted to 518,742 tonnes, an increase of 5.8 per cent on the FFB crop of 490,178 tonnes for the corresponding period in 2009 but below the budgeted crop for the year of 561,680 tonnes. In addition, the group purchased 20,089 tonnes of FFB from smallholders and other third parties (2009: 13,248 tonnes). Rainfall across the estates averaged 4,434 mm for 2010, compared with 3,123 mm for the previous year.

Processing of the group's own FFB production and the externally purchased FFB, together totalling 538,831 tonnes (2009: 503,426 tonnes), produced 127,256 tonnes of crude palm oil ("CPO") (2009: 118,357 tonnes) and 24,614 tonnes of palm kernels (2009: 23,740 tonnes) reflecting extraction rates of 23.62 per cent for CPO (2009: 23.51 per cent) and 4.57 per cent for kernels (2009: 4.72 per cent). Production of crude palm kernel oil amounted to 9,745 tonnes (2009: 9,636 tonnes) with an extraction rate of 40.07 per cent (2009: 40.04 per cent).

The shortfall on the budgeted FFB crop is principally attributed by the directors to extended drier periods experienced during 2009 not helped by disruptions to harvesting and transport, particularly in the last quarter of the year, caused by the high level of rainfall during 2010. High incidences of parthenocarpy in fruit from the newly mature areas also impacted crop tonnage to a greater extent than allowed for in the 2010 budget. FFB production during 2010 has generally been below expectation throughout Malaysia and Indonesia.

Looking forward to 2011, there is good bunch formation in the fields and local management expects strong cropping during the early months of 2011. The group is budgeting an FFB crop of 636,000 tonnes for 2011.

The group enjoyed good CPO prices in 2010 with the price rising steadily during the year from an opening level of around \$800, CIF Rotterdam, to end the year at \$1,285 per tonne. The price has eased back slightly since the start of 2011 but, with continuing concerns about worldwide supplies of basic commodities, prices could well remain at good levels throughout 2011.

Progress during 2010 with the group's plans for expansion of estate oil palm plantings was delayed by hold ups in the issue of necessary permits. As a result, the aggregate area planted or under development increased over 2010 by only some 1,000 hectares to 32,072 hectares. Encouragingly, in recent weeks, the permit situation has improved and the group therefore retains its oil palm planting target for the two year period ending 31 December 2011 of 8,000 hectares in total. The directors believe that this target remains realistic provided that the permit process continues to move forward as it has done in recent weeks.

Development of the group's village cooperative smallholder schemes proceeded steadily during 2010 and the overall area planted or under development increased during the year by some 1,500 hectares to a closing level of 4,749 hectares.

Expansion of the group's newer oil mill to a capacity of 80 tonnes per hour was completed on schedule while upgrading of the group's older mill is proceeding as planned. The replacement boiler for the latter mill has recently been delivered and commissioning is due in the spring of 2011. The combined effect of these developments should ensure that the group has adequate milling capacity for its 2011 crop.

External pre-audit inspections in connection with the group's application for Roundtable on Sustainable Palm Oil accreditation commenced towards the end of 2010 and are proceeding satisfactorily.

Coal operations

The group is continuing to develop its expertise and reputation through traded coal sales and is progressing towards achieving its aim of establishing regular sales to a limited range of customers at an eventual level 100,000 tonnes per month. With coal prices at good levels, the directors are re-exploring the possibility of selling coal from the group's Liburdinding concession without blending. Pending a decision on this front, the group is concentrating its coal production efforts on the Kota Bangun concession. Overburden is currently being removed from the first pit at this concession and coal production is expected during the current month. Negotiations

are in hand to sell the entire production from the first pit to a large international coal trading company on a price fixing basis (where shipments are priced at date of delivery) based on an international index of coal prices.

Publication of results

In line with the timetable adopted in previous years, it is expected that the final results for 2010 will be announced, and the annual report in respect of 2010 published, in the second half of April 2011.

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