

Trading update

R.E.A.Hldgs PLC 24 January 2006 R.E.A. Holdings plc ("REA") Trading Update REA announces that its crop outturn for 2005 amounted to 313,000 tonnes of oil palm fresh fruit bunches ("FFB"). This represented an increase of some 6.6 per cent on the FFB crop of 2004 of 294,000 tonnes but a shortfall of 9.5 per cent on the 2005 budgeted crop of 331,000 tonnes. The failure to achieve the budgeted crop can be attributed to the level of rain which approached 5,000 mm over 2005 as a whole against 3,877 mm in the preceding year. Rainfall was particularly heavy in November and December 2005 (with nearly 1,000 mm in November). This did not cause the degree of disruption experienced during the previous heavy rains of April 2005 but it did mean that the group did not, as it had earlier been hoped that it would, recover the budget shortfalls of the first half of the year during the peak cropping months of the second half. Crude palm oil and palm kernel output for 2005 amounted to, respectively, 73,000 tonnes and 13,000 tonnes reflecting extraction rates of 23.4 per cent for oil and 4.0 per cent for kernels. These rates were marginally below the extraction rates of 2004 when 71,000 tonnes of crude palm oil and 12,000 tonnes of kernels were produced. The slight reduction in extraction rates may be attributed to the very damp conditions inhibiting weevil activity leading to sub-optimal cross-pollination and parthenocarpic fruit. With higher freight charges impacting transformation costs, the average US dollar FOB price per tonne realised in respect of 2005 sales of crude palm oil was approximately 14 per cent lower than that of 2004. As anticipated in the chairman's statement in the interim report of 24 October 2005, the planned planting extension programmes of 2005, comprising 3,000 hectares in the group's core plantation area and 1,500 hectares in the new joint venture area, will now be completed during 2006. There have been no recurrences of the previously reported delays to the planting programme resulting from concerns of certain local villagers as to the levels of compensation payments being made to them. Provided that this satisfactory situation continues, the directors are confident that the late completion of the extension programmes will not have a material long term effect on future crops. The new extension planting programme in respect of which field planting commenced in 2004 will not make any worthwhile contribution to crops until 2007. Accordingly, the group is budgeting for an FFB crop in 2006 of 353,000 tonnes. This information is provided by RNS The company news service from the London Stock Exchange