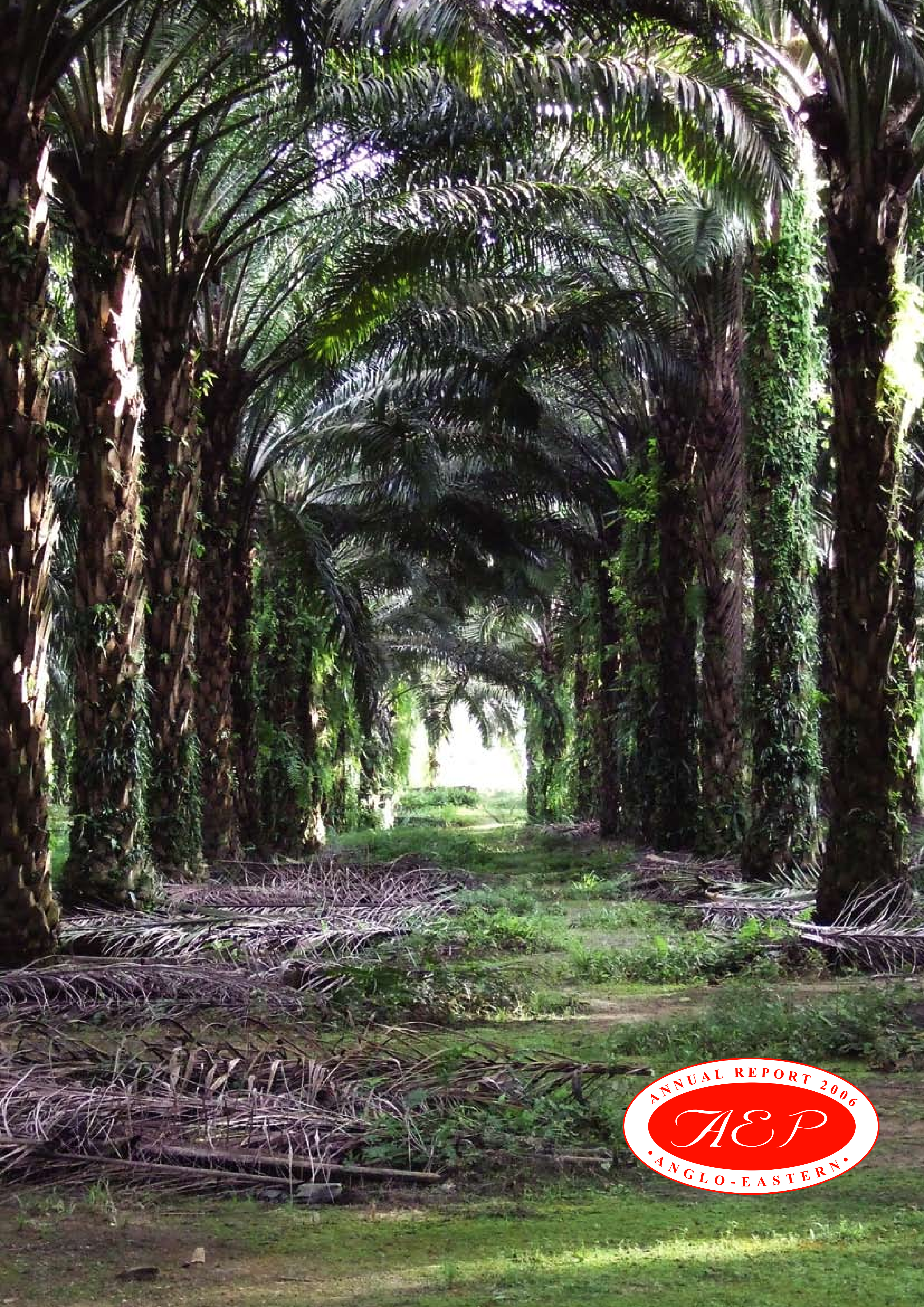

ANNUAL REPORT 2006
AEP
ANGLO-EASTERN

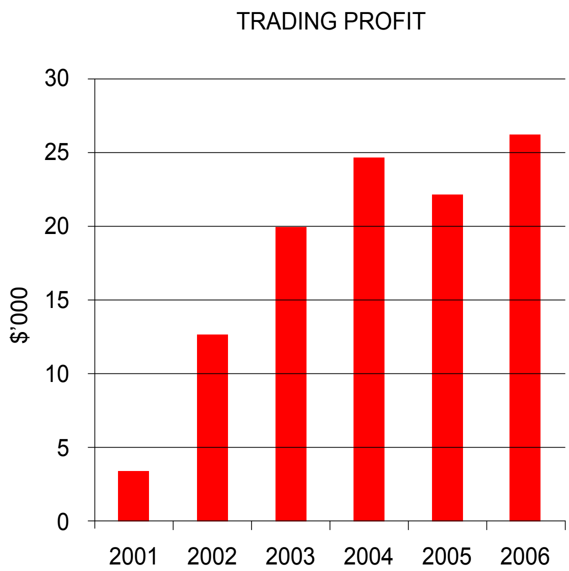
Contents

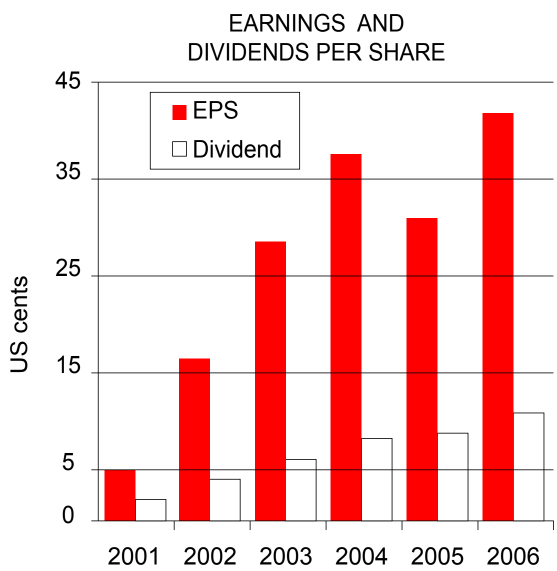
Photographs

Anglo-Eastern Plantations Plc, fully listed on the London Stock Exchange, operates and is developing plantations in Indonesia and Malaysia, amounting to a total land area of 45,000 hectares producing mainly palm oil and some rubber.

Financial highlights

	2006 **$ m**	2005 $ m	Increase
Revenue	**79.1**	64.3	23%
Profit before tax			
- before biological asset (BA) adjustment	**26.7**	21.5	25%
- after BA adjustment	**29.0**	21.4	36%
	cts/share	cts/share	
EPS before BA adjustment	**38.3**	31.0	24%
Dividend	**10.8**	8.8	23%





Chairman's statement

Results

It is pleasing to report a record profit for 2006, which is 18% higher than 2005 and 6% higher than the previous record in 2004. The good results are attributable to record crops and favourable commodity prices.

Operating profit before biological asset (BA) adjustment was $26.3 million in 2006 compared to $22.2 million in 2005. If not for the exceptionally dry weather in Sumatra in the second half of the year, the 12% increase in fresh fruit bunch (FFB) crops for the year over 2005 would have been higher. Average dollar crude palm oil (CPO) prices were 14% higher but, because of the weakness of the dollar, were only 8% higher in Indonesian rupiah. Also, there were sharp increases in local costs at the end of 2005 following the withdrawal of fuel price subsidies by the Indonesian government. For example, wages in North Sumatra rose by some 25% and diesel by some 160%.

Profit before tax, and after a BA credit adjustment of $2.3 million, was also a record $29.0 million. However, as I have said in earlier statements on the subject, this adjustment has no bearing on the operating performance or cash generation for the group.

Earnings per share before BA adjustment were 38.3 cts in 2006, an increase of 24% over the 31.0 cts in 2005.

Financing

During 2006, we repaid $1.6 million of long term loans and drew down a new five year loan of $3.2 million to fund part of the cost of the mill being built at Bina Pitri. As a result, group long term loans increased from $5.5 million at the beginning of the year to $7.1 million at year end. Total capital expenditure amounted to $15.4 million (2005 - $7.6 million) comprising mainly $4.4 million on the Bina Pitri mill, $3.7 million on the new development at Labuhan Bilik and $5.8 million for new plantings at Bengkulu. Notwithstanding these, group cash balances increased from $10.8 million at the beginning of the year to $16.8 million at year end.

Chairman's statement

Valuations
Given the price trends in recent years, the outlook for the entire palm oil industry and the operating environment in Indonesia, it is thought that the parameters used to ascertain the value of the group's Indonesian estates need to be revised. This is also a reflection of the general uptrend in agricultural property prices in Indonesia in recent years. We have revised our CPO price assumption to be $440/mt (previously $400/mt), cif Rotterdam, and the discount rate to 12% (previously 15%). The result is that our Indonesian estates are valued at an average of $4,450/ha compared to $3,790/ha in our 2005 balance sheet. This valuation is a 'value in use' to the company and we feel it is a prudent figure in relation to current market values. The positive BA adjustment in the income statement reflects this increase in value.

Prices
After 18 months' trading in a relatively narrow range of $410/mt to $450/mt, the CPO price began to rise strongly from July 2006 and ended the year at $570/mt. The average for 2006 was $479/mt, compared to $422/mt in 2005.

By contrast, palm kernel prices, which were relatively strong in 2004 and 2005, fell 15% during 2006. Palm kernels accounted for about 9% of group oil palm revenue in 2006.

Rubber prices reached an all-time high of $2,750/mt in June 2006, largely on what is regarded as speculative demand, and ended 2006 at $1,950/mt. Prices averaged $2,080/mt in 2006 compared to $1,490/mt in 2005.

Indonesia
Starting in July, we experienced a severe and prolonged drought both at Tasik and at Bengkulu. While crops at these estates were 10% and 19%, respectively, ahead of expectations in the first half of the year, they were only 4% ahead and 3% below expectations, respectively, for the full year.

Chairman's statement

FFB production from Tasik and Anak Tasik was 167,290 mt, about 1.7% lower than in 2005. Tasik continues to perform well for the age of its plantings. With its satisfactory yield, we might defer the start of replanting beyond 2008. Bought-in crop rose to 130,000 mt in 2006 as compared to 111,330 mt in 2005. However, margins reduced as a result of increasing competition from surrounding mills.

FFB production from the three smaller estates around Medan was a record at 66,010 mt, up 4% on the record of 63,450 mt harvested in the previous year. Sungei Musam (a picture of which appears on the front cover) performed exceptionally well, with yield rising to 28 mt/ha. The mill at Blankahan, which processes crop from all three estates, completed its second full year of operations. Bought-in crop rose to 44,950 mt from 26,420 mt in 2005. In spite of this large increase, extraction rates remained satisfactory at 22.6%. All the remaining 258 ha of cocoa at Rambung has now been replaced by rubber. The mature rubber area of 434 ha made a contribution of $1.7 million to group profits.

Production at Bengkulu, at 189,940 mt, was 19% higher than the previous year but below our budget, due mainly to a severe prolonged drought. We spent considerable sums improving road surfaces to address the difficulties of FFB transport during the monsoon season. With some 4,000 ha of immature palms to be brought into production in the next few years, Bengkulu will be the group's main profit generator. With keen competition from surrounding mills, bought-in crop at Bengkulu fell 19% to 119,690 mt. However, the extraction rate improved from 21.0% in 2005 to 21.9% in 2006, reflecting in part the increasing proportion of better planting material used in later years.

Bina Pitri performed well and to our expectation, with crop up 70% on 2005 at 46,760 mt. The new 40 mt/hr mill (a picture of which appears on the previous page) expects to commence production shortly.

Chairman's statement

Malaysia
Production was up 14% over 2005 at 43,900 mt, a significant improvement on earlier performance. With better FFB prices, our Malaysian properties recorded a much reduced loss of $100,000 from $607,000 in 2005. At current prices, I expect the Malaysian operation to repay all its borrowings during the current year, after which, at reasonable CPO prices, it will be in a position to deliver a cash return to the group.

Development
New planting at Bengkulu accelerated to 1,360 ha in 2006 from 980 ha in 2005, leaving about 1,100 ha to be completed in 2007. This will bring the Bengkulu estates to a planted area of 15,850 ha.

At Labuhan Bilik, 1,400 ha were cleared and drained in early 2006 ready for planting. However, work was held up while we waited for necessary permits resulting in only 349 ha being planted by year end. The planted area has increased to 1,250 ha at the end of March 2007. We have acquired a further 880 ha of land nearby, bringing the plantable area of this estate to 4,000 ha. We are optimistic on yield from this fertile property.

Our management continues to search for new land or estates to acquire. With current high CPO prices, suitable opportunities are difficult to come by.

Directors
The Combined Code on Corporate Governance requires non-executive directors who have served for more than nine years to submit themselves for re-election every year. From the notice of the forthcoming annual general meeting, you will see that three of our independent non-executive directors are affected by this provision, which assumes that, after nine years, such directors are not independent. I commend these directors to you as thoroughly independent and recommend that shareholders vote in favour of all three.

Outlook
With the exception of North Sumatra, crops so far in 2007 appear to suffer from the effects of the earlier drought and have been a little disappointing. Against this, the CPO price is now around $640/mt and most vegetable oil analysts are positive about the outlook for all vegetable oils, driven by strong consumption in traditional markets as well as prospective demand from the biodiesel industry. If current prices are maintained and unless there is a significant decline in crops, we can expect a material improvement in profits and operating cash flows for 2007.

Dividend
On the strength of the improved outlook for palm oil and mindful of the effect of the weaker dollar on our sterling based shareholders, the board is proposing to increase the annual dividend by 23% to 10.8 cts per share from 8.8 cts in the previous year.

Shareholders' attention, particularly those who intend to receive a sterling dividend, is drawn to the reference to dividends in the directors' report on page 13. In future, any sterling equivalent will be paid at the rate of exchange ruling at the date the register closes. If the current exchange rate of $1.96: £ remained unchanged our sterling shareholders would receive a dividend of 5.51p per share or an increase of 9.8% over the previous year.

CHAN TEIK HUAT
Chairman

3 April 2007

Estate areas

At 31 December 2006	GROUP	MALAYSIA	INDONESIA	NORTH SUMATRA						BENGKULU		RIAU
Group interest in total areas below	**TOTAL**	CENDERUNG 55%	**TOTAL**	TASIK 80%	ANAK TASIK 100%	LABUHAN BILIK 80%	BLANKAHAN 75%	RAMBUNG 100%	SUNGEI MUSAM 75%	PUDING MAS 90%	ALNO 90%	BINA PITRI 80%
	Hectares	Hectares	**Hectares**	Hectares	Hectares	Hectares	Hectares	Hectares	Hectares	Hectares	Hectares	Hectares
Oil Palm												
Mature	**27,390**	3,430	**23,960**	6,012	766	-	917	116	1,506	3,633	7,130	3,880
Immature												
due to mature end 2007	**2,126**	-	**2,126**	-	-	-	-	20	302	-	1,717	87
other	**3,879**	285	**3,594**	-	-	349	-	-	-	-	2,272	973
Total	**33,395**	3,715	**29,680**	6,012	766	349	917	136	1,808	3,633	11,119	4,940
Rubber												
Mature	**434**	-	**434**	-	-	-	-	434	-	-	-	-
Immature	**100**	-	**100**	-	-	-	-	100	-	-	-	-
Total	**534**	-	**534**	-	-	-	-	534	-	-	-	-
Total planted area	**33,929**	3,715	**30,214**	6,012	766	349	917	670	1,808	3,633	11,119	4,940
Reserves												
Plantable	**7,264**	2,103	**5,161**	-	-	3,651	-	20	-	394	1,096	-
Unplantable	**1,508**	504	**944**	17	-	-	3	27	-	209	688	-
Other – housing, etc	**2,121**	26	**2,095**	67	31	1,230	37	24	116	116	428	46
	10,893	2,633	**8,200**	84	31	4,881	40	71	116	719	2,212	46
Total area	**44,822**	6,348	**38,414**	6,096	797	5,230	957	741	1,924	4,352	13,331	4,986
of which:												
Land titles	**38,632**	6,348	**32,224**	6,096	797	-	957	741	1,924	4,352	13,331	4,026
Land rights	**6,190**	-	**6,190**	-	-	5,230	-	-	-	-	-	960

Location of Estates

Financial record

Profit and Loss Account	2006 IFRS $000	2005 IFRS $000	2004 IFRS $000	2003 UK GAAP $000	2002 UK GAAP $000
Revenue	**79,094**	64,321	65,676	48,519	31,139
Trading profit	**26,270**	22,201	24,793	19,994	12,767
Biological asset (BA) adjustment	**2,312**	(35)	1,950	-	-
Exchange profits/(losses)	**368**	(550)	147	-	-
Net interest - income/(charged)	**90**	(196)	(287)	(537)	(895)
Profit before tax	**29,040**	21,420	26,744	19,587	12,092
Tax	**(9,289)**	(7,097)	(8,450)	(6,141)	(4,367)
Minority interests	**(3,277)**	(2,140)	(2,901)	(2,201)	(1,250)
Profit attributable to shareholders	**16,474**	12,183	14,809	11,245	6,475
Dividend proposed for year	**(4,265)**	(3,514)	(3,147)	(2,375)	(1,571)
Balance Sheet	**$000**	$000	$000	$000	$000
Fixed assets	**160,823**	129,518	127,302	105,096	103,558
Cash net of short term borrowings	**15,079**	9,091	9,357	13,067	6,376
Long term loans	**(5,454)**	(3,940)	(5,558)	(6,108)	(8,085)
Other working capital	**(1,919)**	255	(4,341)	(4,677)	(4,554)
Deferred tax	**(21,152)**	(16,941)	(16,698)	1,013	1,215
	147,377	117,983	110,062	108,391	98,510
Minority interests	**(25,421)**	(20,519)	(19,276)	(19,229)	(17,377)
Net worth	**121,956**	97,464	90,786	89,162	81,133
Share capital	**15,495**	15,481	15,424	15,319	15,171
Treasury shares	**(1,387)**	(1,387)	(1,387)	-	-
Share premium and capital redemption account	**24,991**	24,955	24,912	24,766	24,657
Revaluation and exchange reserve	**2,407**	(9,121)	(6,674)	5,375	6,586
Profit and loss account	**80,450**	67,536	58,511	43,702	34,719
Equity attributable to shareholders' funds	**121,956**	97,464	90,786	89,162	81,133
Ordinary shares in issue ('000s)	**39,958**	39,928	39,804	39,581	39,227
Earnings per share before BA adj (US cents)	**38.3cts**	31.0cts	34.5cts	28.6cts	16.5cts
Dividend per share for year (US cents)	**10.8cts**	8.8cts	8.0cts	6.0cts	4.0cts
Asset value per share (US cents)	**309cts**	244cts	228cts	225cts	207cts
Earnings per share before BA adj (pence equivalent)	**20.6p**	17.1p	18.7p	17.4p	10.9p
Asset value per share (pence equivalent)	**158p**	142p	135p	126p	128p
Borrowings net of cash: shareholders' funds (%)	**-**	-	-	-	2%

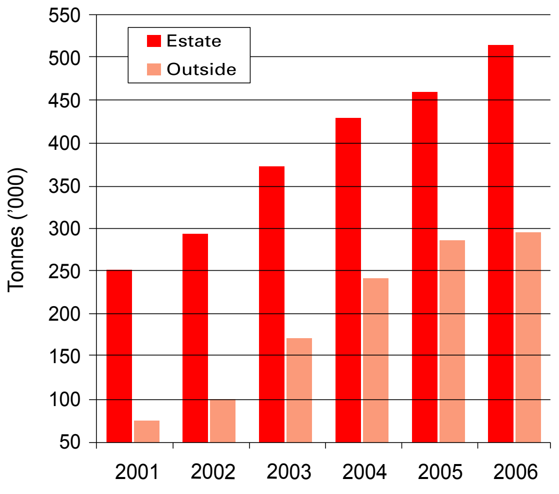
Relevant exchange rates shown on page 9.

Additional information

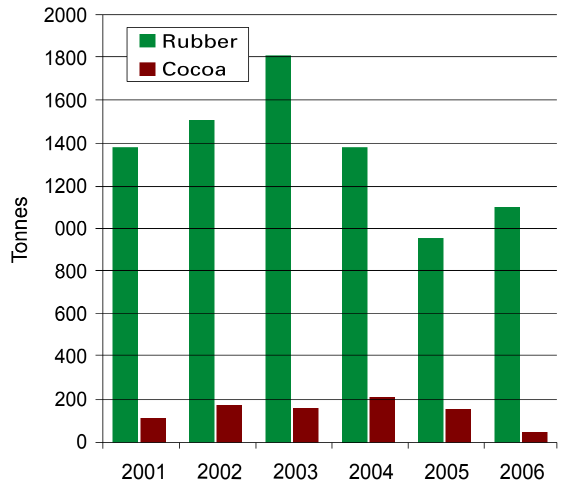
	2006	2005	2004	2003	2002
Planted area	**Ha**	Ha	Ha	Ha	Ha
Oil palm - mature	**27,390**	26,393	25,533	19,910	19,335
- immature	**6,005**	5,481	4,500	4,507	3,389
- total	**33,395**	31,874	30,033	24,417	22,724
Rubber	**534**	434	434	757	843
Cocoa	**-**	258	258	258	258
Total	**33,929**	32,566	30,725	25,432	23,825
Crops	**mt**	mt	mt	mt	mt
FFB - all estates	**513,902**	459,080	428,657	372,290	294,062
- bought-in or processed for third parties	**294,647**	284,705	241,359	170,948	101,906
- mill throughput	**717,888**	677,845	562,134	453,717	302,592
Saleable crude palm oil (CPO)	**156,285**	145,820	118,197	94,523	63,240
Saleable palm kernels	**36,596**	35,049	28,526	22,325	15,033
Rubber	**1,088**	946	1,370	1,800	1,491
Cocoa	**46**	157	208	154	178
Average yields	**mt/ha**	mt/ha	mt/ha	mt/ha	mt/ha
FFB	**18.8**	17.7	18.9	19.0	16.3
Rubber	**2.0**	2.2	2.3	2.3	1.6
Cocoa	**-**	0.6	0.8	0.6	0.7
Extraction rates	**%**	**%**	**%**	**%**	**%**
CPO	**21.8**	21.5	21.5	20.8	21.1
Kernel	**5.1**	5.1	5.2	4.9	5.0
Sales	**mt**	mt	mt	mt	mt
CPO	**157,326**	145,943	119,250	91,238	63,042
Palm kernel	**36,556**	35,220	28,315	22,302	15,018
FFB	**90,659**	65,864	107,844	90,119	93,929
Rubber	**1,074**	947	1,376	1,800	1,508
Cocoa	**67**	125	221	141	170
Average ex-factory sales prices – Indonesia	**Rp/kg**	Rp/kg	Rp/kg	Rp/kg	Rp/kg
CPO	**3,586**	3,332	3,600	3,320	3,113
Palm kernels	**1,879**	2,218	2,233	1,500	1,468
Rubber	**17,932**	13,716	10,618	8,451	6,698
Cocoa	**9,303**	10,923	10,894	14,544	15,214
FFB (ex-estate)	**754**	702	764	719	617
Average ex-estate sales prices – Malaysia	**RM/mt**	RM/mt	RM/mt	RM/mt	RM/mt
FFB	**299**	277	319	284	242
Exchange rates – year end					
Rp : $	**9,020**	9,830	9,290	8,447	8,940
$: £	**1.96**	1.72	1.92	1.79	1.61
RM: $	**3.53**	3.78	3.80	3.80	3.80
Exchange rates – average					
Rp : $	**9,141**	9,751	9,001	8,563	9,253
$: £	**1.86**	1.81	1.84	1.65	1.51
RM: $	**3.66**	3.79	3.80	3.80	3.80

Additional information

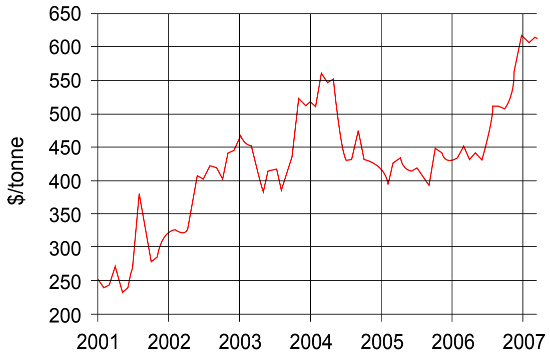
FFB PRODUCTION



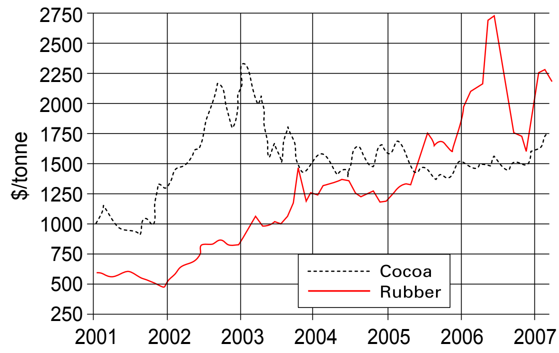
RUBBER AND COCOA PRODUCTION



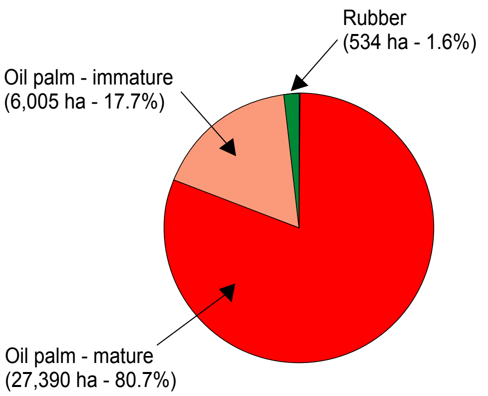
PALM OIL - PRICE
(Rotterdam)



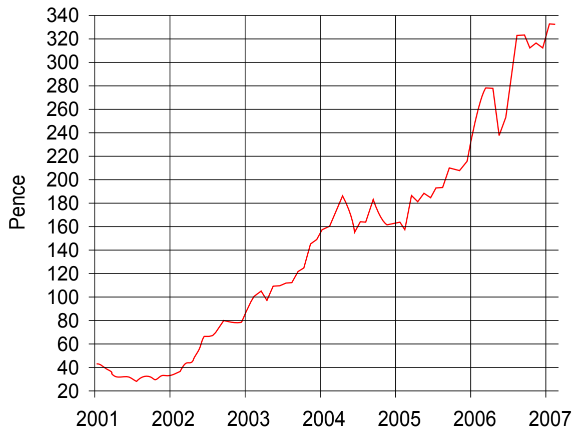
RUBBER AND COCOA PRICES



PLANTED AREAS - HECTARES



ANGLO-EASTERN SHARE PRICE
(Month opening)



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 2006.

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

The company acts as a holding company and co-ordinates the businesses of its subsidiaries. At 31 December 2006 these comprised principally the cultivation of oil palm and rubber 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 27 to the consolidated financial statements.

Results and dividends
The audited financial statements for the year ended 31 December 2006 are set out on pages 21 to 44. The group profit for the year on ordinary activities before taxation was $29,040,000 (2005 - $21,420,000) and the profit attributable to ordinary shareholders was $16,474,000 (2005 - $12,183,000). As usual no interim dividend was paid. The directors recommend a final dividend per share of 10.8cts (2005 – 8.8cts) to be paid on 9 July 2007 to shareholders on the register on 8 June 2007. Shareholders may elect to receive their dividend in sterling as described on page 13.

Enhanced business review
Refer to the chairman's statement on pages 2 to 5. In addition the principal risks and uncertainties of the group’s business are:

- Unexpected variations in crop, principally caused by unusual weather
- Variations in commodity prices
- Variations in the rates of exchange of the Indonesian rupiah and the Malaysian ringgit against the US dollar, which affect directly the local selling prices of the group’s products and the cost of imported inputs, as well as the value of financial assets and liabilities as set out in note 26 of the financial statements
- Input cost inflation and
- Changes in the policy of the Indonesian or Malaysian governments towards the plantation industry and towards foreign investment.

Financial risk
Information on financial instruments and other risks is set out in note 26 to the financial statements.

Biological assets, property, plant and equipment
Information relating to changes in these fixed assets is given in note 11 to the financial statements.

Directors
A full list of directors appears on page 15. All the directors served throughout the year. Datuk Chin, who will have served for nine years, together with Madam Lim, Mr O'Connor and Mr Ho, who will have each served for 13 years, will be submitting themselves for re-election at the forthcoming annual general meeting, as provided in the Combined Code of Corporate Governance.

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

Directors' beneficial interests at 31 December	2006 Ordinary shares	2005 Ordinary shares
R O B Barnes	186,000	186,000
T H Chan	-	-
Datuk Chin	-	-
S K Foo (resigned 16 Sept 2005)	-	-
S C Ho	300,000	300,000
L Y Kee	-	-
S K Lim	20,521,314	20,521,314
P E O'Connor	200,000	250,000

Directors' report

The interests disclosed for Madam Lim are held by Genton International Limited 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 securities of the company between 31 December 2006 and the date of this report.

Other than as set out in note 22 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 3 April 2007 the following interests had been notified to the company, 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	50.7%
Alcatel Bell Pension Fund	5,940,000	14.9%
S N Roditi	2,116,900	5.3%

Auditors
All of the current directors have taken the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of the information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO Stoy Hayward LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed as Resolution 5 at the forthcoming annual general meeting.

Authority to allot shares
At the annual general meeting held on 26 May 2006 shareholders authorised the board under the provisions of section 80 of the Companies Act 1985 to allot relevant securities within specified limits for a period of five years. Renewal of this authority on similar terms is being sought under Resolution 6 at the forthcoming annual general meeting. Such authority will be limited to shares up to a maximum nominal amount of £5,127,432 which represents the company's authorised but unissued 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 £499,478 representing 5% of the current issued share capital. The section 95 authority will last for up to 15 months from the date of the annual general meeting.

Scrip dividends
Resolution 7 to be proposed at the annual general meeting seeks renewal for a further five years of the authority under which the directors are able to offer shareholders a scrip dividend alternative. No scrip alternative is being offered in respect of the 2006 final dividend.

Acquisition of the company's own shares and authority to purchase own shares
At 3 April 2007 the directors had remaining authority, under the shareholders' resolution of 26 May 2006, to make purchases of 3,992,837 of the company's ordinary shares. This authority expires on 31 May 2007.

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 8 to be proposed at the forthcoming annual general meeting seeks renewed authority to purchase up to a maximum of 3,995,827 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 closure of the register. This is a change from previous years when the exchange rate was that ruling at the date of the preliminary announcement of the company's results.

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 (2005 – 30).

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

Political and charitable donations
None (2005 - $62,000).

By order of the board
R O B Barnes
Secretary

3 April 2007

Directors' responsibilities

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group, for safeguarding the assets of the company, 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.

The directors are responsible for preparing the annual report and the financial statements in accordance with the Companies Act 1985. The directors are also required to prepare financial statements for the group in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and Article 4 of the IAS Regulation. The directors have chosen to prepare financial statements for the company in accordance with UK Generally Accepted Accounting Practice (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

International Accounting Standard 1 requires that financial statements present fairly for each financial year the group'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 IFRS. 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 of 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business
- 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.

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.

Directors

Chan Teik Huat (Chairman and CEO, aged 67) – appointed 29 November 1993
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 50) – appointed 1 August 2005
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 62) – appointed 10 July 1989
Chartered Accountant; director of The Chillington Corporation Plc from 1986 to 1989.

Madam Lim Siew Kim (Non-executive, aged 58) – appointed 29 November 1993
Executive chairman of Metroplex Berhad.

Datuk H Chin Poy-Wu (Independent non-executive, chairman of remuneration committee, aged 69) – appointed 1 May 1998
Deputy chairman of Hap Seng Consolidated Berhad, director of Glenealy Plantations Berhad, both listed on the Kuala Lumpur Stock Exchange. Board member of University Malaysia, Sabah. Commissioner of Police - Kuala Lumpur, retired 1993.

P E O'Connor (Senior independent non-executive, chairman of nomination committee, aged 66) – appointed 3 June 1994
Chairman of Advance Developing Markets Plc; lead director of NEO Material Technologies Inc and deputy chairman 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 57) – appointed 29 November 1993
From September 2006 chief executive officer of Manhattan Resources Limited, a Singapore listed company involved in the Indonesian coal mining sector. Prior to that involved mainly in the financial services sector including some time within Singapore Technologies Group. Director of Morgan Grenfell, Singapore from 1981 to 1987.

Statement on corporate governance

During 2006 the company has complied with the great majority of the requirements of the Combined Code of Corporate Governance. Where provisions of the Combined Code were not met during 2006, particular comment is made in the statements below and in the Directors' remuneration report on page 18. 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. All of these three have served for over nine years, which is the limit reckoned by the Combined Code to indicate prima facie independence. All three have a wide range of business interests beyond their position with the company and the rest of the board agrees unanimously that they have shown themselves to be fully independent. Mr Chan has been both chairman and chief executive since 1998. Madam Lim, who is a non-executive director, 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 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 2006 there were three full meetings, attended by all the directors except Madam Lim who did not attend any, and Mr O'Connor who was absent from one.

All the independent non-executive directors met on their own in early 2006 and 2007. The chairman met all the non-executive directors, in the absence of the other executive directors, twice in 2006.

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

Non-executives are appointed for three year 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 fixed 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 2007 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 did not need to meet during 2006.

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 2007 annual general meeting.

Accountability and audit
The responsibilities of the directors as regards the financial statements are set out on page 14. A statement of going concern is also on page 14.

Statement on corporate governance

Accountability and audit - continued
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 or previous principal occupations in corporate finance and investment. The committee met prior to the completion of the 2006 accounts and three times during 2006. These meetings were attended by all members, except Mr O'Connor, who was absent from one.

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 2006 for example the audit committee reviewed, among other things, industrial relations policy, exchange exposure, environmental risks and risks in acquisitions in Indonesia.

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.

Environmental and corporate social responsibility
In 2004 a group of growers, processors, retailers and wildlife and conservation groups founded the "Round Table for Sustainable Palm Oil", known as RSPO, to codify and promote best practices in the industry. The group's management and directors take a serious view of their environmental and social responsibilities and are fully committed to the principles being developed by RSPO. These principles cover eight headings as follows:

- Transparency
- Compliance with local laws and regulations
- Commitment to long term economic and financial viability
- Use of appropriate best practices by growers and millers
- Environmental responsibility and conservation of natural resources and biodiversity
- Responsible consideration of individuals and communities affected by growers and mills
- Responsible development of new plantings and
- Commitment to continuous improvement in key areas of activity

Within these headings are 40 detailed principles. Among the most important are

- Not to remove primary forest
- Not to use fire for clearing new or replantings
- To follow accepted soil and water conservation practices
- To use agrochemicals in ways that do not endanger health or the environment and to promote non-chemical methods of pest management
- To leave wild areas for wildlife corridors, water catchment and riparian protection
- Provide full treatment of mill effluent water
- Ensure the wishes of local communities and individuals are taken account of and
- Only freely agreed compensation is paid to individuals with residual rights over land, in addition to following government land regulations

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 2006 attended by all members, except Mr O'Connor who was absent from one.

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. The committee recommends remuneration terms by reference to individual performance, market conditions, the company's performance and the need to maintain an economic operation.

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

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.

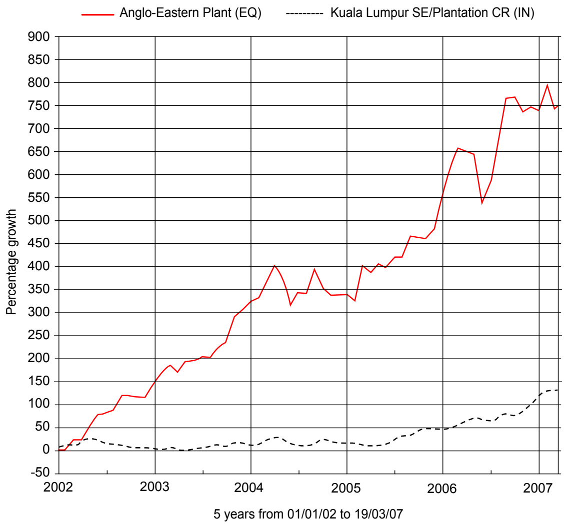
Pensions
There is no company pension scheme for executive directors or senior executives and management. In the case of one executive director, Mr Barnes, the company makes contributions based on base salary only to a personal money purchase scheme. Senior executives who leave voluntarily after more than five years' service are entitled to a gratuity of one month's base salary for each year of service.

Service contracts
All directors, executive and non-executive, have service contracts. Those of the non-executives are all dated 24 February 2006 for three year terms with notice periods of one month. Mr Barnes has a contract dated 29 March 2005 which expires on 31 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. Mr Chan and Mr Kee have rolling contracts dated 22 February 2007 and 22 June 2005, respectively, each having a notice period of six months. Notice periods for all other senior management are generally between three and six months.

Directors' remuneration report

Performance graph

The following graph shows the company's performance, measured by share price, compared to the Kuala Lumpur Stock Exchange (KLSE) Plantation Index for the period 1 January 2002 to 19 March 2007. 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 the company.



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

Audited information

Directors' share options

Share options granted to the directors of the company under the company's 1994 Executive Share Option Scheme and Overseas Share Option Scheme and outstanding at 31 December 2006 were:

Name of director	Date of grant	Exercise price	Period of option	No of ordinary shares under option		
				1 Jan 06	(Exercised)	31 Dec 06
T H Chan	16.04.02	44.7p	30.04.05-29.04.12	30,600	-	30,600

The market price of the shares at 31 December 2006 was 312.5p and the range during 2006 was 218.25p to 330p.

Directors' remuneration

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

Name of director	Fees $000	Executive salary $000	Bonus (re 2005) $000	Benefits in kind $000	**Total 2006 $000**	Total 2005 $000	Pension contribution **2006 $000**	2005 $000
Executive:								
T H Chan (Chairman and CEO)	-	86	14	6	**106**	118	**-**	-
R O B Barnes		196	31	31	**258**	276	**34**	31
L Y Kee (appointed 1 August 2005)	-	82	4	14	**100**	41	**-**	-
Non-executive:								
S K Lim	15	-	-	-	**15**	15	**-**	-
Datuk H Chin	22	-	-	-	**22**	22	**-**	-
S K Foo (resigned 16 Sep 2005)	-	-	-	-	**-**	11	**-**	-
S C Ho	22	-	-	-	**22**	22	**-**	-
P E O'Connor	22	-	-	-	**22**	22	**-**	-
2006	**81**	**364**	**49**	**51**	**545**		**34**	
2005	92	293	107	35		527		31

Apart from the salaries of Mr Chan and Mr Kee, which are denominated in Malaysian ringgit, all the other above salaries are denominated in sterling.

On behalf of the board
Datuk H Chin Poy-Wu
Chairman, remuneration committee

3 April 2007

Auditors’ report

Independent auditors' report 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 2006 which comprise the consolidated income statement, the consolidated and parent company balance sheets, the consolidated cash flow statement, the consolidated statement of 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 (IFRS) 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 the information in the directors' report is consistent with those financial statements. The 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 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 IFRS as adopted by the European Union, of the state of the group's affairs as at 31 December 2006 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 2006; 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.
- the information given in the directors' report is consistent with the financial statements.

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

3 April 2007

Consolidated income statement
for the year ended 31 December 2006

		2006			2005		
Continuing operations	Notes	**Result before BA adjustment $000**	**BA adjustment $000**	**Total $000**	Result before BA adjustment $000	BA adjustment $000	Total $000
Revenue	2	**79,094**	**-**	**79,094**	64,321	-	64,321
Cost of sales		**(50,089)**	**-**	**(50,089)**	(39,514)	-	(39,514)
Gross profit		**29,005**	**-**	**29,005**	24,807	-	24,807
Biological asset revaluation movement (BA adjustment)		**-**	**2,312**	**2,312**	-	(35)	(35)
Other income	3	**13**	**-**	**13**	115	-	115
Administration expenses		**(2,748)**	**-**	**(2,748)**	(2,721)	-	(2,721)
Operating profit		**26,270**	**2,312**	**28,582**	22,201	(35)	22,166
Exchange profits/(losses)		**368**	**-**	**368**	(550)	-	(550)
Finance income		**538**	**-**	**538**	302	-	302
Finance costs	4	**(448)**	**-**	**(448)**	(498)	-	(498)
Profit before tax	5	**26,728**	**2,312**	**29,040**	21,455	(35)	21,420
Tax	8	**(8,595)**	**(694)**	**(9,289)**	(7,107)	10	(7,097)
Profit for the year		**18,133**	**1,618**	**19,751**	14,348	(25)	14,323
Attributable to:							
- Equity holders of the parent		**15,153**	**1,321**	**16,474**	12,235	(52)	12,183
- Minority interests		**2,980**	**297**	**3,277**	2,113	27	2,140
		18,133	**1,618**	**19,751**	14,348	(25)	14,323
Earnings per share							
- basic	9			**41.7 cts**			30.9 cts
- diluted	9			**41.7 cts**			30.9 cts

Earnings before BA adjustment are shown in note 9

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

Consolidated statement of recognised income and expenses
for the year ended 31 December 2006

	Notes	**2006 $000**	2005 $000
Profit for the year		**19,751**	14,323
Unrealised surplus on revaluation of the estates	23	**6,016**	3,112
Profit/(loss) on exchange translation	23	**11,718**	(5,703)
Deferred tax on revaluation	23	**(3,327)**	(176)
Total recognised income and expense for the year		**34,158**	11,556
Attributable to:			
- Equity holders of the parent	23	**28,002**	9,736
- Minority interests	23	**6,156**	1,820
		34,158	11,556

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

Consolidated balance sheet
as at 31 December 2006

	Notes	**2006 $000**	2005 $000
Non-current assets			
Biological assets	11	**33,255**	26,975
Property, plant and equipment	11	**127,568**	102,543
Receivables	12	**1,071**	1,071
		161,894	130,589
Current assets			
Inventories	13	**1,785**	2,499
Investments	14	**-**	259
Tax receivables		**2,684**	1,106
Trade and other receivables	15	**1,918**	2,003
Cash and cash equivalents		**17,246**	11,194
		23,633	17,061
Current liabilities			
Bank loans and other financial liabilities	16	**(2,167)**	(2,103)
Trade and other payables	17	**(5,308)**	(3,487)
Tax liabilities		**(3,235)**	(2,594)
		(10,710)	(8,184)
Net current assets		**12,923**	8,877
Non-current liabilities			
Bank loans and other financial liabilities	16	**(5,454)**	(3,940)
Deferred tax liabilities	18	**(21,152)**	(16,941)
Retirement benefit net liabilities	19	**(834)**	(602)
Net assets		**147,377**	117,983
Equity			
Share capital	20	**15,495**	15,481
Treasury shares	20	**(1,387)**	(1,387)
Share premium reserve	23	**23,904**	23,868
Share capital redemption reserve	23	**1,087**	1,087
Revaluation and exchange reserves	23	**2,407**	(9,121)
Retained earnings	23	**80,450**	67,536
Equity attributable to equity holders of the parent		**121,956**	97,464
Minority interests	23	**25,421**	20,519
Total equity		**147,377**	117,983

The financial statements were approved by the board of directors and authorised for issue on 3 April 2007 and were signed on its behalf by

R O B Barnes

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

Consolidated cash flow statement
for the year ended 31 December 2006

	2006 $000	2005 $000
Operating profit	**28,582**	22,166
Adjustments for:		
BA adjustment	**(2,312)**	35
Net loss/(profit) on disposal of current and fixed asset investments	**158**	(77)
Depreciation	**3,551**	3,243
Share-based remuneration expense	**20**	14
Retirement benefit provisions	**232**	(491)
Foreign exchange	**715**	(994)
Operating cash flow before changes in working capital	**30,946**	23,896
Decrease/(increase) in inventories	**714**	(964)
Decrease/(increase) in trade and other receivables	**85**	(258)
Increase in trade and other payables	**1,007**	542
Cash inflow from operations	**32,752**	23,216
Interest paid	**(541)**	(600)
Overseas tax paid	**(9,321)**	(9,809)
Net cash flow from operations	**22,890**	12,807

Investing activities		
Property, plant and equipment		
- purchase	**(15,370)**	(7,596)
- sale	**119**	116
Interest received	**538**	302
Net cash used in investing activities	**(14,713)**	(7,178)

Consolidated cash flow statement (continued)
for the year ended 31 December 2006

	2006 $000	2005 $000
Financing activities		
Dividends paid by parent company	**(3,560)**	(3,158)
Share options exercised	**50**	100
Repayment of existing long term loans	**(1,645)**	(5,531)
Drawdown of new long term loan	**3,200**	-
Finance lease (repayment)/drawdown	**(11)**	74
Dividends paid to minority shareholders	**(460)**	(2,587)
Repayment by minority shareholders	**-**	693
Subscriptions to subsidiary share capital by minority shareholders	**-**	448
Receipt from sale of portfolio investment	**267**	227
Net cash used in financing activities	**(2,159)**	(9,734)
Increase/(decrease) in cash and cash equivalents	**6,018**	(4,105)
Cash and cash equivalents less overdrafts		
At beginning of year	**10,805**	14,910
At end of year	**16,823**	10,805
Comprising:		
Cash at end of year	**17,246**	11,194
Overdraft at end of year	**(423)**	(389)
	16,823	10,805

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 IRFIC 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 principal accounting policies are set out below. The policies have been applied consistently to all the years presented.

The group has elected not to adopt IFRS 7 Financial Instruments early. IFRS 7 will apply to the group for accounting periods beginning on or after 1 January 2007 and contains provisions relating to the disclosure of the significance of financial instruments, the risk exposures arising therefrom and the approach taken in managing those risks, replacing the existing provisions of IAS 32.

IFRS 8 Operating Segments will apply to the group for accounting periods beginning on or after 1 January 2009 and will replace the existing provisions of IAS 14. The board will monitor the effect of the standard on the future disclosure of segment information by the group.

IAS 23 Borrowing Costs will apply to the group for accounting periods beginning on or after 1 January 2009 and will require interest to be capitalised for assets that take a substantial period of time to get ready for use or sale. The board will monitor the effect of the standard on future disclosures.

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 intergroup 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.

All other exchange profits or losses are credited or charged to the income statement.

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 palm kernel shell, 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 after signature of contract. 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 2005.

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.

1 Accounting policies - continued

Share based payments - continued

Fair value is measured by use 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 third party 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.

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 next following annual general meeting.

Biological assets, property, plant and equipment

Estates, which comprise biological assets, property, plant and equipment, 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 of property, plant and equipment is transferred to the revaluation and exchange reserve, except that a deficit which is in excess of any previously recognised surplus relating to the same property is charged to the 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 reserve 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.

Within the estate valuations described above the value of biological assets is estimated separately and, as required by IAS 41, the movement in valuation surplus of biological assets is charged or credited to the income statment for the relevant period (BA adjustment).

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 or 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 expenses.

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.

All produce inventories are already processed and therefore the requirement under IAS 41 to value agricultural produce at market value, does not apply.

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 the income statement.

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.

1 Accounting policies - continued

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.

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 revaluations, in which case the deferred tax is also dealt with in equity.

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 statement 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.

Significant accounting estimates and judgements

The preparation of the group financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported assets and liabilities and reported revenue and expenses. Actual results could differ from those estimates and accordingly they are reviewed on an ongoing basis. The main areas in which estimates are used are:
fair value of biological assets, property, plant and equipment; deferred tax; retirement benefits. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Assumptions regarding the valuation of biological assets, property, plant and equipment are set out in note 11. The group's policy with regard to impairment of such assets is set out above.

2 Revenue

	2006	2005
	$000	$000
Sales of produce	**78,863**	64,186
Other operating income	**231**	135
	79,094	64,321

3 Other income

	2006	2005
	$000	$000
Income from current asset investments	**5**	79
Profit on disposal of current asset investments	**8**	36
	13	115

4 Finance costs

	2006	2005
	$000	$000
Interest payable on:		
Development loans - (note 16)	**478**	576
Overdraft - (note 16)	**57**	20
Finance leases	**6**	4
Interest capitalised on loans related to field development and construction in progress	**(93)**	(102)
	448	498

Notes to the financial statements

5 Profit before tax

	2006 $000	2005 $000
Profit before tax is stated after charging		
Depreciation (including $41,000 (2005 – $25,000) in respect of leased assets)	**3,551**	3,243
Staff costs (note 7)	**10,772**	7,559
Auditors' remuneration - audit (company $25,000 (2005 – $25,000)	**110**	120
- other advisory services	**-**	-

6 Segment information

2006	North Sumatra $000	Bengkulu $000	Riau $000	Total Indonesia $000	Malaysia $000	UK $000	Total $000
Revenue	**42,768**	**28,829**	**3,857**	**76,454**	**3,638**	**2**	**79,094**
Profit/(loss) before tax and BA movement	**17,919**	**8,955**	**1,071**	**27,945**	**169**	**(1,386)**	**26,728**
BA movement	**1,161**	**175**	**1,013**	**2,349**	**(37)**	**-**	**2,312**
Profit/(loss) before tax	**19,080**	**9,130**	**2,084**	**30,294**	**132**	**(1,386)**	**29,040**
Assets	**75,900**	**60,224**	**23,472**	**159,596**	**20,415**	**2,832**	**182,843**
(Liabilities ex tax)	**(2,628)**	**(1,591)**	**(7,712)**	**(11,931)**	**(1,219)**	**(613)**	**(13,763)**
Net assets ex tax	**73,272**	**58,633**	**15,760**	**147,665**	**19,196**	**2,219**	**169,080**
Tax (liabilities)/assets	**589**	**(1,228)**	**570**	**(69)**	**(475)**	**(7)**	**(551)**
Deferred tax (liability)/asset	**(13,711)**	**(5,679)**	**(3,154)**	**(22,544)**	**1,392**	**-**	**(21,152)**
Net assets	**60,150**	**51,726**	**13,176**	**125,052**	**20,113**	**2,212**	**147,377**
Capital expenditure	**5,374**	**4,714**	**5,147**	**15,235**	**228**	**-**	**15,463**
Depreciation	**(1,304)**	**(1,190)**	**(209)**	**(2,703)**	**(848)**	**-**	**3,551**

2005	$000	$000	$000	$000	$000	$000	$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	-	(16,940)
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)

Secondary reporting format by crop:

	Net assets		Turnover		Profit/(loss) before tax	
	2006 $000	2005 $000	2006 $000	2005 $000	2006 $000	2005 $000
By activity:						
Oil palm	**129,962**	106,434	**76,862**	62,798	**27,557**	23,796
Rubber	**2,357**	2,254	**2,186**	1,331	**1,725**	999
Cocoa	**-**	72	**46**	192	**(277)**	12
Gross profit					**29,005**	24,807
BA movement	**-**	-	**-**	-	**2,312**	(35)
Administration expenses	**-**	-	**-**	-	**(2,748)**	(2,721)
Unallocated assets/income/(expenses)	**15,058**	9,223	**-**	-	**381**	(435)
Interest	**-**	-	**-**	-	**90**	(196)
	147,377	117,983	**79,094**	64,321	**29,040**	21,420

Notes to the financial statements

7 Employees' and directors' remuneration

	2006 number	2005 number
Average numbers employed (primarily overseas) during the year - full time	**3,463**	3,466
- casual	**4,406**	4,008

	2006 $000	2005 $000
Staff costs (primarily overseas):		
Wages and salaries	**9,923**	7,583
Social security costs	**234**	189
Retirement benefit costs/(write back of provisions) (note 19)	**595**	(227)
Share based remuneration expense (equity settled)	**20**	14
	10,772	7,559

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 18 to 19 of which the information on page 19 has been audited.

	2006 $000	2005 $000
Directors emoluments	**545**	527
Pension contributions	**34**	31
	579	558

Executive directors are considered to be the key management personnel; their remuneration is shown on page 19.

8 Tax

	2006 $000	2005 $000
Foreign corporation tax - current year	**7,794**	6,509
Foreign withholding tax on remittances	**590**	539
Deferred tax adjustment - current year	**905**	49
	9,289	7,097

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.

	2006 $000	2005 $000
Profit on ordinary activities before tax	**29,040**	21,420
Profit on ordinary activities multiplied by standard rate of UK corporation tax of 30% (2005 – 30%)	**8,712**	6,426
Effects of:		
Rate adjustment relating to overseas profits	**(13)**	(13)
Group accounting adjustments not subject to tax	**(785)**	(176)
Expenses not allowable for tax	**150**	102
Temporary differences	**(46)**	(219)
Losses not offsetable against fellow subsidiary profits	**99**	702
Utilisation of tax losses brought forward	**(323)**	(313)
Foreign corporation tax charge for year	**7,794**	6,509
Deferred tax adjustments (note 18)	**905**	49
Foreign withholding tax	**590**	539
Total tax charge for year	**9,289**	7,097

Notes to the financial statements

9 Earnings per ordinary share (EPS)

	2006 $000	2005 $000
Profit for the year attributable to equity holders of the parent company before BA adjustment	**15,153**	12,235
Net BA adjustment	**1,321**	(52)
Earnings used in basic and diluted EPS	**16,474**	12,183
	Number '000	Number '000
Weighted average number of shares in issue in year		
- used in basic EPS	**39,478**	39,411
- dilutive effect of outstanding share options	**55**	50
- used in diluted EPS	**39,533**	39,461
Basic EPS before BA adjustment	**38.3cts**	31.0cts
Basic EPS	**41.7cts**	30.9cts

There is no significant difference between basic and diluted EPS.

10 Dividends

	2006 $000	2005 $000
Paid during the year		
Final dividend of 8.80 cts for the year ended 31 December 2005 (2004 – 8.00 cts)	**3,560**	3,158
Proposed final dividend of 10.8 cts for the year ended 31 December 2006 (2005 – 8.80 cts)	**4,265**	3,473

The proposed dividend for 2006 is subject to shareholder approval at the forthcoming annual general meeting and has not been included as a liability in these financial statements.

11 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 2005	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
Exchange translations	**7,959**	**1,218**	**9,177**	**2,341**	**11,518**
Revaluations	**3,930**	**-**	**3,930**	**1,773**	**5,703**
Additions	**7,844**	**5,453**	**13,297**	**2,166**	**15,463**
Disposals	**(272)**	**(92)**	**(364)**	**-**	**(364)**
At 31 December 2006	**111,006**	**20,187**	**131,193**	**33,255**	**164,448**

11 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 2005	-	(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)
Exchange translations	-	**(246)**	**(246)**	-	**(246)**
Revaluations	**2,163**	**-**	**2,163**	**540**	**2,703**
Charge for the year	**(2,163)**	**(848)**	**(3,011)**	**(540)**	**(3,551)**
Disposals	-	**79**	**79**	-	**79**
At 31 December 2006	-	**(3,625)**	**(3,625)**	-	**(3,625)**
Carrying amount					
At 31 December 2005	91,545	10,998	102,543	26,975	129,518
At 31 December 2006	**111,006**	**16,562**	**127,568**	**33,255**	**160,823**

The directors valued the estates (comprising biological assets, non-biological plantation assets, plantation infrastructure and oil mills) at 31 December 2006 and 2005 at the higher of net realisable value and value in use. These values were reviewed at December 2006 by PT Nagadi Ekasakti, Jakarta based consultants, who are familiar with the properties and the necessary assumptions underlying the calculations; principal among these were: an assumed CPO selling price of $440/mt (cif Rotterdam) (2005 - $400/mt) and a discount rate of 12% (2005 - 15%). Biological assets are estimated as a proportion of these calculations. The Indonesian estates have been included at values in use. The change in assumptions reflects the rising price of and improved outlook for CPO, as well as increasing agricultural property values and replacement costs and falling interest rates in Indonesia. If the Indonesian estates had been valued at December 2006 using an assumed CPO price of $400/mt and a discount rate of 15% the total carrying value of biological assets, property, plant and equipment would have been $111,770,000.

The Malaysian estates were professionally valued by PPC International, Kuala Lumpur based valuers, in December 2006 on an open market existing use basis and are included at this valuation less potential sale costs.

The estates include $93,000 (2005 - $102,000) of interest and $1,491,000 (2005 - $1,403,000) of overheads capitalised during the year in respect of expenditure on estates under development during 2006.

Original cost and depreciation at historical rates of exchange of the estates at 31 December 2006 :

	Estates $000	Mills $000	Total $000
Original cost	152,144	27,306	179,450
Cumulative depreciation based on original cost	(30,826)	(8,452)	(39,278)
	121,318	18,854	140,172

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 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 estate in Malaysia is a long lease expiring in 2084.

12 Receivables: non-current

	2006 $000	2005 $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 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.

13 Inventories

	2006 $000	2005 $000
Estate and mill consumables	**1,309**	1,847
Processed produce for sale	**476**	652
	1,785	2,499

14 Current asset investments

This represents a short term investment listed on the Kuala Lumpur Stock Exchange, shown at market value but sold during 2006. Cost (2005 - $309,194).

15 Trade and other receivables

	2006 $000	2005 $000
Trade debtors	**644**	368
Other debtors	**1,038**	1,413
Prepayments and accrued income	**236**	222
	1,918	2,003

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

16 Bank loans and other financial liabilities

	2006		2005	
	under one year $000	more than one year $000	under one year $000	more than one year $000
Bank overdraft (a)	**423**	**-**	389	-
Long term development loan (b)	**1,250**	**2,188**	1,250	3,437
Long term development loan (c)	**-**	**3,200**	-	-
Long term development loan (d)	**444**	**-**	425	415
Total bank loans	**2,117**	**5,388**	2,064	3,852
Finance lease obligations (e)	**50**	**66**	39	88
Total bank loans and lease obligations	**2,167**	**5,454**	2,103	3,940
Amounts repayable after more than one year, as follows:				
in more than one year but not more than two years		**1,677**		1,704
in more than two years but not more than five years		**3,377**		2,236
In more than five years but not more than six years		**400**		-
		5,454		3,940

(a) The bank overdraft is secured by a fixed and floating charge over the land titles and assets of the parent company's Malaysian operating subsidiary, Anglo-Eastern Plantations (M) Sdn Bhd ("AEP Malaysia") as well as over the parent company's shareholding in AEP Malaysia. The parent company has guaranteed the overdraft. Interest is at 2% above Malaysian Bank Lending Rate or about 8.7% (2005 - 8.0%).

(b) The long term development loan, which is part of an original 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. The parent company has guaranteed the loan. Interest was at 3% under the US dollar Indonesian prime rate or about 8.0% through 2006 (2005 - 7.25%). The loan is repayable in sixteen quarterly instalments of $312,500 from October 2005 to July 2009.

(c) The long term development loan of $3,200,000, to part finance construction of a mill, was made in September 2006 to, and secured by a fixed and floating charge on the land titles and other assets of, PT Bina Pitri Jaya. Interest and security is on the same terms as for the loan under (b) above. The loan is repayable in sixteen quarterly instalments of $200,000 from July 2008 to April 2012.

(d) The long term development loan is made to AEP Malaysia on the same interest and security terms described for the overdraft in note (a) above. The loan is part of an original facility of $2,266,000 and is to be fully repaid in 2007.

(e) Finance lease obligations relate to vehicles and machinery, on which the obligations are secured, in the Malaysian subsidiaries (2005 – Malaysia). Interest is effectively at 3.0%. Payments complete by the end of 2010.

17 Trade and other payables

	2006 $000	2005 $000
Trade creditors	**1,737**	1,451
Other creditors	**2,200**	939
Accruals	**1,371**	1,097
	5,308	3,487

18 Deferred tax liabilities

	2006 $000	2005 $000
Year end (liability) relates to		
Revaluation surplus	**(21,244)**	(17,223)
Unutilised tax losses	**330**	605
Other temporary differences	**(238)**	(323)
	(21,152)	(16,941)
Movement:		
At beginning of year (liability)	**(16,941)**	(16,698)
(Charge) to		
- income statement	**(905)**	(49)
- equity: revaluation and exchange reserve	**(3,327)**	(176)
Exchange adjustment	**21**	(18)
At end of year (liability)	**(21,152)**	(16,941)

Details of movement in 2006	**(Liability) 2006 $000**	**(Charged)/ credited to income 2006 $000**	**(Charged)/ credited to reserves 2006 $000**
Revaluation surplus	**(21,244)**	**(694)**	**(3,327)**
Accelerated capital allowances	**(39)**	**(7)**	**-**
Employee pension liabilities	**158**	**82**	**-**
Other temporary and deductible differences	**(357)**	**38**	**-**
Available losses	**330**	**(324)**	**-**
	(21,152)	**(905)**	**(3,327)**

Details of movement in 2005	(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)

	2006 $000	2005 $000
A deferred tax asset has not been recognised for the following items		
Unutilised tax losses	15,186	14,691

19 Retirement benefits

The group maintains a defined 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:

	2006	2005	2004
Inflation	**10%**	10%	10%
Rate of increase in wages	**10%**	10%	10%
Discount rate	**12%**	12%	12%

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.

Notes to the financial statements

19 Retirement benefits - continued

	Defined benefit - funded schemes 2006 $000	Defined benefit – unfunded schemes 2006 $000	Total 2006 $000	Defined benefit - funded schemes 2005 $000	Defined benefit - unfunded schemes 2005 $000	Total 2005 $000
Reconciliation to balance sheet						
Scheme assets (all cash)	**1,032**	**-**	**1,032**	789	-	789
Scheme (liabilities)	**(906)**	**(960)**	**(1,866)**	(748)	(643)	(1,391)
Net assets/(liabilities)	**126**	**(960)**	**(834)**	41	(643)	(602)
Reconciliation of scheme assets						
At beginning of year	**789**	**-**	**789**	669	-	669
Exchange gain/(loss)	**73**	**-**	**73**	(38)	-	(38)
Contributions by group	**151**	**-**	**151**	178	-	178
Income	**65**	**-**	**65**	50	-	50
Benefits paid	**(42)**	**-**	**(42)**	(42)	-	(42)
Expenses	**(4)**	**-**	**(4)**	(28)	-	(28)
At end of year	**1,032**	**-**	**1,032**	789	-	789
Reconciliation of scheme (liabilities)						
At beginning of year	**(748)**	**(643)**	**(1,391)**	(865)	(907)	(1,772)
Exchange (loss)/gain	**(67)**	**(31)**	**(98)**	46	24	70
Current service (cost)/write back	**(134)**	**(477)**	**(611)**	29	200	229
Benefits paid	**43**	**191**	**234**	42	40	82
At end of year	**(906)**	**(960)**	**(1,866)**	(748)	(643)	(1,391)

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

	2006 $000	2005 $000
Defined benefit funded scheme	**72**	(50)
Defined benefit unfunded scheme	**475**	(225)
Defined contribution schemes	**48**	48
	595	(227)

20 Share capital

Ordinary shares of 25p each	Authorised Number	Issued and fully paid Number	Authorised £000	Issued and fully paid £000	Authorised $000	Issued and fully paid $000
Beginning of year	60,000,000	39,928,372	15,000	9,982	23,865	15,481
Share options exercised	-	29,900	-	7	-	14
End of year	**60,000,000**	**39,958,272**	**15,000**	**9,989**	**23,865**	**15,495**

Treasury shares	Number	$000
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 (245p/share)	1,972
End of year (312.5p/share)	**2,867**

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

Notes to the financial statements

21 Share based payment

Options have been granted under the company's 1994 Executive Share Option Scheme and Overseas Share Option Scheme and the 2005 Unapproved Executive Share Option Scheme (all of which schemes are equity settled) to subscribe for ordinary shares of 25p each of the company as follows:

Date of grant	Price per share	Period of option	1 Jan 05	(Lapsed)	Exercised	1 Jan 06	Granted	Exercised	**31 Dec 06**
16.10.00	38.0p	16.10.03 - 15.10.10	5,400	-	(5,400)	-	-	-	**-**
16.04.02	44.7p	30.04.05 - 29.04.12	159,700	(2,400)	(119,200)	38,100	-	(7,500)	**30,600**
21.05.03	108.5p	21.05.06 - 29.05.13	42,800	-	-	42,800	-	(22,400)	**20,400**
13.05.04	181.2p	13.05.07 - 12.05.14	30,000	-	-	30,000	-	-	**30,000**
19.05.06	234.0p	19.05.09 - 18.05.16	-	-	-	-	51,200	-	**51.200**
09.10.06	323.25p	09.10.09 - 08.10.16	-	-	-	-	15,500	-	**15,500**
			237,900	(2,400)	(124,600)	110,900	66,700	(29,900)	**147,700**
		Exercisable	5,400			38,100			**51,000**

Options granted to directors, included above, are shown on page 19.

The weighted average contracted life of options outstanding at the end of the year was 8 years (2005 – 7 years) and the weighted average exercise price was 176p (2005 – 106p).

The weighted average share price of options exercised during the year was 92p (2005 – 44p).

66,700 share options were granted in 2006 (2005 – nil). The aggregate of the estimated fair value of options granted in 2006 was $48,000 The assumptions applied in the binomial model used to calculate this fair value were:

Weighted average share price at grant date	256p
Weighted average exercise price	255p
Weighted average contracted life	10 years
Weighted average expected period to exercise	3.5 years
Expected volatility	25%
Risk free rate	5%
Expected dividend yield	2%

There are no vesting conditions other than that option holders may exercise their options at any time within three and ten years after grant, provided they remain employees of the group throughout that period.

22 Ultimate controlling shareholder and related party transaction

At 31 December 2006 Genton International Limited, a company registered in Hong Kong, held 20,247,814 (2005 – 20,247,814) shares of the company representing 50.7% (2005 – 50.7%) 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 $9,000 (2005 - $8,000), small plantations owned by companies controlled by Madam Lim. This contract is on an arm's length basis. At 31 December 2006 the amount due under this contract was $2,200 (2005 - $700).

23 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 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										
Unrealised surplus on revaluation of estates	-	-	-	-	2,183	560	-	2,743	761	3,504
Deferred tax on revaluation	-	-	-	-	58	(168)	-	(110)	(66)	(176)
(Loss) on exchange translation	-	-	-	-	-	(5,080)	-	(5,080)	(1,015)	(6,095)
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**
Direct changes in equity for 2006										
Unrealised surplus on revaluation of estates	-	-	-	-	**5,502**	**(853)**	-	**4,649**	**1,367**	**6,016**
Deferred tax on revaluation	-	-	-	-	**(3,014)**	**256**	-	**(2,758)**	**(569)**	**(3,327)**
Profit on exchange translation	-	-	-	-	-	**9,637**	-	**9,637**	**2,081**	**11,718**
Net income recognised directly in equity	-	-	-	-	**2,488**	**9,040**	-	**11,528**	**2,879**	**14,407**
Profit for year	-	-	-	-	-	-	**16,474**	**16,474**	**3,277**	**19,751**
Total recognised income and expense for the year	-	-	-	-	**2,488**	**9,040**	**16,474**	**28,002**	**6,156**	**34,158**
Dividends paid	-	-	-	-	-	-	**(3,560)**	**(3,560)**	**(1,254)**	**(4,814)**
Share capital subscription	**14**	-	**36**	-	-	-	-	**50**	-	**50**
Balance at 31 December 2006	**15,495**	**(1,387)**	**23,904**	**1,087**	**73,648**	**(71,241)**	**80,450**	**121,956**	**25,421**	**147,377**

23 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/loses arising on the revaluation of the group's estates.
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.

24 Guarantees and other financial commitments

		2006 $000	2005 $000
Capital commitments at 31 December			
Contracted but not provided	- normal estate operations	**306**	78
	- new/extended oil mills	**710**	4,005
Authorised but not contracted	- normal estate operations	**7,336**	3,746
	- new/extended oil mills	**1,520**	2,343
	- land acquisition	**476**	950

25 Finance leases

The group leases a few tractors and cars, included under non-biological plantation assets at a net carrying value $137,000 (2005 - $145,000). 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.

Future lease payments are due as follows:

	Minimum lease payments 2006 $000	Interest 2006 $000	Present value 2006 $000
Not later than one year	50	8	42
Later than one year and not later than five years	66	14	52
	116	22	94

	Minimum lease payments 2005 $000	Interest 2005 $000	Present value 2005 $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

The present value of future lease payments are analysed as:

	2006 $000	2005 $000
Current liabilities	42	36
Non-current liabilities	52	70
	94	106

26 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 2006 the group had the following loans and facilities.

	Borrowings $000	Facilities $000	Repayable
Malaysia: ringgit denominated			
- overdraft	423	850	On demand
- long term loan	444	444	2007 (note 16)
Indonesia: US dollar denominated			
- long term loan	6,638	6,638	2007 - 2012 (note 16)

The total long term loan facilities of $7,082,000 are repayable as follows:

2007 $000	2008 $000	2009 $000	2010 $000	2011 $000	2012 $000
1,694	1,650	1,738	800	800	400

The loans listed above are all at variable rates of interest as described in note 16.

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

The group's financial assets comprise short term debtors, short term portfolio investments, cash at bank and long term debtors. All surplus cash is in bank deposits at variable short term rates of interest. Long term debtors comprise dollar denominated amounts due from minority shareholders, as described in note 12, on which amounts interest is due at 6% (2005 - 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 at 31 December 2006 and 2005 were:

	Total	Fixed rate	Variable rate	Interest free
2006	**$000**	**$000**	**$000**	**$000**
Sterling	**(156)**	**-**	**-**	**(156)**
US dollar	**(7,196)**	**-**	**(6,638)**	**(558)**
Rupiah	**(7,921)**	**-**	**-**	**(7,921)**
Ringgit	**(1,725)**	**(116)**	**(867)**	**(742)**
Total	**(16,998)**	**(116)**	**(7,505)**	**(9,377)**
2005	$000	$000	$000	$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)

	Fixed rate financial liabilities		Interest free
	Weighted average interest rate	Weighted average period on which rate is fixed	Weighted average period until maturity
	%	Years	Years
All currencies – 2006	3	3	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.

26 Disclosure of financial instruments and other risks - continued

Value of estates 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 2006 and 2005 that were not denominated in the operating (or "functional") currency of the operating unit involved.

	Net foreign currency assets/(liabilities)			
Functional currency of group operation	US dollar **$000**	Ringgit **$000**	Sterling **$000**	Total **$000**
2006				
Indonesian rupiah	**(6,626)**	**-**	**-**	**(6,626)**
US dollar	**-**	**(31)**	**(82)**	**(113)**
Total	**(6,626)**	**(31)**	**(82)**	**(6,739)**
	$000	$000	$000	$000
2005				
Indonesian rupiah	(3,139)	-	-	(3,139)
US dollar	-	532	(82)	450
Total	(3,139)	532	(82)	(2,689)

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 financial liabilities
There is no material difference between the book values and fair values of the group's financial assets and liabilities as at 31 December 2006 and 2005.

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 6.

27 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	80
PT Hijau Pryan Perdana	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 16.

Company balance sheet

(UK GAAP)
as at 31 December 2006

	Notes	2006 $000	2005 $000
Fixed assets			
Investment in subsidiaries	2	**50,949**	49,810
		50,949	49,810
Current assets			
Debtors	3	**45**	31
Investments	4	**-**	259
Cash and cash equivalents		**1,720**	1,360
		1,765	1,650
Current liabilities			
Other creditors	6	**(187)**	(192)
Net current assets		**1,578**	1,458
Net assets		**52,527**	51,268
Equity			
Share capital	7	**15,495**	15,481
Treasury	7	**(1,387)**	(1,387)
Share premium reserve	8	**23,904**	23,868
Share capital redemption reserve	8	**1,087**	1,087
Exchange reserve	8	**3,872**	3,872
Retained earnings	8	**9,556**	8,347
Shareholders' funds		**52,527**	51,268

The financial statements were approved by the board of directors and authorised for issue on 3 April 2007 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 costs 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 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 and exchange losses recognised in profit and loss. 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.

Share based payments
As set out under group accounting policies on page 26.

Current asset investment
The company's 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 the income statement.

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.

Financial guarantee contracts
The company has not adopted amendments to FRS26 in relation to financial guarantee contracts which applies for periods commencing on or after 1 January 2006. Where the company enters into financial guarantee contracts and guarantees the indebtedness of other companies within the group, the company considers these to be insurance arrangements and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time that it becomes probable that the company will be required to make a payment under the guarantee. It has no impact on the financial statements for the period commencing 1 January 2006.

2 Investments in subsidiaries

	Investments in subsidiary undertakings $000	Loans to subsidiary undertakings $000	Total $000
At beginning of year	7,745	42,065	49,810
Movements in year	-	1,139	1,139
At end of year	7,745	43,204	50,949

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 27 to the consolidated financial statements on page 41.

3 Debtors

	2006 $000	2005 $000
Prepayments and accrued income	**41**	26
Other debtors	**4**	5
	45	31

4 Current asset investments

This represents a short term investment listed on the Kuala Lumpur Stock Exchange, shown at market value but sold during 2006. Cost (2005 - $309,000).

5 Dividends

	2006 $000	2005 $000
Paid during the year		
Final dividend of 8.80cts for the year ended 31 December 2005 (2004 – 8.00cts)	**3,560**	3,158
Proposed final dividend of 10.8cts for the year ended 31 December 2006 (2005 – 8.80cts)	**4,265**	3,473

The proposed dividend for 2006 is subject to shareholder approval at the forthcoming annual general meeting and has not been included as a liability in these financial statements.

Notes to the company financial statements

6 Other creditors

	2006 $000	2005 $000
Accruals	**172**	192
Other creditors	**15**	-
	187	192

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	39,928,372	15,000	9,982	23,865	15,481
Share options exercised	-	29,900	-	7	-	14
End of year	**60,000,000**	**39,958,272**	**15,000**	**9,989**	**23,865**	**15,495**

	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 (245p/share)	1,972
End of year (312.5p/share)	**2,867**

The above treasury shares were purchased in December 2004 at 153p/share.
Details of share based payments are set out in note 21 to the consolidated financial statements on page 36.

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	23,868	1,087	3,872	8,347
Share options exercised	36	-	-	-
Profit for the year	-	-	-	4,769
Dividend paid	-	-	-	(3,560)
End of year	**23,904**	**1,087**	**3,872**	**9,556**

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 $4,801,000 (2005 - $4,356,000) and profit for the year was $4,769,000 (2005 – $4,319,000). 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.

9 Employees' and directors' remuneration

	2006 number	2005 number
Average numbers employed during the year - directors	**7**	7
- staff	**2**	2

	2006 $000	2005 $000
Staff costs		
Wages and salaries	**627**	637
Social security costs	**57**	57
Retirement benefit costs	**48**	45
Share based remuneration expense (equity settled)	**20**	14
	752	753

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 18 to 19 of which the information on page 19 has been audited.

	2006 $000	2005 $000
Directors' emoluments	**545**	527
Pension contributions	**34**	31
	579	558

10 Guarantees and other financial commitments

The company has provided guarantees for loans and overdrafts to subsidiaries totalling $7,505,000 (2005 - $5,916,000) as set out in note 16 to the consolidated financial statements.

Notice of annual general meeting

Notice is hereby given that the twenty-second Annual General Meeting of Anglo-Eastern Plantations Plc will be held at the offices of Lovells, Atlantic House, Holborn Viaduct, London EC1A 2FG on 1 June 2007 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 2006.
2 To declare a dividend.
3 To approve the directors' remuneration report for the year ended 31 December 2006.
4 To re-elect the following non-executive directors each of whom has served for more than nine years:
   a) Madam S K Lim
   b) Mr P E O'Connor
   c) Mr Ho Soo Ching
   d) Datuk Chin Poy-Wu
5 To re-appoint BDO Stoy Hayward LLP as auditors and to authorise the directors to fix their remuneration.

As Special Business

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

That

(a) the directors be generally and unconditionally authorised pursuant to and in accordance with section 80 of the Companies Act 1985 ("the Act") to exercise for the period ending on 31 May 2012 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 31 August 2008 (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 £499,478 otherwise than in connection with a rights issue;

   as if section 89 (1) of the Act did not apply to any such allotment;

(c) by such authority and power the directors may during such periods make offers or agreements which would or might require the making of allotments after the expiry of such periods; and

(d) for the purposes of this resolution:
   (i) "rights issue" means an offer of equity securities open for acceptance for a period fixed by the directors to holders of equity securities (other than the company) on the register on a fixed record date in proportion to their respective holdings of such securities or in accordance with the rights attached thereto (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory);
   (ii) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the company, the nominal amount of such shares which may be allotted pursuant to such rights; and
   (iii) words and expressions defined in or for the purposes of part IV of the Act shall bear the same meanings herein.

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

That the directors be and they are hereby authorised

(i) to exercise the powers contained in the Articles of Association of the company so that, to the extent determined by the directors, the holders of ordinary shares be permitted to elect to receive new ordinary shares in the capital of the company, credited as fully paid, instead of all or part of any interim or final dividend or dividends which may be declared or paid at any time or times prior to 31 May 2012; 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 31 May 2012 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.

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

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

(a) the maximum number of ordinary shares hereby authorised to be purchased is 3,992,837 (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 31 August 2008 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

3 April 2007

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 30 May 2007 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 30 May 2007 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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