ANNUAL REPORT 2007

AEP

ANGLO-EASTERN

Contents

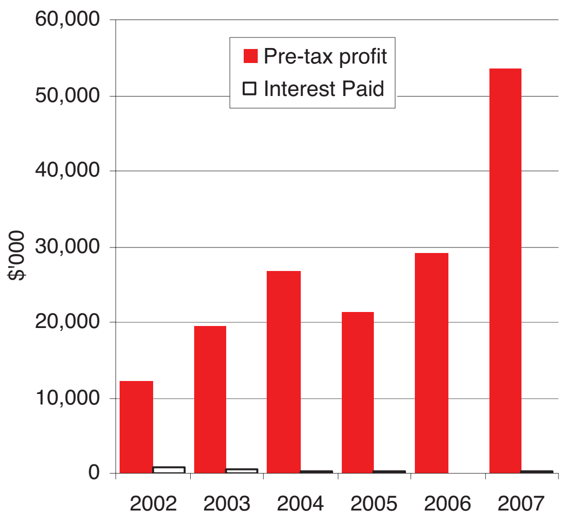
Photographs

Anglo-Eastern Plantations Plc, quoted on the London Stock Exchange, owns, operates and develops plantations in Indonesia and Malaysia, amounting to some 83,000 hectares producing mainly palm oil and some rubber.

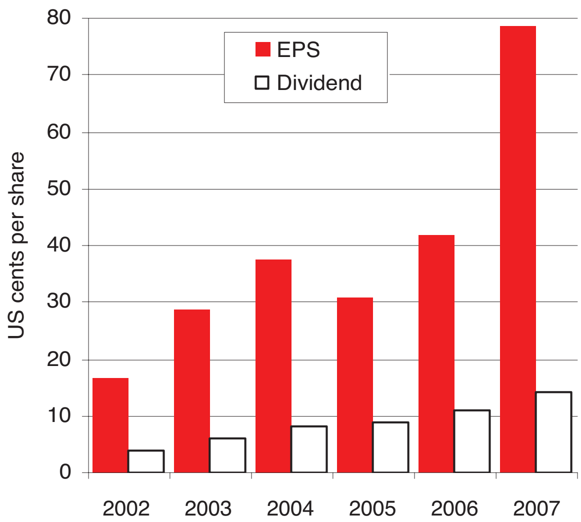
Financial highlights

	2007 $ m	2006 $ m	Increase
Revenue	**127.9**	79.1	62%
Profit before tax			
- before biological asset (BA) adjustment	**52.6**	26.7	97%
- after BA adjustment	**53.6**	29.0	85%
	cts	cts	
EPS before BA adjustment	**77.2**	38.3	102%
Dividend	**14.0**	10.8	30%

PROFIT BEFORE TAX: NET INTEREST PAID



EARNINGS: DIVIDENDS PER SHARE



Chairman's statement

Results
I am pleased to report a record profit for 2007 which was attributable to much improved prices for palm oil. Of equal significance, the group is now strongly positioned for further development through four substantial land acquisitions, three in 2007 and one early in 2008. This will enable the planted area to double in the next six years. To support this, we have arranged appropriate borrowing facilities.

Group operating profit for 2007, before biological asset (BA) adjustment, was $52.6 million, double that for 2006. Estate fresh fruit bunch (FFB) output for 2007 was 2% above the previous year, the small increase reflecting the severe drought in the second half of 2006 in Bengkulu and Malaysia. The good performance was mainly the result of the favourable crude palm oil (CPO) price, which rose throughout the year to average 65% higher than that in 2006. The results were also adversely affected by increases in Indonesian export taxes on CPO.

Profit before tax and after BA adjustment was $53.6 million, compared to $29.0 million in 2006. The BA adjustment was a credit of $1.0 million, compared to $2.3 million in 2006, reflecting our estate valuations referred to below. However, as I now repeat with every results statement, the BA adjustment has no bearing on the operating performance or cash generation of the group.

Earnings per share before BA adjustment increased by 102% in US dollars to 77.2 cts, compared to 38.3 cts in 2006. This reflected a lower average tax rate arising from past losses carried forward in our Malaysian subsidiary. In sterling terms, EPS before BA adjustment increased by 86% to 38.4p from 20.6p.

Financing
Our policy is to fund the group's development from self-generated funds supplemented by term bank loans. The three acquisitions in 2007, referred to under 'Recent acquisitions' below, cost $14.5 million. In addition, capital expenditure on field development and completion of the new mill at Bina Pitri amounted to $12.2 million.

Chairman's statement

During the year, we repaid $1.7 million of our existing borrowings, including all the remaining $0.9 million of bank loans to our Malaysian operation.

In anticipation of major capital expenditure, we secured and drew down in the middle of 2007 a new five year loan of $34.5 million. Together with the group's self-generated funds, this positioned us to act quickly if and when acquisition opportunities arose. In addition the group also arranged a revolving short-term facility of $3.0 million, which was fully drawn down for the year end and was repaid early in 2008.

At the end of 2007, the group's bank borrowings totalled $43.0 million against cash of $66.3 million, giving net cash of $23.3 million, which compares with $9.6 million at the end of 2006. The effect of these substantial increases in both borrowings and cash balances has been to increase interest costs and income with a resulting small increase of $0.2 million in net finance costs.

Recent acquisitions
In my statements for the last two years, I said that, in anticipation of completion of planting of Bengkulu and Labuhan Bilik by 2009, our management in Indonesia were actively searching for both vacant land and planted estates for further expansion. It was pleasing to announce during 2007 and early 2008 that four acquisitions amounting to 58,000 ha had been made. This will enable the group to more than double its plantable area from the present 38,660 ha to about 83,000 ha. While these new properties are all evidenced by official "rights to occupy" (a temporary title which precedes application for and grant of a full land title or Hak Guna Usaha (HGU)), they require detailed survey. In addition to identifying plantable areas, this survey involves an assessment of the areas that ought to be set aside for local community use. With land available for commercial and private agriculture becoming increasingly scarce in Indonesia, this is an important and sensitive issue. At present, we do not know for certain how large these set aside areas will be. For the purposes of providing some indication, we have estimated that we will be able to plant about 70% of the vacant land we have acquired. Therefore, of the 58,000 ha acquired in 2007/8 to date about 2,000 ha is already planted and approximately 40,000 ha is estimated to be plantable.

The peak net development cost of the total plantable area of about 40,000 ha of the above acquisitions is likely to be about $100 million over the period to 2013. We plan to build four oil mills which will together cost about a further $35 million.

Directors
Mr Peter O'Connor and Mr Ho Soo Ching, two of our independent non-executive directors, have decided not to seek re-election at the forthcoming annual general meeting. We thank them for their contribution and service rendered in past years.

I am pleased to welcome Dato' John Lim as a non-executive director of Anglo-Eastern with effect from 26 April 2008. Dato' Lim, aged 58, is a Fellow of the Association of Chartered Certified Accountants and has been a partner for 10 years with UHY Hacker Young LLP, Chartered Accountants, in London. He has extensive audit and business consultancy experience, particularly with Far Eastern clients with operations in the UK.

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. Our two remaining long serving non-executive directors are affected by this provision. In addition, the Code assumes that after nine years, previously independent non-executive directors cease to be independent. This applies to Datuk Henry Chin, whom I specifically commend to you as continuing to be thoroughly independent. I recommend that shareholders vote in favour of re-appointment of both long serving non-executive directors.

Chairman's statement

Our finance director, Mr Barnes, retired on 30 April 2008. I am pleased to welcome Mr David Smith, who was appointed a director of Anglo-Eastern Plantations Plc, with effect from 26 April 2008 and took over from Mr Barnes as Finance Director and Company Secretary on 1 May 2008. Mr Smith, aged 59, is a Chartered Accountant. He was previously with the Commonwealth Development Corporation and has extensive international experience, particularly in agriculture. He has been involved in investment in the oil palm sector and has worked in Indonesia in plantations.

Outlook
FFB crops so far in 2008 have been satisfactory on all estates – production is about 20% ahead of the same period in 2007. However it is too early to forecast whether this improvement can be sustained for the rest of the year. Bought-in crops in the first two months have been 25% higher than in the same period of 2007.

The CPO price has risen strongly from $960/mt at the start of 2008 to around $1,151/mt at present. In early March 2008, it reached a brief all time high of $1,390/mt. Much of this increase may reflect speculation by financial institutions seeking to diversify from traditional markets or hedge against the dollar and we have now seen some correction. Nevertheless, most analysts see underlying demand for traditional food uses, particularly in China and India, remaining strong through 2008.

In March 2008, Indonesian export taxes on CPO were reformulated to an escalating scale ranging from 5% on effective Rotterdam CIF prices between $650 and $750/mt up to 20% on prices between $1,200 and $1,300/mt and 25% over $1,300/mt. This scale effectively caps CIF prices between $1,000 and $1,050/mt.

As long as any price reaction from current levels is only modest, in the absence of any further increase in Indonesian export levies and providing FFB crops maintain their improved levels, we can expect a satisfactory increase in profits and cash flow for 2008.

Dividend
The board is mindful that the group's development programme represents a considerable capital commitment. However, in view of the positive outlook for palm oil and the recent satisfactory crops, the board is proposing to increase the annual dividend in respect of 2007 by 30% to 14.0 cts per share from 10.8 cts per share in respect of 2006. Shareholders choosing to receive their dividend in sterling will do so at the rate ruling on 8 August 2008, when the register closes. At the present exchange rate, the proposed dividend would be equivalent to 7.0p per share, an increase of 28% over the 5.46p per share paid in respect of 2006.

CHAN TEIK HUAT
Chairman

30 April 2008

Financial record

Profit and Loss Account	**2007 IFRS $000**	2006 IFRS $000	2005 IFRS $000	2004 IFRS $000	2003 UK GAAP $000
Revenue	**127,898**	79,094	64,321	65,676	48,519
Trading profit	**52,521**	26,270	22,201	24,934	19,994
Biological asset (BA) movement	**1,001**	2,312	(35)	1,950	–
Exchange profits/(losses)	**215**	368	(550)	147	–
Net finance – (Costs)/income	**(145)**	90	(196)	(287)	(407)
Profit before tax	**53,592**	29,040	21,420	26,744	19,587
Tax	**(15,628)**	(9,289)	(7,097)	(9,034)	(6,141)
Minority interests	**(6,964)**	(3,277)	(2,140)	(2,901)	(2,201)
Profit attributable to shareholders	**31,000**	16,474	12,183	14,809	11,245
Dividend proposed for year	**(5,524)**	(4,266)	(3,514)	(3,147)	(2,375)

Balance Sheet	**$000**	$000	$000	$000	$000
Fixed assets	**187,023**	160,823	129,518	127,302	105,096
Cash net of short term borrowings	**59,065**	15,079	9,091	9,357	13,067
Long term loans	**(35,719)**	(5,454)	(3,940)	(5,558)	(6,108)
Other working capital	**(8,979)**	(1,919)	255	(4,341)	(4,677)
Deferred tax	**(23,052)**	(21,152)	(16,941)	(16,698)	1,013
	178,338	147,377	117,983	110,062	108,391
Minority interests	**(32,367)**	(25,421)	(20,519)	(19,276)	(19,229)
Net worth	**145,971**	121,956	97,464	90,786	89,162
Share capital	**15,504**	15,495	15,481	15,424	15,319
Treasury shares	**(1,785)**	(1,387)	(1,387)	(1,387)	–
Share premium and capital redemption account	**25,022**	24,991	24,955	24,912	24,766
Revaluation and exchange reserve	**46**	2,407	(9,121)	(6,674)	5,375
Profit and loss account	**107,184**	80,450	67,536	58,511	43,702
Equity attributable to shareholders' funds	**145,971**	121,956	97,464	90,786	89,162
Ordinary shares in issue ('000s)	**39,976**	39,958	39,928	39,804	39,581
Earnings per share before BA adj. (US cents)	**77.2cts**	38.3cts	31.0cts	34.5cts	28.6cts
Dividend per share for year (US cents)	**14.0cts**	10.8cts	8.8cts	8.0cts	6.0cts
Asset value per share (US cents)	**370cts**	309cts	244cts	228cts	225cts
Earnings per share before BA adj (pence equivalent)	**38.4p**	20.6p	17.1p	18.7p	17.4p
Dividend per share for year (pence equivalent – actual paid)		5.46p	5.02p	4.26p	3.27p
Proposed dividend per share for 2007 (pence equivalent at year end exchange rate) - actual rate to be set at record date)	**7.0p**	–	–	–-	
Asset value per share (pence equivalent)	**186p**	158p	142p	135p	126p
Borrowings net of cash: shareholders' funds (%)	**–**	–	–	–	–

Relevant exchange rates shown on page 8.

Estate areas

	GROUP TOTAL	MALAYSIA	INDONESIA TOTAL	NORTH SUMATRA							BENGKULU			RIAU	BANGKA	KALI-MANTAN
Group interest in total areas below	**Total**	Cenderung 55%	**Total**	Tasik 80%	Anak Tasik 100%	Labuhan Bilk 80%	Blankahan 75%	Rambung 100%	Sungei Musam 75%	Cahaya Pelita Andhika 90%	Puding Mas 90%	Alno 90%	RAA 95%	Bina Pitri 80%	BML 95%	SGM 95%
Planted at 31 December 2007	**Hectares (Ha)**	**Ha**	**Ha**	**Ha**	**Ha**	**Ha**	**Ha**	**Ha**	**Ha**	**Ha**	**Ha**	**Ha**	**Ha**	**Ha**	**Ha**	**Ha**
Oil Palm																
Mature	**30,912**	3,425	**27,487**	6,012	766	0	917	146	1,808	2,007	3,633	8,216	0	3,982	0	0
Immature																
due to mature end 2008	**400**	0	**400**	0	0	0	0	0	0	0	0	400	0	0	0	0
other	**6,667**	271	**6,396**	0	0	2,441	0	0	0	0	0	2,977	0	978	0	0
Total	**37,979**	3,696	**34,283**	6,012	766	2,441	917	146	1,808	2,007	3,633	11,593	0	4,960	0	0
Rubber																
Mature	**409**	0	**409**	0	0	0	0	409	0	0	0	0		0	0	0
Immature	**270**	0	**270**	0	0	0	0	270	0	0	0	0		0	0	0
Total	**679**	0	**679**	0	0	0	0	679	0	0	0	0	0	0	0	0
Total planted area	**38,658**	3,696	**34,962**	6,012	766	2,441	917	825	1,808	2,007	3,633	11,593	0	4,960	0	0
Reserves						(a)				(b)			(d)		(d)	(d)
Plantable	**44,176**	2,061	**42,115**	0	0	3,195	0	0	0	3,762	0	658	10,500	0	6,000	18,000
Unplantable	**17,031**	526	**16,505**	18	0	251	3	27	0	0	209	497	4,500	0	3,000	8,000
Other	**1,736**	85	**1,651**	66	31	207	37	24	116	0	482	545	0	143	0	0
	62,943	2,672	**60,271**	84	31	3,653	40	51	116	3,762	691	1,700	15,000	143	9,000	26,000
Total area at 31 March 2008	**101,601**	6,368	**95,233**	6,096	797	6,094	957	876	1,924	5,769	4,324	13,293	15,000	5,103	9,000	26,000
of which																
Land titles	**43,277**	6,368	**36,909**	5,946	791	0	957	876	1,924	4,469	4,324	13,293	0	4,329	0	0
													(c)			
Land rights	**58,324**	0	**58,324**	150	6	6,094	0	0	0	1,300	0	0	15,000	774	9,000	26,000

Reserves are at 31 December 2007, except acquired:

(a)	January 2008	2,379
(b)	March 2008	1,300
(c)	January 2008	15,000
		18,679

(d) rough estimate of ultimate plantable area at 70% of total

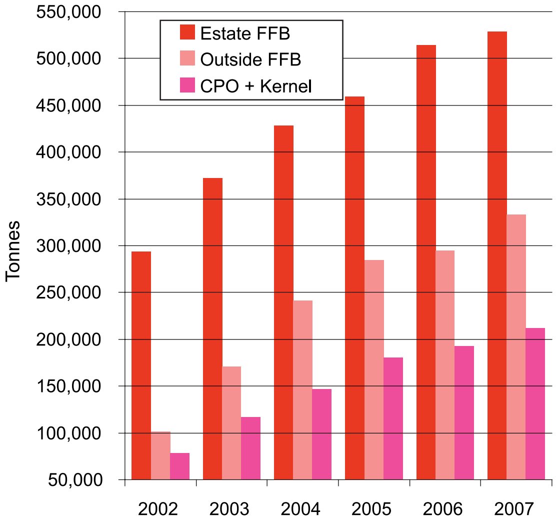
Locations of estates

Additional information

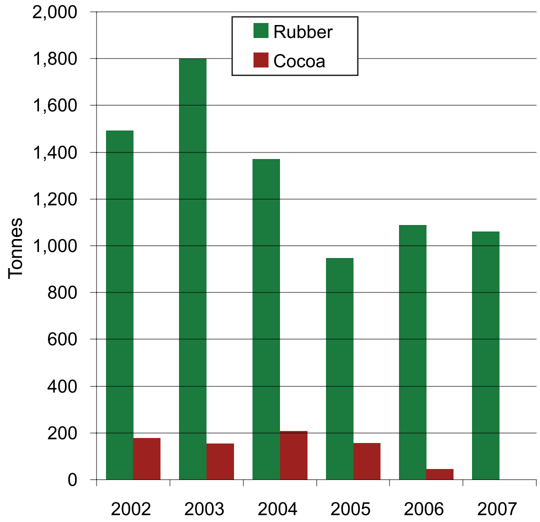
Planted and plantable area	2007 Ha	2006 Ha	2005 Ha	2004 Ha	2003 Ha
Oil palm – mature	**30,912**	27,390	26,393	25,533	19,910
– immature	**7,067**	6,005	5,481	4,500	4,507
– total planted	**37,979**	33,395	31,874	30,033	24,417
Rubber	**679**	534	434	434	757
Cocoa	**0**	0	258	258	258
Reserves – plantable (estimated)	**25,996**	7,264	7,779	8,808	11,818
Total potential plantable	**64,654**	41,193	40,345	39,533	37,250
Reserves – unplantable (estimate)	**18,268**	3,629	3,575	4,387	2,829
Total land area at 31 December	**82,922**	44,822	43,920	43,927	40,079
Acquired since year end (page 6)	**18,679**				
Total land area 31 March 2008	**101,601**				
Crops	**mt**	mt	mt	mt	mt
FFB – all estates	**528,862**	513,902	459,080	428,657	372,290
– bought in	**332,887**	294,647	284,705	241,359	170,948
– mill throughput	**813,063**	717,888	677,845	562,134	453,717
Saleable crude palm oil (CPO)	**170,936**	156,285	145,820	118,197	94,523
Saleable palm kernels	**40,734**	36,596	35,049	28,526	22,325
Rubber	**1,060**	1,088	946	1,370	1,800
Cocoa	**0**	46	157	208	154
Average yields	**mt/ha**	mt/ha	mt/ha	mt/ha	mt/ha
FFB	**18.1**	18.8	17.7	18.9	19.0
Rubber	**2.6**	2.0	2.2	2.3	2.3
Cocoa	**0**	0	0.6	0.8	0.6
Extraction rates	**%**	%	%	%	%
CPO	**21.0**	21.8	21.5	21.5	20.8
Kernel	**5.0**	5.1	5.1	5.2	4.9
Sales	**mt**	mt	mt	mt	mt
CPO	**169,343**	157,326	145,943	119,250	91,238
Palm kernels	**40,666**	36,556	35,220	28,315	22,302
FFB	**48,564**	90,659	65,864	107,844	90,119
Rubber	**1,062**	1,074	947	1,376	1,800
Cocoa	**0**	67	125	221	141
Average ex-factory sales prices – Indonesia	**Rp/kg**	Rp/kg	Rp/kg	Rp/kg	Rp/kg
CPO	**5,631**	3,586	3,332	3,600	3,320
Palm kernels	**3,275**	1,879	2,218	2,233	1,500
Rubber	**19,028**	17,932	13,716	10,618	8,451
Cocoa	**0**	9,303	10,923	10,894	14,544
FFB (ex-estate)	**999**	754	702	764	719
Average ex-estate sales prices – Malaysia	**RM/mt**	RM/mt	RM/mt	RM/mt	RM/mt
FFB	**517**	299	277	319	284
Exchange rates – year end					
Rp : $	**9,419**	9,020	9,830	9,290	8,447
$: £	**1.99**	1.96	1.72	1.92	1.79
RM: $	**3.31**	3.53	3.78	3.80	3.80
Exchange rates – average					
Rp : $	**9,170**	9,141	9,751	9,001	8,563
$: £	**2.01**	1.86	1.81	1.84	1.65
RM: $	**3.43**	3.66	3.79	3.80	3.80

Additional information

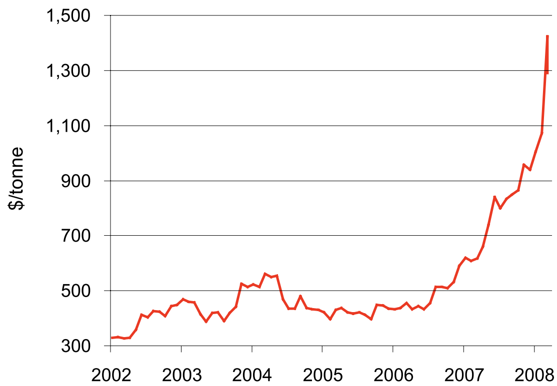
FFB AND CPO/KERNEL PRODUCTION



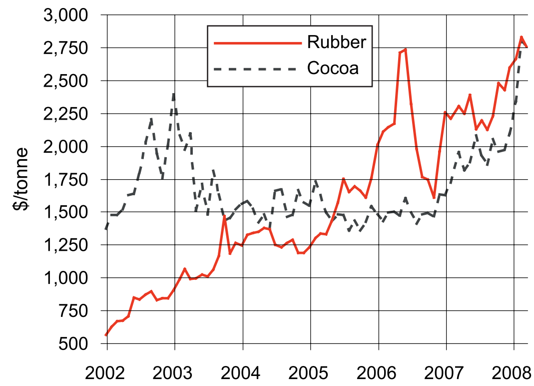
RUBBER AND COCOA PRODUCTION



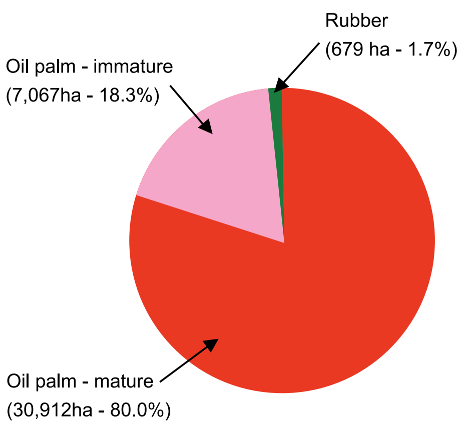
PALM OIL - PRICE
(Rotterdam)



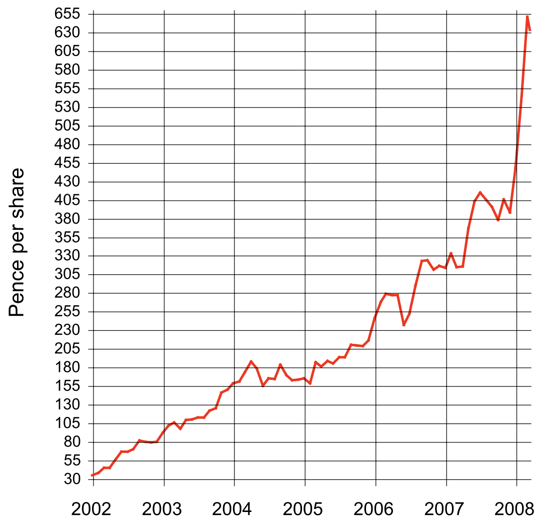
RUBBER AND COCOA PRICES



PLANTED AREAS - HECTARES



ANGLO-EASTERN SHARE PRICE
(Month opening)



Business review

Commodity Prices

During 2007 and so far in 2008, there were exceptional increases in vegetable oil prices, including CPO. In 2007, the CPO price opened the year at $570/mt, already a satisfactory level by historic standards, and ended at $960/mt. The average price was $790/mt compared to $479/mt in 2006. Pricing in the vegetable oil market is a complex relationship between competing oils and meals, oil seed production in both hemispheres, and now bio-fuels. At its simplest, the increase in the CPO price has been driven by strong demand from traditional food uses, particularly in India and China, expanding acceptances of oleo-chemicals derived from palm oil and increasing interest in bio-fuels.

The effect on domestic cooking oil prices of the sharp increases in CPO prices has been of concern to the government of Indonesia, where cooking oil is one of the basic foodstuffs. In an attempt to limit the effect on local prices, the export tax on CPO was increased in June 2007 from 1.5% to 6.5% and again in September 2007 to 10%. As set out in the chairman's statement on page 4, this rate of tax was adjusted in March 2008. While we do not export CPO, this tax is passed back to producers and reduces ex factory prices directly.

Rubber prices averaged $2,100/mt for 2007 (2006-$1,590/mt); in February 2008 they set a record at $2,860/mt, the previous being $2,750/mt in June 2006. Our small area of 409 ha of mature rubber contributed a pre-tax of $1.8 million in 2007. The newly planted 270 ha of rubber will not be brought into production until 2012.

Valuations

In 2006 the main valuation assumptions were changed to reflect the improving outlook for palm oil and for Indonesia, and also to reflect increasing operating costs. These trends continued in 2007 and therefore we have increased the CPO price assumption from $440/mt to $500/mt; the discount rate is unchanged at 12%. This has had the effect of compensating for the expected operating cost increases. As a result, we are valuing our planted Indonesian estates at about $4,630/ha compared to $4,450/ha at the end of 2006. It should be noted that this is only a 'value in use' of the estates to the group on the above assumptions and we feel it is a prudent figure in relation to current market values of planted oil palm land in Indonesia. The relatively small BA adjustment in 2007 reflects this small increase in estate valuations.

Indonesia

FFB production from Tasik and Anak Tasik was 178,896mt, 7% higher than 2006. Tasik again surprised us with its good performance from ageing palms. The group has begun a small amount of under-planting with young palms. However, in view of the current high produce prices, it is the plan to defer the start of full replanting until 2010, then to be spread over eight years to 2017. Bought-in crop of 107,000mt at the Tasik mill was 17% below 2006, reflecting very strong competition in the vicinity. The oil extraction rate fell to 20.7% from 21.4% in 2006.

FFB production from the three small estates around Medan was a new record at 76,000mt, 15% higher than 2006. Bought in crop at the mill on Blankahan was 52,700mt, an increase of 17% on 2006; the oil extraction rate fell to 21.9% compared to 22.6% in 2008.

FFB production at Bengkulu, at 170,600mt was 10% below the previous year. This disappointing output was probably due to the hilly terrain of these properties where drought of late 2006 might have had a more pronounced adverse effect. Although crops in the first two months of 2008 have been significantly higher than the level in the corresponding period in 2007, it is difficult to predict the output for the rest of the year. Nevertheless, improvements to roads are being carried out against the normal heavy year end monsoon. Bought-in crop fell only slightly to 117,330mt from 119,690mt, but extraction rates fell back to 20.9% from 21.9% in 2006. The group plans to commence construction in 2008 of a second 40/60mt/hr oil mill, to be located on one of the outlying estates where there will be a saving in transport costs and where there is a prospect for bought-in crop from smallholders. Cost is likely to be about $8.5 million.

Business review

Bina Pitri, a run down estate acquired in 2004, was also affected by the drought with crop 7% below expectations at 60,280mt but 29% up on 2006. The benefits of the resumption of fertilising and of rehabilitation in 2005/6 are now beginning to show. The new mill was commissioned in April 2007 achieving extraction rates of 23% before the introduction of bought-in crop, when rates fell to 21.2%. However, bought-in crop reached 55,390mt almost 50% of throughput, a very pleasing result for a new operation. The acquisition cost of this estate was $10 million and investment in the mill and rehabilitation has been a further $8 million; the contribution to pre-tax profit in 2007 was $7 million.

Malaysia

Our Malaysian production, at 39,210mt, was 11% below 2006 due largely to the unusual weather of 2006. This was disappointing after the improvement of 14% achieved in 2006. However, with the favourable CPO prices, the Malaysian properties recorded a contribution to pre-tax profit of $2.3 million. By the end of 2007, the Malaysian subsidiary has had cash of $2.4 million with no external debt. This will enable repayment during 2008 of some of the group’s investment.

Existing development

Labuhan Bilik is the most important development. The original area, which was acquired in December 2004, is now set at 3,700 ha. Negotiation has been ongoing since 2004 to acquire contiguous areas amounting to 2,280 ha. This proved successful when the group received a formal “right to occupy” in January 2008, making this potentially a 6,000 ha estate. At December 2006 2,440 ha had been planted. It is expected to complete planting of the entire estate in 2009. This is a flat, fertile property which will begin yielding as soon as 2009 and is expected to be a very valuable profit earner. The land title over the original 3,700 ha is expected to be issued shortly. Issue of the full title over the extension of 2,280 ha will take another two years.

The other current development is the completion of planting of 1,020 ha at Bengkulu where 360 ha were planted during 2007 ha leaving 660 ha to complete. The slow progress has been caused by protracted compensation negotiations with neighbouring villages. It is important these are handled careful and fairly. When fully planted these “old” Bengkulu properties will total 15,880 ha.

Acquisitions

The four acquisitions during 2007 and early 2008 were:

1. *Sibolga*

   As explained in the interim statement, in June 2007 the group acquired a 90% interest in PT Cahaya Pelita Andhika (CPA) an Indonesian company operating an estate of 4,470 ha, of which 2007 ha are planted and mature. In March 2008, CPA was successful in obtaining re-instatement of rights over 1,300 ha of plantable land, bringing the estates to 5,770 ha. The remaining 10% interest in CPA will be held by a member of the family of one of our local partners. There is a valid Hak Guna Usaha (HGU) land title over the 4,470 ha which expires in 2029 and is renewable for about another 60 years. The estate is located on the west coast of North Sumatra near the town of Sibolga and about 180km from our nearest existing estate, Tasik. The property was very overgrown but is now being rehabilitated. A nursery has been established, from which existing planted areas with low stands will be supplied, as well as providing material for planting up the balance area of 3,760 ha. There is no mill but the group plans to commission one of 40/60mt/hr in 2010 at a cost of about $8.6 million. In the meantime it will be necessary to transport the crop to Tasik. CPA is not expected to make a material contribution to group results until 2010.

2. *Bangka*

   In December 2007, the group acquired a 95% interest in PT Bangka Malindo Lestari (BML), an Indonesian company owning the rights to 7,000 ha of vacant land on the island of Bangka off the south eastern coast of Sumatra. Consideration was $1.5 million in cash. In March 2008 the area was redesignated and increased by the local authorities to 9,000 ha at a small cost to BML. The balance 5% interest in BML is held by the vendor, an Indonesia national whom the group have known for many years.

Terrain and rainfall are suitable both for oil palm and rubber. Bangka is becoming an important plantation development area. The estate is well located on the sheltered coast facing the Sumatran mainland and therefore well placed to ship oil directly to mainland refineries. Vegetation is scrub and previously logged secondary forest. The area is zoned for agricultural development but contains small villages to which some land will be allocated for community development, as described earlier in the chairman's statement. Planting will commence in 2009 and should be complete by 2012. Production should commence in 2013.

3. *Kalimantan*
   Also in December 2007, the group acquired for a cash consideration of $6.8 million a 95% interest in PT Sawit Graha Manunggal (SGM), an Indonesian company owning the rights to 26,000 ha of vacant land in Central Kalimantan, on the island of Borneo, about six hours drive north of the south eastern port city of Banjarmasin, just outside the district capital of Tamiang Lagang. Access by both road and river is good. The balance 5% interest in SGM is held by the vendor, an Indonesian national whom the group met only through the negotiations. Terrain and rainfall are suitable both for oil palm and rubber. Again the area is mainly scrub, the original forest having been removed some years ago. The area is zoned for commercial agricultural development but contains isolated villages for which a portion of land will be reserved for community projects. Development will commence in 2008. FFB production is likely to commence in 2013 and the area should be fully planted by 2013. Kalimantan is already an important plantation region but, as there are no mills in the vicinity of SGM, it will be necessary to build a mill by 2013/14.

   It is planned to establish a sizable rubber estate either in Kalimantan or Bangka.

4. *Bengkulu II*
   In January 2008, the group acquired for a cash consideration of $3.8 million a 95% interest in PT Riau Agrindo Agung (RAA), an Indonesian company owning the rights to 15,000 ha of vacant land in Bengkulu. The balance of 5% interest in RAA is held by the vendor, who is also the vendor of SGM. The location is about 120 kilometres south of the group's existing properties in Bengkulu ("old" Bengkulu) and 60 kilometres north of the provincial capital, Bengkulu town. It will therefore make a natural addition to the group's existing 15,000 planted hectares and, in its early years, will have the support of existing nurseries and access to the groups existing mills.

   Terrain on this property is hilly, but better than that of the "old" Bengkulu properties. Soils are good and rainfall is suitable for oil palm. Vegetation is scrub and light secondary forest, the original forest having been removed some years ago. As for the other properties, the area is zoned for development but contains villages whose own development needs must be met. Limited planting can begin in 2008 with significant planting commencing in 2009 for completion by 2013, and production commencing in 2013.

Conversion of the land rights in Bangka, Kalimantan and Bengkulu to full HGU titles is likely to take two to three years.

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 2007.

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

The company acts as a holding company and co-ordinates the businesses of its subsidiaries. At 31 December 2007 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 28 to the consolidated financial statements.

Results and dividends
The audited financial statements for the year ended 31 December 2007 are set out on pages 26 to 53. The group profit for the year on ordinary activities before taxation was $53,592,000 (2006 – $29,040,000) and the profit attributable to ordinary shareholders was $31,000,000 (2006 – $16,474,000). No interim dividend was paid. The directors recommend a final dividend per share of 14.0cts (2006 – 10.8cts) to be paid on 9 September 2008 to shareholders on the register on 8 August 2008. Shareholders may elect to receive their dividend in sterling as described on page 16.

Business review
Refer to page 10 to 12. 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 25 of the consolidated financial statements;
- Input cost inflation;
- Changes in the policy of the Indonesian or Malaysian governments towards the plantation industry and towards foreign investment; and
- Protectionist tariffs or controls against CPO for either economic or environmental reasons by importing countries.

Key performance indicators, being crops, extraction rates, areas and yields are set out under "Additional information" on page 8 and in the business review on pages 10 to 12.

Financial risk
Information on financial instruments and other risks is set out in note 25 to the consolidated financial statements.

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

Directors
A full list of directors appears on page 19. Mr Kee served during the year until his resignation on 30 September 2007. All other directors served throughout the year and the preceding year. Datuk Chin, who will have served for 10 years, together with Madam Lim, who willl have served for 14 years, will be submitting themselves for re-election as provided in the Combined Code of Corporate Governance. Mr O'Connor and Mr Ho will not be seeking re-election.

Directors' report

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	2007 Ordinary shares	2006 Ordinary shares
R O B Barnes	186,000	186,000
T H Chan	–	–
Datuk Chin	–	–
S C Ho	300,000	300,000
L Y Kee	–	–
S K Lim	20,521,314	20,521,314
P E O'Connor	150,000	200,000

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

There have been no changes in the interests of the directors in the securities of the company between 31 December 2007 and the date of this report. Neither Mr Smith nor Dato' Lim had any interest in the securities of the company between the date of their appointment on 26 April 2008 and the date of this report.

Other than as set out in note 21 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 30 April 2008, 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 of voting rights held
Genton International Limited	20,247,814	51.3%
Alcatel Bell Pension Fund	5,940,000	15.1%
S N Roditi	2,116,900	5.4%

Share capital, restrictions on transfer of shares, arrangements affected by change of control and other additional information

The company has one class of share capital, ordinary shares. All the shares rank pari passu. The articles of association of the company contain provisions governing the transfer of shares, voting rights, the appointment and replacement of directors and amendments to the articles of association. These accord with usual English company law provisions. There are no special control rights in relation to the company's shares. There are no significant agreements to which the company is a party which take effect, alter or terminate in the event of a change of control of the company. There are no agreements providing for compensation for directors or employees on change of control.

Auditors

All of the current directors have taken all 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 has expressed their willingness to continue in office and a resolution to re-appoint them will be proposed as Resolution 7 at the forthcoming annual general meeting.

Directors' report

Authority to allot shares
At the annual general meeting held on 1 June 2007 shareholders authorised the board under the provisions of section 80 of the Companies Act 1985 to allot relevant securities within specified limits for a period of five years. Renewal of this authority on similar terms is being sought under Resolution 8 at the forthcoming annual general meeting. Such authority will be limited to shares up to a maximum nominal amount of £3,331,356 which represents 33.3% of the company's current issued share capital. The authority will last for up to five years from the date of the resolution. The directors do not have any present intention of issuing any shares under this authority.

A fresh authority is also being sought under the provisions of section 95 of the Companies Act 1985 to enable the board to make an issue to existing shareholders without being obliged to comply with certain technical requirements of the Companies Act, which create problems with regard to fractional entitlements and overseas shareholders. In addition, the authority will give the board power to make issues of shares for cash to persons other than existing shareholders up to a maximum aggregate nominal amount of £499,703 representing 5% of the current issued share capital. The section 95 authority will last for up to 15 months from the date of the annual general meeting.

Scrip dividends
Resolution 9 to be proposed at the annual general meeting seeks renewal for a further five years of the authority under which the directors are able to offer shareholders a scrip dividend alternative. No scrip alternative is being offered in respect of the 2007 final dividend.

Acquisition of the company's own shares and authority to purchase own shares
In September 2007, the company purchased 50,000 ordinary shares at 386p per share, (totalling £193,000 and representing 0.1% of the company's called up share capital). The reason for the purchase was earnings enhancement. The maximum number of treasury shares held by the company during the year was 518,000 with a nominal value of £129,500 and representing 1.3% of the company's called up share capital. The directors had remaining authority at 30 April 2008, under the shareholders' resolution of 1 June 2007, to make purchases of 3,942,837 of the company's ordinary shares. This authority expires on 31 October 2008.

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

Resolution 10 to be proposed at the forthcoming annual general meeting seeks renewed authority to purchase up to a maximum of 3,997,627 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 five 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.

Directors' report

Amendments to articles of association
It is intended to amend the company's articles of association in 2009 when the bulk of the provisions of the Companies Act 2006 will be in place. In the meantime, there are two amendments, which the board believes it would be advantageous to implement earlier at the forthcoming annual general meeting. Therefore Resolution 11, to be proposed as a special resolution, propose the following amendments respectively:

(a) the minimum period for general meetings (other than annual general meetings) is proposed to be reduced from 21 days to 14 days, even where a special resolution is to be considered, in line with what is now permitted by the Companies Act 2006 (the "2006 Act").

(b) The 2006 Act sets out directors' general duties which largely codify the existing law but with some changes. Under the 2006 Act, from 1 October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The 2006 Act also allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The amendments to the current articles give the directors authority as from 1 October 2008 to approve such conflict situations and include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

    There are safeguards which will apply when directors decide whether to authorise a conflict or potential conflict. First, only directors who have no interest in the matter being considered will be able to take the relevant decision, and second, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

    It is also proposed to include provisions relating to confidential information, attendance at board meetings and availability of board papers to protect a director being in breach of duty if a conflict of interest or potential conflict of interest arises.

These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors. It is the board's intention to report annually on the company's procedures for ensuring that the board's powers to authorise conflicts are operated effectively or otherwise to follow developing best practice as regards process and reporting in relation to the board's powers to authorise conflicts.

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.

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 (2006 – 30).

Directors' report

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 (2006: $ none).

By order of the board

R O B Barnes
Secretary 30 April 2008

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 (IFRS) as adopted by the European Union 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 International Financial Reporting Standards. A fair presentation also requires the Directors to:

- consistently select and apply appropriate accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements 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 the group and of the profit or loss of the company and the group 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 68) – appointed 29 November 1993
Chartered Accountant; former managing director of Metroplex Berhad until January 2006; founder and managing partner of a leading accounting firm, Kassim Chan, Malaysia for some 17 years. The firm has been renamed Deloitte Kassim Chan and, subsequently, Deloitte.

R O B Barnes (Financial director, aged 63) – appointed 10 July 1989 retired on 30 April 2008
Chartered Accountant; director of The Chillington Corporation Plc from 1986 to 1989.

D W Smith (Finance director, aged 59) – appointed 26 April 2008
Chartered Accountant; accounting career in UK and overseas, including three years with plantations in Indonesia; investment and operational financial management with Commonwealth Development Corporation 1990 to 2002 including country manager for India 1992 to 1995; director of finance and administration, Institute of Development Studies, Sussex University 2003 to 2006; consultant in finance and development 2006 to 2008.

Madam Lim Siew Kim (Non-executive, aged 59) – appointed 29 November 1993
Executive chairman of Metroplex Berhad.

Datuk H Chin Poy-Wu (Independent non-executive, chairman of remuneration committee, aged 70) – appointed 1 May 1998
Deputy chairman of Hap Seng Consolidated Berhad, director of Glenealy Plantations Berhad, both listed on the Bursa Malaysia. Board member of University Malaysia, Sabah. Commissioner of Police – Kuala Lumpur, retired 1993.

P E O'Connor (Senior independent non-executive, chairman of nomination and corporate governance committee, aged 67) – 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 58) – appointed 29 November 1993
From September 2006 chief executive officer of Manhattan Resources Limited, a Singapore listed company operating in the Indonesian coal mining sector; prior to that, involved in financial services sector including some time with Singapore Technologies Group; director of Morgan Grenfell, Singapore from 1981 to 1987.

Dato' John Lim Ewe Chuan (Non-executive, aged 58) – appointed 26 April 2008
Chartered Certified Accountant; partner with UHY Hacker Young LLP, London, since 1998; previous professional accounting career in Malaysia and UK.

Statement on corporate governance

During 2007 the company has complied with the majority of the requirements of the Combined Code of Corporate Governance. Where provisions of the Combined Code were not met during 2007, particular comment is made in the statements below and in the Directors' remuneration report on page 23. This statement does not attempt to rehearse all the provisions of the Combined Code.

The board

Until April 2008, the board comprised two executive and four non-executive directors. Three of these non-executive directors are considered by the board to be 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, Mr Chan's 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-executive directors, 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 and corporate governance committees have written terms of reference.

Unless warranted by unusual matters, the board normally meets three times each year. Otherwise all other matters are dealt with by written resolution. During 2007 there were three full meetings, attended by all the directors except Madam Lim and Mr Kee, who each attended one.

All the independent non-executive directors met on their own in early 2007 and 2008. The Chairman met all the non-executive directors, in the absence of the other executive directors, three times in 2007.

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

Non-executive directors 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-executive directors. 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 do 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 service industries. Directors visit the estates.

In March 2008 the board conducted a review of its performance by questionnaire and discussion. No major issues arose from this review.

The nomination and corporate governance committee comprises Mr O'Connor (chairman), Mr Ho and Datuk Chin. The committee had one meeting during 2007, attended by all members, and has met twice in 2008 to discuss succession and the appointment of finance director.

Relations with shareholders

Company executives and the senior independent non-executive director contact principal shareholders 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.

Relations with shareholders – continued
A member of the audit and remuneration committees will be available at the 2008 annual general meeting.

Accountability and audit
The responsibilities of the directors as regards the financial statements are set out on page 18. A statement of going concern is also on page 18.

The audit committee comprises Mr Ho (chairman), Mr O'Connor and Datuk Chin. Mr Ho and Mr O'Connor have current financial experience from their present principal occupations in corporate finance and investment. The committee met prior to the completion of the 2007 accounts, and three times during 2007. These meetings were attended by all members.

Internal control
The company has followed the Combined Code provisions and Turnbull Committee guidance on internal control since 1999. The board has overall responsibility for the group's internal control and risk management and for reviewing its effectiveness; 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 but cannot eliminate the risk of loss. In 2007 and early 2008, for example, the audit committee reviewed, among other things, in relation to risk - insurance arrangements, labour law provisions, exchange exposure, earthquake and drought contingencies; and, in relation to financial control - bought-in crop pricing, squatter land compensation and capital expenditure approval.

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

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

Environmental and corporate 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 areas designated for 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
- To pay to individuals with residual rights over land only freely agreed compensation, in addition to following government land regulations.

The group attempts to comply with all these principles. Estate staff receives training in their importance and application. A detailed description of the application of all the principles is not possible here, but by way of two examples:

Mill effluent: In the last three years systems for treating mill liquid effluent with a final aerobic stage has been installed in some of our mills where the final treated effluent is discharged to waterways. This reduces biological oxygen demand (BOD) levels to 80ppm compared to the minimum statutory level of 100 ppm. Mill effluent treatment ponds release methane gas, the “greenhouse” effect of which is some 21 times worse than carbon dioxide. In 2008 the group will begin installation of systems to capture methane from the ponds, either to be used in power generation or to be flared to less harmful carbon dioxide. Such a system can qualify as a CDM (Clean Development Mechanism) project in accordance to the Kyoto Protocols for tradable carbon credits and can be self-financing.

Local communities: The group is conscious of the role it can play in the development of local communities, referred to in the chairman’s statement under “Recent acquisitions”. Indeed, the estates could not operate without the support of those communities. In the last three years in Bengkulu estate, management has arranged with surrounding villages to plant and maintain oil palms on 21 plots of communal land, each of about 20 ha. These developments are funded by the estates. Each village agrees to sell the future crop back to the estates which retains a portion of the proceeds until the development costs are repaid. The remaining revenue is paid to the villages to be used for communal projects. The total sum invested so far is set out in note 12 of the financial statements.

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 Datuk Chin (chairman), Mr Ho and Mr O’Connor. The committee met three times in 2007, attended by all members.

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

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

The committee recommends remuneration terms by reference to individual performance, market conditions, the company’s performance and the need to maintain an economic operation. The committee does not employ outside consultants.

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 can reach 80% of base salary. Executive directors receive a bonus which has ranged from 0% to 66% 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 10% 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 normally limited to two times base salary. Exercise of options is only permitted three years after grant, provided that they remain employees of the group throughout the period. There are no performance criteria for exercise of options granted so far.

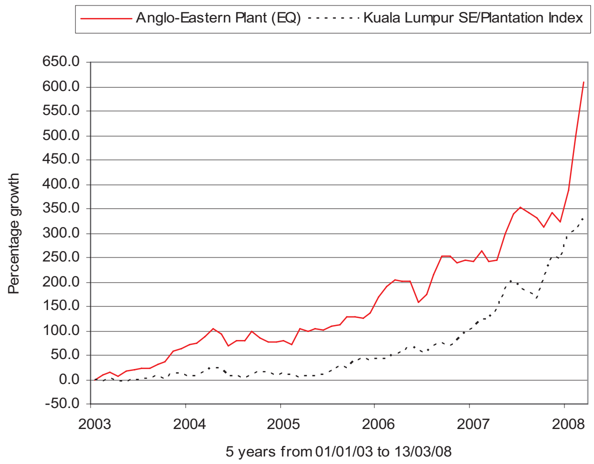
Pensions
There is no company pension scheme for executive directors or senior executives and management. In the case of one executive director, Mr Barnes, the company makes contributions based on base salary only to a personal money purchase scheme. Senior executives in Indonesia who leave voluntarily 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, except Mr Barnes, have formal appointment letters. Those of the non-executives are all for three year terms from 1 June 2007 with notice periods of one month. Mr Chan has a rolling contract dated 22 February 2007 with a notice period of six months. Notice periods for all other senior management are generally between three and six months. Mr Barnes retired on 30 April 2008.

Directors' remuneration report

Performance graph

The following graph shows the company's performance, measured by capital return, compared to the Bursa Malaysia (KLSE) Plantation Index for the period 1 January 2002 to 13 March 2008. This is the only relevant index available in terms of sector but, any comparison should be qualified; many Malaysian plantation companies are diversified, as well as not holding as great a proportion of their assets in Indonesia as Anglo-Eastern.



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

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 2007 were:

Name of Director	Date of Grant	Exercise price	Period of option	No of ordinary shares under option		
				1 Jan 07	(Exercised)	31 Dec 07
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 2007 was 447.50p and the range during 2007 was 307.75p to 450.00p.

Directors' remuneration

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

Name of director	Fees $000	Executive salary $000	Bonus (re 2006) $000	Benefits in kind $000	**Total 2007 $000**	Total 2006 $000	Pension contribution **2007 $000**	Pension contribution 2006 $000
Executive:								
T H Chan (Chairman and CEO)	–	92	62	44	**198**	106	**–**	–
R O B Barnes	–	233	88	31	**352**	258	**39**	34
L Y Kee	–	65	7	14	**86**	100	**–**	
(resigned 30 Sep 2007)								
Non-executive:	–	–						
S K Lim	26	–	–	–	**26**	15	**–**	–
Datuk H Chin	35	–	–	–	**35**	22	**–**	–
S C Ho	40	–	–	–	**40**	22	**–**	–
P E O'Connor	35	–	–	–	**35**	22	**–**	34
2007	**136**	**390**	**157**	**89**	**772**		**39**	
2006	81	364	49	51		545		34

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

30 April 2008

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 2007 which comprise the consolidated income statement, the consolidated and parent company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised income and expenses and the related notes. These financial statements have been prepared under the accounting policies set out therein.

We have also audited the information in the directors' remuneration report that is described as having been audited.

Respective responsibilities of directors and auditors
The directors' responsibilities for preparing the Annual Report and the group financial statements in accordance with applicable law and International Financial Reporting Standards (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 in addition, the group 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 information in the directors' report is consistent with the financial statements. In addition, we report to you if, in our opinion, the company has not kept proper accounting records, 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 2006 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, estate areas, location of estates, additional information, the business review, 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 2007 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 2007; 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 30 April 2008
Chartered Accountants and Registered Auditors
55 Baker Street
London W1U 7EU

Consolidated income statement

for the year ended 31 December 2007

Continuing operations	Notes	2007 Result before BA adjustment $000	2007 BA adjustment $000	2007 Total $000	2006 Result before BA adjustment $000	2006 BA adjustment $000	2006 Total $000
Revenue	2	**127,898**	**–**	**127,898**	79,094	–	79,094
Cost of sales		**(72,297)**	**–**	**(72,297)**	(50,089)	–	(50,089)
Gross profit		**55,601**	**–**	**55,601**	29,005	–	29,005
Biological asset revaluation movement (BA adjustment)		**–**	**1,001**	**1,001**	–	2,312	2,312
Other income	3	**566**	**–**	**566**	13	–	13
Administration expenses		**(3,646)**	**–**	**(3,646)**	(2,748)	–	(2,748)
Operating profit		**52,521**	**1,001**	**53,522**	26,270	2,312	28,582
Exchange profits/(losses)		**215**	**–**	**215**	368	–	368
Finance income	4	**1,800**	**–**	**1,800**	538	–	538
Finance costs	4	**(1,945)**	**–**	**(1,945)**	(448)	–	(448)
Profit before tax	5	**52,591**	**1,001**	**53,592**	26,728	2,312	29,040
Tax	8	**(15,328)**	**(300)**	**(15,628)**	(8,595)	(694)	(9,289)
Profit for the year		**37,263**	**701**	**37,964**	18,133	1,618	19,751
Attributable to:							
– Equity holders of the parent		**30,485**	**515**	**31,000**	15,153	1,321	16,474
– Minority interests		**6,778**	**186**	**6,964**	2,980	297	3,277
		37,263	**701**	**37,964**	18,133	1,618	19,751
Earnings per share							
– basic	9			**78.5 cts**			41.7 cts
– diluted	9			**78.4 cts**			41.7 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 2007

	Notes	**2007 $000**	2006 $000
Unrealised surplus on revaluation of the estates	22	**4,823**	6,016
(Loss)/profit on exchange translation	22	**(5,932)**	11,718
Deferred tax on revaluation	22	**(1,186)**	(3,327)
Total recognised income and expense for the year		**(2,295)**	14,407
Profit for the year	22	**37,964**	19,751
Total recognised income and expense for the year		**35,669**	34,158
Attributable to:			
– Equity holders of the parent	22	**28,639**	28,002
– Minority interest	22	**7,030**	6,156
		35,669	34,158

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

Consolidated balance sheet
as at 31 December 2007

	Notes	**2007 $000**	2006 $000
Non-current assets			
Biological assets	11	**38,580**	33,255
Property, plant and equipment	11	**148,443**	127,568
Receivables	12	**1,677**	1,337
		188,700	162,160
Current assets			
Inventories	13	**4,910**	1,785
Tax receivables		**1,875**	2,684
Trade and other receivables	14	**1,462**	1,652
Cash and cash equivalents		**66,358**	17,246
		74,605	23,367
Current liabilities			
Bank loans and other financial liabilities	15	**(7,293)**	(2,167)
Trade and other payables	16	**(9,311)**	(5,308)
Tax liabilities		**(8,085)**	(3,235)
		(24,689)	(10,710)
Net current assets		**49,916**	12,657
Non-current liabilities			
Bank loans and other financial liabilities	15	**(35,719)**	(5,454)
Deferred tax liabilities	17	**(23,025)**	(21,152)
Retirement benefits - net liabilities	18	**(1,534)**	(834)
Net assets		**178,338**	147,377
Equity			
Share capital	19	**15,504**	15,495
Treasury shares	19	**(1,785)**	(1,387)
Share premium reserve	22	**23,935**	23,904
Share capital redemption reserve	22	**1,087**	1,087
Revaluation and exchange reserves	22	**46**	2,407
Retained earnings	22	**107,184**	80,450
Equity attributable to equity holders of the parent		**145,971**	121,956
Minority interests	22	**32,367**	25,421
Total equity		**178,338**	147,377

The financial statements were approved by the board of directors and authorised for issue on 30 April 2008 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 2007

	2007 $000	2006 $000
Cash flows from operating activities		
Operating profit	**53,592**	29,040
Adjustments for:		
BA adjustment	**(1,001)**	(2,312)
Net (profit)/loss on disposal of current and fixed asset investments	**(518)**	158
Depreciation	**4,264**	3,551
Share based remuneration expense	**87**	20
Retirement benefit provisions	**700**	232
Net finance income/(expense)	**145**	(90)
Operating cash flow before changes in working capital	**57,269**	30,689
(Increase)/decrease in inventories	**(3,125)**	714
Decrease in trade and other receivables	**142**	85
Increase in trade and other payables	**3,600**	1,007
Cash inflow from operations	**57,886**	32,405
Interest paid	**(2,051)**	(541)
Overseas tax paid	**(9,196)**	(9,321)
Net cash flow from operations	**46,639**	22,543
Investing activities		
Acquisition of subsidiaries	**(14,480)**	–
Property, plant and equipment		
- purchase	**(12,244)**	(15,370)
- sale	**94**	119
Interest received	**1,800**	538
Net cash used in investing activities	**(24,830)**	(14,713)

Consolidated cash flow statement

for the year ended 31 December 2007

	2007 $000	2006 $000
Financing activities		
Dividends paid by parent company	**(4,266)**	(3,560)
Share options exercised	**40**	50
Purchase of own shares for treasury	**(398)**	–
Repayment of existing long term loans	**(1,694)**	(1,645)
Drawdown of new long term loan	**34,500**	3,200
Finance lease drawdown/(repayment)	**7**	(11)
Dividends paid to minority shareholders	**(735)**	(460)
Loan to minority shareholder	**(578)**	
Repayment of loan by minority shareholder	**286**	–
Purchase of portfolio investment	**(1,668)**	–
Receipt from sale of portfolio investment	**2,234**	267
Net cash used in financing activities	**27,728**	(2,159)
Increase in cash and cash equivalents	**49,537**	5,671
Cash and cash equivalents less overdrafts		
At beginning of period	**16,823**	10,805
Foreign exchange	**(3,003)**	347
At end of period	**63,357**	16,823
Comprising,		
Cash at end of year	**66,358**	17,246
Overdraft at end of year	**(3,001)**	(423)
	63,357	16,823

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

Notes to the consolidated financial statements

1 Accounting policies

Basis of preparation

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 adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Changes in accounting policies

(a) New standards effective in 2007 and adopted by the group

IFRS 7, Financial Instruments: disclosures and a complementary amendment to IAS 1, Presentation of Financial Statements – capital disclosures (effective for accounting periods beginning on or after 1 January 2007), which introduces new requirements aimed at improving the disclosure of information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. Where those risks are deemed to be material to the group it requires disclosures based on the information used by key management. It replaces the disclosure requirements in IAS 32 'Financial Instruments: disclosure and presentation'. It is applicable to all entities that report under IFRS.

The amendment to IAS 1 introduces disclosures about the level and management of an entity's capital. The group has applied IFRS 7 and the amendment to IAS 1 to the accounts for the period beginning on 1 January 2007.

IFRIC 8, Scope of IFRS2 (effective for accounting periods beginning on or after 1 May 2006). There was no impact on the group's accounts from its adoption.

IFRIC 9, Reassessment of embedded derivatives (effective for accounting periods beginning on or after 1 June 2006). There was no impact on the group's accounts from its adoption.

IFRIC 10, Interim Financial Reporting and Impairment (effective for accounting periods beginning on or after 1 November 2006). There was no impact on the group's accounts from its adoption.

(b) Standards, effective in 2007 but not relevant to the group

IFRIC 7, Applying the restatement approach under IAS 29, Financial Reporting in Hyperinflationary Economies (effective for accounting periods beginning on or after 1 March 2006).

(c) Standards, not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning on or after 1 January 2008 or later periods and which the group has decided not to adopt early. These are:

IFRS 8, Operating Segments (effective for accounting periods beginning on or after 1 January 2009). As this is a disclosure standard it will not have any impact on the results or net assets of the group.

IAS 23, Borrowing Costs (revised) (effective for accounting periods beginning on or after 1 January 2009), which is still to be endorsed by the EU. This is relevant to the group but it is expected there will be no impact on the financial statements.

IFRIC 11, IFRS 1 – Group and Treasury Share Transactions (effective for accounting periods beginning on or after 1 March 2007), which requires share–based payment transactions in which an entity receives services as consideration for its own equity instruments to be accounted for as equity settled. In terms of transactions to date there would be no impact on the accounts.

IFRIC 12, Service Concession Arrangements (effective for accounting periods beginning on or after 1 January 2008), which is not relevant to the group.

IFRC 13, Customer Loyalty Programmes (effective for accounting periods after 1 July 2008), which is not relevant to the group.

IFRIC 14, IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for accounting periods beginning on or after 1 January 2008), which is still to be endorsed by the EU. Management is currently assessing the impact of IFRIC 14 on the financial statements.

Revised IFRS 3, Business Combinations and complementary Amendments to IAS 27, 'Consolidated and Separate Financial Statements' (both effective for accounting periods beginning on or after 1 July 2009). This revised standard and amendments to it is still to be endorsed by the EU. Management is currently assessing the impact of revised IFRS 3 and amendments to IAS 27 on the accounts.

Amendment to IFRS 2, Share–based payments; vesting conditions and cancellations (effective for accounting periods beginning on or after 1 January 2009). This amendment is still to be endorsed by the EU. Management is currently assessing the impact of the amendment on the accounts.

Amendment to IAS 32, Financial Instruments; Presentation and IAS 1, Presentation of Financial Statements (effective for accounting periods beginning on or after 1 January 2009). This amendment is still to be endorsed by the EU but is not relevant to the group.

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.

Business combinations

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

The results of acquired operations are included in the consolidated income statement from the date on which control is obtained.

1 Accounting policies – continued

Basis of consolidation – continued

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 actual 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 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 and levies, including export taxes;
- amounts received for sales of palm kernel shell, rubber wood and other income of an operating nature.

Sales of CPO and palm kernel are recognised when goods are delivered or allocated to a purchaser. Delivery or allocation does not take place until contracts paid for. Sales of rubber are recognised on signing 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.

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.

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.

Segment reporting

Save for a small amount of rubber, all the group's operations are devoted to oil palm. Therefore the group's principal segment report is by geographical area, as the estates in each specific area tend to be at the same stage of development and each area tends to have different agricultural conditions.

Biological assets, property, plant and equipment

Estates, which comprise biological assets, and 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 IAS41, the movement in valuation surplus of biological assets is charged or credited to the income statement for the relevant period (BA adjustment).

1 Accounting policies – continued

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 expense.

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

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

All produce inventories are already in processed form as oil or kernel and therefore the requirement under IAS41 to value agricultural produce at market value, does not apply.

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 through reserves and recycled through the income statement on disposal.

Financial assets
All the group's receivables and loans are non–derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised at fair value at inception and no impairment provisions have been considered necessary.

Cash and cash equivalents consist of cash in hand and short term deposits at banks. Bank overdrafts are shown within loans and borrowings under current liabilities on the balance sheet.

There are no assets in hedging relationships and no financial assets or liabilities available for sale.

Financial liabilities
All the group's financial liabilities are non–derivative financial liabilities.

Bank borrowings and long term development loans are initially recognised at fair value which is the total of proceeds received. Finance charges are accounted for on an accruals basis and charged in the income statement, unless capitalised according to the policy as set out under Interest capitalisation above.

Trade and other payables 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 except for differences in the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit.

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 property revaluation surpluses.

Deferred tax is determined using the tax rates that are in force at the balance sheet date and 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; in this case assets and liabilities are offset.

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.

Critical 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 on–going 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 or the revision affects only that period, or in the period of revision and future periods if the revision affects both and 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.

Notes to the consolidated financial statements

2 Revenue

	2007 $000	2006 $000
Sales of produce	127,619	78,863
Other operating income	**279**	231
	127,898	79,094

3 Other income

	2007 $000	2006 $000
Income from current asset investments	–	5
Gains from current asset investments	**566**	8
	566	13

4 Finance income and expense

		2007 $000	2006 $000
Finance income		**1,800**	538
Finance expense			
Interest payable on:			
Development loans	– (note 15)	**1,873**	478
Overdraft	– (note 15)	**72**	57
Finance leases		**9**	6
Other		**97**	–
Interest capitalised on loans related to field development and construction in progress		**(106)**	(93)
		1,945	448
Net finance (expense)/income recognised in income statement		**(145)**	90

5 Profit before tax

		2007 $000	2006 $000
Profit before tax is stated after charging			
Depreciation (including $ 56,000 (2006 – $41,000) in respect of leased assets)		**4,264**	3,551
Staff costs (note 7)		**13,010**	10,772
Auditors' remuneration	– audit (company $25,000 (2006 $25,000)	**96**	75
	– audit of subsidiaries	**62**	54
	– other services	**–**	–
	– Total	**158**	129

6 Segment information – continued

Primary reporting by region	North Sumatra $000	Bengkulu $000	Riau $000	Bangka $000	Kalimantan $000	Total Indonesia $000	Malaysia $000	UK $000	Total $000
2007									
Total sales revenue (all external)	**61,008**	**42,237**	**18,502**	**–**	**–**	**121,747**	**5,872**	**–**	**127,619**
Other income	**246**	**9**	**–**	**–**	**–**	**255**	**24**	**–**	**279**
Total revenue	**61,254**	**42,246**	**18,502**	**–**	**–**	**122,002**	**5,896**	**–**	**127,898**
Profit/(loss) before tax and BA movement	**29,886**	**13,983**	**6,877**	**–**	**–**	**50,746**	**2,790**	**(945)**	**52,591**
BA movement	**1,360**	**(690)**	**320**	**–**	**–**	**990**	**11**	**–**	**1,001**
Profit/(loss) before tax	**31,246**	**13,293**	**7,197**	**–**	**–**	**51,736**	**2,801**	**(945)**	**53,592**
Tax	**(9,891)**	**(3,644)**	**(2,089)**	**–**	**–**	**(15,624)**	**(4)**	**–**	**(15,628)**
Profit for the year	**21,355**	**9,649**	**5,108**	**–**	**–**	**36,112**	**2,797**	**(945)**	**37,964**
Assets	**127,908**	**71,763**	**27,924**	**1,546**	**7,049**	**236,190**	**24,830**	**3,470**	**264,490**
Liabilities	**(8,734)**	**(37,183)**	**(6,395)**	**(1)**	**–**	**(52,313)**	**(1,645)**	**(1,084)**	**(55,042)**
Segment assets	**119,174**	**34,580**	**21,529**	**1,545**	**7,049**	**183,877**	**23,185**	**2,386**	**209,448**
Tax	**(18,011)**	**(7,437)**	**(5,648)**	**–**	**–**	**(31,096)**	**–**	**(14)**	**(31,110)**
Net assets	**101,163**	**27,143**	**15,881**	**1,545**	**7,049**	**152,781**	**23,185**	**2,372**	**178,338**
Capital expenditure	**4,977**	**3,732**	**3,278**	**38**	**6**	**12,031**	**319**	**–**	**12,350**
Depreciation	**(1,587)**	**(1,172)**	**(619)**	**–**	**–**	**(3,378)**	**(886)**	**–**	**(4,264)**
	$000	$000	$000	$000	$000	$000	$000	$000	$000
2006									
Total sales revenue (all external)	42,541	28,829	3,857	–	–	75,227	3,636	–	78,863
Other income	227	–	–	–	–	227	2	2	231
Total revenue	42,768	28,829	3,857	–	–	75,454	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
Tax	(7,102)	(1,578)	(620)	–	–	(9,300)	11	–	(9,289)
Profit for the year	11,978	7,552	1,464	–	–	20,994	143	(1,386)	19,751
Assets	77,695	60,529	24,051	–	–	162,275	21,807	2,837	186,919
Liabilities	(2,628)	(1,591)	(7,712)	–	–	(11,931)	(2,611)	(613)	(15,155)
Segment assets	75,067	58,938	16,339	–	–	150,344	19,196	2,224	171,764
Tax	(14,000)	(7,212)	(3,163)	–	–	(24,375)	–	(12)	(24,387)
Net assets	61,067	51,726	13,176	–	–	125,969	19,196	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)

6 Segment information – continued

Secondary reporting format by crop:

	Carrying amount of segment assets		External income		Profit/(loss) before tax	
	2007 $000	2006 $000	**2007 $000**	2006 $000	**2007 $000**	2006 $000
By activity:						
Oil palm	**146,584**	129,962	**125,663**	76,862	**53,791**	27,557
Rubber	**2,065**	2,357	**2,235**	2,186	**1,810**	1,725
Cocoa	**–**	–	**–**	46	**–**	(277)
Gross profit					**55,601**	29,005
BA movement	**–**	–	**–**	–	**1,001**	2,312
Administration expenses	**–**	–	**–**	–	**(3,646)**	(2,748)
Unallocated assets/income/(expenses)	**29,689**	15,058	**–**	–	**781**	381
Interest	**–**	–	**–**	–	**(145)**	90
Profit before tax	178,338	147,377	127,898	79,094	53,592	29,040

7 Employees' and directors' remuneration

		2007 number	2006 number
Average numbers employed (primarily overseas) during the year	– full time	**3,467**	3,463
	– casual	**4,830**	4,406

	2007 $000	2006 $000
Staff costs (including directors) comprise:		
Wages and salaries	**11,886**	10,468
Social security costs	**245**	234
Retirement benefit costs (note 18)	**1,112**	595
Share based remuneration expense (equity settled)	**87**	20
	13,330	11,317

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 23 and 24 of which the information on page 24 has been audited.

	2007 $000	2006 $000
Directors emoluments	**772**	545
Pension contributions	**39**	34
	811	579
Remuneration expense for key management personnel	**675**	498

Executive directors are considered to be the only key management personnel: their remuneration is shown on page 24.

8 Tax

	2007 $000	2006 $000
Foreign corporation tax – current year	**14,356**	7,794
Foreign withholding tax on remittances	**499**	590
Deferred tax adjustment – current year	**773**	905
Total tax charge for year	**15,628**	9,289

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.

8 Tax – continued

	2007 $000	2006 $000
Profit before tax	**53,592**	29,040
Profit before tax multiplied by standard rate of UK corporation tax of 30% (2006 – 30%)	**16,077**	8,712
Effects of:		
Rate adjustment relating to overseas profits	**(15)**	(13)
Group accounting adjustments not subject to tax	**(575)**	(785)
Expenses not allowable for tax	**147**	150
Temporary differences	**(265)**	(46)
Losses not offsetable against fellow subsidiary profits	**97**	99
Utilisation of tax losses brought forward	**(1,110)**	(323)
Foreign corporation tax charge for year	**14,356**	7,794
Foreign withholding tax	**499**	590
Deferred tax adjustments (note 17)	**773**	905
Total tax charge for year	**15,628**	9,289

9 Earnings per ordinary share (EPS)

	2007 $000	2006 $000
Profit for the year attributable to equity holders of the parent company before BA adjustment	**30,485**	15,153
Net BA adjustment	**515**	1,321
Earnings used in basic and diluted EPS	**31,000**	16,474
	Number '000	Number '000
Weighted average number of shares in issue in year		
– used in basic EPS	**39,480**	39,478
– dilutive effect of outstanding share options	**65**	55
– used in diluted EPS	**39,545**	39,533
Basic EPS before BA adjustment	**77.2 cts**	38.3 cts
Basic EPS	**78.5 cts**	41.7 cts

There is no significant difference between basic and diluted EPS.

10 Dividends

	2007 $000	2006 $000
Paid during the year		
Final dividend of 10.8 cts per ordinary share for the year ended 31 December 2006 (2005 – 8.80 cts)	**4,266**	3,560
Proposed final dividend of 14.0 cts per ordinary share for the year ended 31 December 2007 (2006 – 10.8 cts)	**5,524**	4,265

The proposed dividend for 2007 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 consolidated 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 2006	91,545	13,608	105,153	26,975	132,128
Exchange translations	7,959	1,218	9,177	769	9,946
Revaluations	6,272	–	6,272	1,003	7,275
Additions	5,502	5,453	10,955	4,508	15,463
Disposals	(272)	(92)	(364)	–	(364)
At 31 December 2006	111,006	20,187	131,193	33,255	164,448
Exchange translations	**(3,054)**	**(840)**	**(3,894)**	**(670)**	**(4,564)**
Revaluations	**2,945**	**–**	**2,945**	**1,006**	**3,951**
Additions	**6,524**	**2,458**	**8,982**	**3,368**	**12,350**
Estates acquired at valuation on acquisition of a subsidiary	**13,870**	**–**	**13,870**	**1,621**	**15,491**
Disposals	**(83)**	**(98)**	**(181)**	**–**	**(181)**
At 31 December 2007	**131,208**	**21,707**	**152,915**	**38,580**	**191,495**
Accumulated depreciation and impairment					
At 1 January 2006	–	(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)
Exchange translations	**–**	**175**	**175**	**–**	**175**
Revaluations	**2,505**	**–**	**2,505**	**665**	**3,170**
Charge for the year	**(2,505)**	**(1,094)**	**(3,599)**	**(665)**	**(4,264)**
Disposals	**–**	**72**	**72**	**–**	**72**
At 31 December 2007	**–**	**(4,472)**	**(4,472)**	**–**	**(4,472)**
Carrying amount					
At 31 December 2006	111,006	16,562	127,568	33,255	160,823
At 31 December 2007	131,208	17,235	148,443	38,580	187,023

The directors valued the estates (comprising biological assets, non–biological plantation assets, plantation infrastructure and oil mills) at 31 December 2007 and 2006 at value in use derived from discounted estimated future cash flows of each estate. Among the principal assumptions underlying the calculations were an assumed CPO selling price CIF Rotterdam of $500/mt (2006 – $440/mt) and a discount rate of 12% (2006 – 12%). These values were reviewed at December 2006 by P.T. Nagadi Ekasakti, Jakarta based consultants, who are familiar with the properties and the necessary assumptions underlying the calculations. 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 continuing rise in the price of and improved outlook for CPO, as well as increasing agricultural property values and replacement costs in Indonesia. If the Indonesian estates had been valued at December 2007 using an assumed CPO price of $440/mt and a discount rate of 12% the total carrying value of biological assets, property, plant and equipment would have been $147,185,000.

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, plus additions during 2007.

The estates include $106,000 (2006: $93,000) of interest and $2,144,000 (2006: $1,491,000) of overheads capitalised during the year in respect of expenditure on estates under development during 2007.

Original cost and depreciation at historical rates of exchange of the estates at 31 December 2007:

	Estates $000	Mills $000	Total $000
Original cost	174,559	29,665	204,224
Cumulative depreciation based on original cost	(33,688)	(9,854)	(43,542)
	140,871	19,811	160,682

Notes to the consolidated financial statements

11 Biological assets, property, plant and equipment – continued

The Indonesian authorities have granted certain land exploitation rights and operating permits for the estates. In the case of established 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; in the case of CPA's estate acquired in 2007 (as set out in note 26) land titles were issued in 1996 to expire in 2029. In both cases there are 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. Land acquired during 2007 as set out in note 26 is held under temporary "rights to occupy", pending issue of formal land exploitation rights.

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

12 Receivables: non–current

	2007 $000	2006 $000
Due from minority shareholders	**1,363**	1,071
Due from village smallholder schemes	**314**	266
	1,677	1,337

The minority shareholders in PT Alno Agro Utama and PT Cahaya Pelita Andhika have acquired their interests on deferred terms (see note 25, Credit risk). The minority shareholder in PT Mitra Puding Mas repaid his debt of $286,000 during 2007.

Amounts due from village smallholder schemes represents expenditure on planting and maintaining to maturity oil palms on communal land owned by 21 separate villages neighbouring the group's estates.

The book values of the amounts due from minority shareholders and village smallholder schemes approximates their fair values.

13 Inventories

	2007 $000	2006 $000
Estate and mill consumables	**3,505**	1,309
Processed produce for sale	**1,405**	476
	4,910	1,785

14 Trade and other receivables

	2007 $000	2006 $000
Trade debtors	**343**	644
Other debtors	**723**	745
Accrued interest receivable	**156**	27
Prepayments	**240**	236
	1,462	1,652

15 Bank loans and other financial liabilities

	2007		2006	
	under one year $000	**more than one year $000**	under one year $000	more than one year $000
Bank overdraft (a)	**1**	**–**	423	–
Bank overdraft (b)	**3,000**	**–**	–	–
Long term development loan (c)	**1,250**	**938**	1,250	2,188
Long term development loan (d)	**400**	**2,800**	–	3,200
Long term development loan (e)	**2,588**	**31,912**	–	–
Long term development loan (f)	**–**	**–**	444	–
Total bank loans	**7,239**	**35,650**	2,117	5,388
Finance lease obligations (g)	**54**	**69**	50	66
Total bank loans and lease obligations	**7,293**	**35,719**	2,167	5,454

	2007	2006
Amounts repayable after more than one year, as follows:		
in more than one year but not more than two years	**8,689**	1,677
in more than two years but not more than five years	**9,442**	3,377
in more than five years but not more than six years	**11,150**	400
in more than six years but not more than seven years	**6,438**	–
	35,719	5,454

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

(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 8.75% (2006: 8.7%).

(b) The bank overdraft was made available in June 2007 and is secured by a fixed charge on the land titles of PT Musam Utjing. The parent company has guaranteed the overdraft which was fully repaid in January 2008. The facility will be reviewed monthly through 2008. Interest is at 2.67% over the Singapore Interbank Lending Rate (SIBOR) or about 7.7%.

(c) 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 7.9% through 2007 (2006: 8.00%). The loan is repayable in sixteen quarterly instalments of $312,500 from October 2005 to July 2009.

(d) 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.

(e) The long term development loan of $34,500,000 to finance the purchase and development of new land or developed estates, was made in June and July 2007. It is secured by a fixed and floating charge on the land titles and other assets of PT Alno Agro Utama and of PT Tasik Raja (Tasik) and is guaranteed by Tasik and by the parent company. Interest is at 3% over SIBOR or about 8.3% during 2007. The loan is repayable from August 2008 over four years in quarterly instalments amounting for each 12 months to 15%; 25%; 25% and 35% of the loan.

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

(g) Finance lease obligations relate to vehicles and machinery, on which the obligations are secured, in the Malaysian subsidiaries (2006 – Malaysia). Interest is effectively fixed at 3.0%. Payments complete by the end of 2010.

16 Trade and other payables

	2007 $000	2006 $000
Trade creditors	**3,405**	1,737
Other creditors	**3,951**	2,200
Accruals	**1,955**	1,371
	9,311	5,308

The carrying amount of trade and other payables approximates to their fair values.

17 Deferred tax liabilities

	2007	2006
	$000	$000
Year end (liability) relates to		
Revaluation surplus	**(22,652)**	(21,244)
Unutilised tax losses	**95**	330
Other temporary differences	**(468)**	(238)
	(23,025)	(21,152)
Movement:		
At beginning of year (liability)	**(21,152)**	(16,941)
(Charge) to		
– income statement	**(773)**	(905)
– equity: revaluation and exchange reserve	**(1,186)**	(3,327)
Exchange adjustment	**86**	21
At end of year (liability)	**(23,025)**	(21,152)

	(Liability) 2007 $000	**(Charged)/ credited to income 2007 $000**	**(Charged)/ credited to reserves 2007 $000**
Details of movement in 2007			
Revaluation surplus	**(22,652)**	**(300)**	**(1,186)**
Accelerated capital allowances	**(52)**	**(15)**	**–**
Employee pension liabilities	**346**	**200**	**–**
Other temporary and deductible differences	**(762)**	**(431)**	**–**
Available losses	**95**	**(227)**	**–**
	(23,025)	**(773)**	**(1,186)**

	(Liability) 2007 $000	(Charged)/ credited to income 2007 $000	(Charged)/ credited to reserves 2007 $000
Details of movements in 2006			
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)

	2007	2006
	$000	$000
A deferred tax asset has not been recognised for the following items:		
Unutilised tax losses	13,181	15,186

18 Retirement benefits

The group maintains a defined benefit funded pension scheme for some employees in Indonesia. The scheme is valued by an actuary at the end of each financial year. Any excess of the actuarial liability over the fund assets is provided and charged to the income statement. The major assumptions used by the actuary were:

	2007	2006	2005
Inflation	**10%**	10%	10%
Rate of increase in wages	**10%**	10%	10%
Discount rate	**12%**	12%	12%

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.

18 Retirement benefits – continued

	Defined benefit – funded schemes 2007 $000	Defined benefit – unfunded schemes 2007 $000	Total 2007 $000	Defined benefit – funded schemes 2006 $000	Defined benefit – unfunded schemes 2006 $000	Total 2006 $000
Reconciliation to balance sheet						
Scheme assets (all cash)	**1,195**	–	**1,195**	1,032	**–**	1,032
Scheme (liabilities)	**(1,408)**	(1,321)	**(2,729)**	(906)	**(960)**	(1,866)
Net assets/(liabilities)	**(213)**	(1,321)	**(1,534)**	126	**(960)**	(834)
Reconciliation of scheme assets						
At beginning of year	**1,032**	–	**1,032**	789	**–**	789
Exchange gain/(loss)	**(49)**	–	**(49)**	73	**–**	73
Contributions by group	**192**	–	**192**	151	**–**	151
Income	**92**	–	**92**	65	**–**	65
Benefits paid	**(66)**	–	**(66)**	(42)	**–**	(42)
Expenses	**(6)**	–	**(6)**	(4)	**–**	(4)
At end of year	**1,195**	–	**1,195**	1,032	**–**	1,032
Reconciliation of scheme (liabilities)						
At beginning of year	**(906)**	(960)	**(1,866)**	(748)	**(643)**	(1,391)
Exchange (loss)/gain	**53**	31	**84**	(67)	**(31)**	(98)
Current service (cost)/write back	**(621)**	(535)	**(1,156)**	(134)	**(477)**	(611)
Benefits paid	**66**	143	**209**	43	**191**	234
At end of year	**(1,408)**	(1,321)	**(2,729)**	(906)	**(960)**	(1,866)

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

	2007 $000	2006 $000	2005 $000
Defined benefit funded scheme			
Current service cost	**621**	134	28
Expenses	**6**	4	(28)
Income	**(107)**	(66)	(50)
	520	72	(50)
Defined benefit unfunded scheme			
Current service cost	**535**	475	(225)
Defined contribution schemes			
Contributions	**57**	48	48
	1,112	595	(227)

The best estimate of expected contribution in 2008 is $500,000.

19 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	39,958,272	15,000	9,989	23,865	15,495
Share options exercised	–	18,000	–	5	–	9
End of year	**60,000,000**	**39,976,272**	**15,000**	**9,994**	**23,865**	**15,504**

	2007 Number	2006 Number	2007 $'000	2006 $'000
Treasury shares				
Beginning of year	468,000	468,000	(1,387)	(1,387)
Purchased in year	50,000	–	(398)	–
End of year	**518,000**	**468,000**	**(1,785)**	**(1,387)**

Market value of treasury shares	
Beginning of year (312.5p/share)	2,867
End of year (447.5p/share)	**4,659**

The treasury shares purchased in 2007 were purchased in September at 386p/share.

Notes to the consolidated financial statements

20 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 to subscribe for ordinary shares of 25p each of the company as follows:

Date of grant	Price per share	Period of option	1 Jan 06 Number	(Lapsed) Number	Exercised Number	1 Jan 07 Number	Granted Number	Exercised Number	**31 Dec 07** Number
16.04.02	44.7p	30.04.05 – 29.04.12	38,100	–	(7,500)	30,600	–	–	**30,600**
21.05.03	108.5p	21.05.06 – 20.05.13	42,800	–	(22,400)	20,400	–	(18,000)	**2,400**
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	–	–	**51,200**
09.10.06	323.25p	09.10.09 – 08.10.16	–	15,500	–	15,500	–	–	**15,500**
21.05.07	360.3p	21.05.10 – 20.05.17	–	–	–	–	78,300	–	**78,300**
			110,900	66,700	(29,900)	147,700	78,300	(18,000)	**208,000**
		Exercisable	38,100			51,000			**63,000**

Options granted to directors, included above, are shown on page 24.

The weighted average contracted life of options outstanding at the end of the year was 8 years (2006 – 8 years) and the weighted average exercise price was 251p (2006 – 176p). The weighted average exercise price of options exercisable at the end of the year was 112p (2006 – 70p).

The weighted average share price at date of exercise of options exercise during the year was 360p (2006 – 266p).

78,300 share options were granted in 2007 (2006 – 66,700). The aggregate of the estimated fair value of options granted in 2007 was $171,000. The assumptions applied in the binomial model used to calculate this fair value were:

	2007	2006
Weighted average share price at grant date	**385p**	256p
Weighted average exercise price	**360p**	255p
Weighted average contracted life	**10 years**	10 years
Weighted average expected period to exercise	**3.5years**	3.5 years
Expected volatility	**25%**	25%
Risk free rate	**5.0%**	5%
Expected dividend yield	**2.0%**	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.

21 Ultimate controlling shareholder and related party transaction

At 31 December 2006 Genton International Limited, a company registered in Hong Kong, held 20,247,814 (2006 – 20,247,814) shares of the company representing 50.6% (2006 – 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 $17,000 (2006 – $9,000), small plantations owned by companies controlled by Madam Lim. This contract is on an arm's length basis. At 31 December 2007 the amount due under this contract was $4,000 (2006 – $2,200).

In September 2007 the parent company purchased through the market 50,000 shares for treasury at a price of 386p. The ultimate vendor was a director, Mr O'Connor (see note 19). On 29 April 2008, the Board received legal advice that the necessary prior board approval for this transaction was not obtained. Therefore the board of directors propose that a resolution be put before the company's shareholders at an extraordinary general meeting of the Company, at a date to be fixed, to approve the transaction.

22 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 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 period	–	–	–	–	–	–	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 payable	–	–	–	–	–	–	(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**
Direct changes in equity for 2007										
Unrealised surplus on revaluation of estates	**–**	**–**	**–**	**–**	**3,371**	**–**	**–**	**3,371**	**1,452**	**4,823**
Deferred tax on revaluation	**–**	**–**	**–**	**–**	**(574)**	**(160)**	**–**	**(734)**	**(452)**	**(1,186)**
(Loss) on exchange translation	**–**	**–**	**–**	**–**	**–**	**(4,998)**	**–**	**(4,998)**	**(934)**	**(5,932)**
Net income recognised directly in equity	**–**	**–**	**–**	**–**	**2,797**	**(5,158)**	**–**	**(2,361)**	**66**	**(2,295)**
Profit for period	**–**	**–**	**–**	**–**	**–**	**–**	**31,000**	**31,000**	**6,964**	**37,964**
Total recognised income and expense for the period	**–**	**–**	**–**	**–**	**2,797**	**(5,158)**	**31,000**	**28,639**	**7,030**	**35,669**
Dividends payable	**–**	**–**	**–**	**–**	**–**	**–**	**(4,266)**	**(4,266)**	**(1,051)**	**(5,317)**
Shares purchased	**–**	**(398)**	**–**	**–**	**–**	**–**	**–**	**(398)**	**–**	**(398)**
Share capital subscription	**9**	**–**	**31**	**–**	**–**	**–**	**–**	**40**	**–**	**40**
Interest in subsidiaries acquired	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**967**	**967**
Balance at 31 December 2007	**15,504**	**(1,785)**	**23,935**	**1,087**	**76,445**	**(76,399)**	**107,184**	**145,971**	**32,367**	**178,338**

22 Reserves and minority interests – continued

Nature and purpose of each reserve:

Share premium	Amount subscribed 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 property.
Foreign exchange	Gains/losses arising on translating the net assets of overseas operations into dollars.
Retained earnings	Cumulative net gains and losses recognised in the consolidated income statement.

23 Guarantees and other financial commitments

		2007 $000	2006 $000
Capital commitments at 31 December			
Contracted but not provided	– normal estate operations	**70**	306
	– new/extended oil mills	–	710
Authorised but not contracted	– normal estate operations	**16,377**	7,336
	– new/extended oil mills	**–**	1,520
	– land acquisition	**6,400**	476

24 Finance leases

The group leases a few tractors and cars, included under non–biological plantation assets at a net carrying value $163,000 (2006 – $137,000). 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 2007 $'000	Interest 2007 $'000	Present value 2007 $'000
Not later than one year	54	6	48
Later than one year and not later than five years	69	8	61
	123	14	109

	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

The present value of future lease payments are analysed as:	2007 $000	2006 $000
Current liabilities	48	42
Non–current liabilities	61	52
	109	94

25 Disclosure of financial instruments and other risks

The group's principal financial instruments comprise cash, short and long term bank loans, trade receivables and payables and receivables from local partners in respect of their investments.

The group's accounting classification of each class of financial asset and liability at 31 December 2007 and 2006 were:

2007	Loans and receivables $000	Amortised cost $000	Total carrying value and fair value $000
Non–current receivables	1,363	–	1,363
Trade and other receivables	1,117	–	1,117
Cash and cash equivalent	66,358	–	66,358
Borrowings due within one year	–	(7,293)	(7,293)
Trade and other payables	–	(5,422)	(5,422)
Borrowings due after one year	–	(35,719)	(35,719)
	68,838	(48,434)	20,404

2006	Loans and receivables $000	Amortised cost $000	Total carrying value and fair value $000
Non–current receivables	1,071	–	1,071
Trade and other receivables	1,348	–	1,348
Cash and cash equivalent	17,246	–	17,246
Borrowings due within one year	–	(2,167)	(2,167)
Trade and other payables	–	(3,488)	(3,488)
Borrowings due after one year	–	(5,454)	(5,454)
	19,665	(11,109)	8,556

The principal financial risks to which the group is exposed are:

– commodity selling price changes; and

– exchange movements;

which, in turn, can affect financial instruments and/or operating performance.

With the exception described below, the company does not hedge any of its risks. Its trade credit risks are low. There are no fixed assets or liabilities that are held at fair value through the profit and loss.

The board is directly responsible for setting policies in relation to financial risk management and monitors the levels of the main risks through review of regular operational reports.

Commodity selling prices

The group does not normally contract to sell produce more than one month ahead. An exception was made in March 2007 when, believing the CPO price was already very favourable, and to secure the group's cash flow for an impending acquisition, 33% of annual CPO production in Indonesia was sold forward through to December 2007.

A 1% change in the CPO and kernel selling price produces a 1% change in sales revenue less the level of export tax ruling at the time. Profit is affected by an equal absolute amount.

Currency risk

All the group's operations are in Indonesia and, to a lesser extent, Malaysia. The parent company and group accounts are prepared in US dollars which is not the functional currency of the operating subsidiaries. The group does not hedge its net investment in its overseas subsidiaries and is therefore exposed to a currency risk on that investment. The historic cost of investment (including intercompany loans) by the parent in its subsidiaries amounted to $50,276,000, while the fair value of the group's share of underlying assets at 31 December 2007 amounted to $145,971,000 (2006 – $121,956,000).

All the group's sales are made in local currency and any trade receivables are therefore denominated in local currency. No hedging is therefore necessary.

However, selling prices of the group's produce are directly related to the US dollar denominated world prices. Appreciation of local currencies therefore reduces profits and cash flow of the Indonesian and Malaysian subsidiaries in terms of local currency and, to a lesser extent, US dollar consolidated profits – and vice versa. It is not practical to hedge this currency risk.

The group's subsidiaries which are borrowing in US dollars, as set out under 'Liquidity risk', below could face significant exchange losses in the event of depreciation of their local currency – and vice versa. This risk is mitigated by dollar denominated cash balances in those subsidiaries. While the company was in a position to match dollar cash balances with dollar financial liabilities throughout 2007, policy has been for only a partial but increasing match because interest rates on local currency deposits were some 3.6% higher than on dollar deposits and about the same as dollar borrowing costs. The unmatched balance at 31 December 2007 is represented by the $24,258,000 shown in the table below. If the group's net cash position continues to improve then dollar cash balances will continue to be increased through 2008 – eventually to match dollar liabilities.

25 Disclosure of financial instruments and other risks – continued

Currency risk – continued

A 1% change in the rupiah:dollar exchange rate would have caused a gain or less on exchange of $242,000 at 31 December 2007.

The table below shows the net monetary assets and liabilities of the group at 31 December 2007 and 2006 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**
2007				
Indonesian rupiah	**(24,258)**	**–**	**–**	**(24,258)**
US dollar	**–**	**(26)**	**(62)**	**(88)**
Total	**(24,258)**	**(26)**	**(62)**	**(24,346)**
2006				
	$000	$000	$000	$000
Indonesian rupiah	(6,626)	–	–	(6,626)
US dollar	–	(31)	(82)	(113)
Total	(6,626)	(31)	(82)	(6,739)

Liquidity risk

Development to profitability of new sizable plantations requires a period of between six and seven years before cash flow turns positive. Because oil palms do not begin yielding significantly until four years after planting, this period and the cash requirement is little affected by changes in commodity prices.

The group attempts to ensure that it is likely to have either self–generated funds or further loan/equity capital to complete its development plans and to meet loan repayments. Long term forecasts are updated about twice a year for review by the board. In the event that falling commodity prices reduce self–generated funds below expectations and to a level where group resources may be insufficient, further new planting may be restricted. Consideration is given to the funds continued to be required to bring existing immature plantings to maturity.

The group's trade and tax payables are all due for settlement within a year. At 31 December 2007 the group had the following loans and facilities.

	Borrowings $000	**Facilities $000**	**Repayable**
Malaysia: ringgit denominated			
– overdraft	1	907	on demand
Indonesia: US dollar denominated			
– overdraft	3,000	3,000	on demand
– long term loan	39,888	39,888	2008 – 2012 (note 15)

The Indonesian overdraft was repaid in full in January 2008. The facility remained in place and will be reviewed monthly through 2008. The Malaysian overdraft facility is reviewed annually. The total long term loan facilities of $39,888,000 together with interest at current rates is repayable as follows:

	2008 $000	**2009 $000**	**2010 $000**	**2011 $000**	**2012 $000**
Principal	4,238	8,638	9,424	11,150	6,438
Interest	3,097	2,569	1,829	985	264
Total	7,335	11,207	11,253	12,135	6,702

In the event of a prolonged adverse movement in the CPO price the group would consider refinancing these borrowings into a longer term loan stock.

Forecasts prepared in December 2007 indicate that the group has sufficient funds to meet its development plans and financial commitments through 2008.

All the long term loans include varying covenants covering minimum net worth and cash balances, dividend and interest cover and debt service ratios.

Interest rate risk

Both the group's surplus cash and its borrowings are subject to variable interest rates. The group had net cash throughout 2007, so the effect of variations in borrowing rates is more than offset. The rates on borrowings are set out in note 15.

25 Disclosure of financial instruments and other risks – continued

Interest rate risk – continued

There is no policy to hedge interest rates, partly because of the net cash position and partly because net interest is a relatively small proportion of group profits.

Interest rate profiles of the group's financial assets (comprising non current receivables, tax receivables, trade and other receivables and cash) at 31 December 2007 were:

	Total	Fixed rate	Variable rate	No interest
2007	**$000**	**$000**	**$000**	**$000**
Sterling	**104**	**–**	**60**	**44**
US dollar	**22,982**	**1,363**	**21,598**	**21**
Rupiah	**45,392**	**–**	**42,220**	**3,172**
Ringgit	**2,894**	**–**	**2,479**	**415**
Total	**71,372**	**1,363**	**66,357**	**3,652**
2006	$000	$000	$000	$000
Sterling	74	–	28	46
US dollar	3,285	1,071	2,208	6
Rupiah	19,084	–	14,794	4,290
Ringgit	476	–	216	260
Total	22,919	1,071	17,246	4,602

Long term receivables of $1,363,000 (2006 – $1,071,000) comprise dollar denominated amounts due from minority shareholders as described in note 12 on which interest is due at a fixed rate of 6%.

Average US dollar deposit rates in 2007 were 4.5% (2006 – 4.5%) and rupiah deposit rates were 8.1% (2006 – 11.4%).

Interest rate profiles of the group's financial liabilities (comprising bank loans and other financial liabilities, trade and other payables, tax liabilities and retirement benefit liabilities) at 31 December were:

	Total	Fixed rate	Variable rate	No interest
2007	**$000**	**$000**	**$000**	**$000**
Sterling	**(166)**	**–**	**–**	**(166)**
US dollar	**(44,010)**	**–**	**(42,888)**	**(1,122)**
Rupiah	**(8,654)**	**–**	**–**	**(8,654)**
Ringgit	**(1,028)**	**(123)**	**(1)**	**(904)**
Total	**(53,858)**	**(123)**	**(42,889)**	**(10,846)**
2006	$000	$000	$000	$000
Sterling	(156)	–	–	(156)
US dollar	(7,196)	–	(6,638)	(558)
Rupiah	(4,686)	–	–	(4,686)
Ringgit	(1,725)	(116)	(867)	(742)
Total	(13,763)	(116)	(7,505)	(6,142)

Weighted average interest rate on variable rate borrowings was 8.1% in 2007 (8.3% in 2006).

Credit risk

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. No provisions were considered necessary at 31 December 2007 (2006 – nil).

All cash is deposited with licensed banks.

Tax receivables of $1,875,000 at 31 December 2007 (2006 – $2,684,000) arise entirely in Indonesia and require time and patience to arrange repayment, which is normally forthcoming.

Amounts receivable from local partners, amounting to $1,363,000, in relation to their investments in operating subsidiaries are secured on those investments and are repayable from their share of dividends from those subsidiaries. Amounts due from village smallholder schemes are unsecured but to be repaid from FFB supplied.

Capital

The group defines its Capital as Share capital and Reserves, shown in the consolidated balance sheet as "Equity attributable to equity holders of the parent" and amounting to $143,344,000 at 31 December 2007.

Group policy is presently to attempt to fund development from self–generated funds and loans and not from issue of new share capital. At 31 December 2007 the group had no net borrowings but, depending on circumstances and outlook, the board is prepared for the company to have net borrowings.

26 Acquisitions

For each of the acquisitions below, since they were not active plantations, the directors consider that they have obtained control of an entity that is not a business and accordingly have not accounted for these acquisitions as business combinations. Instead, the amount paid for each acquisition has been allocated between individual identifiable assets and liabilities in the entity based on their fair values at the acquisition date.

In June 2007 the group acquired a 90% interest in PT Cahaya Pelita Andhika (CPA) for a cash consideration of $5,198,000 and settled a loan of $1,045,000 due by CPA. CPA owns a partly planted oil palm estate of 4,470 ha in the province of North Sumatra. The assets and liabilities and their fair value adjustment were assessed as follows:

	Book value	Revaluation to fair value	Fair value
	$000	$000	$000
Fixed assets	1,279	5,542	6,821
Current borrowings	(1,045)	–	(1,045)
Other net current (liabilities)	–	–	–
Net assets acquired	234	5,542	5,776
Group share (90%)			5,198

The group's share of the loss of CPA from acquisition to the end of 2007 was $276,000 which included rehabilitation expenditure. Prior to acquisition CPA was not trading.

In December 2007 the group acquired a 95% interest in PT Bangka Malindo Lestari (BML) for a cash consideration of $1,451,000. BML had no assets or liabilities other than the right to acquire a land title over 7,000 ha on the island of Bangka. The assets and their fair value adjustment were assessed as follows:

	Book value	Revaluation to fair value	Fair value
	$000	$000	$000
Fixed assets only acquired	545	982	1,527
Group share (95%)			1,451

BML was inactive throughout 2007 and therefore the group's share of any profit or loss from the date of acquisition to the end of 2007 was nil.

In December 2007 the group acquired a 95% interest in PT Sawit Graha Manunggal (SGM) for a cash consideration of $6,786,000. SGM had no assets or liabilities other than the right to acquire a land title over 26,000 ha in the province of Central Kalimantan on the island of Borneo. The assets and their fair value adjustment were assessed as follows:

	Book value	Revaluation to fair value	Fair value
	$000	$000	$000
Fixed assets only acquired	3,771	3,372	7,143
Group share (95%)			6,786

SGM was inactive throughout 2007 and therefore the group's share of any profit or loss from the date of acquisition to the end of 2007 was nil.

27 Post balance sheet acquisition

In January 2008 the group acquired a 95% interest in PT Riau Agrindo Agung (RAA) for a cash consideration of $3,800,000. RAA has no assets or liabilities other than the right to a land title over 15,000 ha near the group's existing estates in Bengkulu.

Also in January 2008 the group's subsidiary PT Hijau Pryan Perdana acquired for a consideration of $600,000 the right to a land title over a further 2,379 ha of land contiguous to its existing rights over 3,715 ha.

In March 2008 the group's subsidiary PT Cahaya Pelita Andhika was able to restore, at minimal cost, a previously lapsed right to a land title over a further 1,300 ha of land contiguous to its existing confirmed land title of 4,469 ha.

Notes to the consolidated financial statements

28 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 Bangka Malindo Lestari	95
PT Bina Pitra Jaya	80
PT Cahaya Pelita Andhika	90
PT Hijau Pryan Perdana	80
PT Mitra Puding Mas	90
PT Musam Utjing	75
PT Sawit Graha Manunggal	95
PT Simpang Ampat	100
PT Tasik Raja	80
PT United Kingdom Indonesia Plantations	75

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

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

Company balance sheet
(UK GAAP)
as at 31 December 2007

	Notes	**2007 $000**	2006 $000
Non-current assets			
Investment in subsidiaries	2	**50,276**	50,949
		50,276	50,949
Current assets			
Debtors	3	**43**	45
Cash and cash equivalents		**2,062**	1,720
		2,105	1,765
Current liabilities			
Other creditors	5	**(192)**	(187)
Net current assets		**1,913**	1,578
Net assets		**52,189**	52,527
Equity			
Share capital	6	**15,504**	15,495
Treasury shares	6	**(1,785)**	(1,387)
Share premium reserve	7	**23,935**	23,904
Share capital redemption reserve	7	**1,087**	1,087
Exchange reserve	7	**3,872**	3,872
Retained earnings	7	**9,576**	9,556
Shareholders' funds		**52,189**	52,527

The financial statements were approved by the board of directors and authorised for issue on 30 April 2008 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 monetary 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 32.

Current asset investments
The company's 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 through reserves and recycled through the income statement on disposal.

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
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.

2 Investments in subsidiaries

	Investments in subsidiary undertakings $000	Loans to subsidiary undertakings $000	Total $000
At beginning of year	7,745	43,204	50,949
Movements in year	–	(673)	(673)
At end of year	**7,745**	**42,531**	**50,276**

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 28 to the consolidated financial statements on page 50.

3 Debtors

	2007 $000	2006 $000
Prepayments and accrued income	**43**	41
Other debtors	**–**	4
	43	45

4 Dividends

	2007 $000	2006 $000
Paid during the year		
Final dividend of 10.80cts for the year ended 31 December 2006 (2005 – 8.80cts)	**4,266**	3,560
Proposed final dividend of 14.0cts for the year ended 31 December 2007 (2006 – 10.80cts)	**5,524**	4,265

The proposed dividend for 2007 is subject to shareholder approval at the forthcoming annual general meeting and has not been included as a liability in these financial statements.

5 Other creditors

	2007 $000	2006 $000
Accruals	**176**	172
Other creditors	**16**	15
	192	187

Notes to the company financial statements

6 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	39,958,272	15,000	9,989	23,865	15,495
Share options exercised		18,000	–	5	–	9
End of year	**60,000,000**	**39,976,272**	**15,000**	**9,994**	**23,865**	**15,504**

	Number	$000
Treasury shares		
Beginning of year	468,000	(1,387)
Purchased in year	50,000	(398)
End of year	**518,000**	**(1,785)**

Market value of treasury shares	
Beginning of year (312.5p/share)	2,867
End of year (447.5p/share)	**4,659**

The treasury shares purchased in 2007 were purchased in September at 386p.

Details of share based payments are set out in note 21 to the consolidated financial statements on page 43.

7 Reserves

Company balance sheet

	Share premium account $000	Treasury shares $000	Share capital redemption $000	Exchange reserve $000	Profit and loss account (distributable) $000
Beginning of year	**23,904**	**1,387**	**1,087**	**3,872**	**9,556**
Shares purchased	–	398	–	–	–
Share options exercised	31	–	–	–	–
Profit for the financial year	–		–	–	4,285
Dividend paid	–	–	–	–	(4,265)
End of year	**23,935**	**1,785**	**1,087**	**3,872**	**9,576**

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 $4,318,000 (2006 – $4,801,000) and profit for the year was $4,285,000 (2006 – $4,769,000). 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.

8 Employees' and directors' remuneration

	2007 number	2006 number
Average numbers employed during the year - directors	**6**	7
- staff	**2**	2

	2007 $000	2006 $000
Staff costs		
Wages and salaries	**968**	627
Social security costs	**67**	57
Retirement benefit costs	**57**	48
Share based remuneration expense	**87**	20
	1,179	752

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 23 to 24 of which the information on page 24 has been audited.

	2007 $000	2006 $000
Directors' emoluments	**772**	545
Pension contributions	**39**	34
	811	579

9 Guarantees and other financial commitments

The company has provided guarantees for loans and overdrafts to subsidiaries totalling $42,889,000 (2006 – $7,505,000) as set out in note 15 of the consolidated financial statements.

Notice of annual general meeting

Notice is hereby given that the twenty-third Annual General Meeting of Anglo-Eastern Plantations Plc will be held at the offices of Withers LLP, 16 Old Bailey, London EC4M 7EG on Thursday, 31 July 2008 at 12 noon for the following purposes:

As Ordinary Business

1 To receive and consider the company's annual report for the year ended 31 December 2007.

2 To declare a dividend.

3 To approve the directors' remuneration report for the year ended 31 December 2007.

4 To elect Dato' John Lim Ewe Chuan, non-executive director

5 To re-elect Madam S K Lim, non-executive director, who has served more than nine years.

6 To re-elect Datuk Chin Poy-Wu, non-executive director, who has served more than nine years.

7 To appoint BDO Stoy Hayward LLP as auditors and to authorise the directors to fix their remuneration.

As Special Business

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

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 30 July 2013 all the powers of the company to allot relevant securities up to an aggregate nominal amount equal to one-third of the issued share capital at the date of this resolution;

(b) during the period expiring on the date of the next Annual General Meeting or on 30 July 2009 (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 £499,703, 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);

Notice of annual general meeting

(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.

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

That the directors be and they are hereby authorised

(i) to exercise the powers contained in the Articles of Association of the company so that, to the extent determined by the directors, the holders of ordinary shares be permitted to elect to receive new ordinary shares in the capital of the company, credited as fully paid, instead of all or part of any interim or final dividend or dividends which may be declared or paid at any time or times prior to 30 July 2013; 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 30 July 2013 as if sub-section (1) of section 89 of the said Act did not apply thereto and so that this authority shall be without prejudice and additional to the authority conferred by resolution no 8.

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

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

(a) the maximum number of ordinary shares hereby authorised to be purchased is 3,997,627 (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 October 2009 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.

Notice of annual general meeting

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

    That the amendments to the articles of association of the company set out in the appendix to the notice of annual general meeting be adopted with effect from the conclusion of this Annual General Meeting.

By order of the board
D W SMITH
Secretary 30 June 2008

A member of the company entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and vote at a meeting. Where more than one proxy is appointed, each proxy must be appointed for different shares. You may not appoint more than one proxy to exercise rights attached to any one share. 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 41 of the Uncertificated Securities Regulations 2001, the company has specified that only those shareholders on the register of members of the company at 11.30 am on 29 July 2008 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the register of members after 11.30 am on 29 July 2008 or, if the meeting is adjourned, in the register of members at 11.30 pm on the day which is two days before the day of any adjourned meeting shall be disregarded in determining the rights of any person to attend and vote at the meeting.

As at 30 June 2008, the company's issued share capital comprised 39,976,272 ordinary shares of 25p each. Each share carries one vote, except 518,000 shares held as treasury shares.

The terms and conditions of appointment of the company's non-executive directors will be available for inspection by any person at the company's registered office of the company during usual business hours and for 15 minutes prior to the meeting and at the meeting.

In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that:

(i) if a corporate member has appointed the Chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all the other corporate representatives for that member at the meeting, then, on a poll, those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and

(ii) if more than one corporate representative for the same corporate member attends the meeting but the corporate member has not appointed the Chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.

Corporate members are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives - www.icsa.org.uk - for further details of this procedure. The guidance includes a sample form of representation letter to appoint the Chairman as a corporate representative as described in (i) above.

Appendix to the notice of annual general meeting

Set out below are the ways in which the articles of association are proposed to be amended at the annual general meeting:

1. By deleting the text of article 59.1 and replacing it with the following: "An annual general meeting must be called by at least 21 Clear Days' notice. An extraordinary general meeting must be called by at least 14 Clear Days' notice."

2. By changing the heading of article 111 to "Other office or place of profit under the company; other conflicts of interest", numbering the existing text of article 111 as "111.1" and inserting the following new articles 111.2 to 111.6:

    111.2 For the purposes of section 175 of the Companies Act 2006 ("2006 Act") (subject to that section coming into force), the **Board** may authorise any matter proposed to it relating to or arising out of a situation in which a Director (the "**Relevant Director**") has, or could have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the **Company** and which would, if not so authorised, involve a breach of duty by a **Director** under that section (a "**Relevant Conflict Situation**").

    111.3 Any **Director** (including the **Relevant Director**) may propose that a **Relevant Conflict Situation** be authorised by the **Board** and any such proposal and authorisation shall be effected in the same way that any other mater may be proposed to and resolved upon by the **Board** in accordance with the provisions of these **Articles**, save that the **Relevant Directo**r and any other **Director** with a similar interest:

    (a) may not be counted as participating at the meeting or part of the meeting at which the authorisation is considered for the purposes of the quorum requirement;

    (b) may not vote on the matter, and if the **Director** in question or other interested **Director** does not vote in contravention of this article, his vote may not be counted in determining whether the matter was agreed to; and

    (c) may, if the other **Directors** attending the meeting so decide, be excluded from the meeting while the **Relevant Conflict Situation** is under consideration.

    111.4 Where the **Board** authorises a **Relevant Conflict Situatio**n:

    (a) the **Board** may make any such authorisation subject to any limits or conditions it expressly imposes, but such authorisation is otherwise given to the fullest extent permitted;

    (b) any limits or conditions of the type referred to in article 111.4(a) may be imposed at the time of giving the authority or may be made or varied at any time subsequently and may include:

    (i) whether the **Relevant Director** may vote or be counted in the quorum at any future **Board** or other meeting at which the **Relevant Conflict Situation** is discussed; and

    (ii) the exclusion of the **Relevant Director** from all information relating to, and discussion by the **Company** of, the **Relevant Conflict Situation**; and

    (c) the **Board** may withdraw the authority at any time.

    111.5 In authorising a **Relevant Conflict Situation**, the **Board** may decide that if a **Director** obtains or has obtained any information otherwise than as a **Director** of the **Company** and in respect of which he owes a duty of confidentiality to another **Person**, the **Director** is under no obligation to:

    (a) disclose any such information to the **Board** or to any **Director** or other officer or employee of the **Company**; or

    (b) use or apply any such information in performing his duties as a **Director**.

    This article is without prejudice to any equitable principle or rule of law which may excuse the **Director** from disclosing information, in circumstances where disclosure would otherwise be required under this article.

    111.6 For the purpose of these **Articles**, a conflict of interest includes a conflict of interest and duty and a conflict of duties, and interest includes both direct and indirect interest.

3. By inserting in article 113.1 the wording "or as otherwise decided by the **Board** pursuant to article 111.4(b)" following the wording "Except as provided in article 113.2 and 113.3."

4. In article 123, by inserting the number "111" after the words "Subject to articles."

Anglo-Eastern Plantations Plc

Form of Proxy

Annual General Meeting

I/We being a member of the company hereby appoint the chairman of the meeting or (see note 2)

Name of Proxy:.. Number of shares: ....

as my/our proxy to exercise all or any of my/our rights to attend, speak and vote in respect of my/our voting entitlement* on my/our behalf at the Annual General Meeting of the Anglo-Eastern Plantations Plc to be held at the offices of Withers LLP, 16 Old Bailey, London EC4M 7EG on Thursday, 31 July 2008 at 12 noon and at any adjourned meeting.

Please tick here if this proxy appointment is one of multiple appointments being made ☐. For the appointment of one or more proxy, please refer to Explanatory note 3 (below).

I/We would like my/our proxy to vote on the resolution proposed at the meeting as indicated on this form. Unless otherwise instructed, the proxy may use his/her discretion to vote as he or she sees fit or abstain in relation to any business of the meeting.

Resolutions		For	Against	Vote Withheld
1	To receive the annual report for the year ended 31 December 2007.			
2	To declare a dividend.			
3	To approve the directors' remuneration report for the year ended 31 December 2007.			
4	To elect Dato' John Lim Ewe Chuan, non-executive director.			
5	To re-elect Madam S K Lim, non-executive director.			
6	To re-elect Datuk Chin Poy-Wu, non-executive director.			
7	To appoint BDO Stoy Hayward LLP as auditors and to authorise the directors to fix their remuneration.			
8	To grant authority pursuant to section 80 of the Companies Act 1985 and to disapply section 89(1) of the Companies Act 1985.			
9	To grant authority for scrip dividend alternative.			
10	To grant authority for purchase by the company of its own shares.			
11	To approve the amendments to the articles of association of the Company.			

To assist with arrangements, if you intend attending the meeting in person please place an 'X' in the box ☐

Signature .... Date..

In the case of a corporation, this proxy must be given under its common seal or signed on its behalf by an attorney or officer duly authorised, stating their capacity (e.g. director, company secretary).

Notes

1 Members of the company entitled to attend and vote at the meeting may appoint a proxy or proxies to exercise all or any of their rights to attend and to speak and vote on their behalf at the annual general meeting. A shareholder may appoint more than one proxy in relation to the annual general meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a member of the company.

2 If you wish to appoint a person other than the chairman, please insert the name of your chosen proxy holder in the space provided. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. If left blank, your proxy will be deemed to be authorised in respect of your full voting entitlement, (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).

3 To appoint more than one proxy, (an) additional form(s) may be obtained by contacting the registrars helpline on 0871 664 0300 (calls cost 10p per minute plus network charges) or, from overseas, on +44 208 639 3399. Alternatively you may photocopy this form. Please indicate in the box next to the proxy holder's name the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.

4 The "vote withheld" option is to enable you to abstain on any particular resolution. Such a vote is not a vote in law and will not be counted in the votes 'for' and 'against' a resolution.

5 Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, to be entitled to attend and vote at the Annual General Meeting (and for the purpose of the determination by the company of the votes they may cast), shareholders must be registered in the register of members of the company at 11.30 am on 29 July 2008 or at 11.30 pm on the day which is two days before the day of any adjournment. Changes to entries on the share register after 11.30 a.m. on 29 July 20008 or, if the meeting is adjourned, in the register of members at 11.30 pm on the day which is two days before the day of any adjourned meeting, will be disregarded in determining the rights of any person to attend or vote at the Annual General Meeting.

6 Completion of this form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof in person if you so wish.

Second Fold

BUSINESS REPLY SERVICE
Licence No. MB122

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