Final Results

,

R.E.A.Hldgs PLC 22 April 2008 Preliminary results for the year ended 31 December 2007 === Highlights Profit attributable to ordinary shareholders of US$29,453,000 (2006 US$11,546,000), an increase of 155 per cent Palm oil prices at higher levels during the year with a further increase in prices in 2008 Further significant strengthening of the group's financial position during the year Fresh fruit bunch crops of 393,217 tonnes (2006 334,076 tonnes), an increase of 17.7 per cent Development of an additional 1,500 hectares during the year against a target of 6,500 hectares, following delays in the availability of land Some 26,400 hectares now developed, of which just under half was in commercial production during 2007 Substantial additions to land allocations during the year With the additional land bank, large scale development should be resumed upon completion of compensation settlements with local villages. Presentation of annual report Following a trend set by several other European plantation companies, the group has decided to adopt the US dollar as its presentational currency. The directors believe that presentation of the group's results in US dollars will reduce distortions caused by exchange movements and thereby make it easier for shareholders to follow the evolution of the group's financial affairs. Accordingly, while the group continues to report in accordance with International Financial Reporting Standards, the accompanying consolidated financial statements for the year ended 31 December 2007 are presented in US dollars and the comparative figures, which were originally presented in sterling, have been restated in US dollars. The company continues to prepare its individual financial statements in sterling in accordance with UK Generally Accepted Accounting Practice and, as was the case in the annual report for 2006, those statements are presented separately from the consolidated financial statements. Results Profit before tax for 2007, as shown in the accompanying consolidated income statement, amounted to $47.0 million representing a 137 per cent increase over the profit before tax of the preceding year (as restated in US dollars) of $19.8 million. The increase reflected a combination of increased production and better selling prices, more than offsetting cost increases resulting from inflationary pressures in Indonesia. The net gain from changes in the fair value of biological assets at $8.0 million was much in line with the gain reported in 2006 of $8.7 million. In both years, the gains principally reflected projected increases in future production arising from the continuing extension planting programme and the increasing maturity of existing planted areas. At the after tax level, profit for the year at $32.0 million was 130 per cent ahead of the $13.9 million achieved in 2006 while profit attributable to ordinary shareholders was 155 per cent ahead of the preceding year. Fully diluted earnings per share amounted to US 89.6 cents (2006 - US 37.8 cents). Accounting reference date The company's current accounting reference date is 31 December. This is not ideal in terms of internal staff availability for the preparation of year end accounts. Moreover, the end of the calendar year is a popular reporting date and the group finds itself competing with other groups (many of them much larger than the group) to obtain from its auditors allocations of audit staff for the time needed to audit the financial statements of the company and its subsidiaries. The directors are therefore contemplating a change in the company's accounting reference date to 28 February. Such a change would require the consent of the holders of the 9.5 per cent guaranteed sterling notes 2015/17 ("sterling notes") issued by REA Finance B.V. ("REA Finance"), a wholly owned subsidiary of the company. If the directors decide to proceed with the change and the necessary noteholder consent can be obtained during the course of 2008, the current reporting period of the company would be extended to 28 February 2009. Operations The crop out-turn for 2007 amounted to 393,217 tonnes of oil palm fresh fruit bunches ("FFB"), 3.5 per cent ahead of the budgeted crop of 380,000 tonnes and an increase of 17.7 per cent on the FFB crop for 2006 of 334,076 tonnes. Climatic conditions during 2007 were satisfactory with good rainfall of 4,413 mm

(2006 - 2,967 mm) generally well distributed through the year. The crude palm oil ("CPO") and palm kernel extraction rates for 2007 were, respectively, 23.7 per cent and 4.0 per cent as compared with the rates of 23.2 per cent and 3.8 per cent achieved in 2006. 4.0 per cent remains the group's target rate for kernel extraction, but recent adjustments to kernel processing machinery in the group's newer oil mill may permit upward revision of this target rate in future years. The palm kernel crushing plant incorporated in the newer oil mill was brought into full scale production at the start of 2007 and now processes all kernel output from both of the group's oil mills. The plant is economic to run because it operates on power generated from the combustion of waste products from the CPO and palm kernel extraction processes and such power is surplus to the power requirement for those processes. Moreover, by further processing kernels and extracting the crude palm kernel oil ("CPKO") that they contain, the plant relieves the group of the material logistical difficulties and cost associated with the transport and sale of kernels. The CPKO extraction rate for 2007 was 41.4 per cent. Land allocations and development Efforts to ensure the availability to the group of land for expansion during 2007 and the early months of 2008 have resulted in the group acquiring two further Indonesian companies, PT Cipta Davia Mandiri ("CDM") and PT Kutai Mitra Sejahtera ("KMS") 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 three Indonesian companies is, or will be, owned as to 95 per cent by group companies and 5 per cent by East Kalimantan investors. Following these transactions and assuming completion of the conditional acquisition of PBJ, the group will hold land allocations totalling slightly in excess of 120,000 hectares but the various allocations are at different stages of titling and a large proportion of the land allocated is not yet available to the group for development. The extent of the new development achieved by the group in 2007 was a significant disappointment with an increase during the year of only some 1,500 hectares in the total area planted or in course of development. This increase fell very materially short of the target of 6,500 hectares set at the beginning of the year. In setting that target, the directors did recognise that its achievement would depend upon the titling of land allocations held by the group proceeding as planned so that land would become available for development in time, and to an extent sufficient, to meet the requirements of the development programme. Titling problems in relation to untitled land allocations held meant that this did not happen and the shortfall was the result. Looking to 2008 and beyond, the directors continue to regard the availability of land for development as the key constraint on expansion. The serious and unexpected delays suffered in 2007 have made it clear that any predictions as to land availability may prove inaccurate. Nevertheless, the directors do believe that significant areas within the 37,000 hectares of land allocations held by CDM and KMS will be available for development by the group during 2008 and that a further area held by PBJ will also become available during the year. This will permit the group to split its development programme between three separate areas and, if setbacks occur in one area, hopefully to compensate for these by accelerating development in the other areas. Although the delays experienced in 2007 have continued into 2008, the recent acquisitions of CDM and KMS should permit large scale development to be resumed upon completion of land compensation settlements with local villages. These are currently under negotiation. Subject to the caveats just mentioned, the targeted development programme for 2008 and 2009 will be 6,500 hectares per annum and, in addition, the group will aim to catch up the uncompleted balance of the 2007 programme of some 5,000 hectares. Whilst development of new areas requires a one year lead time in which to procure seed and to develop seedlings for planting out, the group's nurseries are already well stocked and the availability of planting material should be more than sufficient to meet the targeted programme. If achieved, this programme would result by the end of 2009 in a total area under oil palm or in course of development of slightly under 45,000 hectares. Finance 2007 saw further consolidation of the group's financial position. In January 2007, the balance of £7,000,000 nominal of the proposed total issue of £22,000,000 nominal of sterling notes was issued for cash at a subscription price of 99.6574 per cent of par by REA Finance. This was followed in April and September 2007 by issues of, respectively, 1,500,000 new ordinary shares and 1,064,581 new preference shares for cash to raise some £7.6 million, net of expenses. A further 1,085,795 new preference shares were issued in October 2007 by way of capitalisation of share premium account pursuant to the capitalisation issue to ordinary shareholders referred to under "Dividends" below. The combined effect of the foregoing transactions was to increase the group's liquidity and to reduce its dependence on short term bank borrowings. As a result, group indebtedness at 31 December 2007 amounted to $86.2 million, made up of US dollar denominated bank indebtedness under an Indonesian consortium loan facility of $15.4 million, £22 million nominal of sterling notes (carrying value: $40.7 million), $30 million nominal of 7.5 per cent dollar notes 2012/14 ("dollar notes") (carrying value: $29.4 million) and other short term indebtedness (including finance leases) of $0.7 million. Against this indebtedness, at 31 December 2007 the group held cash and cash equivalents of $34.2 million. The group has entered into a long term sterling US dollar debt swap to hedge against US dollars the sterling liability for principal and interest payable in respect of the entire issue of the sterling notes (but, in the case of interest, only as respects interest payments falling due up to and including 31 December 2015). On the basis of present CPO prices, the directors expect that operating cash flows for the remainder of 2008, together with the group's existing cash resources, will be sufficient to fund both the planned development programme for the year and near term debt repayments. Looking beyond 2008 and allowing for the fact that CPO prices may not be sustained at present levels, the group is likely to require some further funding if, as the directors hope will be the case, high levels of extension planting are achieved. The directors intend to meet this further funding requirement with additional borrowings which they will seek to raise from development and other banks and, if market conditions permit, from further issues of listed debt securities. The directors are confident that the group's equity base is now sufficient comfortably to support the additional debt envisaged. Dividends The fixed semi-annual dividends on the 9 per cent cumulative preference shares that fell due on 30 June and 31 December 2007 were duly paid. Dividends totalling 2p per ordinary share have been paid in respect of 2007 (2006 - 1p per ordinary share). These comprised a first interim dividend of 1p per ordinary share paid on 5 October 2007 and a second interim dividend in lieu of final of 1p per ordinary share paid on 25 January 2008. In addition, the company made a capitalisation issue to ordinary shareholders of 1,085,795 new preference shares on the basis of one new preference share for every 30 ordinary shares held on 1 October 2007. The group's plans for continued extension planting of oil palms will require substantial investment by the group and the need to fund this investment will inevitably constrain the rate at which the directors feel that they can prudently declare, or recommend the payment of, future ordinary dividends. The directors do appreciate that many shareholders invest not only for capital growth but also for income and that the payment of dividends is important. With the prospect of increasing crops for several years to come, the directors believe that, notwithstanding the constraints of the development programme, the group should be able to support progressive increases in ordinary dividends from the modest levels established in respect of 2006 and 2007 but they believe that the rate of progression should be steady rather than dramatic. The directors intend that any new level of ordinary dividend set in respect of any given year should be sustainable in subsequent years. If the group's results would appear to justify some additional return to ordinary shareholders beyond the level of ordinary dividends that the directors believe that the company can prudently afford having regard to the need to conserve cash resources, the directors may consider a further capitalisation issue to ordinary shareholders of new preference shares. Staff The directors extend their thanks to all of the group's staff for their continued loyalty and hard work. Future direction In seeking to meet the challenges brought by the group's continuing growth, the directors have seen as their highest priority the consolidation of the human resource component of the group's Indonesian operations. To this end, steps have been taken to provide greater structure to the management of the operations by adding senior staff (both by internal promotion and external recruitment) and by enhancing training programmes. The group has also sought to entrench its local capacities by building on existing relationships with local stakeholders, by procuring minority local investors in its operations and by appointing persons of standing as local advisers to, and directors of, Indonesian group companies. Whilst this process is not yet complete, the directors believe that the measures already taken have significantly improved the resilience of existing management and the availability to the group of local independent non-executive advice. Moreover, the group now has an expanding cadre of younger staff who, suitably nurtured, should in the future be capable of running the Indonesian operations. The directors have also started to address the question of how best to develop the structure of the group for the future. The present structure, in which the group is headed by a UK listed company, has served the group well in recent years in permitting the group to raise the capital that it has needed but integral to this structure is a requirement to maintain a London base. That represents a significant overhead. If, as the directors hope will be the case, the group can in future rely, to a greater extent than hitherto, on internally generated equity, and if the markets for listed securities in Indonesian and other Asian financial markets continue to mature, it might be that a reconstitution of the group as an entirely Asian based entity would better serve investors in the group than continuation of the present group structure. Having considered the matter, the directors have concluded that they should defer any far reaching decisions on group structure until it becomes clearer whether the group's aspirations on further expansion can be converted to realities. The directors have previously stated, and it remains the case, that they do not regard diversification as a strategic imperative and that a decision to diversify would be taken only if the prospective returns from capital invested in diversification are comparable with those achievable from investment of equivalent capital in continued expansion of the oil palm operations in the existing operational areas. In recent months, the directors have been tentatively considering the possibility of a modest diversification into coal mining. It is well established that East Kalimantan has vast coal deposits, many of which comprise coal of a high quality. Certain of the local investors in Indonesian subsidiaries of the company have interests in, or access to, coal concessions and have suggested that the group might join them in exploiting such concessions. The directors have concluded that this suggestion should be explored although there is no current certainty that the apparent opportunity offered can provide an economically viable project or that, if it does, the group would decide to take on such a project. As they have previously indicated, the directors do not agree with the view of some institutional investors that long service automatically negates the independence of a non-executive director and that therefore the present constitution of various board committees should be considered non-compliant with the principles of the Combined Code on Corporate Governance. However, the directors do accept that it is important to retain shareholder confidence in the board and, in particular, in the audit committee's contribution to the integrity of the audit process. With the progress that has been made in developing resilience in the group's management in Indonesia, the directors have concluded that appointing one further non-executive director would not now pose a material distraction from the continuing efforts to address other important strategic issues. Accordingly, the directors have invited the nomination committee to make recommendations for appointment of an additional non-executive director with the expectation that such director would have a relevant financial background. The directors hope that an appointment can be completed within a few months. This will facilitate further revisions to the composition of board committees with a view to putting beyond question the compliance of such committees with the principles of the Combined Code. In the view of the directors, the business environment in Indonesia is fraught with risks and it is essential to the management of that risk to build and maintain relationships based on mutual trust and understanding. The directors will expect any new director to support this view. Prospects The FFB crop for 2008 has been budgeted at 421,000 tonnes with the expected increase over 2007 reflecting a budgetary assumption of average rainfall (both as to quantum and distribution) and increased cropping from the 3,150 hectares of oil palms classified as mature from the start of 2008. Crops to end March 2008 were 9,000 tonnes above budget but, as the monthly phasing of each year's crop varies from year to year, this should not be taken as indicating a likelihood that the FFB crop for 2008 as a whole will be above budget. During 2007, the CPO price, spot CIF Rotterdam, rose progressively from an opening level of some $600 per tonne to a closing level of $950 per tonne. Further strong price rises were recorded going into 2008 and CPO has, during 2008, traded at levels in excess of $1,300 per tonne although recent weeks have seen prices fall back from the highest levels. Reports suggest that the peak prices of vegetable oils were accompanied by heavy speculative buying as well as increased commercial activity and that the recent fall from peak levels reflects closing of speculative positions. Certainly, demand for all vegetable oils appears to remain strong at a time when stocks are at historically very low levels and competition for hectarage from corn and grain crops is limiting the ability of the annual oilseeds to increase production and reduce the demand pressure on world vegetable oil stocks. The directors retain their previously expressed view that the prices of all commodities are inherently cyclical and that it would be foolish to assume that the present high price levels for CPO will continue indefinitely. Ultimately, they believe that high prices for vegetable oils will lead to greater production not only of CPO but also of other competing crops and that that, in turn, will result in lower prices. However, they acknowledge that the increasing interest in bio-fuels represents a new factor in vegetable oil markets. With the continuing growth in world population, economic growth in China, India and other parts of the developing world and the prospect of declining availability of fossil fuels (upon which it must be remembered that intensive farming methods are critically dependent), it may be that the average level of vegetable oil prices over future price cycles will be higher than in the past. During the six months to June 2008, the group will deliver 12,000 tonnes of CPO under forward sale contracts at the equivalent of a CIF Rotterdam price of $620 per tonne. Thereafter the group has forward sales in respect of 2,000 tonnes per month for the six month period to December 2008 and the twelve month period to December 2009 at prices equivalent to CIF Rotterdam prices of respectively $870 and $860 per tonne. Inflationary pressures in Indonesia continue to have an adverse effect on the group's cost base and this is being exacerbated by the need to provide loyalty incentives to the group's employees in the face of competition for experienced estate managers and workers from other plantation groups and new entrants to the Indonesian plantation industry. Against this, the group now has a substantial pipeline of recently developed areas and can look forward to several years of increasing crops. These should serve to moderate any contraction of margins that the group might otherwise suffer. Moreover, successful implementation of the planned extension planting programme should add materially to the group's longer term revenue generating capacity. The directors therefore remain optimistic about the group's future. If CPO prices continue at or near current levels, the immediate outlook speaks for itself. Consolidated income statement for the year ended 31 December 2007 2007 2006 ================================== $'000 $'000 Unaudited Audited Revenue 57,600 33,095 Net gain/(loss) arising from changes in fair value of agricultural produce inventory 5,578 (54) Cost of sales (14,875) (14,938) ------ ------ Gross profit 48,303 18,103 Net gain arising from changes in fair value of biological assets 8,030 8,700 Other operating income 6 9 Distribution costs (1,028) (450) Administrative expenses (5,925) (5,590) ------ ------ Operating profit 49,386 20,772 Investment revenues 1,641 640 Finance costs (4,017) (1,650) ------ ------ Profit before tax 47,010 19,762 Tax (15,013) (5,898) ------ ------ Profit for the year 31,997 13,864 ====== ====== Attributable to: Ordinary shareholders 29,453 11,546 Preference shareholders 2,266 1,795 Minority interests 278 523 ------ ------ 31,997 13,864 ====== ====== Earnings per 25p ordinary share (in cents) Basic 91.9 40.0 Diluted 89.6 37.8 All operations in both years are continuing. Consolidated balance sheet at 31 December 2007 2007 2006 == $'000 $'000 Unaudited Audited Non-current assets: Goodwill 12,578 12,578 Biological assets 166,347 143,496 Property, plant and equipment 41,772 28,645 Prepaid operating lease rentals 8,823 5,180 Deferred tax assets 5,817 10,672 Non-current receivables 1,376 2,236 ------- ------- Total non-current assets 236,713 202,807 ------- ------- Current assets Inventories 13,040 5,096 Trade and other receivables 3,301 3,963 Cash and cash equivalents 34,216 37,266 ------- ------- Total current assets 50,557 46,325 ------- ------- Total assets 287,270 249,132 ------- ------- Current liabilities Trade and other payables (7,070) (8,438) Current tax liabilities (2,935) (220) Obligations under finance leases (111) (301) Bank loans (3,000) (21,500) Other loans and payables (414) (396) ------- ------- Total current liabilities (13,530) (30,855) ------- ------- Non-current liabilities Bank loans (12,917) (19,250) Sterling notes (40,713) (27,409) US dollar notes (29,389) (29,307) Deferred tax liabilities (37,166) (33,244) Obligations under finance leases (127) (32) Other loans and payables (4,795) (3,514) ------- ------- Total non-current liabilities (125,107)(112,756) ------- ------- Total liabilities (138,637)(143,611) ------- ------- Net assets 148,633 105,521 ======= ======= Equity Share capital 38,299 33,372 Share premium account 29,787 19,506 Translation reserve (9,822) (8,890) Special reserve (non-distributable) - 3,254 Retained earnings 89,492 57,679 ------- ------- 147,756 104,921 Minority interests 877 600 ------- ------- Total equity 148,633 105,521 ======= ======= Consolidated statement of recognised income and expense for the year ended 31 December 2007 2007 2006 == $'000 $'000 Unaudited Audited Exchange translation differences (1,460) 769 Tax on items taken directly to equity 528 417 ------ ------ Net (loss)/gain recognised directly in equity (932) 1,186 Profit for the year 31,997 13,864 Share based payment - deferred tax credit 385 1,798 ------ ------ Total recognised income and expense for the year 31,450 16,848 ====== ====== Attributable to: Ordinary shareholders 28,907 14,528 Preference shareholders 2,266 1,795 Minority interests 277 525 ------ ------ 31,450 16,848 ====== ====== Reconciliation of movements in equity for the year ended 31 December 2007 2007 2006 ===================================== $'000 $'000 Unaudited Audited Total recognised income and expense for the year 31,450 16,848 Issue of new ordinary shares by way of placings and open offer (net of costs) 13,027 18,391 Issue of new preference shares by way of placings (net of costs) 2,180 5,493 Issue of new ordinary shares on exercise of share options - 150 Issue of new ordinary shares on exercise of warrants - 1,639 Subscription of new shares by minority interest in subsidiaries - 215 Dividends to preference shareholders (2,266) (1,795) Dividends to ordinary shareholders (1,279) - Liquidation distribution to preference shareholders in a subsidiary - (4,239) Acquisition of minority interest in a subsidiary - (7,090) ------- ------- 43,112 29,612 Equity at beginning of year 105,521 75,909 ------- ------- Equity at end of year 148,633 105,521 ======= ======= Consolidated cash flow statement for the year ended 31 December 2007 2007 2006 ==================================== $'000 $'000 Unaudited Audited Operating profit 49,386 20,772 Depreciation of property, plant and equipment 1,846 1,569 Amortisation of prepaid operating lease rentals 144 92 Amortisation of sterling and US dollar note issue expenses 242 57 Biological gain (8,030) (8,700) Loss on disposal of property, plant and equipment 6 - ------ ------ Operating cash flows before movements in working capital 43,594 13,790 Increase in inventories (8,133) (1,415) Decrease in receivables 1,283 1,008 Decrease in payables (583) (2,707) Exchange translation differences (1,330) (590) ------ ------ Cash generated by operations 34,831 10,086 Taxes paid (3,165) (222) Interest paid (3,490) (2,756) ------ ------ Net cash from operating activities 28,176 7,108 ------ ------ Investing activities Interest received 1,641 640 Proceeds on disposal of property, plant and equipment 200 - Purchases of property, plant and equipment (15,010) (12,036) Expenditure on biological assets (14,820) (18,775) Expenditure on prepaid operating lease rentals (3,787) (2,862) Costs incurred in acquisition of minority interest in subsidiary - (370) ------ ------ Net cash used in investing activities (31,776) (33,403) ------ ------ Financing activities Preference dividends paid (2,266) (1,795) Ordinary dividends paid (1,279) - Repayment of borrowings (25,833) (3,750) Repayment of obligations under finance leases (268) (680) Proceeds of issue of new share capital in subsidiaries to minority shareholders - 215 Proceeds of issue of preference share capital less expenses 2,180 5,493 Proceeds of issue of ordinary share capital less expenses 13,027 18,406 Proceeds of issue of ordinary share capital on exercise of warrants - 1,639 Liquidation distribution to preference shareholders in a subsidiary - (5,692) Issue of US dollar notes, net of expenses - 5,394 Issue of sterling notes, net of expenses 13,438 27,804 New bank borrowings drawn 1,000 6,500 ------ ------ Net cash from financing activities (1) 53,534 ------ ------ Cash and cash equivalents Net (decrease)/increase in cash and cash equivalents (3,601) 27,239 Cash and cash equivalents at beginning of year 37,266 8,612 Effect of exchange rate changes 551 1,415 ------ ------ Cash and cash equivalents at end of year 34,216 37,266 ====== ====== Notes ===== Revenue 2007 2006 ------- $'000 $'000 Sales of goods 57,581 32,891 Revenue from services 19 204 ------ ------ 57,600 33,095 Other operating income 6 9 Investment income 1,641 640 ------ ------ Total revenue 59,247 33,744 ====== ====== The crop of oil palm fresh fruit bunches for 2007 amounted to 393,217 tonnes (2006 - 334,076 tonnes). The fair value of the crop of fresh fruit bunches was $39,269,000 (2006: $18,916,000), based on the price formula determined by the Indonesian government for purchases of fresh fruit bunches from smallholders. As a general rule, all palm products produced by the group are sold for immediate delivery but on occasions, when market conditions appear favourable, the group makes forward sales. When making such sales, the group would not normally commit more than 60 per cent of its projected production for a forthcoming period of twelve months. Segment information ------------------- In the table below, the group's sales are analysed by geographical destination and the carrying amount of segment net assets and additions to property, plant and equipment by geographical area of location. No analyses are provided by business segment as the group has only one business segment. 2007 2006 $'m $'m Sales by geographical destination: United Kingdom and Continental Europe - 0.2 Indonesia 28.1 25.3 Rest of Asia 29.5 7.6 ------ ------ 57.6 33.1 ====== ====== Carrying amount of segment net assets by geographical area of asset location: United Kingdom and Continental Europe 38.2 26.5 Indonesia 110.4 79.0 ------ ------ 148.6 105.5 ====== ====== Additions to property, plant and equipment by geographical area of asset location: United Kingdom and Continental Europe 0.4 - Indonesia 14.8 12.0 ------ ------ 15.2 12.0 ====== ====== Biological assets 2007 2006 ----------------- $'000 $'000 Beginning of year 143,496 117,289 Reclassification of expenditure in prior years between land, plantations and other non-current assets - (1,303) Additions to planted area and costs to maturity 14,821 18,810 Net biological gain 8,030 8,700 ------- ------- End of year 166,347 143,496 ======= ======= Finance costs 2007 2006 ------------- $'000 $'000 Interest on bank loans and overdrafts 1,916 3,799 Interest on US dollar notes 2,360 2,011 Interest on sterling notes 4,443 194 Interest on other loans - 64 Interest on obligations under finance leases 23 62 ------ ------ 8,742 6,130 Amount included as additions to biological assets (5,164) (3,644) Amount capitalised on acquisition - (107) ------ ------ 3,578 2,379 Other finance charges 439 377 Exchange gain on repayment of preference shares held by minority shareholders in a subsidiary - (1,106) ------ ------ 4,017 1,650 ====== ====== Amount included as additions to biological assets arose on the general pool of borrowings applicable to the Indonesian operations and reflected a capitalisation rate of 43.7 per cent (2006 - 44.7 per cent). Tax 2007 2006 --- $'000 $'000 Current tax: UK corporation tax - - Foreign tax 5,318 222 ------ ------ Total current tax 5,318 222 ------ ------ Deferred tax: Current year 9,695 5,676 Attributable to an increase in the rate of tax - - ------ ------ Total deferred tax 9,695 5,676 ------ ------ Total tax 15,013 5,898 ====== ====== Dividends 2007 2006 --------- $'000 $'000 Amounts recognised as distributions to equity holders: Preference dividends of 9p per share 2,266 1,795 Ordinary dividends 1,279 - ------ ------ 3,545 1,795 ====== ====== Earnings per share 2007 2006 ------------------ $'000 $'000 Earnings for the purpose of basic and diluted earnings per share being net profit attributable to ordinary shareholders 29,453 11,546 ====== ====== '000 '000 Weighted average number of ordinary shares for the purpose of basic earnings per share 32,044 28,857 Effect of dilutive potential ordinary shares 837 1,666 ------ ------ Weighted average number of ordinary shares for the purpose of diluted earnings per share 32,881 30,523 ====== ====== Events after the balance sheet date ---------------------------------- An interim dividend of 1p per ordinary share in lieu of final in respect of the year ended 31 December 2007 was paid on 25 January 2008. In accordance with IAS 10 "Events after the Balance Sheet Date" this dividend has not been included in these financial statements. Financial information and publication of annual report -- Whilst the financial information included in this preliminary announcement (the "preliminary financial information") has been computed in accordance with IFRS, this announcement does not itself contain sufficient information to comply with IFRS. The company expects to publish its 2007 annual report, incorporating its consolidated financial statements, by the end of April 2008. The preliminary financial information does not constitute statutory accounts of the company for the years ended 31 December 2006 or 2007, but is derived from those accounts. Statutory accounts for 2006 have been delivered to the Registrar of Companies. The auditors have reported on those accounts; their reports were unqualified and did not contain statements under sections 237(2) or (3) of the Companies Act 1985. The audit of the statutory accounts for the year ended 31 December 2007 is not yet complete. These accounts will be finalised on the basis of financial information presented by the directors in this preliminary announcement and will be delivered to the Registrar of Companies following the company's annual general meeting. This announcement was approved by the board of the company on 22 April 2008. The 2007 annual general meeting is being convened for 6 June 2008. This information is provided by RNS The company news service from the London Stock Exchange