R.E.A. HOLDINGS PLC

Half yearly report

2024

R.E.A. Holdings plc (**REA** or the **company**) is a UK public listed company of which the shares are admitted to the Official List and to trading on thes main market of the London Stock Exchange.

The REA group (the company and its subsidiaries) is principally engaged in the cultivation of oil palms in the province of East Kalimantan in Indonesia and in the production and sale of crude palm oil and crude palm kernel oil.

Key statistics

	6 months to 30 June 2024	6 months to 30 June 2023
Results ($'000)		
Revenue	80,945	73,622
Earnings before interest, tax, depreciation and amortisation*	21,632	15,474
Profit / (loss) before tax	8,060	(15,194)
Loss attributable to ordinary shareholders	(2,599)	(14,772)
Cash generated by operations**	6,587	14,460
Returns per ordinary share		
Loss (US cents)	(5.9)	(33.6)
Dividend (pence)	–	–
FFB harvested (tonnes)		
Group	326,370	346,216
Third party	99,378	98,413
Total	425,748	444,629
Production (tonnes)		
Total FFB processed	407,309	411,255
FFB sold	17,839	32,345
CPO	90,363	90,167
Palm kernels	20,772	20,300
CPKO	8,518	8,331
Extraction rates (per cent)		
CPO	22.2	21.9
Palm kernels	5.1	4.9
CPKO	40.9	39.6
Average exchange rates		
Indonesian rupiah to dollar	15,952	15,113
Dollar to sterling	1.27	1.23

* See note 5

** See note 21

All terms in this report are listed in the glossary.

Contents

Highlights

Strategic

- Subscription of further shares in REA Kaltim by the DSN group in March 2024 with final consideration determined at $53.6 million, increasing DSN's investment in the operating sub-group from 15 per cent to 35 per cent
- CDM being retained and good progress made in improving yields and settling plasma arrangements
- On target to comply with the EUDR requirements – processes and control systems now installed in COM to permit sales of segregated certified CPO

Financial

- Revenue increased by 10 per cent to $80.9 million (2023: $73.6 million) primarily reflecting increased sales volumes
- Average selling prices (net of export duty and levy) in line with prior year with CPO at $755 per tonne (2023: $746) and CPKO at $847 per tonne (2023: $875 per tonne); current local prices comfortably above the average prices for the first six months of 2024
- EBITDA for the period of $21.6 million (2023: $15.7 million), a 40 per cent increase
- Profit before tax of $8.1 million (2023: loss before tax of $15.2 million) due to higher revenues and positive swing in exchange differences
- Group net indebtedness reduced to $167.9 million from $178.2 million at 31 December 2023
- All outstanding arrears of preference dividend totalling 11.5p per preference share discharged in April 2024 and semi-annual preference dividend duly paid on 30 June 2024

Agricultural operations

- FFB production of 326,370 tonnes (2023: 346,216) reflecting reduced hectarage due to the replanting programme
- Improved extraction rates with further improvements post period end
- Replanting is proceeding in line with the previously announced programme for 2024 of 1,300 hectares
- 750 hectares of extension planting to be completed by year end with the balance of 250 hectares carried over to 2025

Stone, sand and coal interests

- Sales at ATP's stone concession commenced
- Arrangements for production of silica sand being progressed
- Coal operations inactive
- Implementing changes to structure of group's interests in stone, sand and coal with application for necessary approvals to acquire 95 per cent ownership of the stone interest

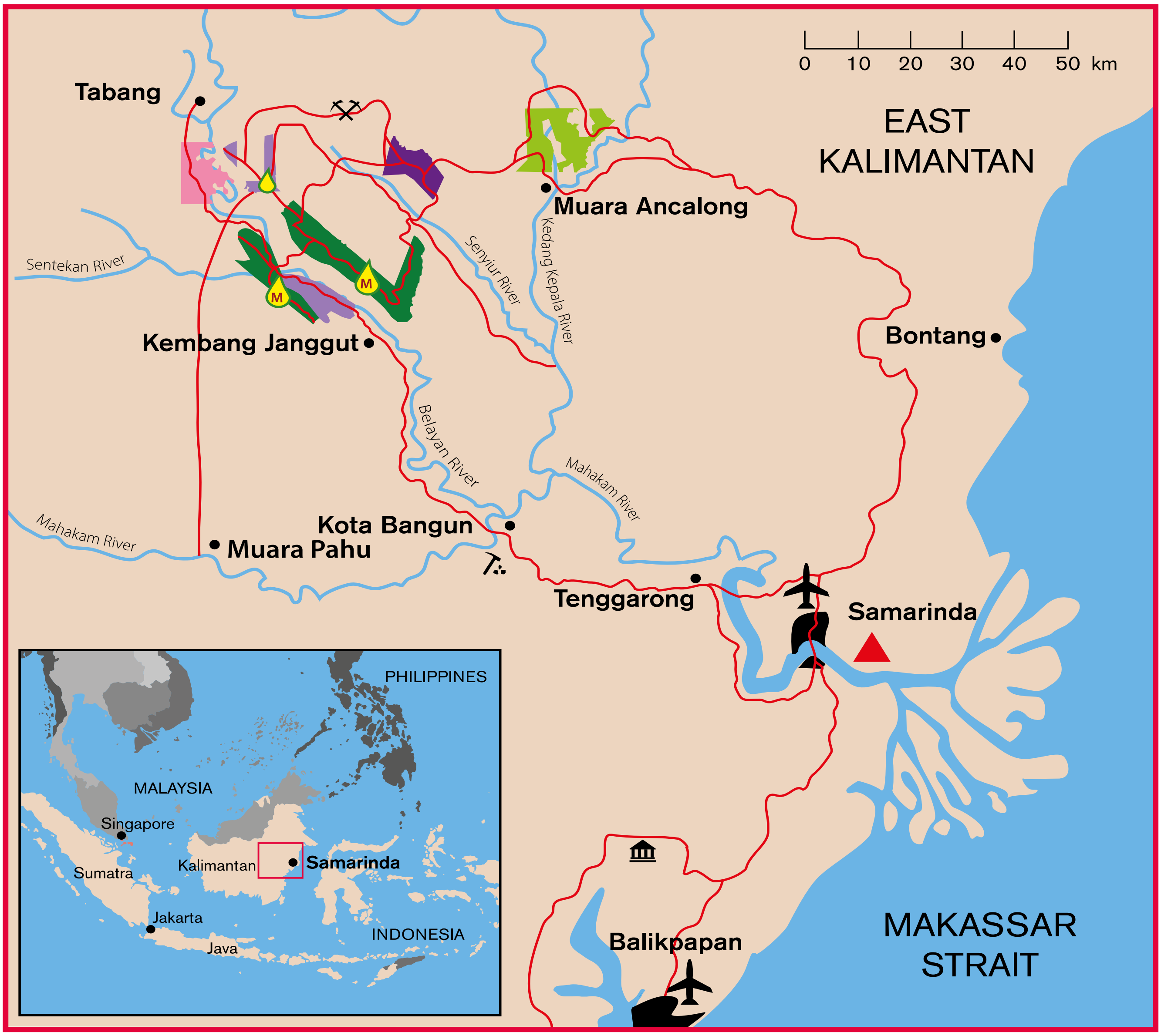
Environmental, social and governance

- Developing projects with smallholders to encourage and improve the sustainable component of the group's supply chain and promote sustainable palm oil production

Outlook

- Current firming in CPO prices likely to be sustained and mitigate the effect of lower crops in the second half of 2024
- Encouraging outlook based on increased sustainability premia, further improvements to productivity and replanting areas starting to contribute crop
- Stone quarrying coming to fruition

Map



The map provides a plan of the operational areas and of the river and road system by which access is obtained to the main areas.

Key	
M	Methane capture plant
	New capital city (IKN) under construction
	Oil mill
	Road
	Sand and coal concessions
	Stone concession
	Tank storage

Companies		
	CDM	PT Cipta Davia Mandiri
	KMS	PT Kutai Mitra Sejahtera
	PU	PT Prasetia Utama
	REA Kaltim	PT REA Kaltim Plantations
	SYB	PT Sasana Yudha Bhakti

Interim management report

Cautionary statement

This document contains certain forward-looking statements relating to the REA group. The group considers any statements that are not historical facts as "forward-looking statements". They relate to events and trends that are subject to risk and uncertainty that may cause actual results and the financial performance of the group to differ materially from those contained in any forward-looking statement. These statements are made by the directors in good faith based on information available to them and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

Results

Earnings before interest, tax, depreciation and amortisation amounted to $21.6 million (2023: $15.5 million).

Higher revenues ($80.9 million against $73.6 million in 2023) and a positive swing in exchange differences of $13.7 million ($6.5 million profit against a $7.2 million loss) resulted in a profit before tax of $8.1 million (2023: loss before tax of $15.2 million). The increase in revenues was principally the result of increased volumes.

Average prices realised and volumes sold were:

	6 months to 30 June 2024 $	6 months to 30 June 2023 $	Year to 31 December 2023 $
Average price per tonne*:			
CPO	755	746	718
CPKO	847	875	749

* Including premia for certified oil but net of export levy and duty, adjusted to FOB Samarinda

	6 months to 30 June 2024	6 months to 30 June 2023	Year to 31 December 2023
Tonnes sold:			
CPO	92,076	83,063	211,147
CPKO	8,501	5,886	19,898

Specific components of the results

Cost of sales for the six months to 30 June 2024, with comparative figures for 2023, was made up as follows:

	6 months to 30 June 2024 $'m	6 months to 30 June 2023 $'m	Year to 31 December 2023 $'m
Estate operating costs	35.7	35.9	78.0
Purchase of external FFB	15.4	16.6	33.6
Depreciation and amortisation	13.0	14.3	28.8
Stock movements	(0.5)	(5.5)	2.0
	63.6	61.3	142.4

The increase of $2.3 million in cost of sales against the corresponding period in 2023 was made up of a $5.0 million reduction in stock movement credit (due to high stock levels at 30 June 2023 as a result of a 4,000 tonne CPO sale scheduled for the end of June not being fulfilled until July), a $1.3 million reduction in depreciation (mainly due to the 2023 impairment of CDM's non-current assets) and a $1.2 million reduction in external FFB purchases.

Total administrative costs of $10.1 million, before deduction of amounts capitalised, were broadly in line with 2023, except for losses on the disposal of fixed assets (arising in 2023 to a substantial extent from the uprooting of old oil palm areas for replanting) being $0.8 million lower than in 2023. Administrative costs capitalised in the period were $2.1 million compared with $0.8 million in 2023, reflecting a higher proportion of immature plantings than in 2023.

Investment revenues amounted to $1.2 million against $0.9 million in 2023 with more interest receivable from stone, sand and coal interests.

Foreign exchange movements, as noted above, principally arose on the revaluation of sterling and rupiah monetary items and in 2024 reflected the weakening (2023: strengthening) of sterling and the rupiah against the dollar.

Finance costs for the half year amounted to $8.2 million against $9.0 million in the equivalent period in 2023. The decrease of $0.8 million was made up of lower interest on bank loans ($0.7 million), increased interest on the dollar notes ($0.3 million) following the sale of $8.6 million nominal of dollar notes held in treasury during the first half of 2023, and increased capitalisation of finance charges ($0.4 million) which, as with administrative costs, reflected a higher proportion of immature plantings than in 2023.

Taxation for the period was a charge of $4.5 million against a credit of $2.6 million in 2023, with the overall movement of $7.1 million being largely due to a deferred tax charge of $2.2 million in 2024 against a deferred tax credit of $4.8 million in 2023. Both such deferred tax movements related mainly to exchange differences arising on the retranslation of opening deferred tax balances.

Dividends

All arrears of dividend outstanding on the company's preference shares were discharged in April 2024 and the fixed semi-annual dividend on those shares that fell due on 30 June 2024 was duly paid.

Subject to no material adverse change occurring during the coming months in the financial performance of the group, the directors intend that the dividend arising on the preference shares on 31 December 2024 will also be paid on the due date.

Agricultural operations

Key agricultural statistics were as follows:

	6 months to 30 June 2024	6 months to 30 June 2023
FFB harvested (tonnes)		
Group	326,370	346,216
Third party	99,378	98,413
Total	425,748	444,629
Production (tonnes)		
Total FFB processed	407,309	411,255
FFB sold	17,839	32,345
CPO	90,363	90,167
Palm kernels	20,772	20,300
CPKO	8,518	8,331
Extraction rates (per cent)		
CPO	22.2	21.9
Palm kernels	5.1	4.9
CPKO*	40.9	39.6
Rainfall (mm)		
Average across the estates	1,418	1,924

* Based on kernels processed

Group FFB production for the first half of 2024 was slightly below that harvested during the same period in 2023, largely reflecting a reduction in hectarage due to replanting in the mature areas. By contrast, CPO production was in line with the tonnage processed in 2023, as the group was able to process more of its own FFB than in the corresponding period in 2023.

The CPO extraction rate for the period averaged 22.2 per cent against 21.9 per cent for the same period in 2023. Extraction rates are currently showing a further improvement. This reflects the progressive mechanisation of certain field operations, improvements to infrastructure and reorganisation and upskilling of field management.

The group's three mills continue to operate with greater reliability than in the past under the watch of experienced engineering management and with the benefit of recent substantial investments to enhance resilience in processing operations. Oil losses remain comfortably below industry standards.

Throughout 2024, the group has been progressing arrangements for separating the supply chain of the Cakra oil mill (COM) from the supply chains of the group's other two mills so as to permit CPO production from COM to be sold as segregated CPO. As noted previously, the pricing that the group achieves on sales of sustainable CPO may be increased significantly by selling sustainable CPO that can be certified as segregated.

Replanting is proceeding in line with the previously announced programme for 2024 of 1,300 hectares. Of the extension planting programme of 1,000 hectares, 750 hectares should be completed by year end with the balance of 250 hectares carried over to 2025 due to timing of securing certain licences.

Following confirmation by DSN at the end of June 2024 that it would not exercise its priority right to acquire REA Kaltim's wholly owned subsidiary, CDM, and the group's rejection of an alternative offer to purchase CDM as too low, good progress is being made in resolving the challenges facing CDM. The group has been successful in agreeing settlements of longstanding disagreements with local villages over the oil palm plantings to be allocated to those villages as plasma schemes and is steadily implementing those settlements. Meanwhile, CDM's FFB yields, which have historically been low, are increasing following improvements in upkeep standards over the past two years. The group believes that such yields will further increase to normal levels with modest further investment in bunding and other infrastructure.

Agricultural selling prices

CPO prices remained firm in the first six months of 2024, trading in a relatively narrow range of between $925 and $1,100 per tonne, CIF Rotterdam, ending the period at $1,015 per tonne. Prices have increased since the end of June and currently stand at $1,073 per tonne.

The average price realised from sales of CPO by the group during the period January to June 2024, including premia for certified oil but net of export levy and duty, adjusted to FOB Samarinda, was $755 per tonne (2023: $746 per tonne). The average selling price for the group's CPKO, on the same basis, was $847 per tonne (2023: $875 per tonne).

As previously reported, the Indonesian government applies duties and tariffs on exports of CPO and CPKO. These tariffs are calculated on a sliding scale by reference to prices that are set periodically by the Indonesian government on the basis of CIF Rotterdam and other recognised benchmark CPO prices.

The group sells CPO into the local Indonesian market which is not subject to export levy or export duty. However, arbitrage between the Indonesian and international CPO markets normally results in a local price that is broadly in line with prevailing international prices after adjustment of the latter for delivery costs and export tariffs and restrictions. Export tariffs and restrictions therefore have an indirect effect on the prices that the group achieves on sales of its CPO.

Local prices for CPO and CPKO are currently above the average prices for the first six months of 2024 with the latest prices, FOB Belawan/Dumai, standing at, respectively, $853 and $1,353 per tonne.

Environmental, social and governance

With increasing focus on addressing the challenges of climate change and deforestation, during 2024 the group has installed processes and control systems that will enable sales of segregated oil processed in COM to comply with the requirements of the EU Deforestation Regulation (EUDR) that comes into effect at the end of 2024. The group has also engaged an external body to verify the group's preparedness for EUDR with an assessment of COM and the seven estates that supply FFB to COM. The assessment concluded in August 2024 that the group has established a robust system to meet the requirements of the EUDR due diligence system. Compliance with the EUDR is being tested with a trial shipment in the coming weeks. EUDR will prevent sales of non-compliant vegetable oils in the EU and the group believes that this is likely to lead to higher prices for EUDR compliant CPO.

In parallel, the group is working with smallholder suppliers to increase the certified component of the group's overall supply chain to promote sustainable palm oil production. Some 78 per cent of the group's current CPO production is RSPO certified.

The group continues to push forward on a broad range of social, environmental and conservation projects, including collaborations with SBTi (to set emission reduction targets), SEARRP (to develop biodiversity management), and Abler Nordic and Plan B (to support smallholders with yield intensification and diversification). Further details regarding these and related projects are available on the group's website at www.rea.co.uk/ESG.

Stone, sand and coal interests

Development of the stone concession held by ATP is proceeding well. Permits have been obtained to extend the area in which the concession can be mined providing more efficient access. Two contractors are now quarrying the concession and to-date approximately 75,000 tonnes of stone have been produced. Permits for blasting are close to being secured, whereafter quarrying can be scaled up. Crushing capacity is being doubled to in excess of 100,000 tonnes per month. Local demand for crushed stone remains strong and ATP is concluding offtake agreements with several major purchasers. The volume of deliveries against sale contracts is currently being constrained by the condition of the two access roads to the quarry but these are being steadily improved and, as they improve, delivery volumes are increasing. The first bulk delivery was invoiced in August 2024.

Arrangements are also progressing for the production of silica sand in the overburden overlaying IPA's coal. As previously reported, IPA's coal mining contractor, who already has equipment on site, has been appointed to mine the silica sand on behalf of the concession holding company, MCU on terms similar to those that previously applied to mining coal at IPA. Notwithstanding some recent softening of selling prices for silica sand, MCU is engaged in constructive discussions with potential purchasers of silica sand and hopes to secure an offtake agreement at a price and for a volume sufficient to support commencement of production.

Mining of coal at IPA has now ceased and the bulk of IPA's coal stockpile has been sold. IPA continues to enjoy modest revenues from fees charged to third party coal producers utilising the loading point on the Mahakam river owned by IPA for evacuating coal.

Changes to the structure of the group's interests in ATP, MCU and IPA are moving forward. Following receipt of legal advice that, whilst formal regulatory approvals are needed, there is no longer any legal impediment to the exercise of the group's longstanding right to acquire 95 per cent ownership of ATP, application is being made for the necessary approvals. Concurrently, steps are being taken to transfer ownership of IPA from ATP to MCU. The agreement that the group will acquire a 49 per cent participation in MCU will then be implemented once production of silica sand has started.

Financing

The agreed issue of further shares in REA Kaltim to the DSN group, on the terms previously advised to and approved by shareholders, was completed in March 2024 with the final subscription price subsequently determined at $53.6 million. As a result of such issue, the group's ownership of REA Kaltim was diluted from 85 per cent to 65 per cent and the DSN group's ownership increased from 15 per cent to 35 per cent.

Following this transaction, total group equity less non-controlling interests at 30 June 2024 amounted to $204.4 million (31 December 2023: $219.8 million) and non-controlling interests to $68.5 million (31 December 2023: $14.3 million).

Net indebtedness at 30 June 2024 amounted to $167.9 million against $178.2 million at 31 December 2023. Movements in the six month period included initial drawings of $6.5 million under a new loan facility of the equivalent of $22.1 million agreed in March 2024 from Bank Mandiri to fund a proportion of REA Kaltim's replanting programme. The overall composition of the net indebtedness at 30 June 2024 was as follows:

	$'m
Dollar notes ($27.0 million nominal)*	26.7
Sterling notes (£30.9 million nominal)**	40.3
Loans from non-controlling shareholder	12.4
Indonesian term bank loans	96.0
Drawings under short term facilities	2.7
Short-term revolving borrowings	5.7
	183.8
Cash and cash equivalents	(15.9)
Net indebtedness	167.9

* Net of issue costs

** Net of issue costs plus $1.4 million present value of premium on sale

Since 30 June 2024, loans to REA Kaltim and its subsidiaries from the DSN group and from the company and its wholly owned subsidiaries have been rebalanced so as to be in proportion to their respective shareholdings in REA Kaltim. Group funding has been further augmented by drawdown of a new rupiah denominated loan, equivalent to $16.2 million, provided by Bank Mandiri to CDM. This new loan bears interest at 8.5 per cent per annum and is repayable over a ten year period.

Group cash flow

Operating cash flows before movements in working capital during the six months to 30 June 2024 amounted to $19.6 million. An increase in working capital of $13.0 million, and taxes and interest paid totalling $11.3 million, resulted in net cash used in operating activities of $4.7 million. A significant component of the increase in working capital was an $8.7 million decrease in amounts due to suppliers.

Capital expenditure during the period totalled $10.5 million, which, combined with a repayment of current receivables of $1.3 million and net investment of $4.2 million in the stone, sand and coal interests, resulted in a cash outflow on investing activities of $12.2 million after crediting interest received of $1.2 million.

Net proceeds of $37.2 million were received from the issue of further shares in REA Kaltim to the DSN group and a subsequent repayment of DSN group loans. Total preference dividends paid during the period, including arrears, totalled $14.5 million, $2.3 million net of bank borrowings and leases were repaid and $2.7 million was expended on the purchase of the non-controlling interest in SYB.

Overall, there was a reduction of $1.7 million in cash and cash equivalents in the period.

Outlook

Reports indicate that CPO production in Kalimantan and several other regions of Indonesia is expected to fall short of previous projections, no doubt as a result of weather factors during the formation of current FFB crops. Bunch formation on the group's estates is consistent with this expectation and, whilst the group's crops are still likely, as is usual, to be weighted towards the second half of the year, the weighting in 2024 may be less pronounced than usual.

Against this, and as a consequence of the poorer Indonesian production, the current firming in CPO prices looks likely to continue so that better selling prices will mitigate the effect of lower crops.

Indonesia has recently announced that, in 2025, the amount of Indonesian CPO being mandated for conversion to biofuel will be increased from 35 per cent to 40 per cent (B40). This means that CPO prices can reasonably be expected to remain at remunerative levels going forward. A reduction in Indonesian export tariffs, which recent Indonesian press reports suggest may be under consideration, would provide further assistance to Indonesian CPO producers.

With the prospect of good basic CPO prices, increasing sustainability premia, further improvements to productivity and replanted areas starting to contribute crop, the outlook for the core oil palm operation is encouraging. Growth should be further enhanced by successful development of the group's new stone quarrying operations, of which the directors are increasingly confident.

Approved by the board on 18 September 2024

Principal risks and uncertainties

The principal risks and uncertainties, as well as mitigating and other relevant considerations, affecting the business activities of the group as at the date of publication of the 2023 annual report were set out on pages 42 to 48 of that report, under the heading Principal risks and uncertainties. A copy of the report may be downloaded from www.rea.co.uk/investors/financial-reports. Such principal risks and uncertainties in summary comprise:

Agricultural operations	
Climatic factors	Loss of crop and adverse logistical impacts
Cultivation risks	Impact of pests and diseases
Other operational factors	Logistical disruptions to the production cycle, including transportation and input shortages or cost increases
Produce prices	Lower realisations from sales of CPO and CPKO
Expansion	Delays in securing land or funding for extension planting
Climate change	Reduced production due to change in levels and regularity of rainfall and sunlight hours
ESG practices	Failure to meet expected standards
Community relations	Disruptions arising from issues with local stakeholders
Stone and sand interests	
Operational factors	Failure by external contractors to achieve agreed targets and delays to securing the required mining licenses by the sand concession holding company
Prices	Reduced revenues due to lower prices, additional royalties or duties or quality shortcomings
ESG practices	Failure to meet expected standards
Climate change	High levels of rainfall disrupting operations
General	
IT Security	IT related fraud and losses as a result of disruption of control systems and theft
Currency	Adverse exchange movements between sterling or the rupiah against the dollar
Cost inflation	Increased costs as a result of economic factors or shortages of required inputs
Funding	Inability to meet liabilities as they fall due
Counterparty risk	Default by suppliers, customers or financial institutions
Regulatory and country exposure	Failure to meet or comply with expected standards or applicable regulations; adverse political, economic, or legislative changes in Indonesia
Miscellaneous relationships	Disruption of operations and consequent loss of revenues as a result of disputes with local stakeholders

Material risks, related policies and the group's successes and failures with respect to ESG matters, including climate change, and the measures taken in response to any failures are described in more detail under ESG in the 2023 annual report and at www.rea.co.uk/ESG.

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

The effect of an adverse incident relating to the stone and sand interests, as referred to above, could impact the ability of the stone and sand concession holding companies to repay their loans. As noted in the 2023 annual report, the active coal concession has been largely mined out and it is the group's intention to withdraw from its coal interests. Accordingly, coal interests are no longer considered to represent a principal risk for the group.

At the date of the annual report, risks assessed by the directors as being of particular significance were those as detailed under Agricultural operations (Climatic factors, Produce prices, and Other operational factors). In addition, the directors identified IT security as a substantial yet remote, risk.

The directors' assessment, as respects produce prices, reflects the key importance of that risk in relation to the matters considered in the Viability statement in the Directors' report on pages 50 and 51 of the annual report and, as respects climatic and other factors, the extent of the negative impact that could result from adverse incidence of such risks.

The directors consider that the principal risks and uncertainties for the second six months of 2024 continue to be those set out in the 2023 annual report and as summarised above.

Going concern

In the statements regarding viability and going concern on pages 51 and 52 of the 2023 annual report, the directors set out considerations with respect to the group's capital structure and their assessment of liquidity and financing adequacy.

At 30 June 2024 the group had cash and cash equivalents of $15.9 million and borrowings of $183.8 million. The total borrowings repayable by the group in the period to 18 September 2025 amount to the equivalent of $77.1 million and comprise bank loans, loans from the DSN group and the sterling notes. In addition to the cash required for debt repayments, the group also requires cash in the period to fund capital expenditure, dividends on the company's preference shares and repayment of contract liabilities.

Since 30 June, the group has received $3.6 million representing the final instalment of the subscription monies due for the agreed issue of shares in REA Kaltim to the DSN group, and has agreed arrangements in relation to the rebalancing of shareholder loans to REA Kaltim, which have resulted in repayment of $12.4 million loans owed to the DSN group (of which $9.1 million was due in the period to 18 September 2025) and the drawdown of a new loan of $17.5 million from the DSN group, repayable outside this period. This has reduced the total borrowings repayable by the group in the period to 18 September 2025 to $68.0 million and contributed a further $8.7 million of cash.

The group expects that repayment of the balance of $68.0 million will be funded from existing cash resources, positive cash flows from the oil palm operations, replacement borrowings (including $16.2 million drawn against an additional bank facility agreed since 30 June) and cash flow from the stone and sand interests. The group believes that cash available should be sufficient to meet the debt repayments falling due in the period to 18 September 2025.

Accordingly, and based on the foregoing, the directors have a reasonable expectation that the company will be able to continue its operations and meet its liabilities as they fall due over the period of twelve months from the date of approval of the accompanying condensed consolidated financial statements and they continue to adopt the going concern basis of accounting in preparing these statements.

Directors' responsibilities

The directors are responsible for the preparation of this half yearly report.

The directors confirm that to the best of their knowledge:

- the accompanying set of condensed consolidated financial statements has been prepared in accordance with UK adopted IAS 34: Interim Financial Reporting;

- the Interim management report and Principal risks and uncertainties sections of this half yearly report include a fair review of the information required by rule 4.2.7R of the Disclosure Guidance and Transparency Rules (DTR) of the FCA, being an indication of important events that have occurred during the first six months of the financial year and their impact on the set of condensed consolidated financial statements, and a description of the principal risks and uncertainties for the remaining six months of the year; and

- note 24 in the notes to the condensed consolidated financial statements includes a fair review of the information required by rule 4.2.8R of the DTRs of the FCA, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the group during that period, and any changes in the related party transactions described in the 2023 annual report that could do so.

The current directors of the company are as listed on page 49 of the 2023 annual report.

Approved by the board on 18 September 2024 and signed on its behalf by

DAVID J BLACKETT
Chairman

Consolidated income statement

for the six months ended 30 June 2024

	Note	6 months to 30 June 2024 $'000	6 months to 30 June 2023 $'000	Year to 31 December 2023 $'000
Revenue	2	**80,945**	**73,622**	**176,722**
Net loss arising from changes in fair value of biological assets	4	(169)	(438)	(580)
Cost of sales		(63,580)	(61,258)	(142,415)
Gross profit		**17,196**	**11,926**	**33,727**
Distribution costs		(576)	(471)	(1,511)
Administrative expenses	5	(7,993)	(10,242)	(17,372)
Operating profit		**8,627**	**1,213**	**14,844**
Interest income	6	1,167	878	4,091
Losses on disposals of subsidiaries and similar charges	7	–	(719)	(26,051)
Other gains / (losses)	8	6,499	(7,609)	(4,669)
Finance costs	9	(8,233)	(8,957)	(17,460)
Profit / (loss) before tax		**8,060**	**(15,194)**	**(29,245)**
Tax	10	(4,520)	2,628	11,552
Profit / (loss) for the period		**3,540**	**(12,566)**	**(17,693)**
Attributable to:				
Equity shareholders		1,530	(10,643)	(10,241)
Non-controlling interests		2,010	(1,923)	(7,452)
		3,540	**(12,566)**	**(17,693)**
Loss per 25p ordinary share (US cents)				
Basic	12	(5.9)	(33.6)	(32.7)
Diluted	12	(5.9)	(33.6)	(32.7)

All operations in all periods are continuing.

Consolidated statement of comprehensive income

for the six months ended 30 June 2024

	6 months to 30 June 2024 $'000	6 months to 30 June 2023 $'000	Year to 31 December 2023 $'000
Profit / (loss) for the period	**3,540**	**(12,566)**	**(17,693)**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Reclassification of foreign exchange differences on disposal of group companies	–	673	685
Loss on sale of non-controlling interests taken to equity	(581)	–	–
Loss arising on purchase of non-controlling interests taken to equity	(1,870)	–	(96)
	(2,451)	673	589
Items that will not be reclassified to profit or loss:			
Actuarial loss	–	–	(449)
Deferred tax on actuarial loss	–	–	99
	–	–	(350)
Total comprehensive income / (loss) for the period	**1,089**	**(11,893)**	**(17,454)**
Attributable to:			
Equity shareholders	(921)	(9,970)	(9,961)
Non-controlling interests	2,010	(1,923)	(7,493)
	1,089	**(11,893)**	**(17,454)**

Consolidated balance sheet

as at 30 June 2024

	Note	30 June 2024 $'000	30 June 2023 $'000	31 December 2023 $'000
Non-current assets				
Goodwill		11,144	12,578	11,144
Intangible assets	13	1,401	1,666	1,593
Property, plant and equipment	14	310,198	345,058	297,255
Land	15	51,166	45,826	46,015
Financial assets	17	77,578	63,067	73,640
Deferred tax assets		14,126	3,614	15,012
Total non-current assets		465,613	471,809	444,659
Current assets				
Inventories		20,956	28,042	16,709
Biological assets		3,160	3,471	3,087
Trade and other receivables		34,885	34,995	28,254
Current tax asset		1,058	1,558	975
Cash and cash equivalents		15,942	17,528	14,195
Total current assets		76,001	85,594	63,220
Assets classified as held for sale		–	–	32,516
Total assets		**541,614**	**557,403**	**540,395**
Current liabilities				
Trade and other payables		(30,032)	(39,865)	(27,834)
Current tax liabilities		–	(1,803)	(1,462)
Bank loans	19	(23,145)	(23,635)	(17,413)
Other loans and payables		(6,928)	(7,722)	(14,891)
Total current liabilities		(60,105)	(73,025)	(61,600)
Non-current liabilities				
Trade and other payables		(4,252)	(9,292)	(16,841)
Bank loans	19	(81,330)	(98,139)	(94,361)
Sterling notes		(40,316)	(40,443)	(40,549)
Dollar notes	20	(26,658)	(26,491)	(26,572)
Deferred tax liabilities		(34,654)	(40,290)	(34,888)
Other loans and payables		(21,373)	(28,065)	(15,356)
Total non-current liabilities		(208,583)	(242,720)	(228,567)
Liabilities directly associated with assets held for sale		–	–	(16,109)
Total liabilities		**(268,688)**	**(315,745)**	**(306,276)**
Net assets		**272,926**	**241,658**	**234,119**
Equity				
Share capital		133,590	133,590	133,590
Share premium account		47,374	47,374	47,374
Translation reserve		(25,619)	(24,428)	(24,416)
Retained earnings		49,039	63,270	63,267
		204,384	219,806	219,815
Non-controlling interests		68,542	21,852	14,304
Total equity		**272,926**	**241,658**	**234,119**

Consolidated statement of changes in equity

for the six months ended 30 June 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 period	–	–	–	(10,643)	(10,643)	(1,923)	(12,566)
Other comprehensive income for the period	–	–	673	–	673	–	673
Capital from non-controlling interest	–	–	–	–	–	150	150
Dividends to preference shareholders	–	–	–	(4,129)	(4,129)	–	(4,129)
At 30 June 2023	133,590	47,374	(24,428)	63,270	219,806	21,852	241,658
Profit / (loss) for the period	–	–	–	402	402	(5,529)	(5,127)
Reorganisation of subsidiaries	–	–	–	–	–	(1,978)	(1,978)
Other comprehensive income / (loss) for the period	–	–	12	(405)	(393)	(41)	(434)
At 31 December 2023	133,590	47,374	(24,416)	63,267	219,815	14,304	234,119
Profit for the period	–	–	–	1,530	1,530	2,010	3,540
Other comprehensive loss for the period	–	–	–	(2,451)	(2,451)	–	(2,451)
Reorganisation of subsidiaries	–	–	(1,203)	1,203	–	(854)	(854)
Capital from non-controlling interest	–	–	–	–	–	53,082	53,082
Dividends to preference shareholders	–	–	–	(14,510)	(14,510)	–	(14,510)
At 30 June 2024	**133,590**	**47,374**	**(25,619)**	**49,039**	**204,384**	**68,542**	**272,926**

Consolidated cash flow statement

for the six months ended 30 June 2024

	Note	6 months to 30 June 2024 $'000	6 months to 30 June 2023 $'000	Year to 31 December 2023 $'000
Net cash (used in) / from operating activities	21	**(4,712)**	**1,394**	**29,625**
Investing activities				
Interest received		1,167	878	4,019
Proceeds on disposal of PPE		13	1,046	3,054
Purchases of intangible assets and PPE		(9,773)	(7,059)	(21,756)
Expenditure on land		(684)	(859)	(5,093)
Net investment stone, sand and coal interests		(4,227)	(2,204)	(16,947)
Cash received from non-current receivables		1,298	–	1,574
Cash divested on disposal of group companies		–	(1,317)	(1,340)
Cash reclassified from / (to) assets held for sale		9	–	(674)
Proceeds on disposal of group companies		–	1,695	1,810
Net cash used in investing activities		(12,197)	(7,820)	(35,353)
Financing activities				
Preference dividends paid	11	(14,510)	(4,129)	(4,129)
Repayment of bank borrowings		(7,540)	(7,107)	(15,773)
New bank borrowings drawn		6,494	5,630	6,098
Sale of dollar notes held in treasury		–	8,142	8,142
Repayment of borrowings from non-controlling shareholder		(11,747)	–	(1,394)
New borrowings from non-controlling shareholder		–	–	10,000
New equity from non-controlling interests	24	50,000	150	150
Cost of non-controlling interest transaction		(1,078)	–	–
Purchase of non-controlling interest		(2,726)	–	(1,575)
Repayment of lease liabilities		(1,271)	(1,445)	(2,846)
Net cash from / (used in) financing activities		17,622	1,241	(1,327)
Cash and cash equivalents				
Net increase / (decrease) in cash and cash equivalents		713	(5,185)	(7,055)
Cash and cash equivalents at beginning of period		14,195	21,914	21,914
Effect of exchange rate changes		1,034	799	(664)
Cash and cash equivalents at end of period		**15,942**	**17,528**	**14,195**

Notes to the condensed consolidated financial statements

1. Basis of accounting

The condensed consolidated financial statements for the six months ended 30 June 2024 comprise the unaudited financial statements for the six months ended 30 June 2024 and 30 June 2023, neither of which has been reviewed by the company's auditor, together with audited financial information for the year ended 31 December 2023.

The information shown for the year ended 31 December 2023 does not constitute statutory accounts within the meaning of section 434 of the CA 2006, and is an abridged version of R.E.A. Holdings plc's published group financial statements for that year which have been filed with the Registrar of Companies. The auditor's report on those statements was unqualified, did not draw attention to any matters by way of emphasis and did not contain any statements under section 498(2) or (3) of the CA 2006.

The annual financial statements of the group will be prepared in accordance with UK adopted IFRS. The condensed consolidated financial statements included in this half yearly report have been prepared in accordance with UK adopted IAS 34: Interim Financial Reporting.

Going concern

The directors are satisfied that the group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed consolidated financial statements.

Adoption of new and revised standards

New standards and amendments to IFRSs issued by the IASB that are mandatorily effective for an accounting period beginning on 1 January 2024 have no impact on the disclosures or on the amounts reported in these condensed consolidated financial statements.

Accounting policies

The accounting policies and methods of computation adopted in the preparation of the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those set out in the group's annual report for 2023. The condensed consolidated financial statements for the six months ended 30 June 2024 were approved by the board of directors on 18 September 2024.

2. Revenue

	6 months to 30 June 2024 $'000	6 months to 30 June 2023 $'000	Year to 31 December 2023 $'000
Sales of goods	80,661	72,923	175,313
Revenue from management services	284	579	1,138
Revenue from coal interest	–	120	271
	80,945	73,622	176,722

Revenue from coal interest was marketing commission earned by the group's subsidiary KCCRI on sales of coal by IPA.

3. Segment information

The group continues to operate in two segments: the cultivation of oil palms and stone, sand and coal interests. In the period ended 30 June 2024 the latter did not meet the quantitative thresholds set out in IFRS 8: Operating segments and, accordingly, no analyses are provided by business segment.

4. Changes in fair value of biological assets

This represents the change in the fair value of growing produce (FFB) on oil palms arising on the revaluation of the oil content of such produce at the balance sheet date and determined using a formulaic methodology.

5. Profit / (loss) before tax

	6 months to 30 June 2024 $'000	6 months to 30 June 2023 $'000	Year to 31 December 2023 $'000
Administrative expenses			
Loss on disposal of PPE	73	892	1,055
Indonesian operations	8,292	8,344	14,895
Head office	1,744	1,842	3,436
	10,109	11,078	19,386
Amount included as additions to PPE	(2,116)	(836)	(2,014)
	7,993	10,242	17,372
Earnings before interest, tax, depreciation and amortisation			
Operating profit	8,627	1,213	14,844
Depreciation and amortisation	13,005	14,261	28,750
	21,632	15,474	43,594

6. Interest income

	6 months to 30 June 2024 $'000	6 months to 30 June 2023 $'000	Year to 31 December 2023 $'000
Interest on bank deposits	119	114	851
Other interest income	1,048	764	3,240
	1,167	878	4,091

Other interest income includes $2.8 million interest receivable in respect of stone, sand and coal loans net of a provision of $1.7 million (31 December 2023: interest receivable of $3.9 million net of a provision of $0.7 million, 30 June 2023: interest receivable of $1.8 million net of a provision of $1.3 million).

7. Losses on disposals of subsidiaries and similar charges

	6 months to 30 June 2024 $'000	6 months to 30 June 2023 $'000	Year to 31 December 2023 $'000
Impairment of asset held for sale	–	–	23,616
Reorganisation of subsidiaries	–	719	2,435
	–	719	26,051

The impairment of asset held for sale is 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. Now the decision has been made to retain CDM, the assets and liabilities of CDM have been reconsolidated and the impairment allocated against asset categories (see note 23).

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.

8. Other gains / (losses)

	6 months to 30 June 2024 $'000	6 months to 30 June 2023 $'000	Year to 31 December 2023 $'000
Change in value of sterling notes arising from exchange fluctuations	334	(2,182)	(2,199)
Change in value of other monetary assets and liabilities arising from exchange fluctuations	6,165	(4,998)	(2,042)
Loss on sale of dollar notes held in treasury	–	(429)	(428)
	6,499	(7,609)	(4,669)

9. Finance costs

	6 months to 30 June 2024 $'000	6 months to 30 June 2023 $'000	Year to 31 December 2023 $'000
Interest on bank loans and overdrafts	4,231	4,938	9,623
Interest on dollar notes	1,014	693	1,708
Interest on sterling notes	1,706	1,716	3,412
Interest on other loans	648	622	1,319
Interest on lease liabilities	206	289	529
Other finance charges	909	849	1,961
	8,714	9,107	18,552
Amount included as additions to PPE	(481)	(150)	(1,092)
	8,233	8,957	17,460

Amounts included as additions to PPE arose on borrowings applicable to the Indonesian operations and reflected a capitalisation rate of 10.5 per cent (2023: 7.0 per cent); there is no directly related tax relief.

10. Tax

	6 months to 30 June 2024 $'000	6 months to 30 June 2023 $'000	Year to 31 December 2023 $'000
Current tax:			
UK corporation tax	–	–	–
Overseas withholding tax	563	537	1,097
Foreign tax	1,614	1,362	4,271
Foreign tax – prior year	107	251	317
Total current tax	2,285	2,150	5,685
Deferred tax:			
Current period charge / (credit)	2,235	(4,778)	(18,593)
Prior period	–	–	1,356
Total deferred tax charge / (credit)	2,235	(4,778)	(17,237)
Total tax charge / (credit)	4,520	(2,628)	(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 United Kingdom, the taxation provision reflects a corporation tax rate of 25 per cent (2023: 19 per cent from 1 January to 31 March and 25 per cent from 1 April to 31 December) and a deferred tax rate of 25 per cent (2023: 25 per cent).

11. Dividends

	6 months to 30 June 2024 $'000	6 months to 30 June 2023 $'000	Year to 31 December 2023 $'000
Amounts recognised as distributions to equity holders:			
Dividends on 9 per cent cumulative preference shares	14,510	4,129	4,129

All arrears of dividend then outstanding on the company's preference shares (amounting in aggregate to 11.5p per preference share) were discharged in April 2024 and the fixed semi-annual dividend on those shares that fell due on 30 June 2024 was duly paid.

Subject to no material adverse change occurring during the coming months in the financial performance of the group, the directors intend that the dividend arising on the preference shares on 31 December 2024 will also be paid on the due date.

12. Loss per share

	6 months to 30 June 2024 $'000	6 months to 30 June 2023 $'000	Year to 31 December 2023 $'000
Profit / (loss) attributable to equity shareholders	1,530	(10,643)	(10,241)
Preference dividends paid relating to current year	(4,129)	(4,129)	(4,129)
Loss for the purpose of calculating loss per share*	(2,599)	(14,772)	(14,370)

* Being net loss attributable to ordinary shareholders

	'000	'000	'000
Weighted average number of ordinary shares for the purpose of calculating:			
Basic loss per share	43,964	43,964	43,964
Diluted loss per share	43,964	43,964	43,964

13. Intangible assets – development expenditure

	30 June 2024 $'000	30 June 2023 $'000	31 December 2023 $'000
Beginning of period	7,124	6,993	6,993
Additions	–	11	131
End of period	7,124	7,004	7,124
Amortisation:			
Beginning of period	5,531	5,157	5,157
Charge for period	192	181	374
End of period	5,723	5,338	5,531
Carrying amount:			
End of period	1,401	1,666	1,593
Beginning of period	1,593	1,836	1,836

Development expenditure on computer software that is not integral to an item of PPE is recognised separately as an intangible asset.

14. Property, plant and equipment

	Plantings $'000	Buildings and structures $'000	Plant, equipment and vehicles $'000	Construction in progress $'000	Total $'000
Cost:					
At 1 January 2023	176,547	255,293	130,177	13,168	575,185
Additions	1,518	1,715	1,432	2,383	7,048
Reclassifications and adjustments	–	2,103	55	(2,158)	–
Disposals	(1,219)	(1,367)	(490)	–	(3,076)
At 30 June 2023	176,846	257,744	131,174	13,393	579,157
Additions	2,623	5,016	3,146	4,443	15,228
Reclassifications and adjustments	–	5,741	9,132	(14,873)	–
Disposals	(3,292)	(1,735)	(832)	–	(5,859)
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	2,570	4,510	1,015	1,678	9,773
Reclassifications and adjustments	–	332	23	(355)	–
Disposals	(8)	–	(2,846)	–	(2,854)
Transferred from assets held for sale	3,714	17,157	1,099	88	22,058
At 30 June 2024	164,187	251,281	140,825	4,298	560,591
Accumulated depreciation:					
At 1 January 2023	76,011	66,601	78,545	–	221,157
Charge for period	5,054	4,030	4,996	–	14,080
Disposals	(441)	(276)	(421)	–	(1,138)
At 30 June 2023	80,624	70,355	83,120	–	234,099
Charge for period	4,532	4,081	5,683	–	14,296
Disposals	(2,264)	(596)	(828)	–	(3,688)
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 period	4,111	3,531	5,171	–	12,813
Disposals	–	–	(1,176)	–	(1,176)
Transferred from assets held for sale	–	3,592	805	–	4,397
At 30 June 2024	83,291	75,095	92,007	–	250,393
Carrying amount:					
At 30 June 2024	80,896	176,186	48,818	4,298	310,198
At 31 December 2023	78,731	161,310	54,327	2,887	297,255
At 30 June 2023	96,222	187,389	48,054	13,393	345,058

15. Land

	30 June 2024 $'000	30 June 2023 $'000	31 December 2023 $'000
Cost:			
Beginning of period	48,832	48,648	48,648
Additions	684	859	5,093
Transferred from / (to) assets held for sale	4,467	–	(4,909)
End of period	53,983	49,507	48,832
Accumulated amortisation:			
Beginning of period	2,817	3,681	3,681
Transferred from / (to) assets held for sale	–	–	(864)
End of period	2,817	3,681	2,817
Carrying amount:			
End of period	51,166	45,826	46,015
Beginning of period	46,015	44,967	44,967

16. Contractual commitments

At the balance sheet date, the group had entered into contractual commitments for the acquisition of PPE of $1.9 million (31 December 2023: nil, 30 June 2023: $13.4 million).

17. Financial assets

	30 June 2024 $'000	30 June 2023 $'000	31 December 2023 $'000
Stone interest	46,760	33,708	44,681
Coal interests	11,900	12,374	11,835
Provision against loan to coal interests	(2,550)	(2,550)	(2,550)
	56,110	43,532	53,966
Sand interest	5,716	–	3,633
	61,826	43,532	57,599
Plasma advances	13,797	14,527	12,788
Other non-current receivables	1,955	5,008	3,253
	15,752	19,535	16,041
Total financial assets	77,578	63,067	73,640

Pursuant to the arrangements between the group and its local partners, the company's subsidiary, KCC, has 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 and the concession holding companies have been financed by loan funding from the group. Following receipt of legal advice that, whilst formal regulatory approvals are needed, there is no longer any legal impediment to the exercise of the group's longstanding right to acquire 95 per cent ownership of the stone concession holding company, application is being made for the necessary approvals. Concurrently, steps are being taken to transfer ownership of the coal concession holding company from the stone concession holding company to the sand concession holding company.

17. Financial assets – continued

The sand concession holding company was set up following the identification of silica sand deposits lying in the overburden within the concession area held by the coal concession holding company that has substantially repaid its loan. In 2022 the group concluded agreements with this company which holds 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. An agreement that the group will acquire a 49 per cent participation in the sand concession holding company will then be implemented once production of silica sand has started.

Included within the stone and coal interest balances is cumulative interest receivable of $11.8 million net of a provision of $9.7 million (31 December 2023: $11.8 million cumulative interest receivable net of a provision of $9.7 million, 30 June 2023: $10.3 million cumulative interest receivable and provision). This interest, due from the stone concession holding company and the second coal concession holding company has been provided against due to the creditworthiness of the applicable concession holding companies, the first has only just commenced sales while production by the second is uneconomic at the current level of coal prices; as such neither company is currently expected to have sufficient operational cashflows from which to settle arrears of interest in the next year.

18. Fair values of financial instruments

The table below provides an analysis of the book values and fair values of financial instruments, excluding receivables and trade payables and Indonesian stone, sand and coal interests, as at the balance sheet date. Cash and deposits, dollar notes and sterling notes are classified as level 1 in the fair value hierarchy prescribed by IFRS 13: Fair value measurement (level 1 includes instruments where inputs to the fair value measurements are quoted prices in active markets). No reclassifications between levels in the fair value hierarchy were made during 2024 (2023: none).

	30 June 2024 Book value $'000	30 June 2024 Fair value $'000	30 June 2023 Book value $'000	30 June 2023 Fair value $'000	31 December 2023 Book value $'000	31 December 2023 Fair value $'000
Cash and deposits*	15,942	15,942	17,528	17,528	14,195	14,195
Bank debt within one year*	(23,145)	(23,145)	(23,635)	(23,635)	(17,413)	(17,413)
Bank debt after more than one year*	(81,330)	(81,330)	(98,139)	(98,139)	(94,361)	(94,361)
Loan from non-controlling shareholder within one year**	(1,626)	(1,626)	(1,394)	(1,394)	(11,394)	(11,394)
Loan from non-controlling shareholder after more than one year**	(3,252)	(3,252)	(3,484)	(3,484)	(2,090)	(2,090)
Loan from non-controlling shareholder after more than one year*	(7,500)	(7,500)	(10,641)	(10,641)	–	–
Dollar notes after one year – repayable 2026**	(26,658)	(25,683)	(26,491)	(25,683)	(26,572)	(25,683)
Sterling notes after one year – repayable 2025**	(40,316)	(35,932)	(40,443)	(37,358)	(40,549)	(34,706)
Net debt	(167,885)	(162,526)	(186,699)	(182,806)	(178,184)	(171,452)

* Bearing interest at floating rates

** Bearing interest at fixed rates

The fair values of cash and deposits, loans from non-controlling shareholder and bank debt approximate their carrying values since these carry interest at current market rates. The fair values of the dollar notes and sterling notes are based on the latest prices at which those notes were traded prior to the balance sheet dates.

19. Bank loans

	6 months to 30 June 2024 $'000	6 months to 30 June 2023 $'000	Year to 31 December 2023 $'000
Bank loans	104,475	121,774	111,774

The bank loans are repayable as follows:			
On demand or within one year	23,145	23,635	17,413
Between one and two years	16,748	16,065	16,662
Between two and five years	53,442	58,455	58,684
After five years	11,140	23,619	19,015
	104,475	121,774	111,774
Amount due for settlement within 12 months	23,145	23,635	17,413
Amount due for settlement after 12 months	81,330	98,139	94,361
	104,475	121,774	111,774

All bank loans are denominated in rupiah and are stated above net of unamortised issuance costs of $3.1 million (31 December 2023: $3.8 million, 30 June 2023: $4.5 million). The weighted average interest rate in 2024 was 7.7 per cent (2023: 7.8 per cent). The gross bank loans of $107.6 million are secured on certain land titles, PPE, biological assets and cash assets held by REA Kaltim, KMS and SYB 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.

Under the terms of its 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 nil (31 December 2023: nil, 30 June 2023: nil).

20. Dollar notes

	30 June 2024 $'000	30 June 2023 $'000	31 December 2023 $'000
Dollar notes – repayable 2026	26,658	26,491	26,572

The dollar notes comprise $27.0 million nominal of 7.5 per cent dollar notes 2026 (31 December and 30 June 2023: $27.0 million nominal 7.5 percent dollar notes 2026) and are stated net of the unamortised balance of the note issuance costs.

The dollar notes are due for repayment on 30 June 2026.

21. Reconciliation of operating profit to operating cash flows

	6 months to 30 June 2024 $'000	6 months to 30 June 2023 $'000	Year to 31 December 2023 $'000
Operating profit	8,627	1,213	14,844
Amortisation of intangible assets	192	181	374
Depreciation of PPE	12,813	14,080	28,376
Decrease in fair value of growing produce	18	438	580
Loss on disposal of PPE	73	892	1,055
Movement in assets held for sale	–	–	(784)
Exchange translation differences	(2,128)	(1,707)	1,188
Operating cash flows before movements in working capital	19,595	15,097	45,633
(Increase) / decrease in inventories (excluding movement in fair value of growing produce)	(3,611)	271	9,482
Increase in receivables	(723)	(609)	(3,123)
Decrease in payables	(8,674)	(299)	(4,818)
Cash generated by operations	6,587	14,460	47,174
Taxes paid	(3,840)	(5,213)	(2,177)
Interest paid*	(7,459)	(7,853)	(15,372)
Net cash (used in) / from operating activities	(4,712)	1,394	29,625

* Of which $206,000 is in respect of lease liabilities (31 December 2023: $377,000, 30 June 2023: $289,000)

22. Movements in net borrowings

	6 months to 30 June 2024 $'000	6 months to 30 June 2023 $'000	Year to 31 December 2023 $'000
Change in net borrowings resulting from cash flows:			
Increase / (decrease) in cash and cash equivalents, after exchange rate effects	1,747	(4,386)	(7,719)
Net decrease in bank borrowings	1,046	1,477	9,675
Dollar notes held in treasury	–	(8,570)	(8,142)
Decrease / (increase) in borrowings from non-controlling shareholder	11,747	–	(8,606)
Transfer of borrowings (from) / to assets held for sale	(10,641)	–	10,641
	3,899	(11,479)	(4,151)
Amortisation of sterling note issue expenses and premium	(101)	(99)	(188)
Loss on disposal of dollar notes held in treasury	–	–	(428)
Amortisation of dollar note issue expenses	(85)	(76)	(160)
Amortisation of bank loan expenses	(588)	(637)	(1,266)
	3,125	(12,291)	(6,193)
Currency translation differences	7,174	(7,679)	(5,262)
Net borrowings at beginning of year	(178,184)	(166,729)	(166,729)
Net borrowings at end of period	(167,885)	(186,699)	(178,184)

23. Assets held for sale

In 2023 the group entered into a share subscription agreement with DSN. Included in this agreement was a priority right, exercisable by notice in writing to the company given at any time prior to 30 June 2024, for DSN to acquire CDM at a price calculated by reference to a valuation of the asset and liabilities of CDM on the basis stipulated in the agreement. Accordingly, at 31 December 2023, the assets of CDM with carrying value of $40.0 million were treated as assets held for sale and were impaired by $23.6 million to equal the estimated fair value less costs to sell of $16.4 million.

DSN confirmed at the end of June that they would not exercise their right to purchase CDM and the group now intends to retain CDM. CDM has therefore been reconsolidated at its recoverable amount at 30 June, assumed to be equivalent to the DSN valuation. After the impairment of $23.6 million has been allocated against non-current asset categories and deferred tax the following assets and liabilities have been reclassified from held for sale.

	30 June 2024 $'000
PPE	26,455
Land	4,467
Deferred tax	1,475
Inventories	1,286
Biological assets	92
Plasma advances	1,472
Trade and other receivables	1,295
Cash and bank balances	9
Total assets reclassified from held for sale	36,551
Trade payables	(452)
Other loans and payables	(10,641)
Retirement benefits	(366)
Total liabilities related to assets reclassified from held for sale	(11,459)
Total assets and liabilities reclassified from held for sale	25,092

24. 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.

An agreed issue of further shares in REA Kaltim to the DSN group, on the terms previously advised to and approved by shareholders, was completed in March 2024 with the final subscription price subsequently determined at $53.6 million, of which $50.0 million was received in the period and the balance in July. As a result of such issue, the group's ownership of REA Kaltim was diluted from 85 per cent to 65 per cent and the DSN group's ownership increased from 15 per cent to 35 per cent. Save as aforesaid, during the period ended 30 June 2024, no new material related party transactions occurred or were initiated and there were no material changes to the related party transactions that were disclosed in the 2023 annual report and that were continuing.

25. Rates of exchange

	30 June 2024		30 June 2023		31 December 2023	
	Closing	Average	Closing	Average	Closing	Average
Indonesian rupiah to US dollar	16,421	15,952	15,026	15,113	15,416	15,219
US dollar to pounds sterling	1.2642	1.2666	1.2745	1.2348	1.2747	1.2471

26. Events after the reporting period

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

Glossary

General

AGM	Annual general meeting
APT	PT Ade Putra Tanrajeng
ATP	PT Aragon Tambang Pratama
Bank BPD	Bank Pembangunan Daerah Kalimantan Timur
Bank Mandiri	PT Bank Mandiri Tbk
BOD	Biological oxygen demand
BPJS	Indonesian national insurance scheme
CA 2006	The Companies Act 2006
CCWG	Climate change working group
CDM	PT Cipta Davia Mandiri
CGU	Cash generating unit
CIF	Cost, Insurance and Freight
COD	Chemical oxygen demand
Code	UK Corporate Governance Code 2018
COM	Cakra oil mill
CPKO	Crude palm kernel oil
CPO	Crude palm oil
CR	Critically endangered
CSR	Corporate and social responsibility
CWE	Chandra Widya Edukasi, a specialist palm oil polytechnic
DEI	Diversity, equality and inclusion
DTR	Disclosure Guidance and Transparency Rules
Dollar notes	7.5 per cent dollar notes 2026
Dollars, $	The lawful currency of the United States of America
DSN	PT Dharma Satya Nusantara Tbk
EBITDA	Earnings before interest, tax, depreciation and amortisation
EFB	Empty fruit bunches
Emba	Emba Holdings Limited
EN	Endangered
ESG	Environmental, social and governance
EUDR	EU Deforestation Regulation
EU RED	European Union Renewable Energy Directive
FCA	Financial Conduct Authority
FFB	Fresh fruit bunches
FOB	Free On Board
FPIC	Free Prior and Informed Consent
FRC	Financial Reporting Council
FRS 101	Financial Reporting Standard 101 Reduced Disclosure Framework
FTE	Full time equivalent
GHG	Greenhouse gas
GHG Corporate Standard	GHG Protocol Corporate Accounting and Reporting Standard
HCS	High carbon stocks
HCV	High conservation values
HGU (*Hak Guna Usaha*)	Indonesian land title for agricultural purposes
IAS	International Accounting Standard
IASB	International Accounting Standards Board
IFRS(s)	International Financial Reporting Standard(s)
IKN	Ibu Kota Nusantara, new Indonesian capital city under construction
IPA	PT Indo Pancadasa Agrotama
ISCC	International Sustainability and Carbon Certification
ISPO	Indonesian Sustainable Palm Oil
IUCN	International Union for Conservation of Nature
Izin Lokasi	Indonesian land allocation, subject to completion of titling
JORC	Joint Ore Reserves Committee
KCC	KCC Resources Limited
KCCRI	PT KCC Resources Indonesia

KCP	Kernel crushing plant
KLK	Kuala Lumpur Kepong Berhad
KMS	PT Kutai Mitra Sejahtera
KPI	Key performance indicator
KPT	KLK Plantations and Trading Pte. Ltd.
LSE	London Stock Exchange
MIL	Makassar Investments Limited
MCU	PT Millenia Coalindo Utama
MHA	The company's independent auditor
NDPE	No deforestation, no peat, no exploitation
OHS	Occupational health and safety
PalmGHG	RSPO calculator for estimating and monitoring GHG emissions
PBJ	PT Putra Bongan Jaya
PBJ2	PT Persada Bangun Jaya
Pension Scheme	REA Pension Scheme
Plasma	Smallholder plantation scheme
PLN	Perusahaan Listrik Negara
POM	Perdana oil mill
POME	Palm oil mill effluent
PPE	Property, plant and equipment
PPMD	Program Pemberdayaan Masyarakyat Desa (smallholder scheme)
PROPER	Pollution Control, Evaluation and Rating
PSS	PT Selatan Selabara
PU	PT Prasetia Utama
PUH	PU Holdings Limited
REAF	REA Finance B.V.
REA Kaltim	PT REA Kaltim Plantations
REA Kon	The group's conservation department
REA Mart	Employee cooperative shops
REAS	R.E.A. Services Limited
REAT	R.E.A. Trading plc
RPI	Retail Prices Index
RSPO	Roundtable on Sustainable Palm Oil
RTE	Rare, threatened and endangered
Rupiah, Rp	The lawful currency of Indonesia
SBTi	Science Based Targets initiative
SEARRP	South East Asian Rainforest Research Partnership
SECR	Streamlined energy and carbon reporting
SEnSOR	Socially and Environmentally Sustainable Oil Palm Research
SIA	Social impact assessment
SOM	Satria oil mill
SPA	Share purchase agreement
SPOTT	Sustainable Palm Oil Transparency Toolkit
Sterling, pounds sterling, £	The lawful currency of the United Kingdom
Sterling notes	8.75 per cent sterling notes 2025
SYB	PT Sasana Yudha Bhakti
Taiko	Taiko Plantations Pte. Ltd.
TCFD	Taskforce on Climate-related Financial Disclosures
UK GDPR	UK General Data Protection Regulation
Website	www.rea.co.uk
WHO	World Health Organisation
ZSL	Zoological Society of London

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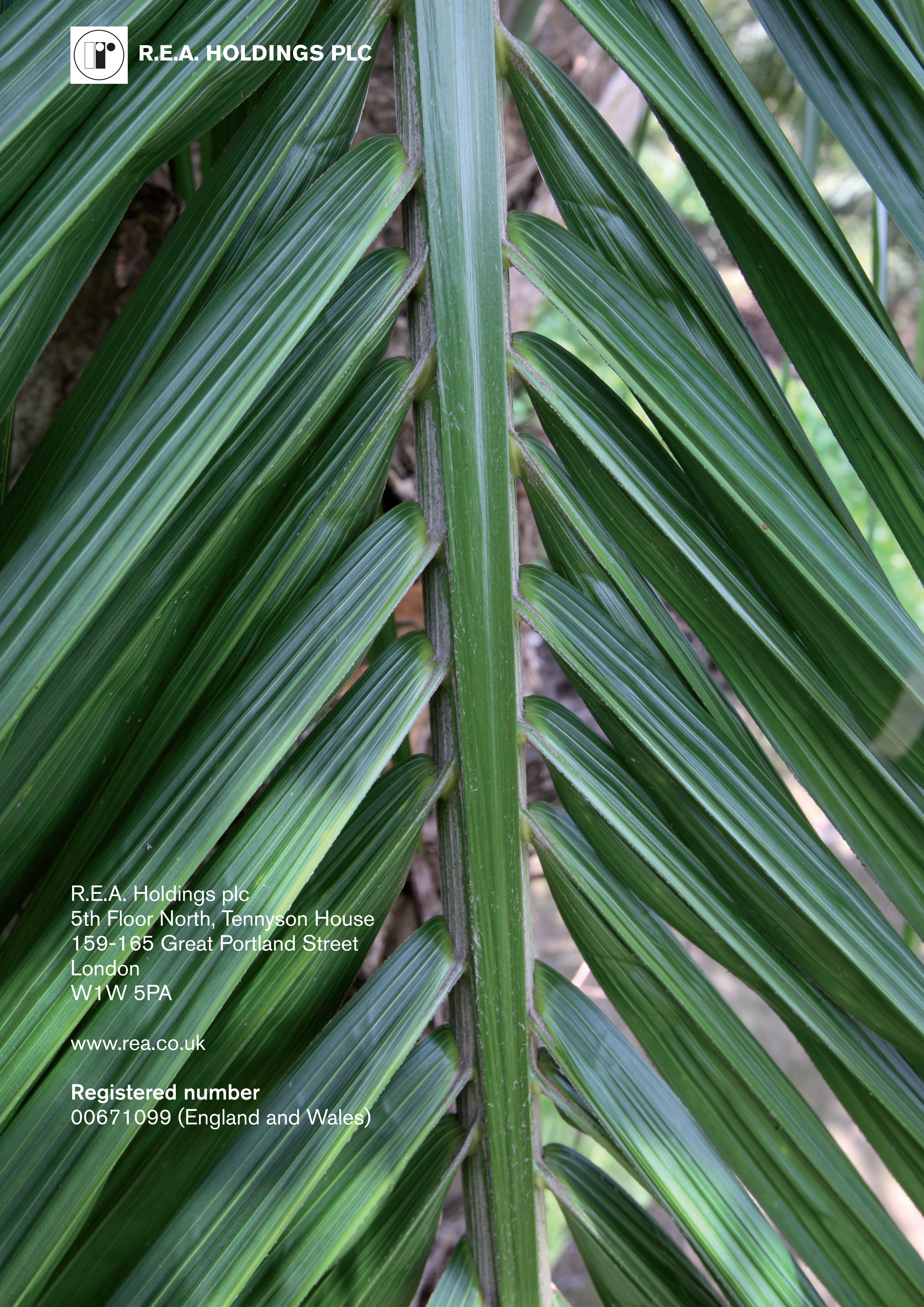

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