



ANNUAL REPORT 2004  
*AEP*  
ANGLO-EASTERN

## CONTENTS

Financial Summary	1
Chairman's Statement	2
Financial Record	7
Additional Information	8
Location of Estates	10
Estate Areas	11
Directors' Report	12
Directors' Responsibilities	15
Directors	15
Statement on Corporate Governance	16
Directors' Remuneration Report	18
Auditors' Report	21
Consolidated Profit and Loss Account (\$)	22
Consolidated and Company Balance Sheets (\$)	23
Statement of Total Recognised Gains and Losses (\$)	
Reconciliation of Movement in Shareholders' Funds (\$)	
Historical Cost Profits and Losses (\$)	24
Consolidated Cash Flow Statement (\$)	25
Notes to the Financial Statements (\$)	26
Consolidated Profit and Loss Account (£)	39
Consolidated and Company Balance Sheets (£)	40
Consolidated Cash Flow Statement (£)	41
Notice of Annual General Meeting	42
Company Addresses, Advisers and Website	44
Photographs	
<i>Crude palm oil despatch (cover)</i>	
<i>Blankahan oil mill (page 2)</i>	
<i>Bina Pitri estate (page 5)</i>	

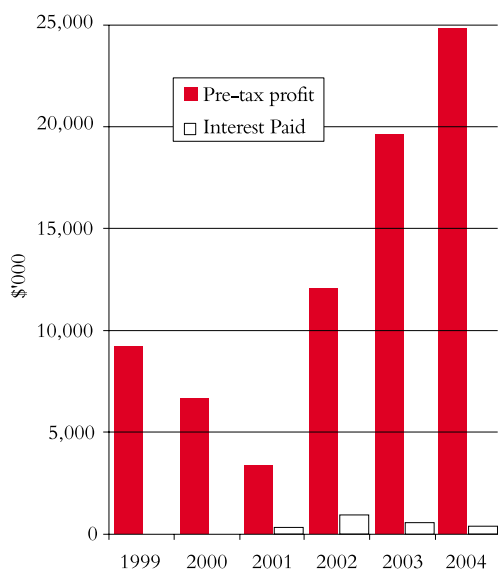


Anglo-Eastern Plantations Plc, quoted on the London Stock Exchange, operates and is developing plantations in Indonesia and Malaysia, amounting to some 45,000 hectares producing palm oil, rubber and cocoa.

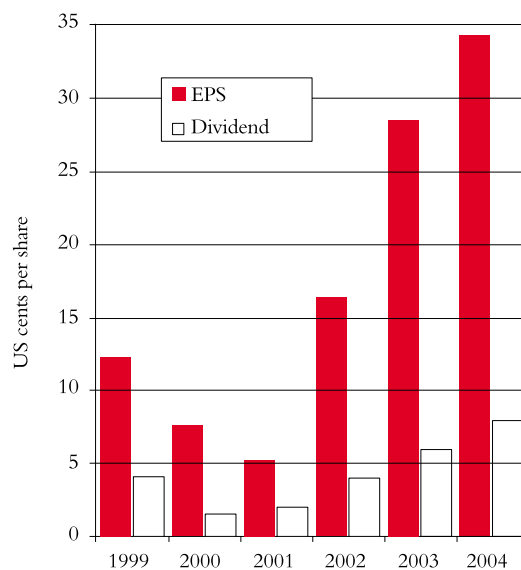
### FINANCIAL SUMMARY

	<b>2004</b>	<i>2003</i>	<b>2004</b>	<i>2003</i>
	<b>US\$000</b>	<i>US\$000</i>	<b>£000</b>	<i>£000</i>
Turnover	<b>65,618</b>	<i>48,519</i>	<b>35,662</b>	<i>29,495</i>
Profit before tax	<b>24,808</b>	<i>19,587</i>	<b>13,483</b>	<i>11,907</i>
Shareholders' funds (year end)	<b>102,166</b>	<i>89,162</i>	<b>53,212</b>	<i>49,812</i>
Earnings per share	<b>34.5cts</b>	<i>28.6cts</i>	<b>18.8p</b>	<i>17.4p</i>
Dividends per share	<b>8.0cts</b>	<i>6.0cts</i>	<b>4.26p</b>	<i>3.27p</i>

PROFIT BEFORE TAX: NET INTEREST PAID



EARNINGS: DIVIDENDS PER SHARE



## CHAIRMAN'S STATEMENT

I am glad to report record turnover and profit for 2004. The satisfactory results and our strong financial position allowed the group to make two acquisitions in the past 12 months of approximately 10,000 ha of land. These new acquisitions will bring our total plantable area to 42,000 ha, closer to 50,000 ha, an objective set by the board when my family assumed control of the company in late 1993.

The group profit before tax was \$24.8 million, an increase of 27% over the previous record profit of \$19.6 million achieved in 2003. Turnover at \$65.6 million was 35% higher than the \$48.5 million recorded in the previous year. This record result was due to our highest ever production of fresh fruit bunches (FFB) at 429,000 mt, a successful policy of buying in crop for processing, and favourable crude palm oil (CPO) prices. Our production of CPO passed the 100,000 mt mark for the first time, reaching 118,000 mt.

Earnings per share (EPS) was 34.5 cts, up

21% on 2003, a smaller increase relative to pre-tax profit because of higher corporation tax and withholding tax charges. The increase in EPS in sterling terms to 18.8p from 17.4p was only 8% because of the strength of sterling against the US dollar during the year.

The appreciation of sterling also affected the increase in the group's net asset value in sterling terms, up 9p or 7% to 135p at the end of 2004. In dollar terms, net asset value was 260 cts, an increase of 16%.

Group operating cash flow continued to be strong. Bina Pitri estate was acquired in March 2004 for \$10.0 million and capital expenditure during the year on oil mills and field development was \$11.0 million. In late December, we were able to buy in 468,000 of the company's shares (1.1% of issued capital) for a cost of \$1.4 million or 153p per share. These shares have not been cancelled and are being held as treasury shares. Despite this heavy expenditure, group cash, net of all borrowings,



## CHAIRMAN'S STATEMENT

ended the year at \$3.8 million compared to \$7.0 million at the end of 2003.

The total cost of Bina Pitri was refinanced in the second half of the year by a long term loan of \$5.0 million. Against that, repayments of existing long term loans elsewhere in the group amounted to \$2.0 million, leaving at the end of 2004 group total borrowings of \$11.1 million and cash of \$14.9 million.

### **Commodity prices**

CPO prices for much of 2004 were even more favourable than 2003, averaging \$460/mt compared to \$440/mt in 2003. However, having started the year at \$450/mt and peaked at \$550/mt in April, they fell to \$418/mt by the close of 2004.

Rubber prices were also very strong throughout the year, reaching the highest average level of \$1.28/kg for ten years compared to an average of \$1.09/kg in 2003. Our small but high yielding area of rubber made another contribution of about \$1.1 million.

Cocoa prices fell during the year from the peaks of 2003. We have not been successful in obtaining satisfactory yields from this problematic crop and are likely to replant our remaining small areas over the next few years with another crop.

### **Indonesia**

FFB production from Tasik and Anak Tasik in North Sumatra, at 174,000 mt, was 3,000 mt higher than in 2003 and close to the record of 176,000 mt in 2000. Tasik continues to surprise us with its performance from what, in theory, should be areas past their prime. The first plantings are now 22 years old, but the returns from these continue to be so satisfactory we have decided to defer replanting for as long as the palms are harvestable. Our present estimate

is that we may not have to commence replanting there until 2008/09.

Production from the three smaller estates around Medan in North Sumatra was 58,000 mt, a new record and 3,000 mt more than the previous record in 2003. These properties are now in their prime. We cannot expect any dramatic increases in yield but they should continue to perform satisfactorily for quite a few years. In December 2004, we commissioned the new 20mt/hr mill at Blankahan at a cost of \$2.3 million; a picture appears on the opposite page. This mill is processing FFB from Blankahan, Sungei Musam and Rambung at an oil extraction rate of 25%, well in excess of the 21-22% we achieve at our other mills, where rates are reduced by the crop bought in from outside, as well as from our own older planting material at Tasik. The Blankahan mill will improve significantly the profitability of our smaller North Sumatra estates.

Production from the Bengkulu estates in southern Sumatra was on target at 145,000 mt, 35% up on the previous year. Started in 1996, this project is at last beginning to look an established operation. The estates are becoming significant earners of profit and cash. At the end of 2004, there was still an immature area of 3,378 ha out of the total planted area of 12,627 ha. New planting in 2004 amounted to 1,365 ha, which was below our budget at 1,600 ha. The delay was caused by extended negotiations with squatters on our land title areas. We expect to complete the 2004 programme by May 2005. There remain another 2,900 ha of reserves which we plan to plant over the next two years. The Bengkulu project will then be fully planted.

Continuing what is now established policy, we purchased record quantities of crop from outside in 2004, totalling 241,000 mt of FFB, up 41% over 2003. The production from bought in crop has become a useful profit contributor.

## CHAIRMAN'S STATEMENT

Bought in crop amounted to about 42% of total mill throughput of 560,000 mt in 2004.

To meet the increasing throughput from our own and from outside crop, extension of the Puding Mas mill from 40mt/hr to 60mt/hr was completed in October 2004 at a cost of \$1.8 million. We are now extending the Tasik mill from 45mt/hr to 60mt/hr, also at a cost of about \$1.8 million.

Bina Pitri, (pictured on the opposite page) in the province of Riau, produced 15,000 mt of FFB in its first nine months under our ownership. Shareholders will recall that this 4,300 ha estate was in a very derelict condition. It has required an enormous effort to clear out the undergrowth and begin to establish a proper infrastructure of roads, housing and transport. We are very pleased with the result and our local management are to be praised for all they have achieved. It will be another 18 months before we begin to see the delayed effects of a proper fertiliser regime after years of neglect. We plan to begin construction of a 30mt/hr mill, expandable to 60mt/hr, towards the end of 2005.

During the year, we applied for rights over a further 2,000 ha of vacant land contiguous to Bina Pitri. Before issue of any final land title, it is normal in Indonesia to be required to demonstrate commitment by beginning to plant some of this area. We shall plant 900 ha during 2005, as well as continuing to replant and rehabilitate 400 ha in our existing land title area. While it is unlikely we shall be able to acquire the whole extra area for which we have applied, we are optimistic of making this at least a 5,000 ha estate.

### **Malaysia**

2004 was a disappointing year on our Cenderung estates with FFB production of 36,000 mt, down 4% on the previous year.

Some of this decline was weather, and some management, related; we continue to work to improve the latter. The Malaysian operation made a small profit of \$131,000 in group terms in 2004. It has been able to meet all its outside loan interest and repayment commitments, but it is not well placed to meet any significant fall in the CPO price.

### **Group development**

Our objective is to reach a planted area of 50,000 ha. Ten years ago, planted area was 10,000 ha. Now, it is 30,000 ha. With the Bengkulu estates earmarked to be fully planted by the end of 2006, the group will have a total planted area of some 35,000 ha. Given the difficulty in acquiring developed estates at attractive prices, it is likely that future growth will come from acquisition of land suitable for development.

In December 2004, we completed negotiations for the acquisition of land rights over 4,800 ha of vacant land, called Labuhan Bilik, about 130 km north of Tasik. We have just completed the survey to confirm that area, the consideration for which is \$388,000. Development of this area will commence in 2006 and, assuming the land title is issued without complications, then the group's total land title area will be about 45,000 ha. Upon full development of this property, the group will have a planted area of some 40,000 ha. Our long established local partner in Tasik has joined us in investing in 20% of Bina Pitri and Labuhan Bilik.

We are looking for further land in the Labuhan Bilik area with the intention of building a larger land bank for the group's future development. Vacant land in North Sumatra is now scarce and we may well have to pay more than for Labuhan Bilik. However, we believe it is a great advantage to the group to



## CHAIRMAN'S STATEMENT



remain operating only in Sumatra, if possible within reach of the group's existing estates and mills, rather than to look further afield to less developed parts of Indonesia.

With the expected replanting of our Tasik estates beginning in 2008/09, the temporary fall in production there will be offset partly by increasing output of the Bengkulu estates and the new Bina Pitri estate. The new mill in Blankahan and the two mill extensions described earlier will provide processing capacity of 140mt/hr by the end of this year. I expect these developments, together with the future development of Bina Pitri and Labuhan Bilik, to enable the group to achieve continued long term growth in production.

### **Directors**

The Combined Code of Corporate Governance now requires non-executive directors who have served more than nine years

with a listed company to submit themselves for re-election. You will see from the notice of the forthcoming annual general meeting page 42 that three directors, each of whom have served eleven years, are affected by the provision.

Madam S K Lim has a controlling interest in Anglo-Eastern through her 100% interest in Genton International, which owns 50.9% of the company. In addition, she controls directly and indirectly a further 0.7% of the company. As Madam Lim's husband, I generally represent the interests of our family on the board but by virtue of her holding I recommend that she be re-elected as a director.

Mr Peter O'Connor, who is our senior non-executive director, brings to the group extensive UK, Asian and North American stock market investment, board and corporate governance experience.

Similarly, Mr Ho Soo Ching has extensive corporate finance, board and management experience in Asia.

## CHAIRMAN'S STATEMENT

Both Mr O'Connor and Mr Ho are thoroughly independent minded, something confirmed by the rest of the board, and I have no hesitation in recommending that shareholders vote in favour of their re-election.

### **International Accounting Standards**

As mentioned in my last half year statement, all listed companies are required, under EU regulations, to apply International Accounting Standards (IAS) to their consolidated financial statements for accounting periods commencing on or after 1 January 2005. Comparative figures for 2004 will have to be amended accordingly. Therefore, the results included in the financial statements which follow will change when shown as comparatives in the 2005 financial statements.

A review of the main effects of applying IAS to the group has been undertaken. The principal impact relates to the requirement to:

- 1) value our biological assets at market value and charge or credit the changes in an accounting period to profit and loss account (IAS 41); and
- 2) provide deferred taxation on all property valuation surpluses even if there is no intention to dispose of those properties. This will reduce the reported net assets by approximately the figure already shown in note 16 of the financial statements - \$17.9 million or about 24p/share.

### **Outlook**

The CPO price weakened to \$395/mt in the first two months of 2005 largely on expectation of record soya oil production from South America in the first half of 2005. This expectation has been lowered in the past few weeks and the CPO price is now about \$430/mt. Weather in Indonesia and Malaysia has been unusually dry and, while group crops

in the first three months of 2005 have been 15% ahead of last year, they are 3% below expectations.

The rubber price has remained fairly stable and our rubber production is on target.

In the absence of unfavourable weather conditions, the group is expected to increase its crop production on the back of increasing contribution from the Bengkulu and Bina Pitri estates as well as CPO output from the expanded mill processing capacity. However, the group's operating results depend heavily on the movement in CPO prices and I do not think the high prices in 2004 will be repeated this year. Nonetheless, if the CPO price stays at the present level, I am hopeful the group will be able to maintain the same level of profit for the current year.

### **Dividend**

In spite of the less optimistic price outlook for 2005 and the continuing heavy development expenditure, the board feels shareholders should be rewarded on the back of a satisfactory performance and proposes a dividend of 8.0 cts per share, an increase of 33% over 2003.

CHAN TEIK HUAT  
Chairman

1 April 2005



## FINANCIAL RECORD

<b>Profit and Loss Account</b>	<b>2004</b>	2003	2002	2001	2000
	<b>\$000</b>	\$000	\$000	\$000	\$000
Turnover	<b>65,618</b>	48,519	31,139	16,992	17,562
<b>Operating profit</b>	<b>25,095</b>	19,994	12,767	3,369	6,560
Net interest - (paid)/received	<b>(361)</b>	(537)	(895)	(320)	27
- capitalised	<b>74</b>	130	220	310	56
<b>Profit before tax</b>	<b>24,808</b>	19,587	12,092	3,359	6,643
Taxation	<b>(8,450)</b>	(6,141)	(4,367)	(1,638)	(3,147)
Minority interests	<b>(2,694)</b>	(2,201)	(1,250)	320	(522)
<b>Profit attributable to shareholders</b>	<b>13,664</b>	11,245	6,475	2,041	2,974
Dividends	<b>(3,147)</b>	(2,375)	(1,571)	(785)	(588)
<b>Retained profit</b>	<b>10,517</b>	8,870	4,904	1,256	2,386
<b>Balance Sheet</b>	<b>\$000</b>	\$000	\$000	\$000	\$000
Fixed assets	<b>127,302</b>	105,096	103,558	104,333	97,556
Cash net of short term borrowings	<b>9,357</b>	13,067	6,376	2,149	1,660
Long term loans	<b>(5,558)</b>	(6,108)	(8,085)	(6,460)	(1,412)
Other working capital and deferred tax	<b>(7,115)</b>	(3,664)	(3,339)	(1,594)	(2,910)
	<b>123,986</b>	108,391	98,510	98,428	94,894
Minority interests	<b>(21,820)</b>	(19,229)	(17,377)	(17,799)	(17,993)
<b>Net worth</b>	<b>102,166</b>	89,162	81,133	80,629	76,901
Share capital	<b>15,424</b>	15,319	15,171	15,171	15,171
Treasury shares	<b>(1,387)</b>	-	-	-	-
Share premium and capital redemption account	<b>24,912</b>	24,766	24,657	24,657	24,657
Revaluation and exchange reserve	<b>8,998</b>	5,375	6,586	10,986	8,514
Profit and loss account	<b>54,219</b>	43,702	34,719	29,815	28,559
<b>Shareholders' funds</b>	<b>102,166</b>	89,162	81,133	80,629	76,901
Ordinary shares in issue ('000s)	<b>39,804</b>	39,581	39,227	39,227	39,227
Earnings per share (US cents)	<b>34.5cts</b>	28.6cts	16.5cts	5.2cts	7.6cts
Dividends per share (US cents)	<b>8.0cts</b>	6.0cts	4.0cts	2.0cts	1.50cts
Asset value per share (US cents)	<b>260cts</b>	225cts	207cts	206cts	196cts
Earnings per share (pence equivalent)	<b>18.8p</b>	17.4p	10.9p	3.6p	5.0p
Dividends per share (pence equivalent)	<b>4.26p</b>	3.27p	2.58p	1.40p	1.04p
Asset value per share (pence equivalent)	<b>135p</b>	126p	128p	141p	132p
Borrowings net of cash: shareholders' funds (%)	-	-	2%	5%	-

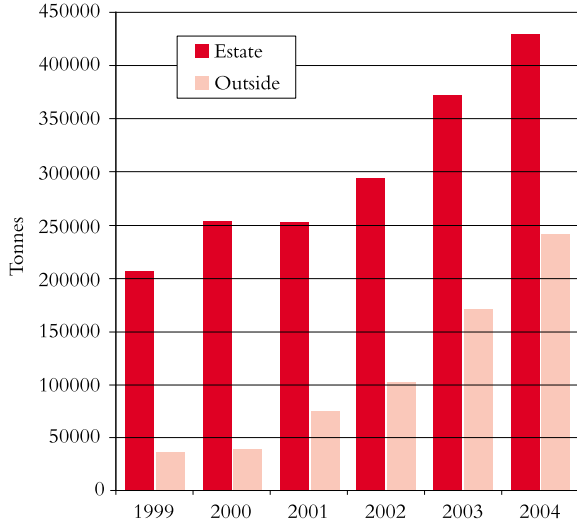
Relevant exchange rates shown on page 8.

## ADDITIONAL INFORMATION

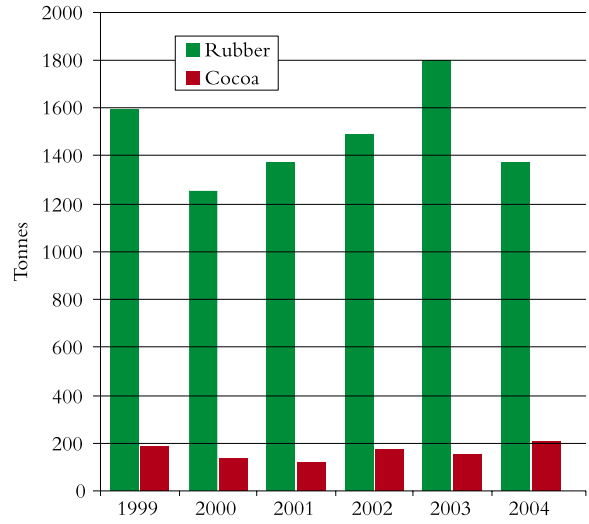
<b>Planted area</b>	<b>2004</b>	2003	2002	2001	2000
	<b>Ha</b>	Ha	Ha	Ha	Ha
Oil palm - mature	<b>25,533</b>	19,910	19,335	16,753	12,961
- immature	<b>4,500</b>	4,507	3,389	5,550	8,507
- total	<b>30,033</b>	24,417	22,724	22,303	21,468
Rubber	<b>434</b>	757	843	992	996
Cocoa	<b>258</b>	258	258	258	258
Total	<b>30,725</b>	25,432	23,825	23,553	22,722
<b>Crops</b>	<b>Tonnes</b>	Tonnes	Tonnes	Tonnes	Tonnes
FFB - all estates	<b>428,657</b>	372,290	294,062	252,632	253,094
- bought in or processed for third parties	<b>241,359</b>	170,948	101,906	74,789	38,730
Saleable crude palm oil (CPO)	<b>118,197</b>	94,523	63,240	52,073	52,297
Saleable palm kernels	<b>28,526</b>	22,325	15,033	12,127	11,537
Rubber	<b>1,370</b>	1,800	1,491	1,376	1,253
Cocoa	<b>208</b>	154	178	120	131
<b>Sales</b>					
CPO – Tasik/Puding Mas	<b>119,250</b>	91,238	63,042	52,072	53,169
Palm kernels – Tasik/Puding Mas	<b>28,315</b>	22,302	15,018	12,050	11,589
FFB – other estates	<b>107,844</b>	90,119	93,929	89,620	54,114
Rubber	<b>1,376</b>	1,800	1,508	1,351	1,251
Cocoa	<b>221</b>	141	170	127	134
<b>Average Sales Prices – Indonesia</b>	<b>Rp/kg</b>	Rp/kg	Rp/kg	Rp/kg	Rp/kg
CPO (after export tax)	<b>3,600</b>	3,320	3,113	2,271	2,026
Palm kernels	<b>2,233</b>	1,500	1,468	1,067	1,283
Rubber	<b>10,618</b>	8,451	6,698	5,254	5,206
Cocoa	<b>10,894</b>	14,544	15,214	9,712	6,029
FFB	<b>764</b>	719	617	380	358
<b>Average Sales Prices – Malaysia</b>	<b>RM/mt</b>	RM/mt	RM/mt	RM/mt	RM/mt
FFB	<b>319</b>	284	242	152	158
<b>Exchange Rates – Year End</b>					
Rp : \$	<b>9,290</b>	8,447	8,940	10,400	9,595
\$ : £	<b>1.92</b>	1.79	1.61	1.46	1.49
RM: \$	<b>3.80</b>	3.80	3.80	3.80	3.80
<b>Exchange Rates – Average</b>					
Rp : \$	<b>9,001</b>	8,563	9,253	10,270	8,510
\$ : £	<b>1.84</b>	1.65	1.51	1.44	1.51
RM: \$	<b>3.80</b>	3.80	3.80	3.80	3.80

# ADDITIONAL INFORMATION

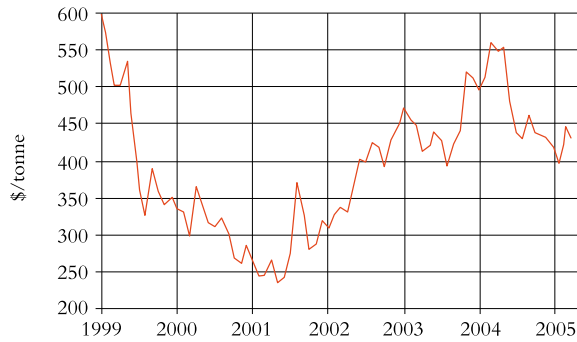
**FFB PRODUCTION**



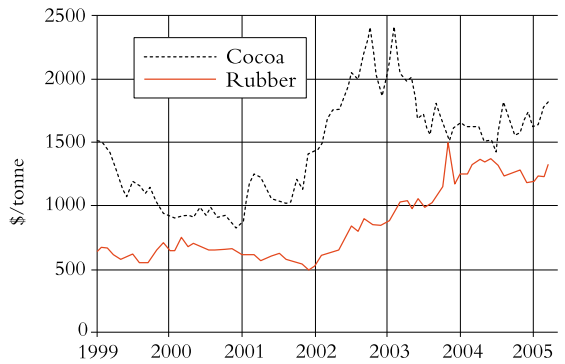
**RUBBER AND COCOA PRODUCTION**



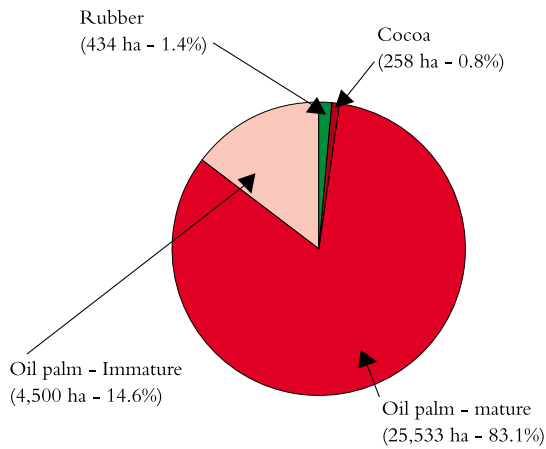
**PALM OIL - PRICE \*  
(Rotterdam)**



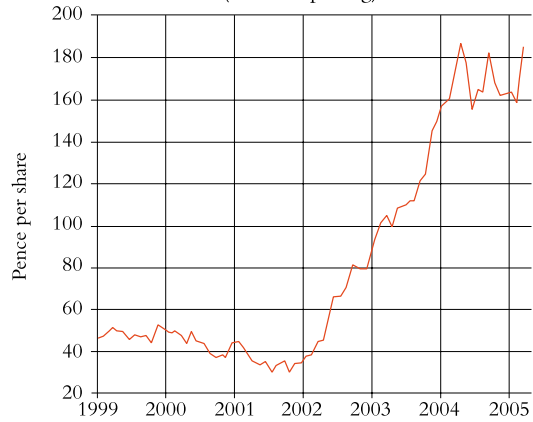
**RUBBER AND COCOA PRICES \***



**PLANTED AREAS - HECTARES**



**ANGLO-EASTERN SHARE PRICE \*  
(Month opening)**



\* = Source: Thomson DataStream

## LOCATION OF ESTATES



## ESTATE AREAS

At 31 December 2004	GROUP	MALAYSIA		INDONESIA				NORTH SUMATRA				BENGKULU		RIAU
		CENDERUNG 55% hectares	TOTAL hectares	TASIK 80% hectares	ANAK TASIK 100% hectares	LABUHAN BLIK 80% hectares	BLANKAHAN 75% hectares	RAMBUNG 100% hectares	SUNGEI MUSAM 75% hectares	PUDING MAS 90% hectares	ALNO 90% hectares	BINA PTRI 80% hectares		
<b>Oil Palm</b>														
Mature	25,533	3,230	22,303	6,012	766	0	918	30	1,350	3,633	5,616	3,978		
Immature														
Due to mature 2005	1,147	501	646	0	0	0	0	0	156	0	490	0		
Other	3,353	0	3,353	0	0	0	0	106	302	0	2,888	57		
Total	30,033	3,731	26,302	6,012	766	0	918	136	1,808	3,633	8,994	4,035		
<b>Rubber</b>														
Mature	434	0	434	0	0	0	0	434	0	0	0	0		
Immature	0	0	0	0	0	0	0	0	0	0	0	0		
Total	434	0	434	0	0	0	0	434	0	0	0	0		
<b>Cocoa</b>														
Mature	248	0	248	0	0	0	0	248	0	0	0	0		
Immature	10	0	10	0	0	0	0	10	0	0	0	0		
Total	258	0	258	0	0	0	0	258	0	0	0	0		
<b>Timber</b>														
Mature	48	48	0	0	0	0	0	0	0	0	0	0		
Immature	0	0	0	0	0	0	0	0	0	0	0	0		
Total	48	48	0	0	0	0	0	0	0	0	0	0		
Total planted area	30,773	3,779	26,994	6,012	766	0	918	828	1,808	3,633	8,994	4,035		
<b>Reserves</b>														
Plantable	5,123	1,882	3,241	0	0	0	0	0	0	365	2,876	0		
Unplantable	2,331	740	1,591	11	0	0	2	27	0	209	1,118	224		
Other - housing, roads, etc	785	17	768	73	31	0	36	22	116	116	304	70		
Total	8,239	2,639	5,600	84	31	0	38	49	116	690	4,298	294		
Total land titles	39,012	6,418	32,594	6,096	797	0	956	877	1,924	4,323	13,292	4,329		
Land rights	5,900	0	5,900	0	0	4,800	0	0	0	0	0	1,100		
Total area	44,912	6,418	38,494	6,096	797	4,800	956	877	1,924	4,323	13,292	5,429		

## DIRECTORS' REPORT

The directors present their annual report on the affairs of the group, together with the financial statements and auditors' report, for the year ended 31 December 2004.

### Principal Activity

The company acts as a holding company and manages and co-ordinates the businesses of its subsidiaries. At 31 December 2004 these comprised principally the cultivation of oil palm, rubber and cocoa in Indonesia and Malaysia.

The subsidiary undertakings which principally affected the profits or net assets of the group in the year are listed in note 26 to the financial statements.

### Results and Dividends

The audited financial statements for the year ended 31 December 2004 are set out on pages 22 to 41. The group profit for the year on ordinary activities before taxation was \$24,808,000 (2003 - \$19,587,000) and the profit attributable to ordinary shareholders was \$13,664,000 (2003 - \$11,245,000). No interim dividend was paid. The directors recommend a final dividend of 8.0 cts (2003 - 6.00 cts) to be paid on 6 July 2005 to shareholders on the register on 10 June 2005. Shareholders who elect to receive their dividend in sterling as described on page 14 will receive a dividend of 4.26p (2003 - 3.27p).

### Fixed Assets

Information relating to changes in tangible fixed assets is given in note 10 to the financial statements.

### Directors

A full list of directors appears on page 15. All

directors served throughout the year. No directors are required under the provisions of the Articles of Association to retire by rotation, at the forthcoming annual general meeting. However Madam S K Lim, Mr P E O'Connor and Mr Ho Soo Ching, who have each served for eleven years, will be submitting themselves for re-election as provided in the Combined Code of Corporate Governance.

### Directors' interests

The interests of the directors together with those of their immediate families in the securities of the company were as shown below:

Directors' beneficial interests at 31 December	2004 Ordinary shares	2003 Ordinary shares
R O B Barnes	186,000	63,000
T H Chan	-	71,400
Datuk Chin	-	-
S K Foo	-	-
S C Ho	300,000	300,000
S K Lim	20,521,314	20,917,914
P E O'Connor	250,000	250,000

The interests disclosed for Madam S K Lim are held by Genton International Limited and certain other companies of which Madam Lim is the controlling shareholder. The interest of Mr Chan in 71,400 shares at 31 December 2003 was transferred during 2004 to Genton International Limited at no cost.

There have been no changes in the interests of the directors in the securities of the company between 31 December 2004 and the date of this report.

Other than as set out in note 18 to the financial statements no director had a material interest in any contract of the company subsisting during, or at the end of, the financial year.

### Substantial Share Interests

As at 1 April 2005 the following interests had



## DIRECTORS' REPORT

been notified to the company under Part VI of the Companies Act 1985 (as modified by the Companies Act 1989) being interests in excess of 3% of the issued ordinary share capital of the company:

Name of holder	Number	Percentage held
Genton International Limited	20,247,814	50.9%
Alcatel Bell Pension Fund	5,940,000	14.9%
S N Roditi	2,116,900	5.3%

### **Authority to Allot Shares**

At the annual general meeting held on 27 May 2004 shareholders authorised the board under the provisions of section 80 of the Companies Act 1985 to allot relevant securities within specified limits for a period of five years. Renewal of this authority on similar terms is being sought under Resolution 6 at the forthcoming annual general meeting. Such authority will be limited to shares up to a maximum nominal amount of £3,316,981 which represents 33.3% of the company's issued share capital. The authority will last for up to five years from the date of the resolution. The directors do not have any present intention of issuing any shares under this authority.

A fresh authority is also being sought under the provisions of section 95 of the Companies Act 1985 to enable the board to make an issue to existing shareholders without being obliged to comply with certain technical requirements of the Companies Act, which create problems with regard to fractional entitlements and overseas shareholders. In addition, the authority will give the board power to make issues of shares for cash to persons other than existing shareholders up to a maximum aggregate nominal amount of £497,547 representing 5% of the current issued share capital. The section

95 authority will last for up to 15 months from the date of the annual general meeting.

### **Scrip Dividends**

Resolution 7 to be proposed at the annual general meeting seeks renewal for a further five years of the authority under which the directors are able to offer shareholders a scrip dividend alternative. No scrip alternative is being offered in respect of the 2004 final dividend.

### **Acquisition of the Company's Own Shares and Authority to Purchase Own Shares**

Following the purchase of 468,000 shares at 153p per share in December 2004, the directors had remaining authority at 1 April 2005, under the shareholders' resolution of 27 May 2004, to make purchases of 3,490,062 of the company's ordinary shares. This authority expires on 27 June 2005.

The board will only make purchases if they believe the earnings or net assets per share of the company would be improved by such purchases. All such purchases will be market purchases made through the London Stock Exchange. Companies are now allowed to hold their own shares which have been purchased in this way in treasury rather than having to cancel them. The directors would, therefore, consider holding the company's own shares which have been purchased by the company as treasury shares as this would give the company the flexibility of being able to sell such shares quickly and effectively where it considers it in the interests of shareholders to do so. Whilst any such shares are held in treasury, no dividends will be payable on them and they will not carry any voting rights.

## DIRECTORS' REPORT

Resolution 8 to be proposed at the forthcoming annual general meeting seeks renewed authority to purchase up to a maximum of 3,980,377 ordinary shares of 25p each on the London Stock Exchange, representing 10% of the company's issued ordinary share capital. The maximum price which may be paid for ordinary shares on any exercise of the authority will be restricted to 5% above the average middle market quotations for such shares as derived from the London Stock Exchange Daily Official List for the 5 business days before the purchase is made.

The maximum number of shares and the price range are stated for the purpose of compliance with statutory requirements in seeking this authority and should not be taken as an indication of the level of purchases, or the prices thereof, that the company would intend to make.

### **Share Option Schemes**

The share option schemes adopted in 1994 expired on 3 June 2004. Resolution 9 to be proposed at the annual general meeting seeks approval for the introduction of two replacement schemes. Background to these schemes is set out in the report of the Remuneration Committee on page 18.

### **Payment of Dividends**

The group reporting currency is US dollars. However at the time of acquiring their interest shareholders can choose to receive dividends in US dollars or in sterling. In the absence of any specific instruction up to the date of closing the register, shareholders with addresses in the UK are deemed to have elected to receive their dividends in sterling and those

with addresses outside the UK in US dollars.

The sterling equivalent dividend will be paid at the exchange rate ruling at the date of the preliminary announcement of the company's results and in the case of the current year is recorded within the section "Results and Dividends" on page 12.

### **Supplier Payment Policy**

It is the group's policy to pay suppliers promptly in accordance with agreed terms of payment. Year end trade creditor days were about 30 (2003 - 30).

### **Liability Insurance for Company Officers**

As permitted by the Companies Act 1985 the company has maintained insurance cover for the directors against liabilities in relation to the company.

### **Political and Charitable Donations**

None (2003: none). Following the tsunami in December 2004, the company is investigating with its Acehnise staff the construction of a school or clinic in 2005 in the affected area of Aceh using the company's own resources and contractors.

### **Income and Corporation Taxes Act 1988**

In the opinion of the directors, the company is not a close company within the meaning of the above Act.

By order of the board  
R O B Barnes  
Secretary

1 April 2005

## DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and group and of the profit or loss of the group for that period.

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue operations for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## DIRECTORS

**T H Chan** (Chairman and CEO, aged 65)  
Chartered accountant; managing director of Metroplex Berhad, an investment holding company, listed on the Kuala Lumpur Stock Exchange, primarily engaged in property development, investment property, hotel ownership, building materials, leisure and gaming; founder and managing partner of a leading accounting firm in Malaysia for some 17 years.

**R O B Barnes** (Chief Financial Officer, aged 60)  
Chartered accountant; director of The Chillington Corporation Plc from 1986 to 1989.

**Madam S K Lim** (Non-executive, aged 56)  
Executive chairman of Metroplex Berhad.

**S K Foo** (Independent non-executive, aged 56)  
Chartered accountant (England & Wales and Malaysia). 29 years with Ernst & Young, Malaysia; managing partner 1997-2002. Director of Salcon Bhd and of Symphony House Bhd listed on the Kuala Lumpur Stock Exchange and Kuala Lumpur MESDEQ Exchanges respectively.

**Datuk H Chin Poy-Wu** (Independent non-executive, chairman of remuneration committee, aged 68)  
Chairman of Hap Seng Consolidated Bhd, director of Glenealy Plantations Bhd, both listed on the Kuala Lumpur Stock Exchange, and director of Sabah Forest Industries Sdn Bhd. Commissioner of Police - Kuala Lumpur, retired 1993.

**P E O'Connor** (Senior independent non-executive, chairman of nomination committee, aged 64)  
Chairman of City Merchants High Yield Trust Plc, and of Advance Developing Markets Plc; director of AMR Technologies Inc and of IMS Investment Manager Selection Limited; director of GT Management Plc 1975 to 1990 (in London and Hong Kong).

**S C Ho** (Independent non-executive, chairman of audit committee, aged 55)  
Director of MS Corporate Finance (Pte) Ltd in Singapore.

## STATEMENT ON CORPORATE GOVERNANCE

During 2004 the company has complied with the majority of the requirements of the Combined Code of Corporate Governance which was issued in July 2003 by the Financial Reporting Council (the 2003 FRC Code) and which came into effect for accounting periods commencing after 1 November 2003.

Where provisions of the 2003 FRC Code appeared for the first time, or where other requirements were not met during 2004, particular comment is made in the statements below and in the Directors' Remuneration Report on page 18.

### **The Board**

The board comprises two executive and five non-executive directors, four of whom are independent. Of these four, two, Mr O'Connor and Mr Ho Soo Ching, have served for eleven years which is above the limit of nine years reckoned by the Combined Code to indicate prima facie independence. Both Mr O'Connor and Mr Ho have a wide range of business interests beyond their position with the company and the rest of the board agree unanimously that they have shown themselves to be fully independent. Mr T H Chan has been both chairman and chief executive since 1998. His other commitments are shown on page 15. Together with his wife, Madam S K Lim, he is a controlling shareholder of the company. In the opinion of the board, given the size of his family's commitment to the company, his common interest as shareholder and manager in the company make it reasonable that the post of chairman and chief executive are combined. The other members of the board are satisfied that through the specific powers reserved for the board, and given the presence of four wholly independent non-executives, there is a reasonable balance of influence.

A schedule of duties and decisions reserved for the board and management respectively has been adopted. This provides that the board should

decide strategy, major investment and financing decisions and the appointment and removal of executive directors. In addition the board is responsible for ensuring resources are adequate to meet objectives and for reviewing performance, financial controls and risk. The audit, remuneration and nomination committees have written terms of reference. The activities of the remuneration committee are dealt with on page 18.

The board normally meets three times each year. Other meetings to deal with formalities take place by telephone or written resolution. During 2004 there were three full meetings, attended by all directors, except Mr O'Connor who attended one and Madam S K Lim who did not attend any. Mr O'Connor was indisposed in the second half of 2004 but has attended the two full meetings held so far in 2005. In the absence of major issues Mr Chan represents the interests of Madam S K Lim.

All the independent non-executive directors met on their own in January 2005. The chairman met all the non-executive directors, in the absence of the other executive directors, at least once in 2004.

Mr O'Connor has been senior non-executive director since January 1999.

Non-executives are not appointed for specified terms. There have been changes in non-executive directors at intervals in the past (as recently as 2003) for a variety of reasons. While accepting the need to maintain the vitality of the board the directors do not intend to specify terms of office for non-executives. However, the board will review the position of each director at the time set for his normal three yearly reappointment under the Articles.

New directors have not received formal training on the occasion of their appointment to the board as all have previous experience of public company directorships and some of them have

## STATEMENT ON CORPORATE GOVERNANCE

worked in financial or accounting service industries. A programme of regular visits by the non-executive directors to the group's operations is being implemented.

In January 2005 the board conducted a review of its performance in 2004. This review covered balance of powers, independence of members, contribution to strategy, monitoring/evaluation and accountability to stakeholders. No major issues arose from this review.

### **Relations with Shareholders**

Company executives attempt to contact principal shareholders at least twice a year and at all times are pleased to speak to and meet any shareholder. Given the dispersion of directors and shareholders it is not possible for every non-executive director to meet shareholders in the presence of management. A member of the audit and remuneration committees will be available at the 2004 annual general meeting.

### **Accountability and Audit**

The directors confirm their responsibilities regarding the financial statements and their statement of going concern, both set out on page 15.

The audit committee comprises Mr Ho (chairman), Mr O'Connor and Datuk H Chin Poy-Wu. Mr Ho and Mr O'Connor have current financial experience from their present principal occupations in corporate finance and investment. The committee met prior to the completion of the 2004 accounts, and three times during 2004. These meetings were attended by all members except Mr O'Connor who could only attend one meeting in 2004 for reasons mentioned above. In addition to its work on internal control and risk evaluation described below, the committee reviews annual and interim statements, the findings and effectiveness of auditors; it advises the board on appointment, independence and objectivity of

auditors.

### **Internal Control**

The company has followed the Combined Code provisions and Turnbull Committee guidance on internal control since 1999. The board has overall responsibility for the group's internal control and risk management; the audit committee reviews and monitors specific risks and internal control procedures and reports to the board where appropriate. Executive staff and directors are responsible for implementation of control procedures and for identifying and managing business risks. The audit committee review is a continuous but sequential process and in any one year does not necessarily cover all risks which are significant to the group. The process aims to provide reasonable assurance against material misstatement or loss. In 2004 for example the audit committee reviewed, among other things, risks relating to outside crop, and the control of contracts for field development.

The board receives monthly reports from executive management in Indonesia and Malaysia and focuses at each meeting on the principal continuing risks to which the group is exposed including, but not limited to, commodity price movements, exchange rate movements, political and social change and government legislation.

The group has an internal audit department which visits each operating site in Indonesia and Malaysia twice a year and provides a wide ranging report to the managing director of those operations. The work and conclusions of the internal audit department are reviewed independently by the audit committee twice each year.

### **Nomination committee**

The nomination committee comprises Mr O'Connor (chairman), Datuk Chin and Mr Ho. The committee held one discussion during 2004, attended by all members.

## DIRECTORS' REMUNERATION REPORT

This report by the remuneration committee has been approved by the board of directors for submission to shareholders for their approval pursuant to Resolution 3 at the forthcoming annual general meeting.

### *Unaudited information*

#### **Membership**

The remuneration committee comprised throughout the year Mr S C Ho and Mr P E O'Connor and was chaired by Datuk H Chin Poy-Wu. During the year, the committee met twice, attended by all members except Mr O'Connor, who was absent from one meeting. The company secretary has provided administrative support and information to the committee.

#### **Remuneration policy**

The remuneration committee makes recommendations on senior management pay and conditions and, after consultation with the chairman and chief executive, recommends to the board all the terms for executive directors.

Non-executive directors' remuneration is considered by the board as a whole.

The committee recommends remuneration terms by reference to individual performance, market conditions, the company's performance and the need to maintain an economic operation. The committee is also charged with overseeing the company's share option schemes.

#### **Components of executive remuneration**

##### *Base salary*

Base salaries are reviewed on an annual basis by the remuneration committee or when an individual changes responsibilities. Non-executive directors receive no benefits other than a fee.

##### *Bonus*

The group operates a cash bonus scheme for

senior executives and managers which is generally determined by operating performance criteria.

Annual bonuses for senior executives and managers are capped at 66% of base salary.

Executive directors are eligible to receive a bonus which has ranged from 0% to 41% in past years, at the discretion of the board.

##### *Share option schemes*

The company's share option schemes, which were adopted in 1994 expired on 3 June 2004. There were no changes to the terms of these schemes during 2004. Over the ten year period, options over 597,750 shares were granted to executive directors and senior expatriate employees and over 217,000 shares to local managers, in total amounting to about 2.0% of the ordinary issued share capital. The schemes have been successful in encouraging among local staff an interest in the overall performance of the company and its share price and in promoting an identity of interest of all option holders with shareholders.

Therefore Resolution 9, to be proposed at the forthcoming annual general meeting seeks approval for the introduction of these two replacement share option schemes. Summaries of the proposed new schemes are contained in the circular which accompanies the 2004 annual report and accounts.

The new schemes are similar to the previous schemes except that they provide for options to be granted over treasury shares and shares held by an employees' benefit trust as well as over new issue shares. To avoid dilution, the board intends generally to follow the treasury share route.

One of the new schemes will be an UK Inland Revenue approved share option scheme and will operate in respect of United Kingdom employees who, to benefit from UK tax exemption, will only be able to receive options over shares with a maximum market value of £30,000 at the time of grant. The other scheme will take the form of an "unapproved" executive



## DIRECTORS' REMUNERATION REPORT

share option scheme which will not have a £30,000 limit but otherwise is intended to operate within the same overall limits as the approved executive share option scheme. Participants in the unapproved scheme will be resident overseas or will be resident in the United Kingdom but merit a grant of options with a higher market value than the £30,000 limited described above.

The approved and unapproved executive share option schemes will be administered and supervised by a committee consisting, in the majority, of non-executive directors.

These schemes will be limited over their 10 year life to issuing no more than 5% of the issued ordinary share capital of the company from time to time. It is intended that grants will be made annually. As for the old schemes, no payment is required on grant. The total market value of each individual annual grant at date of grant is limited to 100% of annual salary. However it is expected that options will normally be granted well below this level. The board does have discretion to increase this to 200% of annual salary in exceptional circumstances. Exercise of options is normally only permitted three years after grant.

The remuneration committee believes that the use of performance targets for the new and old share option schemes is not appropriate as the performance of the group is so dependent upon commodity prices and exchange rates, both of which are outside the control of management. In addition, the remuneration committee does not consider that there is a suitable comparator group against which performance could be compared. The new scheme rules contain the flexibility to impose performance targets should the remuneration committee change its current position.

### *Pensions*

There is no company pension scheme for executive directors or senior executives and

management. In the case of one executive director, Mr Barnes, the company makes contributions based on base salary to a personal money purchase scheme.

Senior executives who leave voluntarily after more than five years' service are entitled to a gratuity of one month's base salary for each year of service.

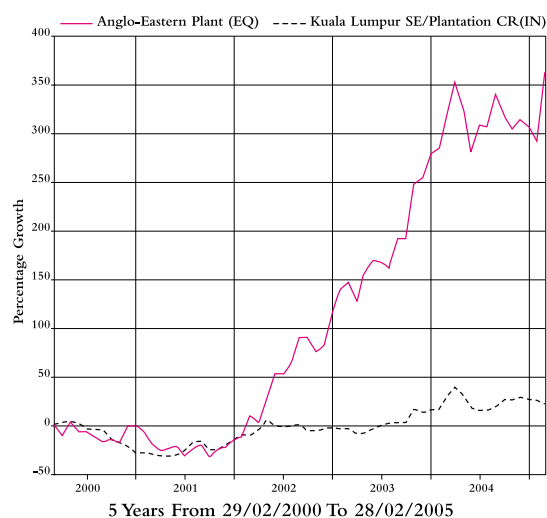
### **Service contracts**

Other than Mr Barnes, as a matter of policy no executive director has either a service contract or notice period. Mr Barnes has a contract dated 29 March 2005 which expires in May 2007. In the event of an early termination by the company this contract provides for a termination payment equivalent to the lower of one year or the outstanding term of the contract. Notice periods for all other senior management are generally three months.

Non-executive directors have appointment letters for periods of three years within which either party can terminate with one month's notice.

### **Performance graph**

The following graph shows the company's performance, measured by capital return, compared to the Kuala Lumpur Stock Exchange



**Graph source: Lipper Hindsight**

## DIRECTORS' REMUNERATION REPORT

(KLSE) Plantation Index for the period 29 February 2000 to 28 February 2005. This is the only relevant index available in terms of sector but, any comparison should be qualified; many listed Malaysian plantation companies have substantial interests outside the plantations sector, as well as not holding as great a proportion of their assets in Indonesia as Anglo-Eastern.

In determining senior management compensation, the remuneration committee is influenced by the operating performance of the company and not directly by the share price.

### *Audited information*

#### **Directors' share options and remuneration**

Share options granted to the directors of the company under the company's Share Option Scheme for Senior Executives and Overseas Share Option Scheme for Senior Executives and outstanding at 31 December 2004 and remuneration of all directors who served during the year are set out in the tables below.

<b>Directors' share options</b>							
Name of Director	Date of grant	Exercise price	Period of option	Number of shares subject to option			Date of exercise
				1 Jan 04	(Exercised)	31 Dec 04	
R O B Barnes	5.11.94	93.2p	5.11.97 - 4.11.04	31,412	(31,412)	0	1.11.04
	24.5.96	124.0p	24.5.99 - 23.5.06	14,338	(14,338)	0	22.11.04
	25.10.99	47.0p	25.10.02 - 24.10.09	150,000	(150,000)	0	22.11.04
				195,750	(195,750)	0	
T H Chan	30.04.02	44.7p	30.04.05 - 29.04.12	30,000	-	30,000	

Gain before tax at point of exercise of the above options: R O B Barnes \$390,000 (2003 - \$102,000); T H Chan \$nil (2003 - \$123,000).

The market price of the shares at 31 December 2004 was 164p. The highest and lowest market prices of the shares during 2004 were 152.5p and 196p.

<b>Directors' remuneration</b>								
Name of director	Fees \$000	Executive salary \$000	Bonus (re 2003) \$000	Benefits in kind \$000	<b>Total</b>	<i>Total</i>	Pension contribution	
					<b>2004</b>	<i>2003</i>	<b>2004</b>	<i>2003</i>
<i>Executive:</i>								
T H Chan (Chairman and CEO)	-	79	-	-	<b>79</b>	80	-	-
R O B Barnes	-	173	68	19	<b>260</b>	186	<b>30</b>	27
<i>Non-executive:</i>								
Dato Haron (resigned Sept 2003)	-	-	-	-	-	52	-	-
S K Lim	15	-	-	-	<b>15</b>	13	-	-
Datuk H Chin	22	-	-	-	<b>22</b>	20	-	-
S K Foo (appointed Oct 2003)	15	-	-	-	<b>15</b>	3	-	-
S C Ho	22	-	-	-	<b>22</b>	20	-	-
P E O'Connor	22	-	-	-	<b>22</b>	20	-	-
ST Wee (resigned June 2003)	-	-	-	-	-	6	-	-
<b>2004</b>	<b>96</b>	<b>252</b>	<b>68</b>	<b>19</b>	<b>435</b>		<b>30</b>	
<i>2003</i>	<i>92</i>	<i>256</i>	<i>32</i>	<i>20</i>		<i>400</i>		<i>27</i>

The remuneration report was approved by the board of directors on 1 April 2005 and was signed on its behalf by R O B Barnes

## AUDITORS' REPORT

### **Independent auditors' report to the shareholders of Anglo-Eastern Plantations Plc**

We have audited the financial statements of Anglo-Eastern Plantations Plc for the year ended 31 December 2004 on pages 22 to 41 which have been prepared under the accounting policies set out on pages 26 and 27. We have also audited the information in the Directors' Remuneration Report that is described as having been audited.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report, the Directors' Remuneration Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and the parts of the Directors' Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, United Kingdom Auditing Standards and the Listing Rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the group is not disclosed.

We review whether the Corporate Governance Statement reflects the group's compliance with the nine provisions of the 2003 FRC Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statement on internal control covers all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Financial Summary, Chairman's Statement, Location of Estates, Estate Areas, Financial Record, Additional Information, Directors' Report, the Statement on Corporate Governance and the unaudited parts of the Directors' Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements and the part of the Directors' Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements and the part of the Directors' Remuneration Report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Directors' Remuneration Report to be audited.

### **Opinion**

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the company's affairs as at 31 December 2004 and of the group's profit for the year then ended; and
- the financial statements and the part of the Directors' Remuneration Report to be audited have been properly prepared in accordance with the Companies Act 1985.

1 April 2005

BDO Stoy Hayward LLP  
Chartered Accountants and Registered Auditors  
8 Baker Street  
London W1U 3LL

ANGLO - EASTERN PLANTATIONS PLC

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2004 US\$000	2003 US\$000
<b>Turnover</b> - continuing operations	2	<b>65,618</b>	48,519
Cost of sales		<u><b>(38,485)</b></u>	<u>(26,705)</u>
<b>Gross profit</b> - continuing operations		<b>27,133</b>	21,814
Administration and other expenses	3	<u><b>(2,038)</b></u>	<u>(1,820)</u>
<b>Operating profit</b> - continuing operations	4	<b>25,095</b>	19,994
Interest - receivable		<b>251</b>	156
- payable	5	<u><b>(538)</b></u>	<u>(563)</u>
<b>Profit on ordinary activities before taxation</b>	2	<b>24,808</b>	19,587
Tax on profit on ordinary activities	7	<u><b>(8,450)</b></u>	<u>(6,141)</u>
<b>Profit on ordinary activities after taxation</b>		<b>16,358</b>	13,446
Minority interests (all equity interests)	19	<u><b>(2,694)</b></u>	<u>(2,201)</u>
<b>Profit for the financial year</b>		<b>13,664</b>	11,245
Dividends proposed	8	<u><b>(3,147)</b></u>	<u>(2,375)</u>
<b>Retained profit for the year</b>	19	<u><b>10,517</b></u>	<u>8,870</u>
<b>Earnings per ordinary share (basic and diluted)</b>			
- basic	9	<b>34.5cts</b>	28.6cts
- diluted	9	<b>34.4cts</b>	28.4cts

The accompanying notes are an integral part of this consolidated profit and loss account.

# CONSOLIDATED AND COMPANY BALANCE SHEETS

31 DECEMBER 2004

	Notes	Consolidated		Company	
		2004 US\$000	2003 US\$000	2004 US\$000	2003 US\$000
<b>Fixed Assets</b>					
Tangible assets	10	127,302	105,096	-	-
Investments in subsidiary undertakings	26	-	-	48,475	46,992
		<u>127,302</u>	<u>105,096</u>	<u>48,475</u>	<u>46,992</u>
<b>Current Assets</b>					
Stocks	11	1,535	1,713	-	-
Debtors	12	3,778	2,736	41	53
Investments	13,24	405	313	405	313
Cash at bank and in hand	24	14,933	15,127	1,208	1,118
		<u>20,651</u>	<u>19,889</u>	<u>1,654</u>	<u>1,484</u>
<b>Current Liabilities</b>					
Creditors: falling due within one year					
Borrowings	15,24	(5,576)	(2,060)	-	-
Other creditors	14	(13,192)	(9,439)	(3,269)	(2,648)
		<u>(18,768)</u>	<u>(11,499)</u>	<u>(3,269)</u>	<u>(2,648)</u>
<b>Net current assets/(liabilities)</b>		<u>1,883</u>	<u>8,390</u>	<u>(1,615)</u>	<u>(1,164)</u>
<b>Total assets less current liabilities</b>		<u>129,185</u>	<u>113,486</u>	<u>46,860</u>	<u>45,828</u>
<b>Non-current Assets/Liabilities</b>					
(Creditors)/assets: due after more than one year					
Borrowings	15,24	(5,558)	(6,108)	-	-
Deferred taxation	16	359	1,013	-	-
<b>Net assets</b>		<u>123,986</u>	<u>108,391</u>	<u>46,860</u>	<u>45,828</u>
<b>Capital and Reserves</b>					
Called-up share capital	17	15,424	15,319	15,424	15,319
Treasury shares	17	(1,387)	-	(1,387)	-
Share premium account	19	23,825	23,679	23,825	23,679
Share capital redemption reserve	19	1,087	1,087	1,087	1,087
Revaluation and exchange reserve	19	8,998	5,375	3,872	3,872
Profit and loss account	19	54,219	43,702	4,039	1,871
<b>Shareholders' funds - all equity interests</b>		<u>102,166</u>	<u>89,162</u>	<u>46,860</u>	<u>45,828</u>
<b>Minority interests - all equity interests</b>	19,27	21,820	19,229	-	-
<b>Total capital employed</b>		<u>123,986</u>	<u>108,391</u>	<u>46,860</u>	<u>45,828</u>

The financial statements were approved by the board of directors on 1 April 2005 and were signed on its behalf by R O B Barnes.

The accompanying notes are an integral part of these balance sheets.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS  
HISTORICAL COST PROFITS AND LOSSES

FOR THE YEAR ENDED 31 DECEMBER 2004

	Consolidated		Company	
	2004 US\$000	2003 US\$000	2004 US\$000	2003 US\$000
<b>Statement of Total Recognised Gains and Losses</b>				
Profit for the financial year	13,664	11,245	5,315	2,623
Surplus on deemed disposal of interest in subsidiary	-	113	-	-
Unrealised surplus/(deficit) on revaluation of the estates	10,505	(5,126)	-	-
(Loss)/profit on exchange translation	(6,882)	3,915	-	-
	<u>17,287</u>	<u>10,147</u>	<u>5,315</u>	<u>2,263</u>
<b>Reconciliation of Movement in Shareholders' Funds</b>				
Total recognised gains	17,287	10,147	5,315	2,263
Share capital subscription	251	257	251	257
Dividends	(3,147)	(2,375)	(3,147)	(2,375)
Purchase of treasury shares	(1,387)	-	(1,387)	-
Net increase in shareholders' funds	13,004	8,029	1,032	505
Beginning of year	89,162	81,133	45,828	45,323
	<u>102,166</u>	<u>89,162</u>	<u>46,860</u>	<u>45,828</u>
<b>Historical Cost Profits and Losses</b>				
Reported profit on ordinary activities before taxation	24,808	19,587	5,352	2,649
Difference between historical cost depreciation charge and the actual depreciation charge for the year	(782)	(742)	-	-
	<u>24,026</u>	<u>18,845</u>	<u>5,352</u>	<u>2,649</u>
Historical cost retained profit for the year	9,735	8,128	781	248

The accompanying notes are an integral part of this statement of total recognised gains and losses, and this note of historical cost profits and losses.



## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2004	2003		
		US\$000	US\$000	US\$000	US\$000
<b>Net cash inflow from operating activities</b>	22		<b>29,098</b>		22,142
<b>Returns on Investments and Servicing of Finance</b>					
Interest received		251		156	
Interest paid		(612)		(693)	
Dividends paid to minority shareholders		(699)		(620)	
			<u>(1,060)</u>		(1,157)
<b>Taxation</b>					
Foreign tax paid			(6,928)		(5,364)
<b>Capital Expenditure</b>					
Payments to acquire tangible fixed assets		(11,247)		(5,715)	
Payments to acquire land		-		(40)	
Proceeds from sale of tangible fixed assets		112		116	
			<u>(11,135)</u>		(5,639)
<b>Acquisitions and disposals</b>					
Acquisition of subsidiaries	27		(4,777)		-
<b>Equity Dividends Paid</b>					
Parent company			(2,375)		(1,571)
Cash inflow before financing			<b>2,823</b>		8,411
<b>Financing</b>					
Share options exercised		251		257	
Purchase of own shares		(1,387)		-	
Repayment of existing long term loans		(2,023)		(2,023)	
Repayment of loans in newly acquired subsidiary		(4,154)		-	
Drawdown of new long term loan		5,000		-	
Finance lease (repayment)/drawdown		(15)		47	
Advance to minority shareholders		(693)		-	
			<u>(3,021)</u>		(1,719)
<b>(Decrease)/increase in cash in year</b>	23		<u><b>(198)</b></u>		<u>6,692</u>

The accompanying notes are an integral part of this consolidated cash flow statement.

## NOTES TO THE FINANCIAL STATEMENTS

### 1 Accounting Policies

The principal accounting policies are summarised below. Except as noted below they have all been applied consistently throughout the year and the preceding year.

#### *Basis of accounting*

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain tangible fixed assets, and in accordance with applicable United Kingdom law and accounting standards.

#### *Basis of consolidation*

The group financial statements consolidate those of Anglo-Eastern Plantations Plc and its subsidiary undertakings, drawn up to 31 December each year under the acquisition method of accounting.

#### *Foreign currency*

Normal trading transactions in foreign currencies are recorded at the rates of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

In the group financial statements the results and year end balances of foreign group companies are translated using the average and closing rates respectively which are shown on page 8. Exchange rate adjustments arising from translation are transferred direct to the revaluation and exchange reserves.

Exchange differences on foreign currency intercompany loans, to the extent that they relate to investments in overseas operations, are also taken to the revaluation and exchange reserve.

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset as described below.

Estates are shown at valuations, which are calculated internally every year and reviewed by an external valuer every five years. Estates are valued at the lower of replacement cost and recoverable amount, which is the higher of value in use and net realisable value. Value in use is calculated as the net present value of the local currency cash flows of each estate over the next twenty years, including replanting where required.

Any surplus or deficit on revaluation is transferred to the revaluation and exchange reserve, except that a deficit which is in excess of any previously recognised surplus relating to the same property is charged to the profit and loss account. On the disposal or recognition of a provision for impairment of a revalued fixed asset, any related balance remaining in the revaluation and exchange reserve is transferred to the profit and loss account as a movement on reserves.

Oil mills are included at cost less depreciation.

The depreciation charge on Indonesian estates is based on mature values at the beginning of the year and is provided at a rate of 2% per annum. Oil mills are depreciated at a rate of 5% per annum. The Malaysian leasehold land is depreciated over the remaining term of the lease. Mature plantations in Malaysia are depreciated at a rate of 5% per annum.

#### *Fixed asset investments*

The company's fixed asset investments in subsidiary undertakings are stated at cost less provisions for impairment. Only dividends received or receivable are credited to the company's profit and loss account.

#### *Leasing*

Assets financed by leasing agreements which give rights approximating to ownership (finance leases) are capitalised at amounts equal to the original cost of the asset to the lessors and depreciation is provided on the asset over the shorter of the lease term or its useful economic life on the basis of group depreciation policy. The capital elements of future obligations under finance leases are included as liabilities in the balance sheet and the current year's interest element is charged to the profit and loss account to produce a constant rate of charge on the balance of capital repayments outstanding. There are no operating leases.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value.

#### *Current asset investments*

The company's current asset investments are stated at the lower of cost or market value. Where relevant changes in market value are charged or credited to profit and loss account.

#### *Treasury shares*

Consideration paid or received for the purchase or sale of the company's own shares for holding in treasury is taken directly to shareholder's funds. The difference between the consideration received on the sale of treasury shares and the weighted average cost of shares sold, is taken to the share premium account.

Any shares held in treasury are treated as cancelled for the purpose of calculating earnings per share, and net asset value per share.



## NOTES TO THE FINANCIAL STATEMENTS

### 3 Administration and Other Expenses

	2004 \$000	2003 \$000
Administrative expenses	(2,384)	(2,203)
Other operating income	58	1
Income from current asset investments	33	16
Profit on disposal of fixed assets	17	25
Movement in market value of current asset investments	91	79
Exchange profit	147	262
	<b>(2,038)</b>	<b>(1,820)</b>

### 4 Operating Profit

	2004 \$000	2003 \$000
Operating profit is stated after charging:		
Depreciation (including \$16,000 (2003 - \$3,000) in respect of leased assets)	2,917	2,493
Auditors' remuneration - audit	94	78
- other advisory services - company only	1	4
	<b>1</b>	<b>4</b>

### 5 Interest Payable

	2004 \$000	2003 \$000
Payable on loans repayable within five years:		
Development loans - (note 15)	600	683
Overdraft - (note 15)	9	10
Other (including \$3,000 (2003 - \$ nil) in respect of finance leases)	3	-
Interest capitalised on loans related to field development and construction in progress	(74)	(130)
	<b>538</b>	<b>563</b>

### 6 Employees' and Directors' Remuneration

	2004 number	2003 number
Average numbers employed (primarily overseas) during the year - full time	3,075	2,949
- casual	4,478	2,877
	<b>2004 \$000</b>	<b>2003 \$000</b>
Staff costs (primarily overseas):		
Wages and salaries	7,433	5,674
Social security costs	132	162
Retirement benefit costs	607	231
	<b>8,172</b>	<b>6,067</b>

The company has contributed \$43,000 (2003 - \$38,000) to directors' and employees' money purchase pension plans administered by UK insurance companies. Only one director is a member of such plans and no other director has a pension entitlement. The remaining amount of \$564,000 (2003 - \$193,000) for retirement benefit costs charged to profit and loss account relates to schemes described in note 21.

The information required by the Company Act and the listing rules of the Financial Services Authority is contained in the directors' report on remuneration on pages 18 to 20 of which certain information on page 20 has been audited.

	2004 \$000	2003 \$000
Directors emoluments	435	400
Pension contributions	30	27
Gains at point of exercise of options	390	225
	<b>855</b>	<b>652</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 7 Taxation

The tax charge comprises:

	2004	2003
	\$000	\$000
Foreign corporation tax - current year	7,003	5,552
Foreign withholding tax on remittances	866	321
Deferred tax adjustment - current year	581	268
	<b>8,450</b>	<b>6,141</b>

The corporation tax rates in Indonesia and Malaysia, the group's countries of operation, are close to the 30% standard rate of corporation tax in the UK but the charge for the year differs from the standard UK rate of corporation tax for the reasons below.

	2004	2003
	\$000	\$000
Profit on ordinary activities before tax	24,808	19,587
Profit on ordinary activities multiplied by standard rate of UK corporation tax of 30% (2003 - 30%)	7,442	5,876
Effects of:		
Rate adjustment relating to overseas profits	(11)	(10)
Group accounting adjustments not subject to tax	(35)	(132)
Expenses not allowable for tax	50	28
Timing differences	46	56
Losses not offsetable against fellow subsidiary profits	500	33
Utilisation of tax losses brought forward	(989)	(299)
Current tax charge for period	<b>7,003</b>	<b>5,552</b>

### 8 Dividends

	2004	2003
	\$000	\$000
Final proposed - 8.00 cts per ordinary share (2003 - 6.00 cts)	3,147	2,375

### 9 Earnings per Ordinary Share

Basic net earnings per ordinary share have been calculated on the profit attributable to ordinary shareholders being \$13,664,000 (2003: - \$11,245,000) divided by 39,609,447 (2003 - 39,378,899) ordinary shares, being the weighted average number of ordinary shares in issue during the year. The equivalent figure for diluted net earnings per share is 39,746,175 (2003 - 39,581,527) which includes the effect of share options granted to directors and employees.

### 10 Tangible Fixed Assets

	Estates \$000	Oil mills \$000	Total \$000
Cost or valuation			
Beginning of year	98,406	8,603	107,009
Revaluations and exchange translations	2,037	(780)	1,257
Additions	6,282	5,039	11,321
Estates acquired at valuation on acquisition of a subsidiary	9,962	-	9,962
Disposals	(92)	(10)	(102)
End of year	<b>116,595</b>	<b>12,852</b>	<b>129,447</b>
Depreciation			
Beginning of year	-	(1,913)	(1,913)
Revaluations and exchange translations	2,494	184	2,678
Charge for the year	(2,494)	(423)	(2,917)
Disposals	-	7	7
End of year	<b>-</b>	<b>(2,145)</b>	<b>(2,145)</b>
Net book value			
Beginning of year	98,406	6,690	105,096
End of year	<b>116,595</b>	<b>10,707</b>	<b>127,302</b>

Net book value of estates includes \$61,000 (2003 - \$75,000) in respect of assets held under finance leases.

## NOTES TO THE FINANCIAL STATEMENTS

### 10 Tangible Fixed Assets - continued

The directors valued the estates at 31 December 2004 and 2003 at the higher of net realisable value and value in use. Consistent with the requirements of FRS 15 relating to interim valuations these values were reviewed internally by the company's own senior staff who are familiar with the properties and the necessary assumptions underlying the calculation. The Indonesian estates have been included at values in use, which in the opinion of the directors are probably slightly above market values at the date of this report. The loss, if any, has not been accounted for as the directors believe that valuations of the Indonesian estates on the basis of their value to the company as a going concern best reflect their worth as opposed to general market values, which are impacted by current conditions in Indonesia and current palm oil prices and are in any event difficult to determine. The Malaysian estates were professionally valued by Messrs Khong & Jafaar in December 2001 on an open market existing use basis and are included at this valuation plus subsequent additions at cost less depreciation.

Tangible fixed assets include \$74,000 (2003: \$130,000) of interest and \$1,192,000 (2003: \$1,187,000) of overheads capitalised during the year in respect of expenditure on estates under development during 2004.

Original cost and depreciation at historical rates of exchange of tangible fixed assets at 31 December 2004 were:

	Estates \$000	Oil mill \$000	Total \$000
Original cost	133,736	20,484	154,220
Cumulative depreciation based on original cost	(25,219)	(7,265)	(32,484)
	<b>108,517</b>	<b>13,219</b>	<b>121,736</b>

The Indonesian authorities have granted certain land exploitation rights and operating permits for the estates. In the case of estates in North Sumatra these rights and permits expire between 2023 and 2033 with rights of extension or renewal thereafter for periods of 25 and 35 years respectively. In the case of estates in Bengkulu outstanding land titles were issued in 2002 and the titles expire between 2028 and 2032 with rights of renewal thereafter for two consecutive periods of 25 and 35 years respectively. In the case of estates in Riau, land titles were issued in 2003 and expire in 2033 with subsequent rights of renewal similar to those in Bengkulu. Renewal is subject to compliance with the laws and regulations of Indonesia. As described in note 1 the values in use of the Indonesian estates are depreciated over a period of fifty years since the directors expect the renewals will take place.

The land title of the estate in Malaysia is a long lease expiring in 2084.

### 11 Stocks

These are estate and mill stores of \$875,000 (2003 - \$708,000), and produce stocks of \$660,000 (2003 - \$1,005,000), stated at the lower of cost and net realisable value. Replacement value is not materially different.

### 12 Debtors

	2004 \$000	2003 \$000
<b>Consolidated balance sheet</b>		
Due within one year:		
Trade debtors	320	793
Other debtors	964	432
Taxation	269	203
Prepayments and accrued income	461	237
Minority shareholders (due after more than one year \$1,071,000 (2003 - \$1,071,000) - note 28)	1,764	1,071
	<b>3,778</b>	<b>2,736</b>
	<b>2004</b>	<b>2003</b>
	\$000	\$000
<b>Company balance sheet</b>		
Due within one year:		
Other debtors	5	5
Prepayments and accrued income	36	48
	<b>41</b>	<b>53</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 13 Investments

These represent short term investments listed on the Kuala Lumpur Stock Exchange and are shown at market value, being lower than cost of \$591,000 (2003 - \$591,000).

### 14 Creditors: Amounts Falling Due Within One Year

	2004 \$000	2003 \$000
<b>Consolidated balance sheet</b>		
Trade creditors	1,148	606
Overseas taxation	4,518	3,513
Other creditors	2,362	1,387
Proposed dividend	3,147	2,375
Accruals	2,017	1,558
	<b>13,192</b>	<b>9,439</b>
	2004 \$000	2003 \$000
<b>Company balance sheet</b>		
Other creditors	5	10
Proposed dividend	3,147	2,375
Accruals	117	263
	<b>3,269</b>	<b>2,648</b>

### 15 Borrowings

#### Consolidated balance sheet

	2004		2003	
	under one year	more than one year	under one year	more than one year
	\$'000	\$'000	\$'000	\$'000
Bank overdraft (a)	23	-	19	-
Finance lease obligations (b)	18	34	18	49
Long term development loan (c)	4,800	-	1,600	4,800
Long term development loan (d)	312	4,688		
Long term development loan (e)	423	836	423	1,259
	<b>5,576</b>	<b>5,558</b>	<b>2,060</b>	<b>6,108</b>
Amounts repayable after more than one year, as follows:				
in more than one year but not more than two years		1,689		5,238
in more than two years but not more than five years		3,869		870
more than five years		-		-
		<b>5,558</b>		<b>6,108</b>

(a) The bank overdraft is secured by a fixed and floating charge over the land titles and assets of the company's Malaysian operating subsidiary, Anglo-Eastern Plantations (M) Sdn Bhd ("AEP Malaysia") as well as over the company's shareholding in AEP Malaysia. The company has guaranteed the overdraft. Interest is at 2% above Malaysian Bank Lending Rate of about 8.0% (2003: 8.2%).

(b) Finance lease obligations relate to vehicles and machinery, on which the obligations are secured, in the Malaysian subsidiaries (2003 - Malaysia). Interest is effectively at 4.6%. Payments complete by the end of 2007.

(c) The long term development loan, which is part of an original facility of \$8,000,000, is made to and secured by a fixed and floating charge on the land titles and other assets of PT Mitra Puding Mas and PT Alno Agro Utama. The company has guaranteed the loan. Interest is at 3% under the US dollar Indonesian prime rate of about 6% through 2004 (2003: 7.3%). The remaining loan is repayable in four quarterly instalments of \$1,200,000 from January 2005 to October 2005.

(d) The long term development loan, which is part of a facility of \$5,000,000, was made in July 2004 to and secured by a fixed and floating charge on the land titles and other assets of PT Bina Pitri Jaya. Interest is on the same terms as for the loan under 15(c) above. The loan is repayable in sixteen quarterly instalments of \$312,500 from October 2005 to July 2009.

(e) The long term development loan is made to AEP Malaysia on the same security and interest terms described for the overdraft in note 15(a) above. The loan is repayable in equal monthly instalments amounting to \$423,000 per annum over five years from January 2004.

## NOTES TO THE FINANCIAL STATEMENTS

### 16 Deferred Taxation

#### Consolidated balance sheet

	<b>2004</b>	<i>2003</i>
	<b>\$000</b>	<i>\$000</i>
Beginning of year asset	<b>1,013</b>	<i>1,215</i>
(Charge)/credit to profit and loss account during year	<b>(581)</b>	<i>(268)</i>
Exchange adjustment	<b>(73)</b>	<i>66</i>
End of year asset	<b>359</b>	<i>1,013</i>
	<b>2004</b>	<i>2003</i>
	<b>\$000</b>	<i>\$000</i>
Deferred tax asset at end of year comprises:		
Unutilised tax losses	<b>62</b>	<i>803</i>
Other timing differences	<b>297</b>	<i>210</i>
	<b>359</b>	<i>1,013</i>
	<b>2004</b>	<i>2003</i>
	<b>\$000</b>	<i>\$000</i>
Potential tax payable if revalued assets realised for their carrying value	<b>17,920</b>	<i>13,742</i>

	Company	<i>2003</i>	Consolidated	<i>2003</i>
	<b>2004</b>	<i>\$000</i>	<b>2004</b>	<i>\$000</i>
	<b>\$000</b>		<b>\$000</b>	<i>\$000</i>
Unutilised tax losses for which no deferred tax asset recognised	<b>1,332</b>	<i>913</i>	<b>13,923</b>	<i>13,198</i>

### 17 Share Capital

	Authorised Number	Issued and fully paid Number	Authorised \$000	Issued and fully paid \$000	Authorised £000	Issued and fully paid £000
Ordinary shares of 25p each						
Beginning of year	60,000,000	39,580,622	23,865	15,319	15,000	9,895
Share options exercised	-	223,150	-	105	-	57
End of year	<b>60,000,000</b>	<b>39,803,772</b>	<b>23,865</b>	<b>15,424</b>	<b>15,000</b>	<b>9,952</b>
Treasury shares		Number	\$000			
Beginning of year		-	-			
Purchased in year		(468,000)	(1,387)			
End of year		<b>(468,000)</b>	<b>(1,387)</b>			
Market value of treasury shares						
Beginning of year			-			
End of year			<b>1,474</b>			

The above treasury shares were purchased in December 2004 at 153p/share.

Options have been granted under the company's 1994 Executive Share Option Scheme and Overseas Share Option Scheme to subscribe for ordinary shares of 25p each of the company as follows:

Date of grant	Price per share	Period of option	Number of options			Number of shares subject to option		
			1 Jan 04	Granted/ (Lapsed/ Exercised)	31 Dec 04	1 Jan 04	Granted/ (Lapsed/ Exercised)	31 Dec 04
5.11.94	93.2p	5.11.97 - 4.11.04	1	(1)	0	31,412	(31,412)	0
3.11.95	115.8p	3.11.98 - 2.11.05	1	(1)	0	8,000	(8,000)	0
24.5.96	124.0p	24.5.99 - 23.5.06	1	(1)	0	14,338	(14,338)	0
25.10.99	47.0p	25.10.02 - 24.10.09	2	(2)	0	153,200	(153,200)	0
16.10.00	38.0p	16.10.03 - 15.10.10	9	(7)	2	21,600	(16,200)	5,400
16.04.02	44.7p	30.04.05 - 29.04.12	23	0	23	160,500	(800)	159,700
21.05.03	108.5p	21.05.06 - 29.05.13	10	0	10	42,800	0	42,800
13.05.04	181.2p	13.05.07 - 12.05.14	0	9	9	0	30,000	30,000
			<b>47</b>	<b>(3)</b>	<b>44</b>	<b>431,850</b>	<b>(193,950)</b>	<b>237,900</b>

Options granted to directors, included above, are shown on page 20.



## NOTES TO THE FINANCIAL STATEMENTS

### 18 Ultimate Controlling Shareholder and Related Party Transactions

At 31 December 2004 Genton International Limited, a company registered in Hong Kong, held 20,247,814 (2003 - 20,176,414) shares of the company representing 50.9% (2003 - 51.0%) of the issued share capital of the company. Madam S K Lim, a director of the company has advised the company that she is the controlling shareholder of Genton International Limited.

During the year a subsidiary of the company managed, for a fee of \$9,000 p.a. (2003 - \$9,000), small plantations owned by companies controlled by Madam S K Lim. This contract is on an arm's length basis. In 2003 the same subsidiary rented office space at \$20,000 p.a. from a company controlled by Madam S K Lim, an arrangement which ceased in December 2003. During the year the company paid MS Corporate Finance (Pte) Ltd, of which Mr S C Ho is a director, a one off fee of \$30,000 for work in connection with a possible dual listing of the company's shares in Singapore.

### 19 Reserves and Minority Interests

#### (a) Consolidated balance sheet

	Share premium account \$000	Share capital redemption \$000	Revaluation and exchange reserve \$000	Profit and loss account \$000	Minority interests \$000
Beginning of year	23,679	1,087	5,375	43,702	19,229
Share options exercised	146	-	-	-	-
Revaluation	-	-	10,505	-	1,894
Exchange translation	-	-	(6,882)	-	(1,491)
Retained profit for year	-	-	-	10,517	2,694
Minority dividends	-	-	-	-	(1,622)
Purchase of interest in subsidiary	-	-	-	-	1,116
End of year	<b>23,825</b>	<b>1,087</b>	<b>8,998</b>	<b>54,219</b>	<b>21,820</b>

As significantly all foreign exchange translation is attributable to fixed assets, foreign exchange translation effects have been included in the revaluation and exchange reserve. This reserve includes cumulative revaluation reserve of \$81,635,000 (credit), the reserve of \$3,449,000 (credit) referred to in note 19(b) below and exchange translation loss of \$76,086,000 (debit). No deferred tax has been provided by the group in respect of the revaluation and exchange reserve.

#### (b) Company balance sheet

	Share premium account \$000	Share capital redemption \$000	Revaluation and exchange reserve \$000	Profit and loss account (distributable) \$000
Beginning of year	23,679	1,087	3,872	1,871
Share options exercised	146	-	-	-
Profit for the financial year	-	-	-	5,315
Proposed dividend	-	-	-	(3,147)
Retained profit for year	-	-	-	2,168
End of year	<b>23,825</b>	<b>1,087</b>	<b>3,872</b>	<b>4,039</b>

As permitted by section 230 of the Companies Act 1985, a separate profit and loss account dealing with the results of the company has not been presented. The profit before tax of the company for the year was \$5,352,000 (2003 - \$2,649,000). Of the revaluation and exchange reserve, \$3,449,000 is available to meet any reduction in dollar terms of investments in and loans to subsidiaries caused by adverse exchange rate movements on the underlying assets.

## NOTES TO THE FINANCIAL STATEMENTS

### 20 Guarantees and Other Financial Commitments

	<b>2004</b>	<i>2003</i>
	<b>\$000</b>	<i>\$000</i>
<b>Consolidated</b>		
Capital commitments at 31 December		
Contracted for but not provided for - normal estate operations	<b>52</b>	363
- new/extended oil mills	<b>1,445</b>	1,987
Authorised but not contracted for - normal estate operations	<b>4,144</b>	3,545
- new/extended oil mills	<b>879</b>	2,895
- land acquisition	<b>720</b>	-
	<b>720</b>	-

#### **Contingent liabilities**

A subsidiary is claiming restitution of 236ha of unplanted land in Indonesia. The subsidiary in question has a valid HGU land title covering the relevant area and has won its case in the local and Appeal courts but the plaintiff has appealed to the Supreme Court. While the company is reasonably confident of winning this case it is not confident of regaining physical possession and has made a provision of \$45,000 equivalent to the value of the land, in the profit and loss account in earlier years.

#### **Company**

The company has provided a guarantee for loans and overdrafts to subsidiaries totalling \$11,082,000 (*2003 - \$8,101,000*), as set out in note 15.

The company had no capital commitments at 31 December 2004 (*2003 - nil*).

### 21 Retirement Benefits

The group maintains a defined benefit funded pension scheme for labour in Indonesia. The scheme is valued by an actuary at the end of each financial year. The major assumptions used by the actuary were:

	<b>2004</b>	<i>2003</i>	<i>2002</i>
Inflation	<b>10%</b>	10%	10%
Rate of increase in wages	<b>10%</b>	10%	10%
Discount rate	<b>12%</b>	12%	12%

	<b>2004</b>	<i>2003</i>	<i>2002</i>
	<b>\$000</b>	<i>\$000</i>	<i>\$000</i>
The fair values of assets in the scheme were:			
Cash (expected long term rate of return: 12%)	<b>616</b>	503	397

The following amounts were measured in accordance with the requirements of FRS 17.

	<b>2004</b>	<i>2003</i>	<i>2002</i>
	<b>\$000</b>	<i>\$000</i>	<i>\$000</i>
	<b>2004</b>	<i>2003</i>	<i>2002</i>
	<b>\$000</b>	<i>\$000</i>	<i>\$000</i>
Fair value of scheme assets	<b>616</b>	503	397
Actuarial value of scheme liabilities	<b>(813)</b>	(556)	(473)
Deficit in scheme provided within accruals (note 14)	<b>(197)</b>	(53)	(76)

The group also operates a non-contributory non-funded retirement plan for staff in Indonesia. Retirement benefits are paid to employees in a single lump sum at the time of retirement. Retirement benefit is accrued by the group based on individual employees' service up to the end of the financial year.

	<b>2004</b>	<i>2003</i>	<i>2002</i>
	<b>\$000</b>	<i>\$000</i>	<i>\$000</i>
Amount included in accruals (note 14)	<b>436</b>	321	227

Since deficits have been provided in full within the group financial statements the group net assets and results would be unaffected if the schemes were combined within the financial statements in accordance with FRS 17 – Retirement Benefits.

## NOTES TO THE FINANCIAL STATEMENTS

### 22 Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2004 \$000	2003 \$000
Operating profit	25,095	19,994
Depreciation and amortisation	2,917	2,493
(Profit) on sale of fixed assets	(17)	(25)
Movement in market value of investments	(91)	(79)
Decrease/(increase) in stocks	178	(785)
Decrease/(increase) in debtors	57	(268)
Increase in creditors	796	378
Foreign exchange	163	434
Net cash inflow from ordinary activities	29,098	22,142

### 23 Reconciliation of Net Cash Flows to Movement in Net Debt

	2004 \$000	2003 \$000
(Decrease)/increase in cash in year	(198)	6,692
Cash (inflow)/outflow from (increase)/decrease in long term loans	(2,977)	2,023
Cash outflow/(inflow) from decrease/(increase) in finance leases	15	(47)
Change in net debt resulting from cash flows	(3,160)	8,668
Change in market value of current asset investments	92	79
Movement in net debt in year	(3,068)	8,747
Net funds/(debt) at start of year (note 24)	7,272	(1,475)
Net funds at end of year (note 24)	4,204	7,272

### 24 Analysis of Net Debt

	At 31 Dec 2003 \$000	Flows \$000	Reclas- sification \$000	Change in market value \$000	At 31 Dec 2004 \$000
Cash at bank and in hand	15,127	(194)	-	-	14,933
Overdraft	(19)	(4)	-	-	(23)
Net cash	15,108	(198)	-	-	14,910
Loans due within 1 year	(2,023)	2,023	(5,535)	-	(5,535)
Finance leases due within 1 year	(18)	15	(15)	-	(18)
Borrowings due in more than 1 year	(6,059)	(5,000)	5,535	-	(5,524)
Finance leases due in more than 1 year	(49)	-	15	-	(34)
Current asset investments	313	-	-	92	405
Net (debt)/funds	7,272	(3,160)	-	92	4,204

### 25 Disclosure of Financial Instruments and Other Risks

#### General

The group's financial instruments at present comprise cash and liquid resources, some short term creditors, together with normal trade debtors and creditors, and long term loans in Indonesia and Malaysia. The main risks which arise from these financial instruments relate to liquidity, interest rates and exchange rates.

#### Liquidity risk

At 31 December 2004 the group had the following loans and facilities:

	Borrowings \$000	Facilities \$000	Repayable
Malaysia: ringgit denominated			
- overdraft	23	790	on demand
- long term loan	1,259	1,259	2005 – 2007 (note 15)
Indonesia: US dollar denominated			
- long term loan	9,800	9,800	2005 – 2009 (note 15)

## NOTES TO THE FINANCIAL STATEMENTS

### 25 Disclosure of Financial Instruments and Other Risks - continued

#### *Liquidity risk - continued*

The total long term loan facilities of \$11,059,000 are repayable as follows:

2005	2006	2007	2008	2009
\$000	\$000	\$000	\$000	\$000
5,535	1,671	1,665	1,250	938

The loans listed above are all at variable rates of interest as described in note 15.

The group's financial liabilities comprise long term loans as set out above, as well as short term creditors, and a potential short term overdraft facility.

The group's financial assets comprise short term debtors, short term portfolio investments, cash at bank and long term debtors. All surplus cash is in bank deposits at variable short term rates of interest. Long term debtors comprise dollar denominated amounts due from minority shareholders, as described in note 28, on which amounts interest is due at 6% (fixed) but not accrued in the group accounts; these debts are expected to be settled in about five years.

The interest rate profiles of the group's financial liabilities at 31 December 2004 and 2003 were:

Currency	Total	Fixed rate financial liabilities	Variable rate financial liabilities	Financial liabilities on which no interest is paid
2004	\$000	\$000	\$000	\$000
Sterling	(121)	-	-	(121)
US dollar	(14,297)	-	(9,800)	(4,497)
Rupiah	(8,401)	-	-	(8,401)
Ringgit	(1,507)	(53)	(1,282)	(172)
Total	<u>(24,326)</u>	<u>(53)</u>	<u>(11,082)</u>	<u>(13,191)</u>
	Total	Fixed rate financial assets/(liabilities)	Variable rate financial assets/(liabilities)	Financial assets/(liabilities) on which no interest is paid
2003	\$000	\$000	\$000	\$000
Sterling	(122)	-	-	(122)
US dollar	(10,177)	-	(6,400)	(3,777)
Rupiah	(5,329)	-	-	(5,329)
Ringgit	(1,979)	-	(1,768)	(211)
Total	<u>(17,607)</u>	<u>-</u>	<u>(8,168)</u>	<u>(9,439)</u>
	Weighted average interest rate	Weighted average period on which rate is fixed	Weighted average period until maturity	Years
All currencies - 2004	<u>6</u>	<u>3</u>	<u>less than 1</u>	<u>Years</u>

#### *Foreign currency risk*

All the group's operations are overseas. The group is therefore exposed to currency movements on its net investment overseas.

The effects of devaluation in local currencies on the group's operations are as follows:

Since selling prices of the group's produce are linked directly to the US dollar, a depreciation of local currencies against the US dollar would increase the profit of the Malaysian and Indonesian subsidiaries in terms of local currencies and by a lesser amount in US dollars. However, this benefit is partly offset over time by consequent inflation in local costs. Cost of development in dollar terms also reduces.

Value of plantations in Indonesia are included in the group's financial statements based on estimated future cash flows in rupiah. The net effect of depreciation of the rupiah is to increase values in rupiah terms and to a lesser extent in US dollars. Plantations in Malaysia have been included in the group's financial statements at ringgit market valuation determined by a professional valuer. In the cases of both Indonesia and Malaysia, exchange losses on translation of plantation values into US dollars are offset against revaluation surpluses.

## NOTES TO THE FINANCIAL STATEMENTS

### 25 Disclosure of Financial Instruments and Other Risks - continued

#### *Foreign currency risk - continued*

The group retains little of its cash balances in local currencies. The exchange profits or losses arising in overseas subsidiaries holding foreign currency balances are also credited or charged in the group profit and loss account.

The group's subsidiaries which are borrowing US dollars, as shown under "Liquidity risk" above, could face significant exchange losses, which would be charged in the group profit and loss account. This risk is mitigated in part by the dollar denomination of the group's income, and by any dollar liquid assets.

Exchange losses on long term dollar intercompany debt are charged against the revaluation surpluses referred to above and do not affect the group's profit.

The table below shows the net monetary assets and liabilities of the group at 31 December 2004 and 2003 that were not denominated in the operating (or "functional") currency of the operating unit involved.

Functional currency of group operation	Net foreign currency assets/(liabilities)			
	US dollar \$000	Ringgit \$000	Sterling \$000	Total \$000
<b>2004</b>				
Indonesian rupiah	(3,408)	-	-	(3,408)
US dollar	-	453	151	604
<b>Total</b>	<b>(3,408)</b>	<b>453</b>	<b>151</b>	<b>(2,804)</b>
<i>2003</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Indonesian rupiah	2,988	-	-	2,988
US dollar	-	338	38	376
<b>Total</b>	<b>2,988</b>	<b>338</b>	<b>38</b>	<b>3,364</b>

#### *Fair values of financial assets and financial liabilities*

There is no material difference between the book values and fair values of the group's financial assets and liabilities as at 31 December 2004.

#### *Gains and losses on hedges*

The group enters into no hedging transactions and normally does not contract to sell produce more than one month ahead.

#### *Other risks*

Changes in the Indonesian government or in policy towards foreign investment and the plantation industry could affect the group's future profits and cash flow. The net assets of the group in Indonesia subject to this risk are set out in note 2.

### 26 Investments in Subsidiary Undertakings - Company

	Investments in subsidiary undertaking \$000	Loans to subsidiary undertakings \$000	Total \$000
At beginning of year	7,745	39,247	46,992
Movements in year	-	1,483	1,483
At end of year	<u>7,745</u>	<u>40,730</u>	<u>48,475</u>

Loans to and from subsidiary companies do not have fixed repayment terms. They are effectively long term in nature and therefore classified with investments in subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS

### 26 Investments in Subsidiary Undertakings - Company - continued

	Percentage holding of ordinary shares
<b>Principal United Kingdom sub-holding company</b>	
Anglo-Indonesian Oil Palms Limited	100
<b>UK management company</b>	
Indopalm Services Limited	100
<b>Malaysian operating companies</b>	
Anglo-Eastern Plantations (M) Sdn Bhd	55
Anglo-Eastern Plantations Management Sdn Bhd	100
<b>Indonesian operating companies</b>	
PT Alno Agro Utama	90
PT Anak Tasik	100
PT Bina Pitra Jaya ( <i>acquired March 2004</i> )	80
PT Hijau Pryan Perdana ( <i>acquired December 2004</i> )	80
PT Mitra Puding Mas	90
PT Musam Utjing	75
PT Simpang Ampat	100
PT Tasik Raja	80
PT United Kingdom Indonesia Plantations	75

The principal United Kingdom sub-holding company and UK management company are registered in England and Wales and are direct subsidiaries of the company. Details of United Kingdom subsidiaries which are not significant have been omitted. The Malaysian operating companies are incorporated in Malaysia and are direct subsidiaries of the company. The Indonesian operating companies are incorporated in Indonesia and are direct subsidiaries of the principal sub-holding company. The principal activity of the operating companies is plantation agriculture.

The company's entire interest in Anglo-Eastern Plantations (M) Sdn Bhd has been secured against the loans to that subsidiary as set out in note 15.

### 27 Acquisitions

In March 2004 the group acquired an 80% interest in PT Bina Pitri Jaya (BPJ) for a cash consideration of \$4,467,000. BPJ owns a planted oil palm estate of 4,328 ha in the province of Riau in North Sumatra. This acquisition was accounted for by the acquisition method and the assets and liabilities of BPJ were brought into the group financial statements at fair value equivalent to the consideration paid. The assets and liabilities and their fair value adjustment were assessed as follows:

	Book value	Revaluation to fair value	Fair value
	\$'000	\$'000	\$'000
Fixed assets	4,451	5,511	9,962
Cash	-	-	-
Current borrowings	(4,154)		(4,154)
Other net current (liabilities)	(223)		(223)
Net assets acquired	74	5,511	5,585
Group share - 80%			4,467

In December 2004 the company acquired an 80% interest in the issued share capital of PT Hijau Pryan Perdana (HPP) for a consideration of \$310,000 paid in cash. HPP has no assets or liabilities other than the right to acquire a land title over 4,800ha at Labuhan Bilik in the province of North Sumatra. The acquisition has been accounted for under the acquisition method.

### 28 Minority Interests

Anglo-Indonesian Oil Palms Limited has funded the interests of the minority shareholders in PT Mitra Puding Mas and PT Alno Agro Utama on deferred terms. The resulting debts together with accrued interest will be settled from dividends arising from these companies.

## CONSOLIDATED PROFIT AND LOSS ACCOUNT (£ STERLING)

FOR THE YEAR ENDED 31 DECEMBER 2004

	2004 £000	2003 £000
<b>Turnover</b> - continuing operations	<b>35,662</b>	29,495
Cost of sales	<u>(20,915)</u>	<u>(16,234)</u>
<b>Gross profit</b> - continuing operations	<b>14,747</b>	13,261
Administration and other expenses	<u>(1,108)</u>	<u>(1,107)</u>
<b>Operating profit</b> - continuing operations	<b>13,639</b>	12,154
Interest - receivable	<b>136</b>	95
- payable	<u>(292)</u>	<u>(342)</u>
<b>Profit on ordinary activities before taxation</b>	<b>13,483</b>	11,907
Tax on profit on ordinary activities	<u>(4,592)</u>	<u>(3,733)</u>
<b>Profit on ordinary activities after taxation</b>	<b>8,891</b>	8,174
Minority interests (all equity interests)	<u>(1,464)</u>	<u>(1,338)</u>
<b>Profit for the financial year</b>	<b>7,427</b>	6,386
Dividends proposed	<u>(1,710)</u>	<u>(1,444)</u>
<b>Retained profit for the year</b>	<u><b>5,717</b></u>	<u>5,392</u>
<b>Earnings per ordinary share (basic and diluted)</b>		
- basic	<b>18.8p</b>	17.4p
- diluted	<b>18.7p</b>	17.3p

# CONSOLIDATED AND COMPANY BALANCE SHEETS (£ STERLING)

31 DECEMBER 2004

	Consolidated		Company	
	2004 £000	2003 £000	2004 £000	2003 £000
<b>Fixed Assets</b>				
Tangible assets	66,303	58,712	-	-
Investments in subsidiary undertakings	-	-	25,247	26,253
	<u>66,303</u>	<u>58,712</u>	<u>25,247</u>	<u>26,253</u>
<b>Current Assets</b>				
Stocks	800	958	-	-
Debtors	1,968	1,528	21	30
Investments	211	175	211	175
Cash at bank and in hand	7,778	8,450	629	624
	<u>10,757</u>	<u>11,111</u>	<u>861</u>	<u>829</u>
<b>Current Liabilities</b>				
Creditors: falling due within one year				
Borrowings	(2,904)	(1,150)	-	-
Other creditors	(6,871)	(5,273)	(1,703)	(1,396)
	<u>(9,775)</u>	<u>(6,423)</u>	<u>(1,703)</u>	<u>(1,396)</u>
<b>Net current assets/(liabilities)</b>	<b>982</b>	<b>4,688</b>	<b>(842)</b>	<b>(567)</b>
<b>Total assets less current liabilities</b>	<b>67,285</b>	<b>63,400</b>	<b>24,405</b>	<b>25,686</b>
<b>Non-current Assets/Liabilities</b>				
(Creditors)/assets: falling due after more than one year				
Borrowings	(2,895)	(3,412)	-	-
Deferred taxation	187	566	-	-
<b>Net assets</b>	<b>64,577</b>	<b>60,554</b>	<b>24,405</b>	<b>25,686</b>
<b>Capital and Reserves</b>				
Called-up share capital	9,952	9,895	9,952	9,895
Treasury shares	(722)	-	(722)	-
Share premium account	15,474	15,395	15,474	15,395
Share capital redemption reserve	663	663	663	663
Revaluation and exchange reserve	(394)	(556)	(3,066)	(1,396)
Profit and loss account	28,239	24,415	2,104	1,129
<b>Shareholders' funds - all equity interests</b>	<b>53,212</b>	<b>49,812</b>	<b>24,405</b>	<b>25,686</b>
<b>Minority interests - all equity interests</b>	<b>11,365</b>	<b>10,742</b>	<b>-</b>	<b>-</b>
<b>Total capital employed</b>	<b>64,577</b>	<b>60,554</b>	<b>24,405</b>	<b>25,686</b>



## CONSOLIDATED CASH FLOW STATEMENT (£ STERLING)

FOR THE YEAR ENDED 31 DECEMBER 2004

	<b>2004</b>		<b>2003</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Net cash inflow from operating activities</b>		<b>15,250</b>		<b>12,604</b>
<b>Returns on Investments and Servicing of Finance</b>				
Interest received	<b>136</b>		95	
Interest paid	<b>(334)</b>		(421)	
Dividends paid to minority shareholders	<b>(379)</b>		(377)	
		<b>(577)</b>		<b>(703)</b>
<b>Taxation</b>				
Foreign tax paid		<b>(3,766)</b>		<b>(3,261)</b>
<b>Capital Expenditure</b>				
Payments to acquire tangible fixed assets	<b>(6,111)</b>		(3,474)	
Payments to acquire land	-		(24)	
Proceeds from sale of tangible fixed assets	<b>61</b>		70	
		<b>(6,050)</b>		<b>(3,428)</b>
<b>Acquisitions and disposals</b>				
Acquisition of subsidiary		<b>(2,596)</b>		-
<b>Equity Dividends Paid</b>				
Parent company		<b>(1,291)</b>		<b>(955)</b>
Cash inflow before financing		<b>970</b>		<b>4,257</b>
<b>Financing</b>				
Share options exercised	<b>136</b>		156	
Purchase of own shares	<b>(754)</b>		-	
Repayment of existing long term loans	<b>(1,100)</b>		(1,230)	
Repayment of loans in newly acquired subsidiary	<b>(2,258)</b>		-	
Drawdown of new long term loan	<b>2,717</b>		-	
Finance lease (repayment)/drawdown	<b>(8)</b>		29	
Advance to minority shareholders	<b>(377)</b>		-	
		<b>(1,644)</b>		<b>(1,045)</b>
<b>(Decrease)/increase in cash in year</b>		<b>(674)</b>		<b>3,212</b>

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the twentieth Annual General Meeting of Anglo-Eastern Plantations Plc will be held at the offices of Lovells, Atlantic House, Holborn Viaduct, London EC1A 2FG on 28 June 2005 at 11.30 am for the following purposes:

### As Ordinary Business

- 1 To receive and consider the company's annual report for the year ended 31 December 2004.
- 2 To declare a dividend.
- 3 To approve the directors' remuneration report for the year ended 31 December 2004.
- 4 To re-elect the following non-executive directors each of whom has served for more than nine years:
  - a) Madam S K Lim
  - b) Mr Peter E O'Connor
  - c) Mr Ho Soo Ching
- 5 To appoint BDO Stoy Hayward LLP as auditors and to authorise the directors to fix their remuneration.

### As Special Business

- 6 To consider and, if thought fit, to pass the following resolutions as special resolutions:

That

- (a) the directors be generally and unconditionally authorised pursuant to and in accordance with section 80 of the Companies Act 1985 ("the Act") to exercise for the period ending on 27 June 2010 all the powers of the company to allot relevant securities up to an aggregate nominal amount equal to the company's authorised but unissued share capital at the date of this resolution;
- (b) during the period expiring on the date of the next Annual General Meeting or on 27 September 2006 (whichever shall be earlier) the directors be empowered to allot equity securities for cash pursuant to the authority conferred under paragraph (a) above or by way of sale of treasury shares (within the meaning of section 162A of the Act):
  - (i) in connection with a rights issue; and
  - (ii) up to an aggregate nominal amount of £497,547 otherwise than in connection with a rights issue;as if section 89 (1) of the Act did not apply to any such allotment;
- (c) by such authority and power the directors may during such periods make offers or agreements which would or might require the making of allotments after the expiry of such periods; and
- (d) for the purposes of this resolution:
  - (i) "rights issue" means an offer of equity securities open for acceptance for a period fixed by the directors to holders of equity securities (other than the company) on the register on a fixed record date in proportion to their respective holdings of such securities or in accordance with the rights attached thereto (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory);
  - (ii) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the company, the nominal amount of such shares which may be allotted pursuant to such rights; and
  - (iii) words and expressions defined in or for the purposes of part IV of the Act shall bear the same meanings herein.

- 7 To consider and if thought fit to pass the following resolution as a special resolution:

That the directors be and they are hereby authorised

- (i) to exercise the powers contained in the Articles of Association of the company so that, to the extent determined by the directors, the holders of ordinary shares be permitted to elect to receive new ordinary shares in the capital of the company, credited as fully paid, instead of all or part of any interim or final dividend or dividends which may be declared or paid at any time or times prior to 27 June 2010; and
- (ii) to capitalise the appropriate nominal amount of additional ordinary shares, falling to be allotted pursuant to elections made as aforesaid, out of the amount standing to the credit of any reserves of the company, to apply such sum in paying up such ordinary shares and pursuant to section 80 of the Act to allot such ordinary shares up to a maximum nominal value of an aggregate nominal amount equal to the company's authorised but unissued share capital at the date of this resolution to members of the company validly making such elections at

## NOTICE OF MEETINGS

any time or times prior to 27 June 2010 as if sub-section (1) of section 89 of the said Act did not apply thereto and so that this authority shall be without prejudice and additional to the authority conferred by resolution no 6.

- 8 To consider and if thought fit to pass the following as a special resolution:

That the company is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 163 of the Act) of ordinary shares of 25p each in the capital of the company provided that:

- (a) the maximum number of ordinary shares hereby authorised to be purchased is 3,980,377 (representing 10% of the issued ordinary share capital);
- (b) the minimum price which may be paid for each ordinary share is 25p;
- (c) the maximum price which may be paid for each ordinary share is an amount equal to 105% of the average of the middle market quotations for such share as derived from the Daily Official List of the London Stock Exchange plc for the five business days immediately preceding the date of purchase; and
- (d) the authority hereby conferred shall expire on 27 September 2006 or, if earlier, at the conclusion of the next Annual General Meeting of the company save that the company may before the expiry of this authority make a contract of purchase which will or may be executed wholly or partly after such expiry and may make a purchase of shares pursuant to any such contract.

- 9 To consider and if thought fit to pass the following resolution as an ordinary resolution:

That

- (i) subject to the approval of the Inland Revenue, the Anglo-Eastern Plantations Plc Approved Executive Share Option Scheme, summarised in the circular accompanying the annual report and accounts of the company for the financial year ended 31 December 2004, a copy of which is produced to the meeting and initialled by the Chairman for the purpose of identification, be and is hereby approved and established;
- (ii) The Anglo-Eastern Plantations Plc Unapproved Executive Share Option Scheme, summarised in the circular accompanying the annual report and accounts of the company for the financial year ended 31 December 2004, a copy of which is produced to the meeting and initialled by the Chairman for the purpose of identification, be and is hereby approved and established;
- (iii) The directors be and they are hereby authorised to do all acts and things in respect of and to make all amendments to the rules of the schemes referred to in paragraphs (i) and (ii) above as they shall consider necessary or desirable to carry the same into effect and, where relevant, to obtain the said approval of the Inland Revenue provided that no such amendment shall alter the essential nature of either of the schemes as approved and established pursuant to this resolution no 9.

By order of the board  
R O B BARNES  
Secretary

1 April 2005

A member of the company entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, vote instead of him. A proxy need not be a member of the company. The instrument appointing a proxy must be deposited at the office of the registrars not less than forty-eight hours before the time appointed for holding the meeting (or any adjournment thereof).

Pursuant to regulation 34 of the Uncertified Securities Regulations 1995, the company has specified that only those shareholders on the register of members of the company at 11.30 am on 26 June 2005 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the register of members after 11.30 am on 26 June 2005 shall be disregarded in determining the rights of any person to attend and vote at the meeting.

The register of directors' interests, showing any transactions of directors and of their families in the securities of the company, will be available for inspection at the registered office of the company during usual business hours from the date of this notice until the date of the Annual General Meeting and on that day until the conclusion of the meeting. No directors have service agreements exceeding one year's duration.

## COMPANY ADDRESSES

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### **Secretary and Registered Office (Number 1884630)**

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## COMPANY WEBSITE

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## COMPANY ADVISERS

### **Auditors**

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### **Principal Bankers**

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Corporation Limited  
Wisma HSBC  
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Medan 20152  
North Sumatra

Malayan Banking Corporation Bhd  
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### **Registrars**

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Kent BR3 4TU

### **Solicitors**

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