

AGM Statement

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R.E.A.Hldgs PLC
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The crop of oil palm fresh fruit bunches ("FFB") harvested to end May 2009 totalled 192,035 tonnes compared with a budgeted crop of 197,020 tonnes and the crop of 188,173 tonnes for the corresponding period in 2008. The FFB crop for 2009 has been budgeted at 486,000 tonnes with a normal budgetary assumption of average rainfall (both as to quantum and distribution). As the monthly phasing of crops varies from year to year, the directors attach no significance to small monthly percentage variations against budgets particularly as local management reports that bunch formation is indicative of good continuing monthly cropping.

Rainfall to end May averaged 1,610 mm across the group's operations, compared with 1,353 mm during the same period in the previous year, and is wholly satisfactory for oil palm cultivation and harvesting.

The crude palm oil ("CPO") extraction rate for the period was 23.2 per cent against a budget of 23.7 per cent and a modest improvement on the 23.0 per cent for the corresponding period in 2008. Local management is confident that measures taken to improve the CPO extraction rate will maintain this improving trend. The better palm kernel extraction rates previously reported have been maintained.

The recovery in CPO prices seen in the early months of 2009 has been sustained and CPO is currently trading at in excess of \$750 per tonne CIF Rotterdam. In light of this, the group has resumed extension planting, concentrating initially on 2,000 hectares of the 11,625 hectares owned by PT Putra Bongan Jaya ("PBJ") to which full land titles have been granted.

Following the previously announced agreement to reconstitute the facilities provided to the group in Indonesia by a consortium of banks, \$9.2 million of a new loan of \$11.75 million was drawn down on 22

May 2009 and was applied in repaying the outstanding balance of a previous loan from the same consortium of banks, which was due to be repaid in full by September 2010. The balance of the \$11.75 million will be drawn down in the near future. The \$11.75 million loan is repayable by instalments as to: \$0.90 million in 2009; \$1.50 million in 2010; \$2.10 million in 2011; \$2.70 million in 2012; \$3.60 million in 2013; and \$0.95 million in 2014. The new loan carries interest at 3.34 per cent over Singapore Inter-bank Offered Rate ("SIBOR") plus, for so long as inter-bank markets remain disrupted, a liquidity premium (currently equivalent to 3.46 per cent on the total \$11.75 million) reflecting the differences between SIBOR and the lending banks' costs of funds. The reconstituted facilities also provide the group with a revolving working capital facility, renewable annually, of \$4.75 million. This is currently undrawn.

The group continues to develop and strengthen its conservation activities. In addition to the present activities of the group's own conservation department, a new foundation for conservation, "Yayasan Ulin" or "The Ironwood Foundation", has recently been formed in Indonesia to promote scientific conservation projects in East Kalimantan to be carried out in co-operation with the group. Initial funding and support will be provided by the group in anticipation that, in due course, project specific donor funding can be found from other sources.

Recent weeks have seen further progress in relation to the two small coal mining concessions in respect of which the group holds rights. Production from Liburdinding has now started. It is expected that an initial 10,000 tonnes of Libudinding coal will be sold in June 2009 and that sales will progressively increase over the coming months to a level of about 30,000 tonnes per month, being the estimated production capacity that is now in place. Production from Muser, where the coal is of a higher calorific content, should follow within a few months. Indicated revenues and costs remain in line with expectations and encourage the hope that the coal initiative will provide attractive returns.

With firmer CPO prices and positive developments both in the group's core business and the new coal initiative, the directors remain confident in the group's future.

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