ANNUAL REPORT 2005

AEP

ANGLO-EASTERN

Contents

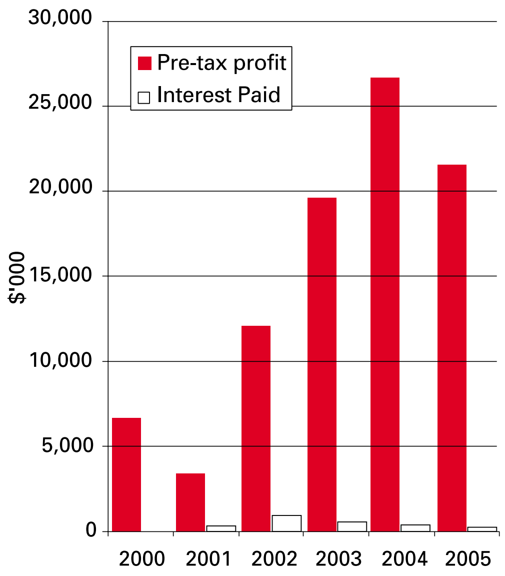
Photographs

Anglo-Eastern Plantations Plc, quoted on the London Stock Exchange, operates and is developing plantations in Indonesia and Malaysia, amounting to some 44,000 hectares producing mainly palm oil, and some rubber and cocoa.

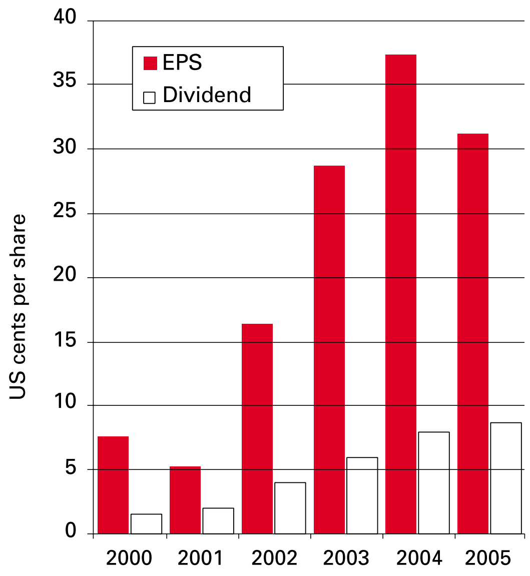
Financial summary

	2005 US$000	2004 US$000	2005 £000	2004 £000
Revenue	64,321	65,676	35,536	35,693
Profit before tax	21,420	26,744	11,384	14,535
Shareholders' funds (year end)	97,464	90,786	56,665	47,284
Earnings per share	30.9cts	37.4cts	17.1p	20.3p
Dividend per share	8.8cts	8.0cts	5.02p	4.26p

PROFIT BEFORE TAX: NET INTEREST PAID



EARNINGS AND DIVIDENDS PER SHARE



Chairman's statement

As indicated was likely in the interim announcement of September 2005, the profit for 2005 did not match the record achieved in 2004. Nevertheless this was the second highest recorded by the company.

Group operating profit before biological asset (BA) adjustment was 11% lower at $22.2 million from $24.9 million in 2004 on revenue down 2% to $64.3 million from $65.7 million in 2004. Although our estate crops of fresh fruit bunches (FFB) increased 7% and bought-in crops 18% - both to all time records - these were insufficient to compensate for the crude palm oil (CPO) prices which averaged some 8% less than in 2004, and for the increase in operating costs on our estates.

I begin by mentioning operating profit before BA adjustment because, in common with all fully listed UK companies, we have had to apply International Financial Reporting Standards (IFRS) for the first time in 2005 and have adjusted our 2004 comparatives onto the same basis. In our case the most significant of the IFRS changes is the requirement for agricultural companies to charge or credit the income statement with changes in the estimated values of biological assets. This charge or credit is likely to be quite volatile and unrelated to the trading performance of and cash generation by the company during any financial period. For example, the biological adjustment in our case in 2004 was a credit of $1,950,000 but in 2005 a charge of $35,000. Therefore operating profit before BA adjustment is in our view the best immediate indicator of our operating performance.

Group profit before tax in 2005, as stated under IFRS, was $21.4 million compared to $26.7 million in 2004, a fall of 20% compared to the 11% fall in operating profit before BA adjustment. The difference is accounted for by the biological asset adjustment and by an exchange loss of $550,000 arising from the effect on our dollar loans in Indonesia where the dollar strengthened some 5% against the rupiah.

Earnings per share before biological asset adjustment, as shown in note 10 to the financial statements fell 10% to 31.0cts in 2005 from 34.5cts in 2004. On the IFRS basis, EPS fell 17% to 30.9cts from 37.4cts.

Group cash net of all borrowings increased slightly from $3.8 million at the beginning of the year to $5.2 million at the end of the year. This improvement was achieved after repayment of bank loans during the year of $5.5

Chairman's statement

million. As a result, the entire loan of $8 million used to fund the development in Bengkulu has been repaid. Total group borrowings at the end of 2005 were $6.0 million compared to $11.1 million at the end of 2004.

Cash generation in 2005, at $12.8 million, was lower than the $21.6 million in 2004 not only because of the lower profits but because of high residual tax payments in Indonesia relating to the record 2004 result and because of a deliberate increase in fertiliser inventories in anticipation of price rises. These factors, together with the loan repayments, meant that gross cash balances fell from $14.9 million to $11.2 million.

Capital expenditure of $7.6 million included extension of the Tasik mill referred to below, together with continued new planting and immature maintenance in Bengkulu and Bina Pitri.

The other major effect of the introduction of IFRS has been to reduce the group's net asset value by a provision for deferred tax at the Indonesian tax rate of 30% on the surplus of estate valuations over their equivalent carrying value for tax purposes. The provision amounts to $17.2 million and reduces the group's net asset value per share from 159p under UK GAAP to 142p under IFRS.

At first glance, this might be seen by readers of our accounts as a provision for capital gains tax on the potential disposal of the relevant assets. In fact, the intention of the standard is to provide tax now on the futureflow of value represented by the valuation surplus. However, I should record that it is highly unlikely the group would sell any of its estates.

The estates have been valued in total on the same basis as previous years. The relatively small increase of $2.2 million in total value to $129.5 million reflects our decision to allow for significantly higher operating costs in future as the effect of current oil prices and other inflationary pressures work through. However, it would not be prudent to assume an equivalent increase in produce prices. Biological assets have been estimated as a proportion of these valuations and as a result there is only a very small equivalent movement in this item charged to the income statement in 2005 compared to the sizable credit in 2004.

Commodity prices

Unusually, CPO prices fluctuated in a narrow range through 2005 – between $390/mt to $450/mt – averaging about $422/mt. This compared with an average of about $460/mt in 2004.

Another unusual feature was the sustained high price of palm kernel oil relative to CPO in the last two years and therefore of our subsidiary product, palm kernels. The kernel price used to be between 45% and 55% of the CPO price, but for 2005 as well as 2004 it has averaged 67% and 62% respectively.

Rubber experienced strong demand through 2005 and the price rose from $1,180/mt to close at $1,750/mt, a 48% increase.

Cocoa prices, by contrast, fell over the year from $1,560/mt to $1,470/mt.

Indonesia

At the half year, I reported that FFB production from Tasik in North Sumatra was 17% down on the same period in the previous year and from Bengkulu 19% ahead. This position then reversed and by the year end production from Tasik and Anak Tasik was 170,000mt, only 2.5% down on the previous year and not far off the record of 176,000mt set in 2000. By contrast, Bengkulu production ended at 159,500mt, up only 10% on the year.

We continue to hope and plan that we can defer replanting of Tasik until 2008 and even then that we need only start in a modest way.

Extension of the Tasik mill, from 45mt/hr to 60mt/hr, was completed at the year end at a cost of about $1.8 million. Unfortunately, competition from neighbouring mills for bought-in crop has become intense and FFB bought-in 2005 totalled 111,330mt, down 14% on the 129,120mt of the previous year. However, the Tasik mill is now 15

Chairman's statement

years old; the extended capacity is a welcome cover against breakdown and will reduce running costs.

FFB production from the three smaller estates around Medan in North Sumatra was 63,500mt, exceeding last year's record of 58,000mt by 8%. Crop from Sungei Musam was the main contributor to this increase, where the yield was 24mt/ha. Blankahan continues to achieve yields of around 29mt/ha.

The new mill at Blankahan, commissioned in December 2004, operated very satisfactorily through the year, processing crop from the other two Medan estates, Sungei Musam and Rambung, as well as buying in 26,400 mt of FFB. This outside crop reduced the average extraction rates from an initial 25% to 23%. It remains a continual struggle, as it does in the other mills, to maintain bought-in volume while insisting on high standards of FFB. The profitability of Blankahan and Sungei Musam has been significantly improved by completion of this mill which was funded from the group's own resources.

At Rambung, we have just begun to remove the 258ha of cocoa, which has always been problematic, and replant with rubber: we expect to complete 120ha in 2006. On this page is a picture of the rubber nursery.

Although 10% up on 2004, Bengkulu FFB production was 10% below target for 2005. While the reason was a clear change in the flowering pattern in some areas and should be temporary. Field standards are good and in most parts these properties are looking well established estates, though the younger areas suffer from damage from wild pigs. The priority over the next few years is to increase yields towards those in North Sumatra. Of the 13,570ha planted so far, 3,830ha are immature. New planting speeded up in the second half of 2005 to total 1,020ha for the year from only 310ha at the half year. This was still below expectations because of a combination of continued negotiations with neighbouring villagers, difficulty in finding suitable contractors in what is a remote location, and the installation of metal collars round every young tree as protection from pigs. As a consequence, we have revised to 2007 our targets for completion of the Bengkulu planting.

In contrast to Tasik, we were able to increase bought-in crop in Bengkulu by 31% to 146,960mt to fill the mill capacity which had been increased to 60mt/hr in 2004. But like Tasik, new stand alone mills have opened nearby

Chairman's statement

and we shall be hard pressed to maintain this volume at current levels of profitability.

FFB crop from Bina Pitri increased 81% to 27,420mt. While this was below the level we had expected, the signs in early 2006 are that the crops are beginning to respond to the first fertiliser applications in May 2004 soon after our acquisition of this run down property. Normally, the effect on crop takes two years and we remain optimistic about the prospects for this property. While it lost about $400,000 in 2005, it should be profitable in 2006 onwards. New planting amounted to 1,260ha, of which 960ha were in further land acquired in 2004 and 300ha, were in vacant areas acquired with the original estate. This property now has a planted area of 4,950ha.

Foundations are now finished for a 40mt/hr mill which we expect to be completed in the first quarter of 2007 at a total cost of $6.2 million.

Malaysia
Production from the Cenderung estates totalled 38,520mt, an increase of 7% on 2004 which itself was a disappointing year. With lower CPO prices, the estates made a loss of $600,000 compared to a profit of $70,000 in 2004. In 2004, operating cash flow was sufficient to meet capital expenditure and local loan repayments. But at recent prices there is a small cash requirement which can easily be met from current Malaysian bank facilities or by the group. In spite of the physical problems, we remain committed to bring these properties to reasonable yields and profitabillity.

Group development
At Labuhan Bilik, an area of about 4,200 ha in North Sumatra acquired in December 2004, we are now preparing about 1,100ha for planting towards the end of 2006. The terrain is flat and we have high hopes that this will eventually be a very productive estate. We hope to complete planting by the end of 2008.

We are therefore looking actively to increase our land bank for further expansion from 2009 onwards – but with caution, for it is now not easy to find problem free land or plantations in Indonesia.

Community development
Our management continues to place great importance on good relations with, and assistance to, local communities. In addition to maintaining some rural roads and communal buildings in neighbouring villages to our estates, our schemes to establish communal oil palm plantings in some of those villages are progressing smoothly.

I am also pleased to report, despite their heavy workload, our staff have supervised the construction, at the company's expense, of two primary schools (see photograph on next page) in the tsunami affected areas of Aceh and are in the process of completing a fresh water supply facility in another earthquake affected area.

Directors
In September 2005, Mr Foo San Kan resigned as a non-executive director and we thank him for his contribution.

In August 2005, Mr Kee Lian Yong was appointed as an executive director. Mr Kee was formerly chief executive for ten years of Kumpulan Mas Bhd, a company quoted on the Kuala Lumpur Stock Exchange with interests in plantations, water engineering and education. He brings with him wide experience of business in Asia.

As explained in my statement last year, 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 annually for re-election. You will see from the notice of the forthcoming annual general meeting on page 49 that three directors, each of whom has served 12 years, are affected by the provision. As last year, and as required by the Code, I recommend that shareholders vote in favour of re-election of all three.

Outlook
The CPO price has continued to fluctuate in a narrow range in the first three months of 2006 and is currently $427/mt. Weather in both Indonesia and Malaysia in the same period has been exceptionally wet, which has

Chairman's statement

hampered operations. Nevertheless, our management and workforce have done well. Estate production is slightly ahead of expectations and 12% ahead of the same period last year. Bought-in crop is suffering from the competition mentioned earlier and is 10% down on the same period in 2005.

Barring unforeseen circumstances, total estate FFB production is targeted to increase again in 2006 by about 10%. It is unlikely we shall maintain our bought in crop levels but, since this is lower margin business, the effect will be limited. A larger factor in 2006 compared to previous years will be higher inflation in local costs in all the main components – wages, fertilisers, and diesel. This will offset to some extent the effect of the improvement in estate crops. As always, the group's trading results depend heavily on movement in CPO prices. If the CPO price stays at present levels, then the group should improve on the 2005 results.

Dividend

The dividend has been increased more than 400% over the four years to 2004 – from a low of 1.5cts per share in 2000 to 8.0cts per share in respect of 2004.

We intend to try to keep the dividend increasing, but from now on at a much slower rate, which we hope can be maintained as long as there is no sustained fall in CPO prices. Accordingly, the board is proposing a dividend of 8.8cts per share, an increase of 10% over 2004. This dividend is covered 3.5 times by basic earnings per share.

CHAN TEIK HUAT
Chairman

7 April 2006

Financial record

Profit and Loss Account	**2005 IFRS $000**	2004 IFRS $000	2003 UKGAAP $000	2002 UKGAAP $000	2001 UKGAAP $000
Revenue	**64,321**	65,676	48,519	31,139	16,992
Trading profit	**22,201**	24,934	19,862	12,159	3,867
Biological asset movement	**(35)**	1,950	-	-	-
Exchange (losses)/profits	**(550)**	147	262	828	(188)
Net interest - charged	**(196)**	(287)	(537)	(895)	(320)
Profit before tax	**21,420**	26,744	19,587	12,092	3,359
Tax	**(7,097)**	(9,034)	(6,141)	(4,367)	(1,638)
Minority interests	**(2,140)**	(2,901)	(2,201)	(1,250)	320
Profit attributable to shareholders	**12,183**	14,809	11,245	6,475	2,041
Dividend proposed for year	**(3,514)**	(3,147)	(2,375)	(1,571)	(785)
Balance Sheet	**$000**	$000	$000	$000	$000
Fixed assets	**129,518**	127,302	105,096	103,558	104,333
Cash net of short term borrowings	**9,091**	9,357	13,067	6,376	2,149
Long term loans	**(3,940)**	(5,558)	(6,108)	(8,085)	(6,460)
Other working capital and deferred tax	**255**	(4,341)	(4,677)	(4,554)	(2,484)
Deferred tax	**(16,941)**	(16,698)	1,013	1,215	890
	117,983	110,062	108,391	98,510	98,428
Minority interests	**(20,519)**	(19,276)	(19,229)	(17,377)	(17,799)
Net worth	**97,464**	90,786	89,162	81,133	80,629
Share capital	**15,481**	15,424	15,319	15,171	15,171
Treasury shares	**(1,387)**	(1,387)	-	-	-
Share premium and capital redemption account	**24,955**	24,912	24,766	24,657	24,657
Revaluation and exchange reserve	**(9,121)**	(6,674)	5,375	6,586	10,986
Profit and loss account	**67,536**	58,511	43,702	34,719	29,815
Shareholders' funds	**97,464**	90,786	89,162	81,133	80,629
Ordinary shares in issue ('000s)	**39,928**	39,804	39,581	39,227	39,227
Earnings per share (US cents)	**30.9cts**	37.4cts	28.6cts	16.5cts	5.2cts
Dividend per share for year (US cents)	**8.8cts**	8.0cts	6.0cts	4.0cts	2.0cts
Asset value per share (US cents)	**244cts**	228cts	225cts	207cts	206cts
Earnings per share (pence equivalent)	**17.1p**	20.3p	17.4p	10.9p	3.6p
Dividend per share for year (pence equivalent)	**5.02p**	4.26p	3.27p	2.58p	1.40p
Asset value per share (pence equivalent)	**142p**	119p	126p	128p	141p
Borrowings net of cash: shareholders' funds (%)	**-**	-	-	2%	5%

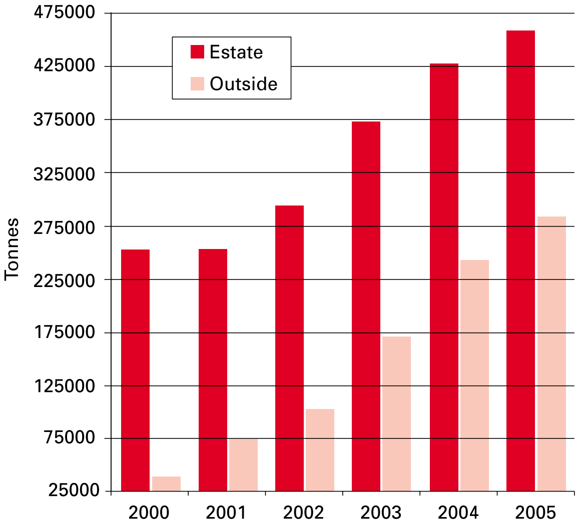
Relevant exchange rates shown on page 8.

Additional information

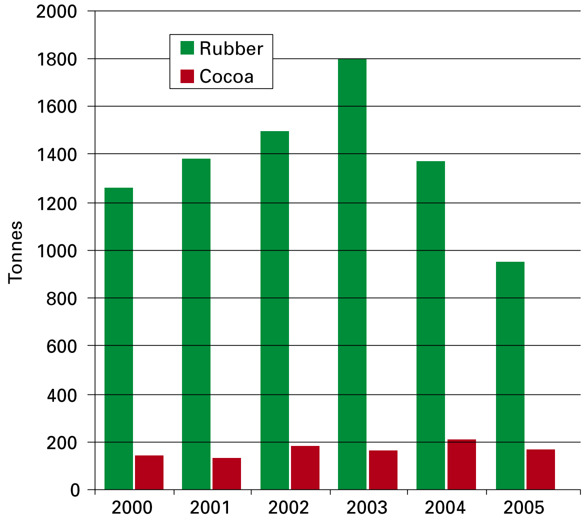
	2005	2004	2003	2002	2001
Planted area	**Ha**	Ha	Ha	Ha	Ha
Oil palm – mature	**26,393**	25,533	19,910	19,335	16,753
– immature	**5,481**	4,500	4,507	3,389	5,550
– total	**31,874**	30,033	24,417	22,724	22,303
Rubber	**434**	434	757	843	992
Cocoa	**258**	258	258	258	258
Total	**32,566**	30,725	25,432	23,825	23,553
Crops	**mt**	mt	mt	mt	mt
FFB – all estates	**459,080**	428,657	372,290	294,062	252,632
– bought-in or processed for third parties	**284,705**	241,359	170,948	101,906	74,789
– mill throughput	**677,845**	562,134	453,717	302,592	237,739
Saleable crude palm oil (CPO)	**145,820**	118,197	94,523	63,240	52,073
Saleable palm kernels	**35,049**	28,526	22,325	15,033	12,127
Rubber	**946**	1,370	1,800	1,491	1,376
Cocoa	**157**	208	154	178	120
Average yields	**mt/ha**	mt/ha	mt/ha	mt/ha	mt/ha
FFB	**17.7**	18.9	19.0	16.3	17.0
Rubber	**2.2**	2.3	2.3	1.6	1.4
Cocoa	**0.6**	0.8	0.6	0.7	0.5
Extraction rates					
CPO	**21.5%**	21.2%	20.8%	21.1%	21.9%
Palm kernel	**5.2%**	5.1%	4.9%	5.0%	5.1%
Sales	**mt**	mt	mt	mt	mt
CPO	**145,943**	119,250	91,238	63,042	52,072
Palm kernels	**35,220**	28,315	22,302	15,018	12,050
FFB	**65,864**	107,844	90,119	93,929	89,620
Rubber	**947**	1,376	1,800	1,508	1,351
Cocoa	**125**	221	141	170	127
Average ex-factory sales prices – Indonesia	**Rp/kg**	Rp/kg	Rp/kg	Rp/kg	Rp/kg
CPO	**3,332**	3,600	3,320	3,113	2,271
Palm kernels	**2,218**	2,233	1,500	1,468	1,067
Rubber	**13,716**	10,618	8,451	6,698	5,254
Cocoa	**12,859**	10,894	14,544	15,214	9,712
FFB (ex-estate)	**702**	764	719	617	380
Average ex-estate sales prices – Malaysia	**RM/mt**	RM/mt	RM/mt	RM/mt	RM/mt
FFB	**277**	319	284	242	152
Exchange rates – year end					
Rp : $	**9,830**	9,290	8,447	8,940	10,400
$: £	**1.72**	1.92	1.79	1.61	1.46
RM : $	**3.78**	3.80	3.80	3.80	3.80
Exchange rates – average					
Rp : $	**9,751**	9,001	8,563	9,253	10,270
$: £	**1.81**	1.84	1.65	1.51	1.44
RM : $	**3.79**	3.80	3.80	3.80	3.80

Additional information

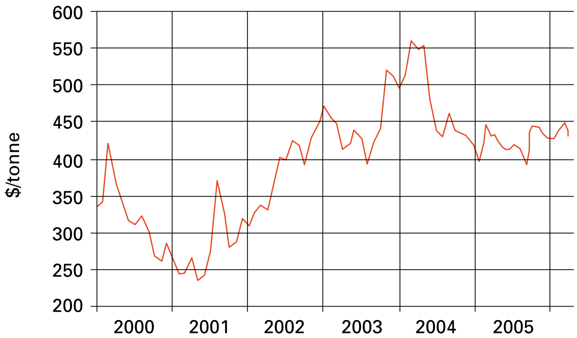
FFB PRODUCTION



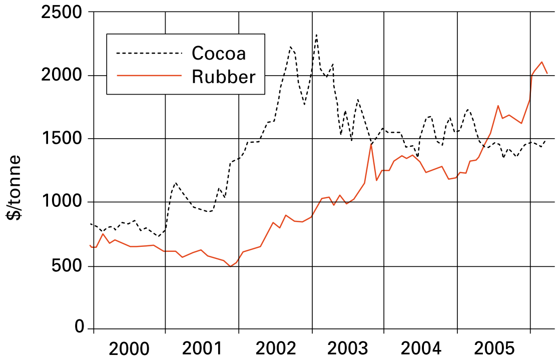
RUBBER AND COCOA PRODUCTION



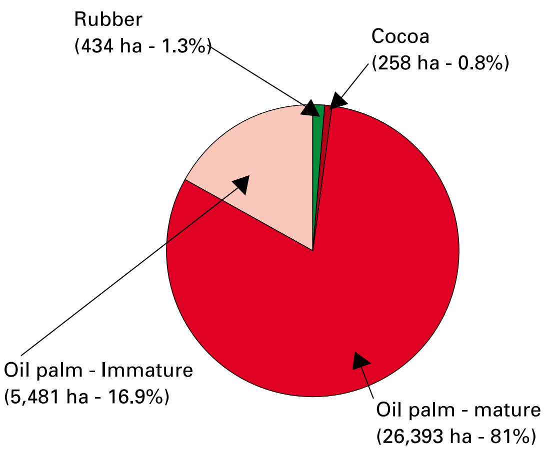
PALM OIL - PRICE
(Rotterdam)



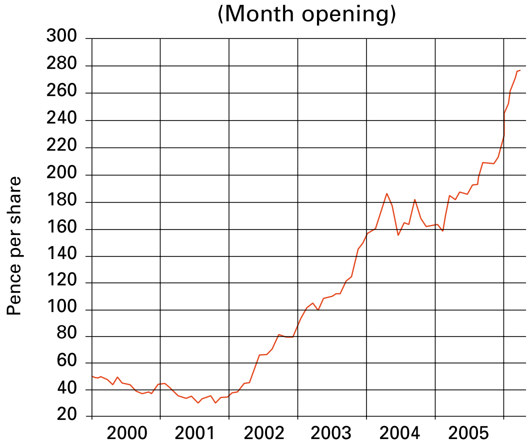
RUBBER AND COCOA PRICES



PLANTED AREAS - HECTARES



ANGLO-EASTERN SHARE PRICE
(Month opening)



Location of estates

Estate areas

At 31 December 2005	GROUP	MALAYSIA	INDONESIA	NORTH SUMATRA						BENGKULU		RIAU
	TOTAL	CENDERUNG	**TOTAL**	TASIK	ANAK TASIK	LABUHAN BILIK	BLANKAHAN	RAMBUNG	SUNGEI MUSAM	PUDING MAS	ALNO	BINA PITRI
Group interest		55%		80%	100%	80%	75%	100%	75%	90%	90%	80%
	Hectares	Hectares	**Hectares**	Hectares	Hectares	Hectares	Hectares	Hectares	Hectares	Hectares	Hectares	Hectares
Oil Palm												
Mature	**26,393**	3,430	**22,963**	6,012	766	-	918	30	1,506	3,633	6,106	3,992
Immature												
due to mature end 2006	**1,690**	-	**1,690**	-	-	-	-	86	-	-	1,604	-
other	**3,791**	285	**3,506**	-	-	-	-	20	302	-	2,225	959
Total	**31,874**	3,715	**28,159**	6,012	766	-	918	136	1,808	3,633	9,935	4,951
Rubber												
Mature	**434**	-	**434**	-	-	-	-	434	-	-	-	-
Immature	**-**	-	**-**	-	-	-	-	-	-	-	-	-
Total	**434**	-	**434**	-	-	-	-	434	-	-	-	-
Cocoa												
Mature	**258**	-	**258**	-	-	-	-	258	-	-	-	-
Immature	**-**	-	**-**	-	-	-	-	-	-	-	-	-
Total	**258**	-	**258**	-	-	-	-	258	-	-	-	-
Total planted area	**32,566**	3,715	**28,851**	6,012	766	-	918	828	1,808	3,633	9,935	4,951
Reserves												
Plantable	**4,769**	2,103	**2,666**	-	-	-	-	-	-	365	2,301	-
Unplantable	**1,582**	574	**1,008**	18	-	-	2	27	-	209	752	-
Other - housing, etc	**763**	26	**737**	66	31	-	36	22	116	116	304	46
	7,114	2,703	**4,411**	84	31	-	38	49	116	690	3,357	46
Total land titles	**39,680**	6,418	**33,262**	6,096	797	-	956	877	1,924	4,323	13,292	4,997
Land rights	**4,240**	-	**4,240**	-	-	4,240	-	-	-	-	-	-
Total area	**43,920**	6,418	**37,502**	6,096	797	4,240	956	877	1,924	4,323	13,292	4,997

Of the Bina Pitri total area of 4,997ha, 960ha is awaiting issue of a land title but was planted in 2005.

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 2005.

Principal activity

The company is incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is on the inside back cover.

The company acts as a holding company and co-ordinates the businesses of its subsidiaries. At 31 December 2005 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 29 to the consolidated financial statements.

Results and dividends

The audited financial statements for the year ended 31 December 2005 are set out on pages 22 to 48. The group profit for the year on ordinary activities before taxation was $21,420,000 (2004 – $26,744,000) and the profit attributable to ordinary shareholders was $12,183,000 (2004 – $14,809,000). No interim dividend was paid. The directors recommend a final dividend of 8.8cts (2004 – 8.00cts) to be paid on 28 June 2006 to shareholders on the register on 26 May 2006. Shareholders who elect to receive their dividend in sterling as described on page 14 will receive a dividend of 5.02p (2004 – 4.26p).

Financial risk

Information on financial instruments and other risks is set out in note 28 to the financial statements.

Fixed assets

Information relating to changes in tangible fixed assets is given in note 12 to the financial statements.

Directors

A full list of directors appears on page 16. Mr Kee was appointed on 1 August 2005 and offers himself for election at the forthcoming annual general meeting. Mr Foo resigned on 16 September 2005. All other directors served throughout the year. Datuk Chin who was re-elected three years ago in June 2003 will offer himself for re-election at the forthcoming annual general meeting. Madam Lim, Mr O'Connor and Mr Ho, who have each served for twelve 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 ordinary shares of the company were as shown below:

Directors' beneficial interests at 31 December	2005	2004
R O B Barnes	186,000	186,000
T H Chan	–	–
Datuk Chin	–	–
S K Foo	–	–
S C Ho	300,000	300,000
L Y Kee	–	–
S K Lim	20,521,314	20,521,314
P E O'Connor	250,000	250,000

The interests disclosed for Madam Lim are held by Genton International Ltd and certain other companies of which Madam Lim is the controlling shareholder.

There have been no changes in the interests of the directors in the ordinary shares of the company between

31 December 2005 and the date of this report.

Other than as set out in note 23 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 7 April 2006 the following interests had 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 28 June 2005 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 8 at the forthcoming annual general meeting. Such authority will be limited to shares up to a maximum nominal amount of £3,327,364 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 £499,105 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 9 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 2005 final dividend.

Acquisition of the company's own shares and authority to purchase own shares

At 7 April 2006 the directors had remaining authority, under the shareholders' resolution of 28 June 2005, to make purchases of 3,980,377 of the company's ordinary shares. This authority expires on 25 May 2006.

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 can 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.

Resolution 10 to be proposed at the forthcoming annual general meeting seeks renewed authority to purchase up to a maximum of 3,992,837 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.

Payment of dividends

The group reporting currency is US dollars. However, 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 (2004 – 30) for both the group and the company.

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

Following the tsunami in December 2004, the company built two simple primary schools in Aceh at a cost of $62,000 (2004 – none).

By order of the board
R O B Barnes
Secretary

7 April 2006

Directors’ responsibilities

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets, for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the preparation of a directors’ report and directors’ remuneration report which comply with the requirements of the Companies Act 1985.

Financial statements are published on the group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group's website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The directors are responsible for preparing the annual report and the financial statements. The directors are required to prepare financial statements for the group in accordance with International Financial Reporting Standards (IFRS) and have chosen to prepare financial statements for the company in accordance with UK GAAP.

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.

Group financial statements
Company law requires the directors to prepare such financial statements in accordance with International Financial Reporting Standards, the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the company’s financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board’s ‘Framework for the preparation and presentation of financial statements’. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable International Financial Reporting Standards. A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity’s financial position and financial performance.

Parent company financial statements
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 of the profit or loss of the company for that period. In preparing these 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; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

Directors

Chan Teik Huat (Chairman and CEO, aged 66)
Chartered Accountant; until January 2006 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.

Kee Lian Yong (Executive director, aged 49)
Chartered Accountant; from January 2006 managing director of Metroplex Berhad; previously chief executive for ten years of Ecofirst Consolidated Berhad (formerly Kumpulan Mas Berhad), a company quoted on the Kuala Lumpur Stock Exchange with interests in plantations, water engineering, property development and education.

R O B Barnes (Chief financial officer, aged 61)
Chartered Accountant; director of The Chillington Corporation Plc from 1986 to 1989.

Madam Lim Siew Kim (Non-executive, aged 57)
Executive chairman of Metroplex Berhad.

Datuk H Chin Poy-Wu (Independent non-executive, chairman of remuneration committee, aged 69)
Deputy chairman of Hap Sang Consolidated Berhad, director of Glenealy Plantations Berhad, both listed on the Kuala Lumpur Stock Exchange, and director of Sabah Forest Industries Sdn Berhad. Board member of University Malaysia, Sabah. Commissioner of Police - Kuala Lumpur, retired 1993.

P E O'Connor (Senior independent non-executive, aged 65)
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).

Ho Soo Ching (Independent non-executive, chairman of audit committee, aged 56)
Director of MS Corporate Finance (Pte) Ltd in Singapore. Director of Morgan Grenfell, Singapore from 1981 to 1987. Managing director of a Hong Kong listed construction and mining company from 1989 to 1992. Director of various financial services companies within Singapore Technologies Group 1993 to 2001.

Statement on corporate governance

During 2005 the company has complied with the majority of the requirements of the Combined Code of Corporate Governance. Where provisions of the Combined Code were not met during 2005, particular comment is made in the statements below and in the Directors' remuneration report on page 19. This statement does not attempt to rehearse all the provisions of the Combined Code.

The board

The board comprises three executive and four non-executive directors, three of whom are independent. Of these three, two, Mr O'Connor and Mr Ho, have served for twelve 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 Chan has been both chairman and chief executive since 1998. Madam Lim is the 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 a family member and as a 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 three 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. The audit, remuneration and nomination committees have written terms of reference.

Unless warranted by unusual matters, the board normally meets three times each year. Other meetings to deal with formalities take place by telephone or written resolution. During 2005 there were three full meetings, attended by all the directors except Madam Lim who did not attend any.

All the independent non-executive directors met on their own in early 2005 and 2006. The chairman met all the non-executive directors, in the absence of the other executive directors, at least once in 2005.

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 2005) 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 worked in financial or accounting service industries.

In January 2006 the board conducted a review of its performance. No major issues arose from this review.

The nomination committee comprises Mr O'Connor (chairman), Mr Ho and Datuk Chin. The committee had one meeting during 2005, attended by all members.

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 2006 annual general meeting.

Statement on corporate governance

Accountability and audit

The responsibilities of the directors as regards the financial statements are set out on page 15. A statement of going concern is also on page 15.

The audit committee comprises Mr Ho (chairman), Mr O'Connor and Datuk Chin. 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 2005 accounts, and three times during 2005. These meetings were attended by all members.

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 2005 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.

Directors' remuneration report

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

Membership

The remuneration committee comprised throughout the year Mr Ho and Mr O'Connor and was chaired by Datuk Chin. The committee met three times in 2005 attended by all members.

Policy

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

Components

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

Share options

The UK and overseas executive share option schemes of the company are administered and supervised by a committee consisting, in the majority, of non-executive directors. These schemes are 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. They provide for options to be granted over treasury shares as well as over new shares. To avoid dilution, the board intends generally to follow the treasury share route.

Individual grants are phased over three years. The total grant to each holder is determined by seniority and total market value at date of grant is limited to four times base salary. Exercise of options is only permitted three years after grant. There are no performance criteria for exercise.

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 only 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

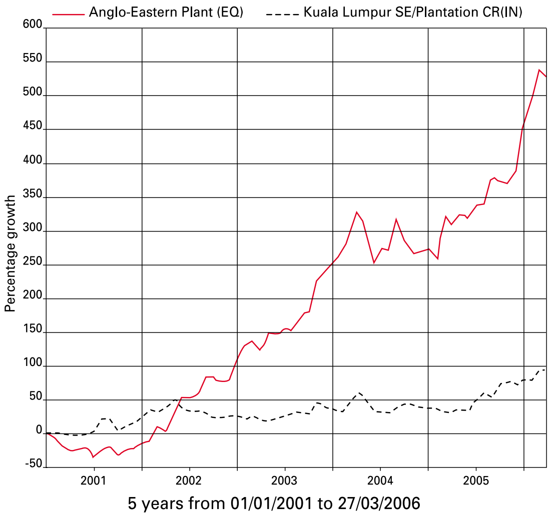
Other than Mr Barnes, as a matter of policy no director has either a service contract or notice period. Mr Barnes has a contract which expires in May 2007. In the event of an early termination by the company this contract provides for a termination payment equivalent to the lower of one year or the outstanding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

Directors’ remuneration report

Performance graph

The graph on the right shows the company's performance, measured by capital return, compared to the Kuala Lumpur Stock Exchange (KLSE) Plantation Index for the period 1 January 2000 to 27 March 2006. This is the only relevant index available in terms of sector but, any comparison should be qualified; many Malaysian plantation companies are diversified, 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.



Graph source: Lipper Hindsight

Audited information

Directors' share options

Share options granted to the directors of the company under the company's 1994 Overseas Share Option Scheme and outstanding at 31 December 2005 were:

Name of Director	Date of grant	Exercise price	Period of option	No of ordinary shares under option		
				1 Jan 05	(Exercised)	31 Dec 05
T H Chan	30.04.02	44.7p	30.04.05-29.04.12	30,000	-	30,000

The market price of the shares at 31 December 2005 was 245p and the range during 2005 was 156p to 249p.

Directors' remuneration

The remuneration of all directors who served during the year was:

Name of director	Fees $000	Executive salary $000	Bonus (re 2004) $000	Benefits in kind $000	**Total 2005 $000**	Total 2004 $000	Pension contribution **2005 $000**	Pension contribution 2004 $000
Executive:								
T H Chan (Chairman and CEO)	-	78	40	-	**118**	79	**-**	-
R O B Barnes	-	182	67	27	**276**	260	**31**	30
L Y Kee *(appointed 1 Aug 2005)*	-	33	-	8	**41**	-	**-**	-
Non-executive:								
S K Lim	15	-	-	-	**15**	15	**-**	-
Datuk H Chin	22	-	-	-	**22**	22	**-**	-
S K Foo *(resigned 16 Sep 2005)*	11	-	-	-	**11**	15	**-**	-
S C Ho	22	-	-	-	**22**	22	**-**	-
P E O’Connor	22	-	-	-	**22**	22	**-**	-
2005	**92**	**293**	**107**	**35**	**527**		**31**	
2004	96	252	68	19		435		30

Auditors' report

Report of the independent auditors

To the shareholders of Anglo-Eastern Plantations Plc
We have audited the group and parent company financial statements (the ''financial statements'') of **Anglo-Eastern Plantations Plc** for the year ended 31 December 2005 which comprise **the consolidated income statement, the consolidated and parent company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised income and expenses** and the related notes. These financial statements have been prepared under the accounting policies set out therein. 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 and the group financial statements in accordance with applicable law and *International Financial Reporting Standards (IFRSs) as adopted by the European Union*, and for preparing the parent company financial statements and the directors' remuneration report in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements and the part of the directors' remuneration report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 and whether, in addition, the consolidated financial statements have been properly prepared in accordance with Article 4 of the IAS Regulation. 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 regarding directors' remuneration and other transactions is not disclosed.

We review whether the corporate governance statement reflects the company's compliance with the nine provisions of the 2003 FRC Combined 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 statements on internal control cover 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. The other information comprises only **the financial summary, the chairman's statement, financial record, additional information, location of estates, estate areas, the directors' report, 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 International Standards on Auditing (UK and Ireland) 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and 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 group financial statements give a true and fair view, in accordance with *IFRSs as adopted by the European Union*, of the state of the group's affairs as at 31 December 2005 and of its profit for the year then ended;
- the group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 December 2005; and
- the parent company financial statements and the part of the directors' remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985.

BDO STOY HAYWARD LLP 12 April 2006
Chartered Accountants and Registered Auditors
8 Baker Street
London W1U 3LL

Consolidated income statement

for the year ended 31 December 2005

Continuing operations	Notes	2005 Result before BA adjustment $000	2005 BA adjustment $000	2005 Total $000	2004 Restated for IFRS Result before BA adjustment $000	2004 Restated for IFRS BA adjustment $000	2004 Restated for IFRS Total $000
Revenue	3	**64,321**		**64,321**	65,676		65,676
Cost of sales		**(39,514)**		**(39,514)**	(38,468)		(38,468)
Gross profit		**24,807**		**24,807**	27,208		27,208
Biological asset revaluation movement (BA adjustment)	2a		**(35)**	**(35)**		1,950	1,950
Other income	5	**115**		**115**	124		124
Administration expenses		**(2,721)**		**(2,721)**	(2,398)		(2,398)
Operating profit		**22,201**	**(35)**	**22,166**	24,934	1,950	26,884
Exchange (losses)/profits		**(550)**		**(550)**	147		147
Finance income		**302**		**302**	251		251
Finance costs	6	**(498)**		**(498)**	(538)		(538)
Profit before tax	4	**21,455**	**(35)**	**21,420**	24,794	1,950	26,744
Tax	9	**(7,107)**	**10**	**(7,097)**	(8,449)	(585)	(9,034)
Profit for the year		**14,348**	**(25)**	**14,323**	16,345	1,365	17,710
Attributable to:							
- Equity holders of the parent		**12,235**	**(52)**	**12,183**	13,651	1,158	14,809
- Minority interests		**2,113**	**27**	**2,140**	2,694	207	2,901
		14,348	**(25)**	**14,323**	16,345	1,365	17,710
Earnings per share							
- basic	10			**30.9cts**			37.4cts
- diluted	10			**30.9cts**			37.3cts

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

Consolidated statement of total recognised income and expenses

for the year ended 31 December 2005

	Notes	**2005** **$000**	2004 restated $000
Profit for the year		**14,323**	17,710
Unrealised surplus on revaluation of the estates	24	**3,112**	9,955
Loss on exchange translation	24	**(5,703)**	(7,880)
Deferred tax on revaluation	24	**(176)**	(2,730)
Total recognised income and expense for the year		**11,556**	17,055
Attributable to:			
- Equity holders of the parent		**9,736**	14,179
- Minority interest		**1,820**	2,876
		11,556	17,055

The accompanying notes are an integral part of this statement of total recognised income and expenses.

Consolidated balance sheet

as at 31 December 2005

	Notes	2005 $000	2004 restated $000
Non-current assets			
Biological assets	12	**26,975**	26,558
Property, plant and equipment	12	**102,543**	100,744
Receivables	13	**1,071**	1,071
		130,589	128,373
Current assets			
Inventories	14	**2,499**	1,535
Investments	15	**259**	405
Trade and other receivables	16	**3,109**	2,707
Cash and cash equivalents		**11,194**	14,933
		17,061	19,580
Current liabilities			
Bank loans and other financial liabilities	17	**(2,103)**	(5,576)
Trade and other payables	18	**(3,487)**	(4,438)
Tax liabilities		**(2,594)**	(4,518)
		(8,184)	(14,532)
Net current assets		**8,877**	5,048
Non- current liabilities			
Bank loans and other financial liabilities	17	**(3,940)**	(5,558)
Deferred tax liabilities	19	**(16,941)**	(16,698)
Retirement benefit net liabilities	20	**(602)**	(1,103)
Net assets		**117,983**	110,062
Equity			
Share capital	21	**15,481**	15,424
Treasury shares	21	**(1,387)**	(1,387)
Share premium reserve	24	**23,868**	23,825
Share capital redemption reserve	24	**1,087**	1,087
Revaluation and exchange reserves	24	**(9,121)**	(6,674)
Retained earnings	24	**67,536**	58,511
Equity attributable to equity holders of the parent		**97,464**	90,786
Minority interests	24	**20,519**	19,276
Total equity		**117,983**	110,062

The financial statements were approved by the board of directors and authorised for issue on 7 April 2006 and were signed on its behalf by

R O B Barnes

The accompanying notes are an integral part of this balance sheet.

Consolidated cash flow statement

for the year ended 31 December 2005

	2005 $000	2004 restated $000
Operating profit	**22,166**	26,884
Adjustments for:		
BA adjustment	**35**	(1,950)
Income from current asset investments	**(77)**	(17)
Depreciation	**3,243**	2,917
Share based remuneration expense	**14**	14
Retirement benefit provisions	**(491)**	339
Foreign exchange	**(994)**	310
Operating cash flow before changes in working capital	**23,896**	28,497
(Increase)/decrease in inventories	**(964)**	178
(Increase)/decrease in trade and other receivables	**(258)**	43
Increase in trade and other payables	**542**	380
Cash inflow from operations	**23,216**	29,098
Interest paid	**(600)**	(612)
Overseas tax paid	**(9,809)**	(6,928)
Net cash flow from operations	**12,807**	21,558
Investing activities		
Property, plant and equipment		
- purchase	**(7,596)**	(11,247)
- sale	**116**	112
Purchase of subsidiary	**-**	(4,777)
Interest received	**302**	251
Net cash used in investing activities	**(7,178)**	(15,661)

Consolidated cash flow statement (continued)

for the year ended 31 December 2005

	2005	2004
		restated
	$000	$000
Financing activities		
Dividends paid by parent company	**(3,158)**	(2,375)
Share options exercised	**100**	251
Purchase of own shares	**-**	(1,387)
Repayment of existing long term loans	**(5,531)**	(2,023)
Repayment of loans in newly acquired subsidiary	**-**	(4,154)
Drawdown of new long term loan	**-**	5,000
Finance lease drawdown/(repayment)	**74**	(15)
Dividends paid to minority shareholders	**(2,587)**	(699)
Repayment by/(advance to) minority shareholders	**693**	(693)
Subscriptions to subsidiary share capital by minority shareholders	**448**	-
Receipt from sale of portfolio investment	**227**	-
Net cash used in financing activities	**(9,734)**	(6,095)
Decrease in cash and cash equivalents	**(4,105)**	(198)
Cash and cash equivalents less overdrafts		
At beginning of year	**14,910**	15,108
At end of year	**10,805**	14,910
Comprising:		
Cash at end of year	**11,194**	14,933
Overdraft at end of year	**(389)**	(23)
	10,805	14,910

Notes to the financial statements

1 Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board (IASB) as adopted by the EU and with those parts of the Companies Act 1985 applicable to companies preparing their accounts under IFRS. The disclosures required by IFRS 1 concerning the transition from UK GAAP to IFRS are given in note 2. All comparative figures for 2004 have been restated. The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries) made up to 31 December each year. Control is achieved where the company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the consolidated balance sheet, the acquiree's identifiable assets, and contingent liabilities are initially recognised at their fair values at the acquisition date.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group.

All intragroup transactions, balances, income and expenses are eliminated on consolidation.

Foreign currency

The individual financial statements of each subsidiary are presented in the currency of the country in which it operates (its functional currency) with the exception of the company and its UK subsidiaries which are presented in US dollars. The presentation currency for the consolidated financial statements is also US dollars, chosen because the price of the bulk of the group's products are ultimately denominated in dollars.

On consolidation, the results of overseas operations are translated into US dollars at average exchange rates for the year unless exchange rates fluctuate significantly. All assets and liabilities of overseas operations, are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at average rate are recognised directly in equity (the "foreign exchange reserve"). Exchange differences recognised in the income statement of group entities' separate financial statements on the translation of long-term monetary items forming part of the group's net investment in the overseas operation concerned are reclassified to the foreign exchange reserve if the item is denominated in the presentational currency of the group or of the overseas operation concerned.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the income statement as part of the profit or loss on disposal.

Revenue recognition

Revenue includes

- amounts receivable for produce provided in the normal course of business, net of sales related taxes, including export taxes;
- amounts received for sales of rubber wood and other income of an operating nature.

Sales of CPO, palm kernel and cocoa are recognised when contracts have been signed and when payment in full has been received which is shortly ofter signature of contact. Sales of rubber are recognised on signature of sales contract.

Share based payments

In accordance with the transitional provisions, IFRS 2 has been applied to all share options granted after 7 November 2002 unvested at 1 January 2004.

The resulting outstanding share options are measured at fair value (excluding the effect of non market-based vesting conditions) at the date of grant. This fair value is expensed on a straight-line basis over the vesting period, based on the group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

Fair value is measured by used of a binominal model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Provided that all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Interest capitalisation

Interest on loans directly related to field development is capitalised in the proportion that the opening immature area bears to the total planted area of the relevant estate. Interest on loans related to construction in progress (such as an oil mill) is capitalised up to the commissioning of that asset.

Notes to the financial statements

1 Accounting policies - continued

Tax

UK and foreign corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Dividends

Equity dividends are recognised when they become legally payable. The company pays only one dividend each year as a final dividend which becomes legally payable when approved by the shareholders at the subsequent annual general meeting.

Property, plant and equipment

Estates, which comprise property, plant and equipment plus biological assets are shown at fair values in use, which are calculated internally every year and reviewed by an external valuer every five years. Value in use is calculated as the 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 reserves, except that a deficit which is in excess of any previously recognised surplus relating to the same property is charged to the income statement. On the disposal or recognition of a provision for impairment of a revalued estate, any related balance remaining in the revaluation and exchange reserves is transferred to retained earnings as a movement on reserves.

Oil mills, which are part of property, plant and equipment are shown 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 5% per annum. The Malaysian leasehold land is depreciated over the remaining term of the lease. Mature plantations in Malaysia are depreciated at 5% per annum.

Biological assets

Within the estate valuations described above the value of biological assets is estimated separately and, as required by IAS41, the movement in valuation surplus of biological assets is charged or credited to the income statement for the relevant period.

Leased assets

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 income statement to produce a constant rate of charge on the balance of capital repayments outstanding. There are no operating leases.

Impairment

Impairment tests on tangible assets are undertaken annually on 31 December. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Impairment charges are included in the administrative expenses line item in the income statement, except to the extent they reverse gains previously recognised in the statement of recognised income and expense.

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Weighted average cost is used to determine the cost of ordinarily interchangeable items.

Trade receivables

Trade receivables are carried at cost less any provision for impairment.

Current asset investment

In the case of the group, the only investments are in shares listed on a recognised stock exchange and available for sale. These shares are carried at market value and changes in market value are recognised in equity.

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received. Finance charges are accounted for on an accruals basis and charged in the income statement, unless capitalised according to the policy as set out under *Interest capitalisation* above.

Trade and other payables

Trade and other payables are shown at fair value at recognition.

Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base.

Notes to the financial statements

1 Accounting policies - continued

Deferred tax - continued

Recognition of deferred tax assets is restricted to those instances where it is possible that taxable profit will be available against which the difference can be utilised. Within these parameters, deferred tax is recognised on temporary differences arising on revalued properties.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, such as revalations, in which case the deferred tax is also dealt with in equity.

Deferred tax balances are not discounted.

Retirement benefits

Contributions to defined contribution pension schemes are charged to the income statement in the year to which they relate.

The group operates a number of defined benefit pension schemes in respect of its Indonesian operations. The pension costs of these schemes charged to the income statements comprise the annual payments to the schemes together with any provision required for any shortfall in funding as disclosed by annual valuations of the schemes as advised by the schemes' actuaries.

Treasury shares

Consideration paid or received for the purchase or sale of the company's own shares for holding in treasury is recognised directly in equity, where the cost is presented as the treasury share reserve. Any excess of the consideration received on the sale of treasury shares over 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.

2 First time adoption of International Financial Reporting Standards (IFRS)

The financial statements for the year ended 31 December 2004 were originally prepared under generally accepted UK accounting policies (UK GAAP). The comparative figures for the year ended 31 December 2004, which are an extract from the financial statements for the year, have been restated to comply with IFRS. These adjustments, set out below, comprise:

a) ***Biological assets:*** IAS41 requires separate balance sheet disclosure of the value of biological assets and requires a charge or credit to the income statement for changes in value of those biological assets. This adjustment is referred to as" BA adjustment" below. Under UK GAAP biological assets were not separately identified and no charge or credit was made in respect of movement in their value. The effect of the restatement relating to biological assets is to reduce the profit before tax in 2005 by $35,000. The equivalent increase in 2004 was $1,950,000.

b) ***Deferred tax:*** IAS12 requires tax to be provided on the surplus of the fixed asset valuations over local tax carrying values of those assets. While in previous periods this figure has been included only as a note in the financial statements, its inclusion in the balance sheet at 31 December 2005 results in a reduction of $17,224,000 in reported net assets (2004 – $17,057,000).

c) ***Share options:*** IFRS2 requires the fair value of employee share options issued since November 2002 and unvested at the relevant balance sheet date to be expensed over the vesting period of those options. No such charge was made under UK GAAP. The effect of these adjustments is not significant.

d) ***Employee retirement liabilities:*** The group has always provided in full for the unfunded liabilities under its various pension and retirement benefits schemes. Contrary to practice under UK GAAP, IAS19 requires the assets of any separately funded scheme to be included in the balance sheet. The net assets of the defined benefits scheme for labour in Indonesia have therefore been included in the balance sheet. This has no effect on net asset value.

e) ***Dividends:*** IAS10, which deals with post balance sheet events, requires dividends not declared by the year end to be excluded from the results. Previously, proposed dividends not declared by the year end were included as a deduction from profit in the year prior to being declared at the subsequent annual general meeting. Where dividends have risen in consecutive years, as is the case recently for the group, the effect of replacing a provision for a proposed dividend with actual dividends paid is to increase slightly the reported net asset value of the group.

Notes to the financial statements

2 First time adoption of International Financial Reporting Standards (IFRS) - continued

Restatement adjustments: Figures in brackets = (credit)

Reference letters refer to the description of the adjustments set out above.

BALANCE SHEET	1 January 2004			
	UKGAAP $000	Ref	IFRS adj $000	IFRS $000
Biological assets	-	a	21,190	21,190
Property, plant and equipment	105,096	a	(21,190)	83,906
Receivables	1,071		-	1,071
Non-current assets	106,167		-	106,167
Inventories	1,713		-	1,713
Investments	313		-	313
Trade and other receivables	1,665		-	1,665
Cash and cash equivalents	15,127		-	15,127
Current assets	18,818		-	18,818
Borrowings	(2,060)		-	(2,060)
Trade and other payables	(9,439)	d	503	(6,561)
		e	2,375	
Current liabilities	(11,499)		2,878	(8,621)
Net current assets	7,319		2,878	10,197
Long term borrowings	(6,108)		-	(6,108)
Deferred tax	1,013	b	(13,742)	(12,729)
Retirement benefits liabilities	-	d	(503)	(503)
Net assets	108,391		(11,367)	97,024
Share capital	(15,319)		-	(15,319)
Share premium	(23,679)		-	(23,679)
Share capital redemption reserve	(1,087)		-	(1,087)
Revaluation and exchange reserves	(5,375)	b	11,419	6,044
Retained earnings	(43,702)	e	(2,375)	(46,077)
	(89,162)		9,044	(80,118)
Minority interests	(19,229)		2,323	(16,906)
	(108,391)		11,367	(97,024)

2 First time adoption of International Financial Reporting Standards (IFRS) - continued

INCOME STATEMENT	2005				2004			
			IFRS				IFRS	
	UKGAAP*		**adj**	**IFRS**	UKGAAP		adj	IFRS
	$000	**Ref**	**$000**	**$000**	$000	Ref	$000	$000
Profit before tax and BA adjustment	(21,469)	c	14	**(21,455)**	(24,808)	c	14	(24,794)
BA adjustment	-	a	35	**35**	-	a	(1,950)	(1,950)
Profit before tax	(21,469)		49	**(21,420)**	(24,808)		(1,936)	(26,744)
Tax								
Corporation tax	7,048		-	**7,048**	7,869		-	7,869
Deferred tax	59	a	(10)	**49**	581	a	584	1,165
	7,107		(10)	**7,097**	8,450		584	9,034
Profit after tax	(14,362)		39	**(14,323)**	(16,358)		(1,352)	(17,710)
Minority interests	2,113	a	27	**2,140**	2,694	a	207	2,901
Distributable profit	(12,249)		66	**(12,183)**	(13,664)		(1,145)	(14,809)
Dividends	10	e	3,148	**3,158**	3,147	e	(772)	2,375
Retained	(12,239)		3,214	**(9,025)**	(10,517)		(1,917)	(12,434)

BALANCE SHEET	2005				2004			
			IFRS				IFRS	
	UKGAAP*		**adj**	**IFRS**	UKGAAP		adj	IFRS
	$000	**Ref**	**$000**	**$000**	$000	Ref	$000	$000
Biological assets	-	a	26,975	**26,975**	-	a	26,558	26,558
Property, plant and equipment	129,518	a	(26,975)	**102,543**	127,302	a	(26,558)	100,744
Receivables	1,071		-	**1,071**	1,071		-	1,071
Non-current assets	130,589		-	**130,589**	128,373		-	128,373
Inventories	2,499		-	**2,499**	1,535		-	1,535
Investments	259		-	**259**	405		-	405
Trade and other receivables	3,109		-	**3,109**	2,707		-	2,707
Cash and cash equivalents	11,194		-	**11,194**	14,933		-	14,933
Current assets	17,061		-	**17,061**	19,580		-	19,580
Borrowings	(2,103)		-	**(2,103)**	(5,576)		-	(5,576)
Trade and other payables	(6,655)	c	(28)	**(6,081)**	(13,192)	c	(14)	(8,956)
		d	602			d	1,103	
						e	3,147	
Current liabilities	(8,758)		574	**(8,184)**	(18,768)		4,236	(14,532)
Net current assets	8,303		574	**8,877**	812		4,236	5,048
Long term borrowings	(3,940)		-	**(3,940)**	(5,558)		-	(5,558)
Deferred tax	283	b	(17,224)	**(16,941)**	359	b	(17,057)	(16,698)
Retirement benefits liabilities	-	d	(602)	**(602)**	-	d	(1,103)	(1,103)
Net assets	135,235		(17,252)	**117,983**	123,986		(13,924)	110,062
Share capital	(15,481)		-	**(15,481)**	(15,424)		-	(15,424)
Treasury shares	1,387		-	**1,387**	1,387		-	1,387
Share premium	(23,868)		-	**(23,868)**	(23,825)		-	(23,825)
Share capital redemption reserve	(1,087)		-	**(1,087)**	(1,087)		-	(1,087)
Revaluation and exchange reserves	(6,587)	a	1,107	**9,121**	(8,998)	a	1,158	6,674
		b	14,601			b	14,514	
Retained earnings								
– brought forward	(54,219)		(4,292)	**(58,511)**	(43,702)	e	(2,375)	(46,077)
– current year	(12,239)		3,214	**(9,025)**	(10,517)		(1,917)	(12,434)
	(112,094)		11,482	**(97,464)**	(102,166)		11,380	(90,786)
Minority interests	(23,141)	b	2,622	**(20,519)**	(21,820)	b	2,544	(19,276)
	(135,235)		17,252	**(117,983)**	(123,986)		13,924	(110,062)

* Prepared in accordance with UK GAAP applicable at 31 December 2004.

Notes to the financial statements

3 Revenue

	2005 $000	2004 $000
Sales of produce	**64,186**	65,618
Other operating income	**135**	58
	64,321	65,676

4 Profit before tax

	2005 $000	2004 $000
Profit before tax is stated after charging		
Depreciation (including $25,000 (2004 – $16,000) in respect of leased assets)	**3,243**	2,917
Staff costs (note 8)	**7,531**	7,676
Auditors' remuneration – audit (company $25,000 (2004 – $25,000))	**120**	94
– other advisory services	**-**	1

5 Other income

	2005 $000	2004 $000
Income from current asset investments	**79**	124
Profit on disposal of current asset investments	**36**	-
	115	124

6 Finance costs

		2005 $000	2004 $000
Interest payable on			
Development loans	- (note 17)	**576**	600
Overdraft	- (note 17)	**20**	9
Finance leases		**4**	3
Interest capitalised on loans related to field development and construction in progress		**(102)**	(74)
		498	538

7 Segment information

2005	North Sumatra $000	Bengkulu $000	Riau $000	Total Indonesia $000	Malaysia $000	UK $000	Total $000
Revenue	**34,889**	**24,632**	**1,975**	**61,496**	**2,825**	**-**	**64,321**
Profit/(loss) before tax and BA movement	**16,720**	**7,263**	**(937)**	**23,046**	**(603)**	**(988)**	**21,455**
BA movement	**(17)**	**(519)**	**506**	**(30)**	**(5)**	**-**	**(35)**
Profit/(loss) before tax	**16,703**	**6,774**	**(431)**	**23,016**	**(608)**	**(988)**	**(21,420)**
Assets	**53,016**	**53,049**	**12,306**	**118,371**	**19,419**	**8,755**	**146,545**
(Liabilities ex tax)	**(1,822)**	**(1,261)**	**(4,944)**	**(8,027)**	**(1,572)**	**(534)**	**(10,133)**
Net assets ex tax	**51,194**	**51,788**	**7,362**	**110,344**	**17,847**	**8,221**	**136,412**
Tax (liabilities)/assets	**(264)**	**(820)**	**4**	**(1,080)**	**(414)**	**6**	**(1,488)**
Deferred tax (liability)/asset	**(11,640)**	**(5,248)**	**(1,202)**	**(18,090)**	**1,150**	**-**	**(16,941)**
Net assets	**39,290**	**45,720**	**6,164**	**91,174**	**18,583**	**8,226**	**117,983**
Capital expenditure	**2,536**	**3,937**	**861**	**7,334**	**363**	**-**	**7,697**
Depreciation	**(1,152)**	**(1,096)**	**(176)**	**(2,424)**	**(819)**	**-**	**(3,243)**

2004 (restated)	$000	$000	$000	$000	$000	$000	$000
Revenue	37,940	23,696	1,014	62,650	3,026	-	65,676
Profit/(loss) before tax and BA movement	19,345	7,701	(1,054)	25,992	72	(1,269)	24,794
BA movement	780	1,170	-	1,950	-	-	1,950
Profit/(loss) before tax	20,125	8,871	(1,054)	27,942	72	(1,269)	26,744

Notes to the financial statements

7 Segment information - continued

2004 (restated)	North Sumatra $000	Bengkulu $000	Riau $000	Total Indonesia $000	Malaysia $000	UK $000	Total $000
Assets	55,654	52,871	9,550	118,075	19,652	9,958	147,685
(Liabilities ex tax)	(2,856)	(6,440)	(5,396)	(14,692)	(1,549)	(434)	(16,675)
Net assets ex tax	52,798	46,431	4,154	103,383	18,103	9,524	131,010
Tax (liabilities)/assets	(2,584)	(954)	(334)	(3,872)	(382)	4	(4,250)
Deferred tax (liability)/asset	(11,556)	(5,437)	(850)	(17,843)	1,145	-	(16,698)
Net assets	38,658	40,040	2,970	81,668	18,866	9,528	110,062
Capital expenditure	3,475	6,506	952	10,933	388	-	11,321
Depreciation	(1,003)	(928)	(227)	(2,158)	(759)	-	(2,917)

Secondary reporting format by crop:

	Net assets		Revenue		Profit/(loss) before tax	
	2005	2004 restated	**2005**	2004 restated	**2005**	2004 restated
By activity	**$000**	$000	**$000**	$000	**$000**	$000
Oil palm	**106,434**	95,086	**62,798**	63,759	**23,796**	26,185
Rubber	**2,254**	1,341	**1,331**	1,641	**999**	1,012
Cocoa	**72**	465	**192**	276	**12**	11
Gross profit	**-**	-	**-**	-	**24,807**	27,208
BA revaluation	**-**	-	**-**	-	**(35)**	1,950
Administration expenses	**-**	-	**-**	-	**(2,721)**	(2,398)
Unallocated assets/income/(expenses)	**9,223**	13,170	**-**	-	**(435)**	271
Interest	**-**	-	**-**	-	**(196)**	(287)
	117,983	110,062	**64,321**	65,676	**21,420**	26,744

8 Employees' and directors' remuneration

		2005 number	2004 number
Average numbers employed (primarily overseas) during the year	- full time	**3,466**	3,075
	- casual	**4,008**	4,478

	2005 $000	2004 $000
Staff costs (primarily overseas)		
Wages and salaries	**7,583**	6,916
Social security costs	**161**	132
Retirement benefits costs (Note 20)	**(227)**	614
Share based remuneration expense	**14**	14
	7,531	7,676

The information required by the Companies Act and the listing rules of the Financial Services Authority is contained in the directors' report on remuneration on pages 19 to 20 of which the information on page 20 has been audited.

	2005 $000	2004 $000
Directors' emoluments	**527**	435
Pension contributions	**31**	30
Gains at point of exercise of options	**-**	390
	558	855

9 Tax

	2005 $000	2004 $000
Foreign corporation tax – current year	**6,509**	7,003
Foreign withholding tax on remittances	**539**	866
Deferred tax adjustment – current year	**49**	1,165
	7,097	9,034

Notes to the financial statements

9 Tax - continued

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.

	2005 $000	2004 $000
Profit on ordinary activities before tax	**21,420**	26,744
Profit on ordinary activities multiplied by standard rate of UK corporation tax of 30% (2004 – 30%)	**6,426**	8,023
Effects of:		
Rate adjustment relating to overseas profits	**25**	(11)
Group accounting adjustments not subject to tax	**114**	(616)
Expenses not allowable for tax	**102**	50
Temporary differences	**(219)**	46
Losses not offsetable against fellow subsidiary profits	**702**	500
Utilisation of tax losses brought forward	**(641)**	(989)
Foreign corporation tax charge for year	**6,509**	7,003
Deferred tax adjustments (note 19)	**49**	1,165
Foreign withholding tax	**539**	866
Total tax charge for year	**7,097**	9,034

10 Earnings per ordinary share (EPS)

	2005 $000	2004 $000
Earnings used in basic and diluted EPS being profit for the year attributable to equity holders of the parent company	**12,183**	14,809
	Number '000	Number '000
Weighted average number of shares		
– used in basic EPS	**39,411**	39,609
– dilutive effect of outstanding employee share options	**50**	137
– used in diluted EPS	**39,461**	39,746

11 Dividends

	2005 $000	2004 $000
Paid during the year		
Final dividend of 8.00 cts for the year ended 31 December 2004 (2003 – 6.00 cts)	**3,158**	2,375
Proposed final dividend of 8.80 cts for the year ended 31 December 2005 (2004 – 8.00 cts)	**3,514**	3,147

The proposed dividend for 2005 is subject to shareholder approval at the forthcoming annual general meeting and has not been included as a liability in these financial statements.

12 Biological assets, property, plant and equipment

	Non-biological plantation assets $000	Mills $000	Total property plant and equipment $000	Biological assets $000	Total $000
Cost or valuation					
At 1 January 2004	76,496	8,603	85,099	21,910	107,009
Exchange translations	(5,589)	(780)	(6,369)	(1,580)	(7,949)
Revaluations	6,152	-	6,152	3,054	9,206
Additions	5,008	5,039	10,047	1,274	11,321
Estates acquired at valuation on acquisition of a subsidiary	8,062	-	8,062	1,900	9,962
Disposals	(92)	(10)	(102)	-	(102)
At 31 December 2004	**90,037**	**12,852**	**102,889**	**26,558**	**129,447**
Exchange translations	**(4,063)**	**(704)**	**(4,767)**	**(1,193)**	**(5,960)**
Revaluations	**451**	**-**	**451**	**627**	**1,078**
Additions	**5,148**	**1,566**	**6,714**	**983**	**7,697**
Disposals	**(28)**	**(106)**	**(134)**	**-**	**(134)**
At 31 December 2005	**91,545**	**13,608**	**105,153**	**26,975**	**132,128**

Notes to the financial statements

12 Biological assets, property, plant and equipment - continued

	Non-biological plantation assets $000	Mills $000	Total property plant and equipment $000	Biological assets $000	Total $000
Accumulated depreciation and impairment					
At 1 January 2004	-	(1,913)	(1,913)	-	(1,913)
Exchange translations	-	184	184	-	184
Revaluations	2,018	-	2,018	476	2,494
Charge for the year	(2,018)	(423)	(2,441)	(476)	(2,917)
Disposals	-	7	7	-	7
At 31 December 2004	**-**	**(2,145)**	**(2,145)**	**-**	**(2,145)**
Exchange translations	**-**	**123**	**123**	**-**	**123**
Revaluations	**2,065**	**-**	**2,065**	**531**	**2,596**
Charge for the year	**(2,065)**	**(647)**	**(2,712)**	**(531)**	**(3,243)**
Disposals	**-**	**59**	**59**	**-**	**59**
At 31 December 2005	**-**	**(2,610)**	**(2,610)**	**-**	**(2,610)**
Carrying amount					
At 31 December 2004	90,037	10,707	100,744	26,558	127,302
At 31 December 2005	**91,545**	**10,998**	**102,543**	**26,975**	**129,518**

The directors valued the estates (comprising biological assets, non-biological plantation assets, plantation infrastructure and oil mills) at 31 December 2005 and 2004 at the higher of net realisable value and value in use. 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; principal among these were: an assumed CPO selling price of $400/mt (cif Rotterdam) and a discount rate of 15%. Biological assets are estimated as a proportion of these calculations. The Indonesian estates have been included at values in use. 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.

The estates include $102,000 (2003: $74,000) of interest and $1,403,000 (2003: $1,192,000) 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 the estates at 31 December 2005:

	Estates $000	Mills $000	Total $000
Original cost	139,838	21,944	161,782
Cumulative depreciation based on original cost	(28,016)	(8,362)	(36,378)
	111,822	13,582	125,404

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 2026 with rights of renewal thereafter for a periods from 35 to 60 years. In the case of estates in Bengkulu land titles were issued between 1993 and 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 estates in Malaysia is a long lease expiring in 2084.

13 Receivables: non-current

	2005 $000	2004 $000
Due from minority shareholders	**1,071**	1,071

The minority shareholders in PT Mitra Puding Mas and PT Alno Agro Utama have acquired their interests on deferred terms. The resulting debts together with accrued interest will be settled from dividends arising from these projects over the next five years.

The book value of the amount due from minority shareholders approximates its fair value.

Notes to the financial statements

14 Inventories

	2005 $000	2004 $000
Estate and mill consumables	**1,847**	875
Produce for sale	**652**	660
	2,499	1,535

15 Current asset investment

This represents a short term investment listed on the Kuala Lumpur Stock Exchange and shown at market value; cost $309,000 (2004 – $591,000).

16 Trade and other receivables

	2005 $000	2004 $000
Trade debtors	**368**	320
Other debtors	**1,413**	964
Tax	**1,106**	269
Prepayments and accrued income	**222**	461
Minority shareholders	**-**	693
	3,109	2,707

The carrying amount of trade and other receivables approximates to their fair value.

17 Bank loans and other financial liabilities

	2005 under one year $000	more than one year $000	2004 under one year $000	more than one year $000
Bank overdraft (a)	**389**	**-**	23	-
Long term development loan (b)	**-**	**-**	4,800	-
Long term development loan (c)	**1,250**	**3,437**	312	4,688
Long term development loan (d)	**425**	**415**	423	836
Total bank loans	**2,064**	**3,852**	5,558	5,524
Finance lease obligations (e)	**39**	**88**	18	34
Total bank loans and lease obligations	**2,103**	**3,940**	5,576	5,558
Amounts repayable after more than one year, as follows:				
in more than one year but not more than two years		**1,704**		1,689
in more than two years but not more than five years		**2,236**		3,869
		3,940		5,558

(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 or about 8.0% (2004: 8.0%).

(b) The long term development loan, which was part of an original facility of $8,000,000, was 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 guaranteed the loan. Interest was at 3% under the US dollar Indonesian prime rate or about 7.25% through 2005 (2004: 6.0%). The remaining loan was repaid in quarterly instalments of $1,200,000 from January 2005 to September 2005.

(c) 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 (b) above. The loan is repayable in quarterly instalments of $312,500 from October 2005 to July 2009.

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

(e) Finance lease obligations relate to vehicles and machinery in the Malaysian subsidiaries (2003 – Malaysia); the obligations are secured. Interest is effectively at 4.6% fixed. Payments complete by the end of 2010.

18 Trade and other payables

	2005 $000	2004 $000
Trade creditors	**1,451**	1,148
Other creditors	**939**	1,905
Accruals	**1,097**	1,385
	3,487	4,438

19 Deferred tax

	2005 $000	2004 $000
Year end (liability) relates to		
Revaluation surplus	**(17,223)**	(17,057)
Unutilised tax losses	**605**	641
Other temporary differences	**(323)**	(282)
	(16,941)	(16,698)
Movement:		
At beginning of year – (liability)	**(16,698)**	(12,728)
(Charge) to		
– income statement	**(49)**	(1,165)
– equity: revaluation and exchange reserves	**(176)**	(2,730)
Exchange adjustment	**(18)**	(75)
At end of year – (liability)	**(16,941)**	(16,698)

Details of movement:	**(Liability) 2005 $000**	**(Charged)/ credited to income 2005 $000**	**(Charged)/ credited to reserves 2005 $000**
Revaluation surplus	**(17,223)**	**10**	**(176)**
Accelerated capital allowances	**(29)**	**(4)**	**-**
Employee pension liabilities	**69**	**(18)**	**-**
Other temporary and deductible differences	**(363)**	**(35)**	**-**
Available losses	**605**	**(2)**	**-**
	(16,941)	**(49)**	**(176)**

	(Liability) 2004 $000	(Charged)/ credited to income 2004 $000	(Charged)/ credited to reserves 2004 $000
Revaluation surplus	(17,057)	(585)	(2,730)
Accelerated capital allowances	(27)	(7)	-
Employee pension liabilities	92	64	-
Other temporary and deductible differences	(347)	31	-
Available losses	641	(668)	-
	(16,698)	(1,165)	(2,730)

	2005 $000	2004 $000
A deferred tax asset has not been recognised for the following		
Unutilised tax losses	**14,691**	13,923

20 Retirement benefits

The group maintains a defined benefit funded pension scheme for some 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:

	2005	2004	2003
Inflation	**10%**	10%	10%
Rate of increase in wages	**10%**	10%	10%
Discount rate	**12%**	12%	12%

Notes to the financial statements

20 Retirement benefits - continued

Any excess of the actuarial liability over the fund assets is provided and charged to the income statement.

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 and charged in the income statement based on individual employees' service up to the end of the financial year.

	Defined benefit - funded schemes 2005 $000	Defined benefit - unfunded schemes 2005 $000	Total 2005 $000	Defined benefit - funded schemes 2004 $000	Defined benefit - unfunded schemes 2004 $000	Total 2004 $000
Reconciliation to balance sheet						
Scheme assets (all cash)	**789**	**-**	**789**	669	-	669
Scheme (liabilities)	**(748)**	**(643)**	**(1,391)**	(865)	(907)	(1,772)
Net assets/(liabilities)	**41**	**(643)**	**(602)**	(196)	(907)	(1,103)
Reconciliation of scheme assets						
At beginning of year	**669**	**-**	**669**	587	-	587
Exchange (loss)	**(38)**	**-**	**(38)**	(58)	-	(58)
Contributions by group	**178**	**-**	**178**	160	-	160
Income	**50**	**-**	**50**	14	-	14
Benefits paid	**(42)**	**-**	**(42)**	(34)	-	(34)
Expenses	**(28)**	**-**	**(28)**	-	-	-
At end of year	**789**	**-**	**789**	669	-	669
Reconciliation of scheme (liabilities)						
At beginning of year	**(865)**	**(907)**	**(1,772)**	(641)	(720)	(1,361)
Exchange (gain)/loss	**46**	**24**	**70**	68	34	102
Current service cost	**29**	**200**	**229**	(326)	(270)	(596)
Benefits paid	**42**	**40**	**82**	34	49	83
At end of year	**(748)**	**(643)**	**(1,391)**	(865)	(907)	(1,772)

The charge (credit) for the year for retirement benefit comprises:

	2005 $000	2004 $000
Defined benefit funded scheme	**(50)**	335
Defined benefit unfunded scheme	**(225)**	236
Defined contribution schemes	**48**	43
	(227)	614

21 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	39,803,772	15,000	9,951	23,865	15,424
Share options exercised		124,600		31		57
End of year	**60,000,000**	**39,928,372**	**15,000**	**9,982**	**23,865**	**15,481**

	Number	$000
Treasury shares		
Beginning of year	468,000	(1,387)
Purchased in year	-	-
End of year	**468,000**	**(1,387)**

	$000
Market value of treasury shares	
Beginning of year (164p/share)	1,474
End of year (245p/share)	**1,972**

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

Notes to the financial statements

22 Share based payment

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:

			Number of shares subject to option							
Date of grant	Price per share	Period of option	1 Jan 04	Granted	(Lapsed)	(Exercised)	1 Jan 05	(Lapsed)	(Exercised)	**31 Dec 05**
5.11.94	93.2p	5.11.97 – 4.11.04	31,412	-	-	(31,412)	-	-	-	**-**
3.11.95	115.8p	3.11.98 – 2.11.05	8,000	-	-	(8,000)	-	-	-	**-**
24.5.96	124.0p	24.5.99 – 23.5.06	14,338	-	-	(14,338)	-	-	-	**-**
25.10.99	47.0p	25.10.02 – 24.10.09	153,200	-	-	(153,200)	-	-	-	**-**
16.10.00	38.0p	16.10.03 – 15.10.10	21,600	-	-	(16,200)	5,400	-	(5,400)	**-**
16.04.02	44.7p	30.04.05 – 29.04.12	160,500	-	(800)	-	159,700	(2,400)	(119,200)	**38,100**
21.05.03	108.5p	21.05.06 – 20.05.13	42,800	-	-	-	42,800	-	-	**42,800**
13.05.04	181.2p	13.05.07 – 12.05.14	-	30,000	-	-	30,000	-	-	**30,000**
			431,850	30,000	(800)	(223,150)	237,900	(2,400)	(124,600)	**110,900**
		Exercisable	228,550				5,400			**38,100**

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

The weighted average contracted life of options outstanding at the end of the year was 8 years (2004 – 7 years) and the weighted average exercise price was 106p (2004 – 73p).

The weighted average share price of options exercised during the year was 44p (2004 – 60p).

No options were granted in 2005. The aggregate of the estimated fair value of options granted in 2004 was $20,000. The assumptions applied in the binomial model used to calculate this fair value were:

Weighted average share price at grant date	167.5p
Exercise price	181.2p
Weighted average contracted life	10 years
Weighted average expected period to exercise	3.5 years

Share based remuneration expense charged in the income statement was $14,000 (2004 – $14,000).

23 Ultimate controlling shareholder and related party transaction

At 31 December 2005 Genton International Limited, a company registered in Hong Kong, held 20,247,814 (2004 – 20,247,814) shares of the company representing 50.7% (2004 – 50.9%) of the issued share capital of the company. Madam 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 $8,000 pa (2004 – $9,000), small plantations owned by companies controlled by Madam Lim. This contract is on an arm's length basis.

24 Reserves and minority interests

	Share capital $000	Treasury shares $000	Share premium $000	Share capital redemption reserve $000	Revaluation reserve $000	Foreign exchange reserve $000	Retained earnings $000	Total $000	Minority interests $000	Total equity $000
Balance at 31 December 2003 (UK GAAP)	**15,319**	**-**	**23,679**	**1,087**	**74,579**	**(69,204)**	**43,702**	**89,162**	**19,229**	**108,391**
Changes in accounting policy	-	-	-	-	(11,419)	-	2,375	(9,044)	(2,323)	(11,367)
Restated balance (IFRS)	15,319	-	23,679	1,087	63,160	(69,204)	46,077	80,118	16,906	97,024
Direct changes in equity for 2004										
Surplus/(deficit) on revaluation of estates	-	-	-	-	8,356	-	-	8,356	1,599	9,955
Deferred tax on revaluation	-	-	-	-	(2,597)	-	-	(2,597)	(133)	(2,730)
(Loss)/profit on exchange translation	-	-	-	-	-	(6,389)	-	(6,389)	(1,491)	(7,880)
Net income recognised directly in equity	-	-	-	-	5,759	(6,389)	-	(630)	(25)	(655)
Profit for year	-	-	-	-	-	-	14,809	14,809	2,901	17,710
Total recognised income and expense for the year	-	-	-	-	5,759	(6,389)	14,809	14,179	2,876	17,055
Dividends paid	-	-	-	-	-	-	(2,375)	(2,375)	(1,622)	(3,997)
Share capital subscription	105	-	146	-	-	-	-	251	-	251
Purchase of treasury shares	-	(1,387)	-	-	-	-	-	(1,387)	-	(1,387)
Purchase of interest in a subsidiary	-	-	-	-	-	-	-	-	1,116	1,116
Balance at 31 December 2004	**15,424**	**(1,387)**	**23,825**	**1,087**	**68,919**	**(75,593)**	**58,511**	**90,786**	**19,276**	**110,062**
Direct changes in equity for 2005										
Surplus/(deficit) on revaluation of estates	**-**	**-**	**-**	**-**	**2,329**	**-**	**-**	**2,329**	**783**	**3,112**
Deferred tax on revaluation	**-**	**-**	**-**	**-**	**(88)**	**-**	**-**	**(88)**	**(88)**	**(176)**
(Loss)/profit on exchange translation	**-**	**-**	**-**	**-**	**-**	**(4,688)**	**-**	**(4,688)**	**(1,015)**	**(5,703)**
Net income recognised directly in equity	**-**	**-**	**-**	**-**	**2,241**	**(4,688)**	**-**	**(2,447)**	**(320)**	**(2,767)**
Profit for year	**-**	**-**	**-**	**-**	**-**	**-**	**12,183**	**12,183**	**2,140**	**14,323**
Total recognised income and expense for the year	**-**	**-**	**-**	**-**	**2,241**	**(4,688)**	**12,183**	**9,736**	**1,820**	**11,556**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**(3,158)**	**(3,158)**	**(1,025)**	**(4,183)**
Share capital subscription	**57**	**-**	**43**	**-**	**-**	**-**	**-**	**100**	**448**	**548**
Balance at 31 December 2005	**15,481**	**(1,387)**	**23,868**	**1,087**	**71,160**	**(80,281)**	**67,536**	**97,464**	**20,519**	**117,983**

Notes to the financial statements

24 Reserves and minority interests - continued

Nature and purpose of each reserve:

Share premium	Amount susbscribed for share capital in excess of nominal value.
Capital redemption	Amounts transferred from share capital on redemption of issued shares.
Treasury shares	Weighted average cost of own shares held in treasury.
Revaluation	Gains/losses arising on the revaluation of the group's property.
Foreign exchange	Gains/losses arising on translating the net assets of overseas operations into dollars.
Retained earnings	Cumulative net gains and losses recognised in the consolidated income statement.

25 Guarantees and other financial commitments

		2005	2004
		$000	$000
Capital commitments at 31 December			
Contracted but not provided	- normal estate operations	**78**	52
	- new/extended oil mills	**4,005**	1,445
Authorised but not contracted	- normal estate operations	**3,746**	4,144
	- new/extended oil mills	**2,343**	879
	- land acquisition	**950**	720

26 Acquisitions in prior periods

In March 2004 the group acquired an 80% interest in PT Bina Pitri Jaya (BPJ) for a cash consideration of $4,467,000. BPJ owned a planted oil palm estate of 4,328ha 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
Estates	4,451	5,511	9,962
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 group 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 4,200ha at Labuhan Bilik in the province of North Sumatra. The acquisition was accounted for under the acquisition method.

27 Finance leases

The group leases a few tractors and cars included under non-biological plantation assets at a net carrying value of $145,000 (2004 – $61,000). Such assets are classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and the group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

	Minimum lease payments	Interest	Present value
	2005	**2005**	**2005**
	$000	**$000**	**$000**
Not later than one year	**39**	**3**	**36**
Later than one year and not later than five years	**88**	**18**	**70**
	127	**21**	**106**

Notes to the financial statements

27 Finance leases - continued

	Minimum lease payments 2004 $000	Interest 2004 $000	Present value 2004 $000
Not later than one year	18	1	17
Later than one year and not later than five years	34	3	31
	52	4	48

The present value of future lease payments are analysed as:

	2005 $000	2004 $000
Current liabilities	36	17
Non-current liabilities	70	31
	106	48

28 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 2005 the group had the following loans and facilities.

		Borrowings $000	Facilities $000	Repayable
Malaysia:	ringgit denominated			
	- overdraft	389	794	On demand
	- long term loan	840	840	2006 – 2007 (note 17)
Indonesia:	US dollar denominated			
	- long term loan	4,688	4,688	2006 – 2009 (note 17)

The total long term loan facilities of $5,527,000 are repayable as follows:

2006 $000	2007 $000	2008 $000	2009 $000
1,675	1,665	1,250	937

The loans listed above are all at variable rates of interest as described in note 17.

The group's financial liabilities comprise long term loans as set out above, as well as short term creditors, and a 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 13, on which amounts interest is due at 6% (fixed) but not accrued in the group accounts; these debtors are expected to be settled in about five years.

The interest rate profiles of the group's financial liabilities, tax and net retirement benefits liabilities at 31 December 2005 and 2004 were:

2005	Total **$000**	Fixed rate **$000**	Variable rate **$000**	No interest **$000**
Sterling	**(162)**	**-**	**-**	**(162)**
US dollar	**(5,985)**	**-**	**(5,528)**	**(457)**
Rupiah	**(4,988)**	**-**	**-**	**(4,988)**
Ringgit	**(1,591)**	**(126)**	**(389)**	**(1,076)**
Total	**(12,726)**	**(126)**	**(5,917)**	**(6,683)**
2004				
Sterling	(121)	-	-	(121)
US dollar	(11,164)	-	(9,800)	(1,364)
Rupiah	(8,401)	-	-	(8,401)
Ringgit	(1,507)	(53)	(1,282)	(172)
Total	(21,193)	(53)	(11,082)	(10,058)

28 Disclosure of financial instruments and other risks - continued

	Fixed rate financial liabilities		No interest
	Weighted average interest rate	Weighted average period on which rate is fixed	Weighted average period until maturity
	%	Years	Years
All currencies – 2005	7	4	less than 1

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. Estates 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 estate values into US dollars are offset against revaluation surpluses.

The exchange profits or losses arising in overseas subsidiaries holding foreign currency balances are credited or charged in the group income statement.

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 income statement. 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.

Gains and losses arising from structural currency exposures are taken to the revaluation and exchange reserve and are therefore recognised in the movement in reserves.

The table below shows the net monetary assets and liabilities of the group at 31 December 2005 and 2004 that were not denominated in the operating (or "functional") currency of the operating unit involved.

	Net foreign currency assets/(liabilities)			
	US dollar	Ringgit	Sterling	Total
Functional currency of group operation	**$000**	**$000**	**$000**	**$000**
2005				
Indonesian rupiah	**(3,139)**	**-**	**-**	**(3,139)**
US dollar	**-**	**532**	**(82)**	**450**
Total	**(3,139)**	**532**	**(82)**	**(2,689)**
	$000	$000	$000	$000
2004				
Indonesian rupiah	(3,408)	-	-	(3,408)
US dollar	-	453	151	604
Total	(3,408)	453	151	(2,804)

Credit risks

CPO and kernel, amounting to 97% of group revenue are not despatched unless payment has been received in advance. Remaining sales are on credit for about 30 days.

Fair values of financial assets and 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 2005 and 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 7.

Notes to the financial statements

29 Subsidiary companies

The principal subsidiaries of the company all of which have been included in these consolidated financial statements are as follows:

	Percentage holding of ordinary shares
Principal United Kingdom sub-holding company	
Anglo-Indonesian Oil Palms Limited	100
UK management company	
Indopalm Services Limited	100
Malaysian operating companies	
Anglo-Eastern Plantations (M) Sdn Bhd	55
Anglo-Eastern Plantations Management Sdn Bhd	100
Indonesian operating companies	
PT Alno Agro Utama	90
PT Anak Tasik	100
PT Bina Pitra Jaya *(acquired March 2004)*	80
PT Hijau Pryan Perdana *(acquired December 2004)*	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 17.

Company balance sheet

(UK GAAP)

as at 31 December 2005

	Notes	2005 $000	2004 restated $000
Non-current assets			
Investments in subsidiaries	2	**49,810**	48,475
		49,810	48,475
Current assets			
Debtors	3	**31**	41
Investment	4	**259**	405
Cash and cash equivalents		**1,360**	1,208
		1,650	1,654
Current liabilities			
Other creditors	6	**(192)**	(122)
Net current assets		**(1,458)**	(1,532)
Net assets		**51,268**	50,007
Equity			
Share capital	7	**15,481**	15,424
Treasury	7	**(1,387)**	(1,387)
Share premium reserve	8	**23,868**	23,825
Share capital redemption reserve	8	**1,087**	1,087
Exchange reserve	8	**3,872**	3,872
Retained earnings	8	**8,347**	7,186
Shareholders' funds		**51,268**	50,007

The financial statements were approved by the board of directors and authorised for issue on 7 April 2006 and were signed on its behalf by R O B Barnes

The accompanying notes are an integral part of this balance sheet.

Notes to the company financial statements

1 Accounting policies

Basis of accounting

The separate financial statements of the company are presented as required by the Companies Act 1985. They have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards and law.

The principal accounting policies are summarised below.

Foreign currency

The functional currency of the company is sterling. The financial statements of the company are presented in US dollars, chosen because the price of the bulk of the group's products are ultimately denominated in dollars. Transactions in sterling are translated to US dollars at the actual exchange rate. Sterling denominated assets and liabilities are converted to US dollars at the rate ruling at the balance sheet date.

Dividends

In accordance with FRS21 equity dividends are recognised when they become legally payable. This is a change in accounting policy from 2004, when proposed dividends were also recognised. The comparatives for 2004 have been restated accordingly. Had the accounting policy net changed, the current year net assets would have been $3,514,000 lower (2004 – $3,147,000 lower). The change in accounting policy had no impact on operating profit.

Share based payments

As set out under group accounting policies on page 27.

Non-current asset investments

The company's investments in subsidiary undertakings are stated at cost less provisions for impairment. Only dividends received or receivable are credited to the company's income statement.

Current asset investment

The only investments are in shares listed on a recognised stock exchange and available for sale. These shares are carried at the lower of cost or market value and, where relevant, changes in market value are recognised in equity.

Deferred tax

A deferred tax asset has not been set up in relation to brought forward tax losses because it is not certain those losses can be utilised.

Treasury shares

Consideration paid or received for the purchase or sale of the company's own shares for holding in treasury is recognised directly in equity, where the cost is presented as the treasury share reserve. Any excess of the consideration received on the sale of treasury shares over 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.

2 Investments in subsidiaries

	Investments in subsidiary undertakings **$000**	Loans to subsidiary undertakings **$000**	Total **$000**
At beginning of year	**7,745**	**40,730**	**48,475**
Movements in year	**-**	**1,335**	**1,335**
At end of year	**7,745**	**42,065**	**49,810**

Loans to and from subsidiary companies do not have fixed repayment terms and are repayable on demand. In practice they are effectively long term in nature and therefore classified with investments in subsidiaries.

The principal subsidiaries of the company are listed in note 29 to the consolidated financial statements on page 44.

3 Debtors

	2005 $000	2004 $000
Prepayments and accrued income	**26**	36
Other debtors	**5**	5
	31	41

4 Current asset investment

This represents a short term investment listed on the Kuala Lumpur Stock Exchange and shown at market value; cost $309,000 (2004 – $591,000).

Notes to the company financial statements

5 Dividends

	2005 $000	2004 $000
Paid during the year		
Final dividend of 8.00cts for the year ended 31 December 2004 (2003 – 6.00cts)	**3,158**	2,375
Proposed final dividend of 8.80cts for the year ended 31 December 2005 (2004 – 8.00cts)	**3,514**	3,147

The proposed dividend for 2005 is subject to shareholder approval at the forthcoming annual general meeting and has not been included as a liability in these financial statements.

6 Other creditors

	2005 $000	2004 restated $000
Accruals	**192**	117
Other creditors	**-**	5
	192	122

7 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	39,803,772	15,000	9,951	23,865	15,424
Share options exercised		124,600		31		57
End of year	**60,000,000**	**39,928,372**	**15,000**	**9,982**	**23,865**	**15,481**

	Number	$000
Treasury shares		
Beginning of year	468,000	(1,387)
Purchased in year	-	-
End of year	**468,000**	**(1,387)**
Market value of treasury shares		
Beginning of year (164p/share)		1,474
End of year (245p/share)		**1,972**

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

Details of share based payments are set out in note 22 to the consolidated financial statements on page 39.

8 Reserves

Company balance sheet

	Share premium account $000	Share capital redemption $000	Exchange reserve $000	Profit and loss account (distributable) $000
Beginning of year as previously stated	23,825	1,087	3,872	4,039
Prior year adjustment - dividend (note 1)	-	-	-	3,147
Beginning of year as restated	23,825	1,087	3,872	7,186
Share options exercised	43	-	-	-
Profit for the financial year	-	-	-	4,319
Dividend paid	-	-	-	(3,158)
End of year	**23,868**	**1,087**	**3,872**	**8,347**

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 $4,356,000 (2004 – $5,342,000) and profit for the year was $4,319,000 (2004 – $5,315,000). Of the 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 company financial statements

9 Employees' and directors' remuneration

		2005 number	2004 number
Average numbers employed during the year	- directors	**7**	7
	- staff	**2**	2

	2005 $000	2004 $000
Staff costs		
Wages and salaries	**637**	549
Social security costs	**57**	51
Retirement benefit costs	**45**	43
Share based remuneration expense	**14**	14
	753	657

The information required by the Companies Act and the listing rules of the Financial Services Authority is contained in the directors' report on remuneration on pages 19 to 20 of which the information on page 20 has been audited.

	2005 $000	2004 $000
Directors' emoluments	**527**	435
Pension contributions	**31**	30
Gains at point of exercise of options	**-**	390
	558	855

Notice of annual general meeting

Notice is hereby given that the twenty-first Annual General Meeting of Anglo-Eastern Plantations Plc will be held at the offices of Lovells, Atlantic House, Holborn Viaduct, London EC1A 2FG on 26 May 2006 at 11.30am for the following purposes:

As ordinary business

1 To receive and consider the company's annual report for the year ended 31 December 2005.
2 To declare a dividend.
3 To approve the directors' remuneration report for the year ended 31 December 2005.
4 To elect Mr Kee Lian Yong a director.
5 To re-elect Datuk Chin Poy-Wu, who retires by rotation, a director.
6 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 P E O'Connor
   c) Mr Ho Soo Ching
7 To re-appoint BDO Stoy Hayward LLP as auditors and to authorise the directors to fix their remuneration.

As special business

8 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 25 May 2011 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 25 August 2007 (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 £499,105 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.

Notice of meeting

9 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 25 May 2011; 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 any time or times prior to 25 May 2011 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 8.

10 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 3,992,837 (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 25 August 2007 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.

By order of the board
R O B BARNES
Secretary 7 April 2006

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 11.30am on 24 May 2006 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 11.30am on 24 May 2006 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.

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