R.E.A. Holdings plc: Annual report in respect of 2024

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R.E.A. HOLDINGS PLC (the company)

ANNUAL FINANCIAL REPORT 2024

The company's annual report for the year ended 31 December 2024 (including notice of the AGM to be held on 19 June 2025) (the annual report) will shortly be available for downloading from www.rea.co.uk/investors/financial-reports.

A copy of the notice of AGM will also be available to download from www.rea.co.uk/investors/calendar.

Upon completion of bulk printing, copies of the annual report will be despatched to persons entitled thereto and will be submitted to the National Storage Mechanism to be made available for inspection at https://data.fca.org.uk/#/nsm/nationalstoragemechanism.

The sections below entitled **Chairman's statement**, **Dividends**, **Principal risks and uncertainties**, **Longer term viability statement**, **Going concern** and **Directors' responsibilities** have been extracted without material adjustment from the annual report. The basis of presentation of the financial information set out below is detailed in note 1 to the financial statements below.

HIGHLIGHTS

Overview

- Marked increase in profitability with EBITDA up 41.3 per cent to $61.6 million
- Debt profile and liquidity significantly improved
- Good progress in bringing stone and sand to commercial production

Financial

- Revenue increased by 6.3 per cent to $187.9 million (2023: $176.7 million) primarily reflecting higher average selling prices (net of export duty and levy) at $819 per tonne (2023: $718 per tonne) and CPKO at $1,094 per tonne (2023: $749 per tonne)
- Profit before tax of $38.9 million (2023: loss before tax of $29.2 million) principally due to higher revenues and positive non-routine items
- DSN group's subscription of further shares in REA Kaltim completed in March 2024 with final subscription proceeds of $53.6 million, increasing DSN's investment in the operating sub-group from 15 per cent to 35 per cent
- Successful discussions with Bank Mandiri to refinance maturing debt, with two new bank loans and one repackaged bank loan agreed and drawn during 2024
- Purchase and cancellation of £9.2 million nominal of sterling notes due for redemption in August 2025, leaving £21.7 million outstanding at 31 December 2024
- Group net indebtedness reduced to $159.3 million from $188.4 million (including CDM) at 31 December 2024; pre-sale advances reduced by $9.1 million

• Full discharge of outstanding arrears of preference dividend of $10.4 million (equivalent to 11.5p per preference share) in April 2024

Agricultural operations

• FFB harvested down 10.5 per cent to 682,522 tonnes (2023: 762,260) reflecting the widespread impact of drier weather conditions and reduced group hectarage due to the replanting programme
• Improved mill throughput with fewer breakdowns contributing to reduced labour costs
• Replanting and extension planting proceeding as planned (respectively, 1,531 and 1,037 hectares)

Stone and sand operations

• ATP now managed by the group and accounted for as a 95 per cent group subsidiary
• Stone production and sales started
• Sand operation close to commercial production

Sustainability and climate

• One of the first palm oil companies to be EUDR ready
• ZSL SPOTT score increased to 91.5 per cent (2023: 88.7 per cent)
• RSPO certified plantations increased to 84.4 per cent (2023: 79.7 per cent)
• Projects with smallholders to improve the sustainable component of the group's supply chain and promote sustainable palm oil production

Outlook

• Operational performance projected to benefit from continuing improvements to productivity and progressively increasing crops from currently immature areas reaching maturity
• Stone production to provide a significant addition to results with sand production following
• Debt profile and liquidity further improved by recent Bank Mandiri agreements for further loans and rephased repayment terms providing additional cash resources equivalent to $52.6 million
• Discussions at an advanced stage with holders of $17.5 million nominal of dollar notes, out of a total outstanding of $27.0 million and currently due for redemption in June 2026, to roll over their notes to December 2028
• Cash flow expected to be at good level in 2025 due to current firm CPO and CPKO prices

CHAIRMAN'S STATEMENT

2024 saw a marked improvement in profitability of the group's operations. Higher selling prices more than offset the lower than expected production volumes that were reportedly widespread across the palm oil industry in Indonesia. Estate operating costs were also well controlled.

Group revenue for 2024 amounted to $187.9 million, $10.2 million (6.3 per cent) higher than that achieved in 2023, resulting in EBITDA of $61.6 million, up by 41.3 per cent from 2023. Operating profits amounted to $35.0 million, 135.6 per cent higher than in the previous year (2023: $14.8 million).

FFB harvested fell back by 10.5 per cent in 2024 to 682,522 tonnes (2023: 762,260 tonnes). The fall can be attributed to generally widespread lower crop yields resulting from past drier weather conditions that inhibited female flowering as well as to the reduction in mature hectarage due to the group's replanting programme. Third party FFB purchases were similarly lower than in 2023.

CPO, CPKO and palm kernel production for 2024 amounted to, respectively, 190,235 tonnes (2023: 209,994 tonnes), 18,086 tonnes (2023: 19,393 tonnes) and 44,286 tonnes (2023: 47,324 tonnes) with the group's three mills continuing to operate efficiently, with oil losses consistently minimised and below the standards for the industry. Mill capacity utilisation, as measured by average throughput per hour, saw further improvement during the year with fewer breakdowns contributing to reduced mill labour costs.

Replanting and extension planting continued on schedule with a total of 1,531 hectares of mature palms being replanted and a further 1,037 hectares of new plantings being established in the group's PU estate. Subject to availability of funding, these programmes are expected to continue during 2025 at a similar rate to that achieved in 2024.

Throughout 2024, the group continued to develop its leadership as a sustainable palm oil producer, cementing sustainability and climate action as core elements in all aspects of the group's business and long term strategy. In addition to maintaining

100 per cent RSPO certification for its three mills, the proportion of its RSPO certified plantations increased to 84.4 per cent from 79.7 per cent in 2023. The group also became one of the first palm oil companies to be independently verified as EUDR-ready, ensuring that the operations align with evolving regulatory requirements. To support smallholder inclusion, the group launched a programme designed to assist smallholders achieve RSPO certification and EU compliance. In 2024, the group's SPOTT score, in the assessment conducted by ZSL, increased to 91.5 per cent from 88.7 per cent in 2023, reinforcing the group's status as a leading sustainable palm oil producer.

Good progress was made throughout 2024 in bringing both the stone and sand operations to commercial production, although some permitting delays meant that their contribution to the group's financial results for the year was immaterial. Both operations, however, should start to make meaningful contributions in 2025. Following the change in its ownership structure, the stone company is now being managed and accounted for as a 95 per cent subsidiary of the company.

The CPO price, CIF Rotterdam, opened the year at $940 per tonne and remained firm during the first half of the year. The second half of the year saw prices strengthen considerably, largely as a consequence of generally lower CPO production and increased demand, closing at $1,265 per tonne at the end of 2024. The average selling price for the group's CPO during the year, including premia for certified oil but net of export duty and levy, adjusted to FOB Samarinda, was 14.1 per cent higher at $819 per tonne (2023: $718 per tonne) and the average selling price for CPKO, on the same basis, was 46.1 per cent higher at $1,094 per tonne (2023: $749 per tonne).

By contrast, average premia realised for sales of certified oil increased to just $14 per tonne (2023: $13 per tonne) for CPO sold with ISCC certification, and fell to $12 per tonne (2023: $15 per tonne) and $77 per tonne (2023: $213 per tonne) for, respectively, CPO and CPKO sold with RSPO certification.

Profit before tax for 2024 was $38.9 million (after an impairment write back of $3.1 million) compared with a loss of $29.2 million in 2023 (after impairment and similar charges of $26.1 million). Administrative costs, before deduction of amounts capitalised were broadly in line with those of 2023. Interest income amounted to $3.4 million (2023: $4.1 million). During the year there was a $6.6 million release of a provision for interest payable by the stone company. Other gains and losses included gains of $6.6 million from exchange movements, principally in relation to rupiah borrowings (2023: loss of $4.2 million). Finance costs in 2024 were slightly lower at $16.4 million (2023: $17.5 million).

Following completion in March 2024 of the issue of further shares in REA Kaltim to the DSN group, the group's ownership of REA Kaltim was diluted from 85 per cent to 65 per cent. At 31 December 2024, shareholders' funds less non-controlling interests amounted to $224.5 million (2023: $219.8 million) and non-controlling interests to $70.5 million (2023: $14.3 million).

The subscription monies received from the DSN group enabled the group to materially reduce group net debt, presale advances from customers, and to eliminate all arrears of dividend on the preference shares. Net debt at 31 December 2024 amounted to $159.3 million (2023: $178.2 million, excluding CDM net indebtedness of $10.2 million) and prepaid sales advances from customers to $8.0 million (2023: $17.1 million).

Dividends arising on the preference shares in June and December 2024 were paid on the due dates. As a priority, the group intends to continue to reduce its debt and accordingly does not intend at this time to declare any dividends on the group's ordinary shares.

Since the year end, further steps have been taken to improve the group's liquidity. In March 2025, agreements were concluded with Bank Mandiri to provide further term loans and to amend the repayment terms of certain existing loans to REA Kaltim and SYB, thereby providing the group with additional cash resources equivalent to $37.6 million. Additionally, Bank Mandiri has provided a new term loan to PU, equivalent to $15.0 million (of which $5.1 million has been drawn down) to assist in financing PU's continuing development programme.

The additional cash resources at the end of 2024, together with the further liquidity resulting from the enhanced bank facilities in Indonesia, will support the repayment in August 2025 of the sterling notes due, repayments falling due in the short term on existing borrowings, as well as the elimination of the remaining prepaid sales advances from customers.

The group intends further to improve the maturity profile of its debt by inviting holders of its $27.0 million nominal of dollar notes to roll over their notes until 31 December 2028. Discussions are at an advanced stage with holders of $17.5 million nominal of dollar notes, who have confirmed their willingness, subject to agreement of detailed terms, to rollover their notes.

Building on the strategic initiatives of 2023, good progress was made in 2024 in addressing the legacy of excessive net indebtedness and simplifying the group structure. Net debt has reduced as detailed above and the group has assumed substantially full ownership and control of the stone operations. Discussions are in hand which are expected to lead to the sand operations becoming similarly owned and controlled by the group, facilitating savings in sand and stone overheads.

With liquidity improved, certainty as to the group's ability to retire the sterling notes, a stable outlook for CPO and CPKO prices, and operational performance benefitting from the substantial investments in infrastructure and factories in recent years allowing levels of capital expenditure to normalise, the group expects that its financial position will continue to strengthen. With financing costs continuing to reduce as net debt falls, the plantation operations should generate cash flows at good levels. With stone production expected to provide a valuable addition to 2025 results and a positive contribution from the sand mining operations also likely to follow, the prospects for the group are encouraging.

The group's much improved financial position and prospects contrast favourably with the group's situation in 2017 when Carol Gysin assumed the role of group managing director. Carol has decided to step down from that position at the end of 2025. I would like to express the board's appreciation of Carol's successful stewardship of the group during a difficult period. The board intends to appoint Luke Robinow to succeed Carol, confident that, after 17 years working for the group in Indonesia, latterly as President Director of REA Kaltim, Luke will drive the group's continued recovery and enable it to fulfil its potential.

David J BLACKETT
Chairman

DIVIDENDS

All arrears of dividend outstanding on the company's preference shares (amounting in aggregate to 11.5p per preference share as at 31 December 2023) were discharged in April 2024 and the fixed semi-annual dividends that fell due on the preference shares in June 2024 and December 2024 were paid on their due dates.

While the dividends on the preference shares were more than six months in arrear, the company was not permitted to pay dividends on its ordinary shares but with the payment in full of the outstanding arrears of preference dividend that is no longer the case. Nevertheless, in view of the group's current level of net debt, no dividend in respect of the ordinary shares has been paid or is proposed in respect of 2024.

ANNUAL GENERAL MEETING

The sixty fifth annual general meeting (AGM) of R.E.A. Holdings plc to be held at the London office of Ashurst LLP at London Fruit & Wool Exchange, 1 Duval Square, London E1 6PW on 19 June 2025 at 10.00 am.

Attendance

To help manage the number of people in attendance, we are asking that only shareholders or their duly nominated proxies or corporate representatives attend the AGM in person. Anyone who is not a shareholder or their duly nominated proxies or corporate representatives should not attend the AGM unless arrangements have been made in advance with the company secretary by emailing company.secretary@rea.co.uk.

Shareholders are strongly encouraged to submit a proxy vote on each of the resolutions in the notice in advance of the meeting:

(i) by visiting Computershare's electronic proxy service www.investorcentre.co.uk/eproxy (and so that the appointment is received by the service by no later than 10.00 am on 17 June 2025); or

(ii) via the CREST electronic proxy appointment service; or

(iii) by completing, signing and returning a form of proxy to the Company's registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY as soon as possible and, in any event, so as to arrive by no later than 10.00 am on 17 June 2025; or

(iv) by using the Proxymity platform if you are an institutional investor (for more information see Notice).

The company will make further updates, if any, about the meeting at www.rea.co.uk/investors/regulatory-news and on the website's home page. Shareholders are accordingly requested to visit the group's website for any such further updates.

PRINCIPAL RISKS AND UNCERTAINTIES

The group’s business involves risks and uncertainties. Risks and uncertainties that the directors currently consider to be material or prospectively material are described below, together with climate-related risks and the opportunities that these may provide. There are or may be further risks and uncertainties faced by the group (such as future natural disasters or acts of God) that the directors currently deem immaterial, or of which they are unaware, that may have a material adverse impact on the group.

Identication, assessment, management and mitigation of the risks associated with sustainability matters forms part of the group’s system of internal control for which the board has ultimate responsibility. The board discharges that responsibility as described in **Corporate governance** in the annual report. Material risks, related policies and the group’s successes and failures with respect to sustainability matters and the measures taken in response to any failures are described in more detail in **Climate-related risks and opportunities** below.

Geo-political uncertainty, such as may be caused by wars, can lead to pricing volatility and shortages of the necessary inputs to the group’s operations, such as fuel and fertiliser, inflating group costs and negatively impacting the group’s production volumes. The impact of input shortages, however, may be offset by a consequential benefit to prices of the group’s outputs.

Where risks are reasonably capable of mitigation, the group seeks to mitigate them. Beyond that, the directors endeavour to manage the group’s nances on a basis that leaves the group with some capacity to withstand adverse impacts from both identied and unidentified areas of risk, but such management cannot provide insurance against every possible eventuality.

Risks assessed by the directors as currently being of particular signicance are those detailed below under:

- Agricultural operations – Produce prices
- Agricultural operations – Other operational factors
- Stone and sand operations – Sales
- General – Funding

The directors’ assessment, as respects the above risks, reects both the key importance of those risks in relation to the matters considered in the **Longer term viability statement** below and more generally the extent of the negative impact that could result from adverse incidence of such risks.

Risk	**Potential impact**	**Mitigating or other relevant considerations**
Agricultural operations		
Cultivation risks		
Failure to achieve optimal upkeep standards	A reduction in harvested crop resulting in loss of potential revenue	The group has adopted standard operating practices designed to achieve required upkeep standards
Pest and disease damage to oil palms and growing crops	A loss of crop or reduction in the quality of harvest resulting in loss of potential revenue	The group adopts best agricultural practice to limit pests and diseases
Other operational factors		
Shortages of necessary inputs to the operations, such as fuel and fertiliser	Disruption of operations or increased input costs leading to reduced profit margins	The group maintains stocks of necessary inputs to provide resilience and has established biogas plants to improve its self-reliance in relation to fuel. Construction of a further biogas plant in due course would increase self-reliance and reduce costs as well as GHG emissions
High levels of rainfall or other factors restricting or preventing harvesting, collection or processing of FFB crops	FFB crops becoming rotten or over ripe leading either to a loss of CPO production (and hence revenue) or to the production of CPO that has an above average free fatty acid content and is saleable only at a discount to normal market prices	The group endeavours to employ a sufficient complement of harvesters within its workforce to harvest expected crops, to provide its transport fleet with sufficient capacity to collect expected crops under likely weather conditions and to maintain resilience in its palm oil mills with each of the mills operating separately and some ability within each

		mill to switch from steam based to biogas or diesel based electricity generation
Disruptions to river transport between the main area of operations and the Port of Samarinda or delays in collection of CPO and CPKO from the transhipment terminal	The requirement for CPO and CPKO storage exceeding available capacity and forcing a temporary cessation in FFB harvesting or processing with a resultant loss of crop and consequential loss of potential revenue	The group’s bulk storage facilities have sufficient capacity for expected production volumes and, together with 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.
Occurrence of an uninsured or inadequately insured adverse event; certain risks (such as crop loss through fire or other perils), for which insurance cover is either not available or is considered disproportionately expensive, are not insured	Material loss of potential revenues or claims against the group	The group maintains insurance at levels that it considers reasonable against those risks that can be economically insured and mitigates uninsured risks to the extent reasonably feasible by management practices
Produce prices		
Volatility of CPO and CPKO prices which as primary commodities may be affected by levels of world economic activity and factors affecting the world economy, including levels of inflation and interest rates	Reduced revenue from the sale of CPO and CPKO and a consequent reduction in cash flow	Swings in CPO and CPKO prices 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
Restriction on sale of the group’s CPO and CPKO at world market prices including restrictions on Indonesian exports of palm products and imposition of high export charges	Reduced revenue from the sale of CPO and CPKO and a consequent reduction in cash flow	The Indonesian government applies sliding scales of charges on exports of CPO and CPKO, which are varied from time to time in response to prevailing prices, and has, on occasions, placed temporary restrictions on the export of CPO and CPKO; several such measures were introduced in 2022 in response to generally rising prices precipitated by the war in the Ukraine but, whilst impacting prices in the short term, were subsequently modified to afford producers economic margins. The export levy charge funds biodiesel subsidies and thus supports the local price of CPO
Disruption of world markets for CPO and CPKO by the imposition of import controls or taxes in consuming countries	Depression of selling prices for CPO and CPKO if arbitrage between markets for competing vegetable oils proves insufficient to compensate for the market disruption created	The imposition of controls or taxes on CPO or CPKO in one area can be expected to result in greater consumption of alternative vegetable oils within that area and the substitution outside that area of CPO and CPKO for other vegetable oils
Expansion		
Failure to secure in full, or delays in securing, the land or funding required for the group’s planned extension planting programme	Inability to complete, or delays in completing, the planned extension planting programme with a consequential reduction in the group’s prospective growth	The group holds sufficient fully titled or allocated land areas suitable for planting to enable it to complete its immediately planned extension planting. It works continuously to maintain permits for the planting of these areas and aims to manage its finances to ensure, in so far as practicable, that it will be able to fund any planned extension planting programme

A shortfall in achieving the group's planned extension planting programme negatively impacting the continued growth of the group	A possible adverse effect on market perceptions as to the value of the group's securities	The group maintains flexibility in its planting programme to be able to respond to changes in circumstances
Sustainable practices		
Failure by the agricultural operations to meet the standards expected of them as a large employer of significant economic importance to local communities	Reputational and financial damage	The group has established standard practices designed to ensure that it meets its obligations, monitors performance against those practices and investigates thoroughly and takes action to prevent recurrence in respect of any failures identified
Criticism of the group's environmental practices by conservation organisations scrutinising land areas that fall within a region that in places includes substantial areas of unspoilt primary rainforest inhabited by diverse flora and fauna	Reputational and financial damage	The group is committed to sustainable development of oil palm and has obtained RSPO certification for most of its current operations. All group oil palm plantings are on land areas from which trees have previously been extracted by logging companies and which have subsequently been zoned by the Indonesian authorities as appropriate for agricultural development. The group maintains substantial conservation reserves that safeguard landscape level biodiversity
Community relations		
A material breakdown in relations between the group and the host population in the area of the agricultural operations	Disruption of operations, including blockages restricting access to oil palm plantings and mills, resulting in reduced and poorer quality CPO and CPKO production	The group seeks to foster mutually beneficial economic and social interaction between the local villages and the agricultural operations. In particular, the group gives priority to applications for employment from members of the local population, encourages local farmers and tradesmen to act as suppliers to the group, its employees and their dependents and promotes smallholder development of oil palm plantings
Disputes over compensation payable for land areas allocated to the group that were previously used by local communities for the cultivation of crops or as respects which local communities otherwise have rights	Disruption of operations, including blockages restricting access to the area the subject of the disputed compensation	The group has established standard procedures to ensure fair and transparent compensation negotiations and encourages the local authorities, with whom the group has developed good relations and who are therefore generally supportive of the group, to assist in mediating settlements
Individuals party to a compensation agreement subsequently denying or disputing aspects of the agreement	Disruption of operations, including blockages restricting access to the areas the subject of the compensation disputed by the affected individuals	Where claims from individuals in relation to compensation agreements are found to have a valid basis, the group seeks to agree a new compensation arrangement; where such claims are found to be falsely based the group encourages appropriate action by the local authorities
Stone and sand operations		
Production		
Failure by external contractors to achieve agreed production volumes with optimal extraction rates	Reduction in revenue	The stone and sand concession holding companies endeavour to use experienced contractors, to supervise them closely

		and to take care to ensure that they have equipment of capacity appropriate for the planned production volumes
External factors, in particular weather, delaying or preventing delivery of extracted stone and sand	Reduced production and consequent loss of revenue	Adverse external factors would not normally have a continuing impact for more than a limited period
Geological assessments, which are extrapolations based on statistical sampling, proving inaccurate	Unforeseen extraction complications causing cost overruns and production delays or failure to achieve projected production resulting in loss of revenue and reduced operating margins	The stone and sand concession holding companies seek to ensure the accuracy of geological assessments of any extraction programme
Sales		
Inadequate demand reducing sales volumes	Reduced revenue and profits	The group aims to secure forward sales offtake agreements for stone and sand and to set its production targets to align with the expected offtake
Transport constraints delaying deliveries or reducing delivered volumes	Failure to meet contractual sale obligations with loss of revenue and possible consequential costs	For the stone operations, the group has established transport corridors to east and west of the main stone deposit and intends that regular maintenance will ensure that these corridors remain fit for purpose; the sand concession is adjacent to the Mahakam River and barges are readily available to effect sand deliveries
Local competition reducing stone and sand prices	Reduced revenue and operating margins	There are currently no other stone quarries of similar quality or volume in the vicinity of the stone concessions and the cost of transporting stone should restrict competition
Imposition of additional royalties or duties on the extraction of stone or sand or imposition of export restrictions	Reduced revenue	The Indonesian government has not to date imposed measures that would seriously affect the viability of Indonesian stone and sand quarrying operations
Sustainable practices		
Failure by the stone and sand operations to meet the standards expected of them	Reputational and financial damage	The areas of the stone and sand concessions are relatively small and should not be difficult to supervise. The concession holding companies are committed to international standards of best environmental and social practice and, in particular, to proper management of waste water and reinstatement of quarried and mined areas on completion of extraction operations
General		
IT security		
IT related fraud including cyber attacks that are becoming increasingly prevalent and sophisticated	Losses as a result of disruption of control systems and theft	The group’s IT controls and financial reporting systems and procedures are independently audited and tested annually and recommendations for corrective actions to enhance controls are implemented accordingly. Several upgrades to firewalls and other anti-malware protections were installed during 2024 and a disaster recovery plan has been fully tested and implemented.

		Cyber security reviews are conducted periodically
Currency		
Strengthening of sterling or the rupiah against the dollar	Adverse exchange movements on those components of group costs and funding that arise in rupiah or sterling	As respects costs and sterling denominated shareholder capital, the group considers that the risk of adverse exchange movements is inherent in the group's business and structure and must simply be accepted. As respects borrowings, where practicable the group seeks to borrow in dollars but, when borrowing in sterling or rupiah, considers it better to accept the resultant currency risk than to hedge that risk with hedging instruments
Cost inflation		
Increased costs as result of worldwide economic factors or shortages of required inputs (such as shortages of fuel or fertiliser arising from the wars)	Reduction in operating margins	For each of the group's products, cost inflation is likely to have a broadly equal impact on all producers of that product and may be expected to restrict supply if production of the product becomes uneconomic. Cost inflation can only be mitigated by improved operating efficiency
Funding		
Bank debt repayment instalments and other debt maturities coincide with periods of adverse trading and negotiations with bankers and investors are not successful in rescheduling instalments, extending maturities or otherwise concluding satisfactory refinancing arrangements	Inability to meet liabilities as they fall due	The group maintains good relations with its bankers and other holders of debt who have generally been receptive to reasonable requests to moderate debt profiles or waive covenants when circumstances require. Such was the case, for example, when certain breaches of bank loan covenants by group companies at 31 December 2020 and 2023 were waived. Moreover, the directors believe that the fundamentals of the group's business will normally facilitate procurement of additional equity capital should this prove necessary
Counterparty risk		
Default by a supplier, customer or financial institution	Loss of any prepayment, unpaid sales proceeds or deposit	The group maintains strict controls over its financial exposures which include regular reviews of the creditworthiness of counterparties and limits on exposures to counterparties. In addition, 90 per cent of sales revenue is receivable in advance of product delivery
Regulatory exposure		
New, and changes to, laws and regulations that affect the group (including, in particular, laws and regulations relating to land tenure, work permits for expatriate staff and taxation)	Restriction on the group's ability to retain its current structure or to continue operating as currently	The directors are not aware of any specific planned changes that would adversely affect the group to a material extent
Breach of the various continuing conditions attaching to the group's land rights and the stone and sand concessions (including conditions requiring utilisation of the rights and	Civil sanctions and, in an extreme case, loss of the affected rights or concessions	The group endeavours to ensure compliance with the continuing conditions attaching to its land rights and concessions, that its activities, and the activities of the stone and sand

concessions) or failure to maintain or renew all permits and licences required for the group's operations		concession holding companies, are conducted within the terms of the licences and permits that are held and that licences and permits are obtained and renewed as necessary
Failure by the group to meet the standards expected in relation to human rights, slavery, anti-bribery and corruption	Reputational damage and criminal sanctions	The group has traditionally had, and continues to maintain, strong controls in this area because Indonesia, where all of the group's operations are located, has been classified as relatively high risk by the International Transparency Corruption Perceptions Index
Restrictions on foreign investment in Indonesian mining concessions, limiting the effectiveness of co-investment arrangements with local partners	Constraints on the group's ability to recover its investment	The group endeavours to maintain good relations with the local partners in the group's mining interests so as to ensure that returns appropriately reflect agreed arrangements
Country exposure		
Deterioration in the political or economic situation in Indonesia	Difficulties in maintaining operational standards particularly if there was a consequential deterioration in the security situation	Indonesia currently appears stable and the Indonesian economy has continued to grow but, in the late 1990s, 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. The group has never, since the inception of its East Kalimantan operations in 1989, been adversely affected by regional security problems
Introduction of exchange controls or other restrictions on foreign owned operations in Indonesia	Restriction on the transfer of fees, interest and dividends from Indonesia to the UK with potential consequential negative implications for the servicing of UK obligations and payment of dividends; loss of effective management control	The directors are not aware of any circumstances that would lead them to believe that, under current political conditions, any Indonesian government authority would impose restrictions on legitimate exchange transfers or otherwise seek to restrict the group's freedom to manage its operations
Mandatory reduction of foreign ownership of Indonesian plantation or mining operations	Forced divestment of interests in Indonesia at below market values with consequential loss of value	The group accepts there is a possibility that foreign owners may be required over time to divest partially ownership of Indonesian oil palm operations and there are existing regulations that may result in a requirement to divest over an extended period part of the substantial equity participation in the stone concession holding company that the group has agreed to acquire but the group has no reason to believe that any divestment would be at anything other than market value
Miscellaneous relationships		
Disputes with staff and employees	Disruption of operations and consequent loss of revenues	The group appreciates its material dependence upon its staff and employees and endeavours to manage this dependence in accordance with international employment standards as detailed under **Employees** in the **Sustainability and climate report** in the annual report

Breakdown in relationships with local investors in the group's Indonesian subsidiaries	Reliance on the Indonesian courts for enforcement of the agreements governing its arrangements with local partners with the uncertainties that any juridical process involves and with any failure of enforcement likely to have, in particular, a material negative impact on the value of the stone and sand interests because ownership of those concessions currently remains registered in the name of by the group's local partners	The group endeavours to maintain cordial relations with its local investors by seeking their support for decisions affecting their interests and responding constructively to any concerns that they may have. Further, the group is currently applying to register its ownership of 95 per cent of the stone concession holding company and 49 per cent of the sand concession holding company

Climate-related risks and opportunities

S Short term (1-3 years)
M Medium term (3-5 years)
L Long term (5-15 years)

Risk	**Impact**	**Mitigation**	**Opportunity**
Transition risks			
Regulatory compliance (EUDR, RSPO, ISCC) (S)	- Increased investment and costs of compliance, including mapping land use, enhancing traceability systems, and verifying supply chains - Impact on sourcing external FFB as stricter regulations may disproportionately affect independent smallholders	- Prepared for EUDR compliance by engaging Control Union Malaysia for an independent readiness assessment (covering the three mills and seven estates), developing a due diligence system to mitigate deforestation risks, and establishing a robust traceability system, - Invested in a traceability system to track FFB to its origin and infrastructure to enable physical segregation of (external) FFB supplies and tank storage - Increased RSPO certification of its plantations to 84.4 per cent and is working towards achieving 100 per cent	- EUDR affords a competitive advantage, maintaining future access for the group's CPO and CPKO to EU markets - Allows for increased premia for EUDR compliance from December 2025, in addition to premia for RSPO certified products - Encourages local FFB suppliers to become eligible to attract increased premia under EUDR - Allows the group to increase the volume of sustainably sourced FFB by including independent smallholders for EUDR through the launch of SHINES - Recent RSPO certification of COM will permit sales of RSPO identity preserved CPO as market demand increases
Reputational risk from deforestation concerns (S-M)	- Impact on revenue, market access, and long term sustainability strategy due to increased regulatory compliance costs and negative perception of palm oil products	- Adheres to an NDPE policy and strictly applies this policy to all suppliers through due diligence onboarding - Established grievance action processes (GREAT) in support of transparency and accountability, and a structured approach to addressing stakeholder concerns - Redefined community and stakeholder engagement strategy to improve long-term community relationships - Implemented internal communication and social media strategy	- Opportunities for partnerships with relevant stakeholders - Stronger stakeholder relationships through a proactive engagement strategy - Improving brand reputation through communication and sharing of success stories in social media - Enhancing media relations for current and future communications - Partnering with RSPO on communication initiatives

Risk	Impact	Mitigation	Opportunity
Carbon pricing and emissions regulation (M)	- Potential costs associated with carbon taxation and emission caps - Impact of EU Omnibus Directive to simplify and streamline EU regulations on carbon	- Adopting the international GHG Protocol Corporate Standard for carbon footprint assessment - Improving carbon footprint monitoring - Monitoring industry and market trends on carbon related requirements	- The group can develop verified baseline, short, medium and long-term targets for emission reduction
Community and smallholder resilience (M-L)	- Smallholder livelihoods are increasingly at risk due to climate variability and evolving regulatory requirements, which may create financial and operational challenges in meeting compliance standards, potentially leading to exclusion	- Expanding smallholder programmes, including providing support, capacity for, and promoting, RSPO certification for smallholders, including polygon mapping and acquiring legitimacy through the eSTDB platforms managed by the Indonesian government	- Established SHINES to improve livelihoods and include smallholders in the supply chain - Increased sustainably sourced FFB from independent smallholders through SHINES and other smallholder partnership programmes (including Reforma Agraria Land Object (TORA))
Market and consumer preferences (S-M)	- Shifting demand towards sustainable palm oil - Shifting market demand away from RSPO mass balanced (MB) oil towards RSPO segregated (SG) oil, with physical segregation increasingly viewed as a way to ensure deforestation-free supply chains	- Achieving 100 per cent RSPO certification - Continuous compliance with various national and international sustainability standards embodied in certification schemes (RSPO, ISPO, ISCC) - Maintaining a robust traceability system - Being EUDR-ready	- Brand differentiation with increased market share in responsible supply chains - Market demand for EUDR oil starting in December 2025 is expected to increase sourcing from eligible farmers with an expected premium for EUDR compliant produce in addition to RSPO premia
Physical risks			
Extreme weather events (flooding, droughts) (S)	- Intense rainfall leading to seasonal flooding of low lying estate areas, thereby damaging palms, conservation areas, infrastructure, and disrupting supply chains	- Conducting hydrology assessment of assets Improving drainage systems Road stoning for all-weather access - Training smallholders on sustainable best agricultural practices	- More resilient operations - Adapting to climate variability by innovation and adoption of technology-assisted tools
Changing rainfall patterns (S-M)	- Water scarcity and inconsistent weather affecting FFB yields - Reduced production impacting revenue	- Rainwater capture - Improved irrigation techniques	- Exploring the use of mill organic by-products to enhance soil moisture and nutrient retention - Extending rainfall capture
Biodiversity loss and habitat degradation (M-L)	- Ecosystem imbalances - Effect on ecosystem services	- Ensuring strict NDPE policy enforcement - REA Kon biodiversity monitoring and preventative actions - Partnering with various stakeholders such as NGOs, educational institutions and local governments on research and actions - Adherence to TNFD	- Forest protection and conservation leading to biodiversity protection - Stronger collaborations with conservation bodies for mutual benefits

LONGER TERM VIABILITY STATEMENT

The group’s business activities, together with the factors likely to affect its future development, performance and financial position are described in the **Strategic report** of the annual report which also provides (under the heading **Finance**) a description of the group’s cash ow, liquidity and financing development and treasury policies. In addition, note 26 to the group nancial statements in the annual report includes information as to the group’s policy, objectives, and processes for managing capital, its nancial risk management objectives, details of nancial instruments and hedging policies and exposures to credit and liquidity risks.

The **Principal risks and uncertainties** section above describes the material risks faced by the group and actions taken to mitigate those risks. In particular, there are risks associated with the group’s local operating environment and the group is materially dependent upon selling prices for CPO and CPKO over which it has no control.

The group has material indebtedness in the form of bank loans and listed notes. At 31 December 2024, over half of this indebtedness was due for repayment in the three year period to 31 December 2027. For this reason, the directors have chosen that period for their assessment of the longer term viability of the group.

Total group indebtedness at 31 December 2024, as detailed in **Capital structure** in the **Strategic report** of the annual report, amounted to $198.1 million, comprising Indonesian rupiah denominated term bank loans equivalent in total to $131.6 million, drawings under Indonesian rupiah denominated working capital facilities equivalent to $2.8 million, $27.0 million nominal of 7.5 per cent dollar notes 2026, £21.7 million nominal (equivalent, with accrued redemption premium, to $28.2 million) of 8.75 per cent sterling notes 2025 and loans from the non-controlling shareholder in REA Kaltim of $8.8 million. The total borrowings repayable in the period to 31 December 2027 (based on exchange rates ruling at 31 December 2024) amounted to the equivalent of $118.8 million of which $49.0 million falls due in 2025, $46.6 million in 2026 and $23.2 million in 2027.

In addition to the cash required for debt repayments, the group also faces substantial demands on cash to fund capital expenditure, dividends on the company’s preference shares and the repayment of contract and similar liabilities, the outstanding amount of which at 31 December 2024 was $8.0 million.

Whilst the group has some flexibility in determining its annual levels of capital expenditure, maintenance in 2025 and the immediately succeeding years of capital expenditure on the plantation operations at the level incurred in 2024 would be desirable to permit continuance of current programmes for the replanting of older palm areas in REA Kaltim, extension planting in PU and the progressive stoning of the group’s extensive road network to improve the durability of roads in periods of heavy rain. After the very substantial investments already made in the stone and sand operations, capital expenditure within those operations should now reduce but some further expenditure will be needed as the operations are brought into full production.

In March 2025 Bank Mandiri agreed to repackage, with immediate drawdowns and repayments, existing loans to REA Kaltim and SYB equivalent in total to $66.2 million repayable over the period to 2029, as new loans equivalent to $103.8 million and repayable over the period to 2033. Additionally, Bank Mandiri has provided a new term loan to PU equivalent to $15.0 million of which $5.1 million has been drawn down and the balance of $9.9 million is expected to be drawn down during the remaining months of 2025.

As already noted, a total of $27.0 million falls due for payment during 2026 on maturity of the group’s dollar notes. To alleviate the possible pressure that this could place on the group’s cash resources, the group intends over the coming months to seek an extension to the maturity date of the dollar notes to 31 December 2028. This will be on terms that those noteholders who do not wish to retain their notes for the extended period will have the right to elect to have their dollar notes purchased by the company at par plus accrued interest on the existing maturity date of 30 June 2026. Discussions are at an advanced stage with holders of $17.5 million nominal of dollar notes, who have confirmed their willingness, subject to agreement of detailed terms, to support the proposals and not to exercise their right to sell their notes on 30 June 2026.

Whilst commodity prices can be volatile, CPO and CPKO prices are expected to remain at remunerative levels for the immediate future. Some cost inflation may be unavoidable, but the group believes that improved operating efficiencies, facilitated by the substantial investments of recent years in roads, factories and equipment, will limit cost increases. With financing costs continuing to reduce as net debt falls, the group’s plantation operations should generate cash flows at good levels. Stone production is still at an early stage but indications are that it will provide a significant addition to group cash flows in 2025. Positive cash flows from sand are also likely to make a useful additional contribution before long.

Taking account of the cash already held by the group at 31 December 2024 of $38.8 million, the cash inflow from the new Bank Mandiri loans ($52.6 million), the forthcoming extension of the maturity date of a substantial proportion of the dollar notes and the projected cash flow from the group’s operations, the group should be well placed to meet its obligations from 2025 to 2027.

Based on the foregoing, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the period to 31 December 2027 and to remain viable during that period.

GOING CONCERN

Factors likely to affect the group’s future development, performance and financial position are described in the **Strategic report** of the annual report. The directors have carefully considered those factors, together with the principal risks and uncertainties faced by the group which are set out in the **Principal risks and uncertainties** section above and have reviewed key sensitivities which could impact on the liquidity of the group.

As at 31 December 2024, the group had cash and cash equivalents of $38.8 million, and borrowings of $198.1 million (in both cases as set out in note 26 of the annual report). The total borrowings repayable by the group in the period to 30 April 2026 (based on exchange rates ruling at 31 December 2024) amounted to the equivalent of $54.1 million.

In addition to the cash required for debt repayments, the group also requires cash in the period to 30 April 2026 to fund capital expenditure, preference dividends and repayment of contract and similar liabilities as referred to in more detail in the **Longer term viability statement** above. That statement also notes the cash inflows from new bank loans and the group’s expectations regarding positive cash flows from its various operations.

Having regard to the foregoing, based on the group’s forecasts and projections (taking into account reasonable possible changes in trading performance and other uncertainties) and having regard to the group’s cash position and available borrowings, the directors expect that the group should be able to operate within its available borrowings for at least 12 months from the date of approval of the nancial statements.

On that basis, the directors have concluded that it is appropriate to prepare the nancial statements on a going concern basis.

DIRECTORS’ RESPONSIBILITIES

The directors are responsible for preparing the annual report and the nancial statements in accordance with applicable law and regulations.

To the best of the knowledge of each of the directors, they conrm that:

- the group financial statements, prepared in accordance with UK adopted IFRS, give a true and fair view of the assets, liabilities, financial position, and profit or loss of the company and the subsidiary undertakings included in the consolidation taken as a whole;
- the company financial statements, prepared in accordance with UK Accounting Standards, comprising FRS 101 Reduced Disclosure Framework, give a true and fair view of the company’s assets, liabilities, and financial position of the company;
- the **Strategic report** and **Directors' report** of the annual report include a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face; and
- the annual report and nancial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the group's and the company’s position, performance, business model and strategy.

The current directors of the company and their respective functions are set out in the **Board of directors** section of the annual report.

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024	2023
	$’000	$’000
Revenue	**187,943**	**176,722**
Net gain / (loss) arising from changes in fair value of biological assets	9	(580)

Cost of sales	(136,495)	(142,415)
Gross profit	**51,457**	**33,727**
Distribution costs	(1,281)	(1,511)
Administrative expenses	(15,208)	(17,372)
Operating profit	**34,968**	**14,844**
Interest income	3,369	4,091
Reversal of provision	6,622	–
Gains / (losses) on disposals of subsidiaries and similar charges	3,051	(26,051)
Other gains / (losses)	7,317	(4,669)
Finance costs	(16,430)	(17,460)
Profit / (loss) before tax	**38,897**	**(29,245)**
Tax	(8,434)	11,552
Profit / (loss) after tax	**30,463**	**(17,693)**
Attributable to:		
Equity shareholders	26,447	(10,241)
Non-controlling interests	4,016	(7,452)
	30,463	**(17,693)**
Profit / (loss) per 25p ordinary share (US cents)		
Basic	41.6	(32.7)
Diluted	41.6	(32.7)

All operations for both years are continuing.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 $'000	2023 $'000
Profit / (loss) for the year	**30,463**	**(17,693)**
Other comprehensive (losses) / income		
Items that may be reclassified to profit or loss:		
Foreign exchange on new subsidiary	(712)	–
Reclassification of foreign exchange differences on disposal of group company	(1,204)	685
Loss arising on sale of non-controlling interests taken to equity	(580)	–
Loss arising on purchase of non-controlling interests taken to equity	(668)	(96)
	(3,164)	589
Items that will not be reclassified to profit or loss:		
Actuarial loss	(113)	(449)
Deferred tax on actuarial loss	22	99
	(91)	(350)
Total other comprehensive (losses) / income	(3,255)	239
Total comprehensive income / (loss) for the year	27,208	(17,454)
Attributable to:		

Equity shareholders	23,219	(9,961)
Non-controlling interests	3,989	(7,493)
	27,208	(17,454)

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2024

	2024 $'000	2023 $'000
Non-current assets		
Goodwill	11,144	11,144
Intangible assets	2,684	1,593
Property, plant and equipment	386,997	297,255
Land	58,098	46,015
Financial assets	26,735	73,640
Deferred tax assets	21,278	15,012
Total non-current assets	506,936	444,659
Current assets		
Inventories	18,393	16,709
Biological assets	3,338	3,087
Trade and other receivables	31,312	28,254
Current tax asset	228	975
Cash and cash equivalents	38,837	14,195
Total current assets	92,108	63,220
Assets classified as held for sale	–	32,516
Total assets	**599,044**	**540,395**
Current liabilities		
Trade and other payables	(44,715)	(27,834)
Current tax liabilities	–	(1,462)
Bank loans	(20,012)	(17,413)
Sterling notes	(28,167)	–
Other loans and payables	(2,707)	(14,891)
Total current liabilities	(95,601)	(61,600)
Non-current liabilities		
Trade and other payables	–	(16,841)
Bank loans	(114,417)	(94,361)
Sterling notes	–	(40,549)
Dollar notes	(26,746)	(26,572)
Deferred tax liabilities	(47,404)	(34,888)
Other loans and payables	(19,897)	(15,356)
Total non-current liabilities	(208,464)	(228,567)
Liabilities directly associated with assets held for sale	–	(16,109)
Total liabilities	**(304,065)**	**(306,276)**
Net assets	**294,979**	**234,119**
Equity		
Share capital	133,590	133,590
Share premium account	47,374	47,374
Translation reserve	(26,332)	(24,416)
Retained earnings	69,826	63,267
	224,458	219,815

Non-controlling interests	70,521	14,304
Total equity	**294,979**	**234,119**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Share capital $'000	Share premium $'000	Translation reserve $'000	Retained earnings $'000	Subtotal $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2023	**133,590**	**47,374**	**(25,101)**	**78,042**	**233,905**	**23,625**	**257,530**
Loss for the year	–	–	–	*(10,241)*	*(10,241)*	*(7,452)*	*(17,693)*
Other comprehensive income / (loss) for the year	–	–	*685*	*(405)*	*280*	*(41)*	*239*
Total comprehensive income / (loss) for the year	–	–	685	(10,646)	(9,961)	(7,493)	(17,454)
Reorganisation of subsidiaries	–	–	–	–	–	(1,978)	(1,978)
Capital from non-controlling interest	–	–	–	–	–	150	150
Dividends to preference shareholders	–	–	–	(4,129)	(4,129)	–	(4,129)
At 31 December 2023	**133,590**	**47,374**	**(24,416)**	**63,267**	**219,815**	**14,304**	**234,119**
Profit for the year	–	–	–	*26,447*	*26,447*	*4,016*	*30,463*
Other comprehensive loss for the year	–	–	*(1,916)*	*(1,312)*	*(3,228)*	*(27)*	*(3,255)*
Total comprehensive (loss) / income for the year	–	–	(1,916)	25,135	23,219	3,989	27,208
Reorganisation of subsidiaries	–	–	–	–	–	(854)	(854)
Capital from non-controlling interest	–	–	–	–	–	53,082	53,082
Dividends to preference shareholders	–	–	–	(18,576)	(18,576)	–	(18,576)
At 31 December 2024	**133,590**	**47,374**	**(26,332)**	**69,826**	**224,458**	**70,521**	**294,979**

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 $'000	2023 $'000
Net cash from operating activities	**31,751**	**29,625**
Investing activities		
Interest received	1,069	4,019
Proceeds on disposal of PPE	4,179	3,054
Purchases of intangible assets and PPE	(34,621)	(21,756)
Expenditure on land	(4,530)	(5,093)
Net investment stone and coal interests	(3,610)	(13,314)
Net investment sand interest	(4,413)	(3,633)
Cash received from non-current receivables	1,258	1,574
Cash acquired with new subsidiary	259	–
Cash divested on disposal of group company	–	(1,340)
Cash reclassified from / (to) asset held for sale	9	(674)
Proceeds on disposal of group company	–	1,810
Net cash used in investing activities	(40,400)	(35,353)

Financing activities

Preference dividends paid	(18,576)	(4,129)
Repayment of bank borrowings	(36,862)	(15,773)
New bank borrowings drawn	64,342	6,098
Sale of dollar notes held in treasury	–	8,142
Purchase of sterling notes for cancellation	(11,606)	–
Repayment of borrowings from non-controlling shareholder	(12,234)	(1,394)
New borrowings from non-controlling shareholder	–	10,000
New equity from non-controlling interests	53,580	150
Cost of non-controlling interest transaction	(1,078)	–
Purchase of non-controlling interest	(2,726)	(1,575)
Repayment of lease liabilities	(2,724)	(2,846)
Net cash from / (used in) financing activities	32,116	(1,327)
Cash and cash equivalents		
Net increase / (decrease) in cash and cash equivalents	23,467	(7,055)
Cash and cash equivalents at beginning of year	14,195	21,914
Effect of exchange rate changes	1,175	(664)
Cash and cash equivalents at end of year	38,837	14,195

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The consolidated financial statements and notes 1 to 22 below (together the financial information) have been extracted without material adjustment from the consolidated financial statements of the group for the year ended 31 December 2024 (the 2024 financial statements). The auditor has reported on those accounts; the reports were unqualified and did not contain statements under sections 498(2) or (3) of the Companies Act 2006 (CA 2006). Copies of the 2024 financial statements will be filed in the near future with the Registrar of Companies. The accompanying financial information does not constitute statutory accounts of the company within the meaning of section 434 of the CA 2006.

Whilst the 2024 financial statements have been prepared in accordance with UK adopted IFRS and with the requirements of the CA 2006, as applicable to companies reporting under IFRS. As at the date of authorisation of those accounts the accompanying financial information does not itself contain sufficient information to comply with IFRS.

The 2024 financial statements and the accompanying financial information were approved by the board of directors on 16 April 2024.

2. Revenue and cost of sales

	2024 $'000	2023 $'000
Revenue:		
Sales of palm product	185,919	175,313
Revenue from management services	941	1,138
Sales of stone	1,083	–
Marketing commission on sales of coal	–	271
	187,943	176,722
Cost of sales:		
Depreciation and amortisation	(26,612)	(28,750)
Other costs	(109,883)	(113,665)
	(136,495)	(142,415)

3. Segment information

The group operates in two segments: the cultivation of oil palms and stone operation and sand interest (2023: oil palms and stone, sand and coal interests). In 2024 the latter met the quantitative thresholds set out in IFRS 8: Operating segments and, accordingly, analyses are provided by business segment. (In 2023 the quantitative thresholds were not met but segmental analyses are provided as comparatives.)

	Segment revenue		Segment profit	
	2024	2023	2024	2023
	$'m	$'m	$'m	$'m
Plantations	186.8	176.4	31.9	12.4
Stone operation and sand interest (2023: stone, sand and coal interests)	1.1	0.3	0.4	0.3
Other	–	–	2.7	2.1
	187.9	176.7	35.0	14.8
Interest income			3.4	4.1
Reversal of provision			6.6	–
Gains / (losses) on disposals of subsidiaries and similar charges			3.0	(26.0)
Other gains / (losses)			7.3	(4.7)
Finance costs			(16.4)	(17.4)
Profit / (loss) before tax			38.9	(29.2)

4. Administrative expenses

	2024	2023
	$'000	$'000
Loss on disposal of PPE	310	1,055
Indonesian operations	16,030	14,895
Head office	3,204	3,436
	19,544	19,386
Amount included as additions to PPE	(4,336)	(2,014)
	15,208	17,372

5. Interest income and reversal of provision

	2024	2023
	$'000	$'000
Interest on bank deposits	281	851
Other interest income	3,088	3,240
Interest income	3,369	4,091
Reversal of provision in respect of interest on stone loan	6,622	–

Other interest income includes $2.3 million interest receivable in respect of stone, sand and coal loans (2023: interest receivable of $3.9 million net of a provision of $0.7 million). In 2024, interest from stone represents interest receivable in the period prior to the borrowing company becoming a subsidiary (see note 18).

The provision of $6.6 million reversed in 2024 was in respect of past interest due from the stone concession holding company which has commenced commercial production and sales.

6. Gains / (losses) on disposals of subsidiaries and similar charges

	2024	2023
	$'000	$'000
Impairment of asset held for sale	–	(23,616)
Release of impairment provision on sale of non-current assets	3,051	–
Reorganisation of subsidiaries	–	(2,435)
	3,051	(26,051)

The impairment of asset held for sale was the effect of adjusting CDM's assets and liabilities to their fair value less cost to sell in line with the terms of the potential sale of CDM to DSN.

The $3.1 million release of impairment provision on the sale of non-current assets is the amount receivable for the transfer of hectarage to plasma schemes by CDM, the carrying value of which had been fully impaired.

In 2023 the reorganisation of subsidiaries is in respect of the steps taken during 2023 to simplify the structure of the group and thereby reduce administrative costs. The REA Kaltim sub-group acquired the 5 per cent third party interests in its previously 95 per cent held subsidiaries such that these are all now wholly owned by REA Kaltim. Concurrently, two subsidiaries, KKP and KKS, in the latter case with its subsidiary, PBA, were divested. The acquisition of the former 5 per cent third party interests in subsidiaries of REA Kaltim was made possible by a 2021 change in the Indonesian regulations which abolished a previous requirement for 5 per cent local ownership of all Indonesian companies engaged in oil palm cultivation. The $2.4 million cost in 2023 comprises the $0.6 million write down of a loan to a third party interest, a $0.7 million reclassification of foreign exchange differences on the divestment of KKP, a loss on the sale of KKS and PBJ2 of $0.1 million and $1.0 million provision in respect of indemnities given in connection with that sale.

7. Other gains / (losses)

	2024	2023
	$'000	$'000
Change in value of sterling notes arising from exchange fluctuations	265	(2,199)
Change in value of other monetary assets and liabilities arising from exchange fluctuations	6,350	(2,042)
Gain on acquisition of sterling notes for cancellation	702	–
Loss on sale of dollar notes held in treasury	–	(428)
	7,317	(4,669)

8. Finance costs

	2024	2023
	$'000	$'000
Interest on bank loans and overdrafts	9,240	9,623
Interest on dollar notes	2,028	1,708
Interest on sterling notes	3,231	3,412
Interest on other loans	1,086	1,319
Interest on lease liabilities	374	529
Other finance charges	3,136	1,961
	19,095	18,552
Amount included as additions to PPE	(2,665)	(1,092)
	16,430	17,460

Other finance charges comprise bank charges and fees and amortised bank loan and loan note issue expenses.

Amounts included as additions to PPE arose on borrowings applicable to the Indonesian operations and reflected a capitalisation rate of 17.1 per cent (2023: 7.0 per cent). There is no directly related tax relief.

9. Tax

	2024 $’000	2023 $’000
Current tax:		
UK corporation tax	–	–
Overseas withholding tax	696	1,097
Foreign tax	6,883	4,271
Foreign tax – prior year	(536)	317
Total current tax charge	7,043	5,685
Deferred tax:		
Current year	3,079	(18,593)
Prior year	(1,688)	1,356
Total deferred tax charge / (credit)	1,391	(17,237)
Total tax charge / (credit)	8,434	(11,552)

Taxation is provided at the rates prevailing for the relevant jurisdiction. For Indonesia, the current and deferred taxation provision is based on a tax rate of 22 per cent (2023: 22 per cent) and for the UK, the taxation provision reflects a corporation tax rate of 25 per cent (2023: 23.5 per cent) and a deferred tax rate of 25 per cent (2023: 25 per cent).

10. Dividends

	2024 $’000	2023 $’000
Amounts recognised as distributions to preference shareholders:		
Dividends on 9 per cent cumulative preference shares	18,576	4,129

All arrears of dividend outstanding on the company's preference shares (amounting in aggregate to 11.5p per preference share as at 31 December 2023) were discharged in April 2024 and the fixed semi-annual dividends that fell due on the preference shares in June 2024 and December 2024 were paid on their due dates.

While the dividends on the preference shares were more than six months in arrear, the company was not permitted to pay dividends on its ordinary shares but with the payment in full of the outstanding arrears of preference dividend that is no longer the case. Nevertheless, in view of the group's current level of net debt, no dividend in respect of the ordinary shares has been paid or is proposed in respect of 2024.

11. Profit / (loss) per ordinary share

	2024 $’000	2023 $’000
Profit / (loss) attributable to equity shareholders	26,447	(10,241)
Preference dividends paid relating to current year	(8,172)	(4,129)
Profit / (loss) for the purpose of calculating profit / (loss) per share	18,275	(14,370)

	’000	’000
Weighted average number of ordinary shares for the purpose of:		
Basic profit / (loss) per share	43,964	43,964
Diluted profit / (loss) per share	43,964	43,964

The warrants (see note 35 of the annual report) are non-dilutive in 2024 as the average share price was below the exercise price.

12. Property, plant and equipment

	Plantings	Mining assets	Buildings and structures	Plant, equipment and vehicles	Construction in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Cost:						
At 1 January 2023	176,547	–	255,293	130,177	13,168	575,185
Additions	4,141	–	6,731	4,578	6,826	22,276
Reclassifications and adjustments	–	–	7,844	9,187	(17,031)	–
Disposals	(4,511)	–	(3,102)	(1,322)	–	(8,935)
Divested on sale of subsidiary	(176)	–	(330)	(31)	–	(537)
Transferred to assets held for sale	(18,090)	–	(37,154)	(1,055)	(76)	(56,375)
At 31 December 2023	157,911	–	229,282	141,534	2,887	531,614
Additions	7,315	1,059	15,090	2,066	7,801	33,331
Reclassifications and adjustments	–	1,330	2,220	124	(3,674)	–
Disposals	(6,906)	–	(7,740)	(3,545)	–	(18,191)
Acquired with new subsidiary	–	66,841	–	1,602	153	68,596
Transferred from assets held for sale	18,092	–	35,435	1,099	88	54,714
At 31 December 2024	176,412	69,230	274,287	142,880	7,255	670,064
Accumulated depreciation:						
At 1 January 2023	76,011	–	66,601	78,545	–	221,157
Charge for year	9,586	–	8,111	10,679	–	28,376
Disposals	(2,705)	–	(872)	(1,249)	–	(4,826)
Divested on sale of subsidiary	(7)	–	(10)	(31)	–	(48)
Transferred to assets held for sale	(3,705)	–	(5,858)	(737)	–	(10,300)
At 31 December 2023	79,180	–	67,972	87,207	–	234,359
Charge for year	8,510	–	7,303	10,413	–	26,226
Disposals	(5,248)	–	(5,012)	(1,850)	–	(12,110)
Release of impairment	(1,007)	–	(2,044)	–	–	(3,051)
Acquired with new subsidiary	–	–	–	164	–	164
Transferred from assets held for sale	13,946	–	22,728	805	–	37,479
At 31 December 2024	95,381	–	90,947	96,739	–	283,067
Carrying amount:						
At 31 December 2024	81,031	69,230	183,340	46,141	7,255	386,997
At 31 December 2023	78,731	–	161,310	54,327	2,887	297,255

The depreciation charge for the year includes $376,000 (2023: $144,000) which has been capitalised as part of additions to plantings and buildings and structures.

At the balance sheet date, the group had entered into $3.7 million contractual commitments for the acquisition of PPE (2023: nil).

At the balance sheet date, PPE of $131.8 million (2023: $118.1 million) had been charged as security for bank loans (see note 15).

Additions to PPE include $187,000 of ROU assets which are not included in purchases of PPE within the consolidated cash flow statement.

13. Land

	2024	2023
	$'000	$'000
Cost:		
Beginning of year	48,832	48,648
Additions	4,530	5,093
Acquired with new subsidiary	3,086	–
Transferred from assets held for sale	4,467	–
Transferred to assets held for sale	–	(4,909)
End of year	60,915	48,832
Accumulated amortisation:		
Beginning of year	2,817	3,681
Transferred to assets held for sale	–	(864)
End of year	2,817	2,817
Carrying amount:		
End of year	58,098	46,015
Beginning of year	46,015	44,967

Balances classied as land represent amounts invested in land utilised for the purpose of the plantation and stone operations in Indonesia.

There are two types of plantations cost, one relating to the acquisition of HGUs and the other relating to the acquisition of *Izin Lokasi*.

At 31 December 2024, certicates of HGU had been obtained in respect of areas covering 63,617 hectares (2023: 63,617 hectares). An HGU is effectively a government certication entitling the holder to utilise the land for agricultural and related purposes. Retention of an HGU is subject to payment of annual land taxes in accordance with prevailing tax regulations. HGUs are normally granted for periods of up to 35 years and are renewable on expiry of such term.

The other cost relates to the acquisition of *Izin Lokasi*, each of which is an allocation of Indonesian state land granted by the Indonesian local authority responsible for administering the land area to which the allocation relates. Such allocations are preliminary to the process of fully titling an area of land and obtaining an HGU in respect of it. *Izin Lokasi* are normally valid for periods of between one and three years but may be extended if steps have been taken towards obtaining full titles.

Stone operation land includes the costs of acquiring licences and permits together with making compensation payments to traditional users of such land. The principal licences are IUPs (mining licences) and IPPKH (additional permits granted to IUP holders operating in a forest area). These licences are granted for periods of 5 years, renewable subject to the fulfilment of certain conditions.

At the balance sheet date, land titles of $36.9 million (2023: $30.9 million) had been charged as security for bank loans (see note 15).

14. Financial assets

	2024	2023
	$'000	$'000
Stone interest	–	44,681
Sand interest	8,405	3,633
Coal interests	3,478	11,835
Provision against loan to coal interests	(2,550)	(2,550)
	9,333	57,599
Plasma advances	15,406	12,788

Other non-current receivables	1,996	3,253
	17,402	16,041
Total financial assets	26,735	73,640

Pursuant to the arrangements concluded some years ago between the group and its local partners, the company's subsidiary, KCC, had the right, subject to satisfaction of local regulatory requirements, to acquire, at original cost, 95 per cent ownership of two Indonesian companies that directly, and through an Indonesian subsidiary of one of those companies, own rights in respect of certain stone and coal concessions in East Kalimantan Indonesia. Until recently local regulatory requirements precluded the exercise of such rights but following new legislation that position has changed.

Accordingly in 2024 the group implemented the original agreement under which it had the right to acquire majority ownership of the stone concession holding company, albeit that formal registration of its ownership remains subject to final completion of Indonesian regulatory requirements. Pending completion of the formalities of the ownership structure, the stone concession holding company is being managed and controlled by the group. At 1 July 2024 $65.3 million loans owed by and guaranteed by the stone concession holding company to the group have been treated as intercompany and are eliminated on consolidation (see note 37 of the annual report).

Following the identification of quartz sand deposits lying in the overburden within the concession area held by one coal concession holding company the group, in 2022, concluded agreements with the company holding the rights to mine such sand deposits. The latter company is a separate legal entity from the coal concession holding company in question because sand mining and coal mining in Indonesia are subject to separate licencing arrangements and a coal mining licence does not entitle the holder of such licence to mine sand. Pursuant to its agreements with the sand concession holding company, the group has made loans to finance the pre-production costs of that company. The agreements provided that, once all licences necessary for mining had been secured, the group would subscribe new shares in the sand concession holding company so as to provide it with a 49 per cent participation in the company. This agreement remains in place but the group now expects to increase the number of shares that it will subscribe, so as to hold a 95 per cent controlling interest once the sand concession holding company has been brought into commercial operation.

Concurrently with the agreement to acquire the stone concession holding company, the group relinquished its rights to acquire interests in the coal concession holding companies on terms that the ownership of the company with mining rights overlapping those of the sand concession holding company would be transferred to that company. The stone concession holding company had previously guaranteed the loans to the second coal concession holding company and the group will now rely on that guarantee for recovery of the loans going forward.

Included within the stone and coal interest balances in 2023 is past interest due of $11.8 million net of a provision of $9.7 million. This interest, due from the stone concession holding company and the second coal concession holding company was provided against due to the creditworthiness of the applicable concession holding companies. The $6.6 million provision relating to the stone concession holding company has now been reversed as that company has commenced commercial production and sales (see note 5).

Plasma advances are discussed under **Credit risk** in note 26 of the annual report.

Other non-current receivables is a participation advance to a third party formerly holding a 5 per cent non-controlling interests in a group subsidiary. $1.2 million was repaid during the year on the purchase of the non-controlling interest in the applicable subsidiary.

15. Bank loans

	2024	2023
	$’000	$’000
Bank loans	134,429	111,774

The bank loans are repayable as follows:		
On demand or within one year	20,012	17,413
Between one and two years	19,348	16,662
Between two and five years	56,489	58,684
After five years	38,580	19,015
	134,429	111,774

Amount due for settlement within 12 months	20,012	17,413
Amount due for settlement after 12 months	114,417	94,361
	134,429	111,774

All bank loans are denominated in rupiah and are stated above net of unamortised issuance costs of $2.3 million (2023: $3.8 million). The bank loans repayable within one year include $2.8 million drawings under working capital facilities (2023: $2.9 million and $6.1 million short term revolving borrowings secured against blocked cash (see note 25 of the annual report).

The interest rate on the bank loans and working capital facilities at 31 December 2024 is 8.25 per cent (2023: 8.0 per cent) except for the loan to CDM on which the rate is 8.5 per cent (2023: not applicable). The short term revolving borrowings have an interest rate of 0.5 per cent above the deposit interest rate applicable to the blocked cash deposits. The weighted average interest rate on all bank borrowings for 2024 was 8.3 per cent (2023: 7.7 per cent).

The gross bank loans of $136.8 million (2023: $115.6 million) are secured on certain land titles, PPE, biological assets and cash assets held by REA Kaltim, SYB, KMS and CDM having an aggregate book value of $177.5 million (2023: $158.1 million), and are the subject of an unsecured guarantee by the company. The banks are entitled to have recourse to their security on usual banking terms.

REA Kaltim, SYB, KMS and CDM have agreed certain financial covenants under the terms of the bank facilities relating to debt service coverage, debt equity ratio, EBITDA margin and the maintenance of positive net income and positive equity; such covenants are tested annually upon delivery to Bank Mandiri of the audited financial statements in respect of each year by reference to the consolidated results for that year, and consolidated closing financial position as at the year end, of REA Kaltim and its subsidiaries. The covenants have been complied with for 2024. Prior to 2024 each company was tested on a stand alone basis. In 2023 Bank Mandiri waived the testing requirement as regards REA Kaltim's maintenance of positive net income and the testing requirements as regards SYB's debt service coverage, gross margin and the maintenance of positive net income.

Under the terms of their bank facilities, certain plantation subsidiaries are restricted to an extent in the payment of interest on borrowings from, and on the payment of dividends to, other group companies. The directors do not believe that the applicable covenants will affect the ability of the company to meet its cash obligations.

At the balance sheet date, the group had undrawn rupiah denominated facilities of $5.5 million (2023: nil).

16. Sterling notes

The sterling notes at 31 December 2024 comprised £21.7 million nominal of 8.75 per cent guaranteed 2025 sterling notes (2023: £30.9 million nominal) issued by the company’s subsidiary, REA Finance B.V.. The movement during the year resulted from the purchase in October and December 2024 of £9.2 million nominal of notes for cancellation.

The outstanding sterling notes are due for repayment on 31 August 2025. A premium of 4p per £1 nominal of sterling notes will be paid on redemption of the sterling notes on 31 August 2025 (or earlier in the event of default) or on surrender of the sterling notes in satisfaction, in whole or in part, of the subscription price payable on exercise of the warrants held by sterling note holders (see note 35 of the annual report) on or before the nal subscription date (namely 15 July 2025).

The sterling notes are guaranteed by the company and another wholly owned subsidiary of the company, REAS, and are secured principally on unsecured loans made by REAS to an Indonesian plantation operating subsidiary of the company.

The repayment obligation in respect of the sterling notes of £21.7 million ($27.1 million) is carried on the balance sheet at $28.2 million (2023: $40.5 million) which includes the amortised premium to date.

17. Other loans and payables

	2024 $'000	2023 $'000
Indonesian retirement benefit obligations	9,572	9,098
Lease liabilities	3,546	5,929
Loans from non-controlling shareholder	8,750	13,484
Payable under settlement agreement	736	1,736
	22,604	30,247
Repayable as follows:		
On demand or within one year (shown under current liabilities)	2,707	14,891
Between one and two years	1,898	4,326
Between two and five years	9,728	2,979
After five years	8,271	8,051
Amount due for settlement after 12 months	19,897	15,356
	22,604	30,247

Loan from non-controlling shareholder comprises an $8.7 million interest bearing loan repayable in equal instalments over the period from January 2027 to January 2030 (2023: a $3.5 million interest bearing loan repayable in equal instalments up to June 2026, plus a $10.0 million pre-closing loan in connection with the DSN share subscription agreement which was repaid on completion of the share subscription transaction).

The directors estimate that the fair value of other loans and payables approximates their carrying value.

18. Acquisition of subsidiary (ATP)

As previously discussed (see note 14), pending completion of the formalities of the ownership structure, the stone concession holding company (ATP) is being managed and controlled by the group and has therefore been consolidated from 1 July 2024. No consideration was paid in 2024, and it is expected to be minimal with no transaction costs. In line with the provisions of IFRS 3, management have 12 months to finalise the acquisition accounts for ATP and accordingly, the amounts included in these financial statements are provisional.

The net assets of this subsidiary at the date of acquisition were as follows:

	2024 $'000
PPE	68,432
Land	3,086
Deferred tax asset	3,901
Current assets	7,679
Cash	259
	83,357
Current liabilities	(7,290)
Deferred tax liability	(10,797)
Loans from group	(65,270)
Total net assets	–

The assets and liabilities were valued at fair value at the date of acquisition of control (see note 3 of the annual report). This resulted in a fair value adjustment of $58.9 million which was applied to the mining assets acquired (included within PPE), the book value of the other assets and liabilities being considered to be their fair values. At acquisition the non-controlling interest of 5 per cent amounts to $nil.

19. Movement in net borrowings

	2024 $'000	2023 $'000
Change in net borrowings resulting from cash flows:		
Increase / (decrease) in cash and cash equivalents, after exchange rate effects	24,642	(7,719)
Net (increase) / decrease in bank borrowings	(27,480)	9,675
Purchase of sterling notes for cancellation	11,606	–
Dollar notes held in treasury	–	(8,142)
Decrease / (increase) in borrowings from non-controlling shareholder	12,234	(8,606)
Transfer of borrowings to assets held for sale	–	10,641
Transfer of borrowings from assets held for sale	(7,401)	–
	13,601	(4,151)
Amortisation of sterling note issue expenses and premium	566	(188)
Loss on disposal of dollar notes held in treasury	–	(428)
Amortisation of dollar note issue expenses	(174)	(160)
Amortisation of bank loan expenses	(1,884)	(1,266)
	12,109	(6,193)
Currency translation differences	6,821	(5,262)
Net borrowings at beginning of year	(178,184)	(166,729)
Net borrowings at end of year	(159,254)	(178,184)

20. Related party transactions

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the company and its subsidiaries are dealt with in the company's individual financial statements.

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the group, is set out below in aggregate for each of the categories specified in IAS 24: Related party disclosures. Further information about the remuneration of, and fees paid in respect of services provided by, individual directors is provided in the audited part of the **Directors' remuneration report** in the annual report.

	2024 $'000	2023 $'000
Short term benefits	1,283	1,222

21. Rates of exchange

	2024 Closing	2024 Average	2023 Closing	2023 Average
Indonesian rupiah to US dollar	16,162	15,906	15,416	15,219
US dollar to pounds sterling	1.2529	1.2783	1.2747	1.2471

22. Events after the reporting period

There have been no material post balance sheet events that would require disclosure in, or adjustment to, these financial statements.

References to group operating companies in Indonesia are as listed under the map on page 5 of the annual report.

The terms FFB, CPO and CPKO mean, respectively, fresh fruit bunches, crude palm oil and crude palm kernel oil.

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

References to rupiah and Rp are to the lawful currency of Indonesia.

References to sterling, pounds sterling and £ are to the lawful currency of the United Kingdom.

Other terms are listed in the glossary of the annual report.

Press enquiries to:
R.E.A. Holdings plc
Tel: 020 7436 7877

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