

Interim Management Statement

RNS Number : 3421V
R.E.A.Hldgs PLC
27 May 2008

Interim Management Statement

The crop of oil palm fresh fruit bunches harvested to end April 2008 amounted to 150,719 tonnes against a budget of 135,773 tonnes and a crop for the corresponding period of 2007 of 101,196 tonnes. Whilst the crop harvested to-date is encouraging, rainfall patterns influencing the 2008 and prior year crops make it likely that the phasing of the 2008 crop will differ from that of the 2007 crop. Accordingly, it should not be assumed that the percentage level of increase in crop sustained in the first four months of 2008 will be maintained throughout the year.

Rainfall to end April amounted to an average of 1,088 mm across the operations. This was lower than the rainfall of the preceding year but is more than sufficient for oil palm cultivation. The crude palm oil ("CPO") extraction rate for the period was a little disappointing at 23.09 per cent against a budget of 24.00 per cent. The directors attribute the shortfall to the overcast conditions prevailing during much of the period and a consequent reduction in levels of solar radiation (which is known to be important to oil formation). A palm kernel extraction rate of 4.33 per cent against a budget of 4.00 per cent encourages the hope that previously reported modifications to the palm kernel processes in the group's two oil mills are proving effective.

The price of CPO has remained firm and sales revenues have been encouraging. As a result, the group's liquidity has increased since the start of 2008 and the group's balance sheet continues to strengthen.

As previously announced, efforts to ensure the availability of land for expansion during 2007 and the early months of 2008 resulted in the group acquiring two further Indonesian companies, PT Cipta Davia Mandiri and PT Kutai Mitra Sejahtera and conditionally agreeing to acquire (subject to confirmation of necessary land development permits) a third Indonesian company, PT Putra Bongan Jaya ("PBJ"). Each of these companies is, or will be, owned as to 95 per cent by group companies and 5 per cent by East Kalimantan investors. Good progress is being made towards satisfaction of the conditions of purchase of PBJ.

Negotiations to agree land compensation settlements with local villages in those parts of the land allocations held by the group that the group is targeting for early development are also progressing. The group has recently been able to resume development operations.

This information is provided by RNS
The company news service from the London Stock Exchange

END

IMSSDFIWSASEDI