



2011

# ANNUAL REPORT

Anglo-Eastern Plantations Plc

# Contents

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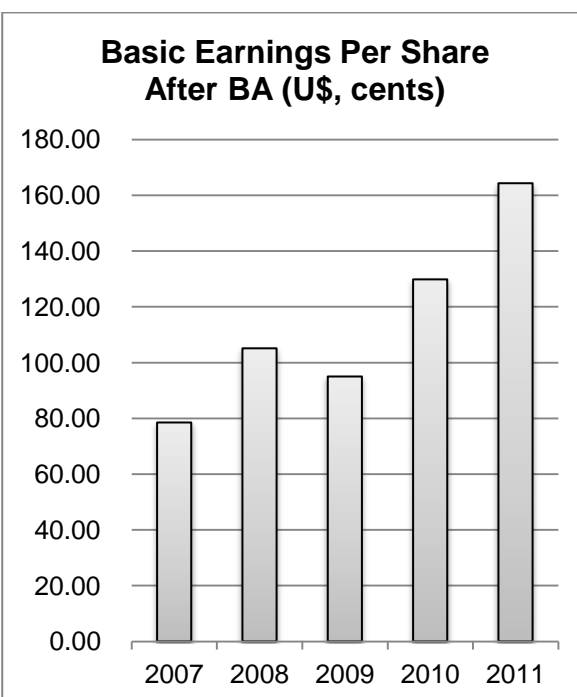
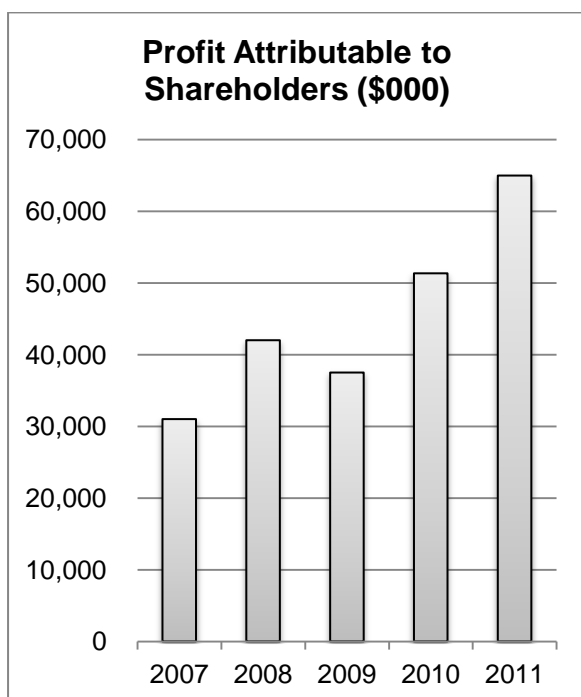
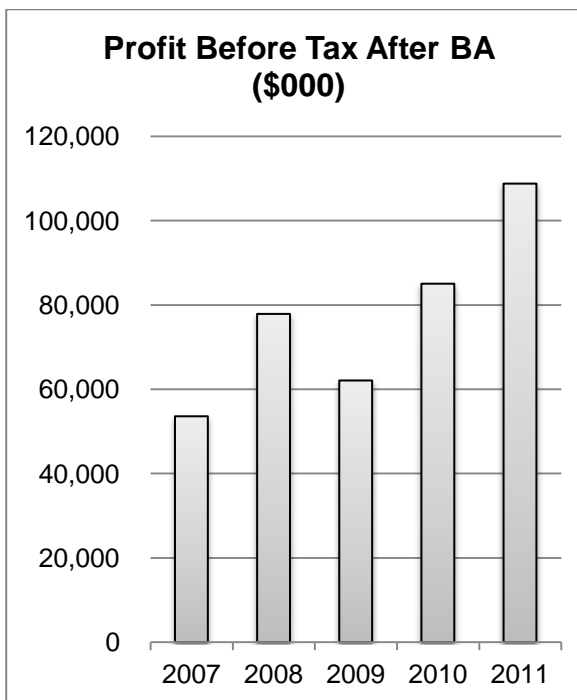
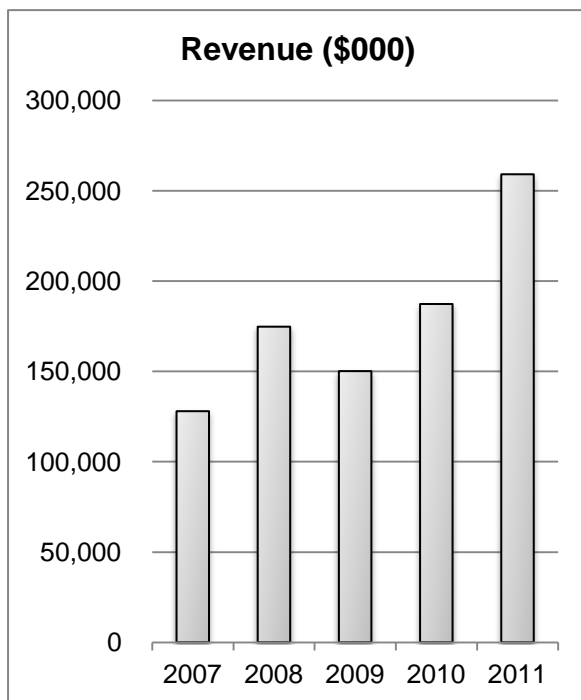
Anglo-Eastern Plantations Plc, quoted on the London Stock Exchange, owns, operates and develops plantations in Indonesia and Malaysia, amounting to some 130,000 hectares producing mainly palm oil and some rubber.

## Financial Highlights

	2011	2010
	\$ m	\$ m
Revenue	<b>259.0</b>	187.2
Profit before tax		
- before biological asset ("BA") adjustment	<b>99.4</b>	66.6
- after BA adjustment	<b>108.8</b>	85.0
EPS before BA adjustment	<b>149.73cts</b>	99.59cts
EPS after BA adjustment	<b>164.30cts</b>	129.82cts
Dividend (cents)	<b>6.0cts</b>	5.0cts
Dividend (pence)	<b>*3.7p</b>	3.1p

Note: \* Based on exchange rate at 23 April 2012 of \$1.6080/£

# Financial Highlights



Denominated in US Dollar

# Chairman's Statement

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On behalf of the Board of Directors of Anglo-Eastern Plantations Plc, I am pleased to present to you the 2011 Annual Report and Audited Financial Statements on the performance and operations of the Group and the Company for the year ended 31 December 2011.

## Financial Performance

For the year ended 31 December 2011, revenue was \$259.0 million, 38% higher than \$187.2 million reported in 2010. This is due primarily to higher production of estates fresh fruit bunch ("FFB") and a higher CPO price. The Group operating profit for 2011, before biological asset ("BA") adjustment was \$96.0 million, 48% more than \$64.9 million in 2010. FFB output for 2011 was 707,000mt, 18% higher than previous year (2010: 599,200mt). FFB bought in from surrounding smallholders for 2011 was 546,800mt (2010: 432,800mt), 26% higher compared to 2010. With a higher FFB processed by the mills, Crude Palm Oil ("CPO") production in 2011 was 248,000mt, 21% higher compared to 204,600mt in 2010.

Profit before tax and after BA adjustment was \$108.8 million, compared to \$85.0 million in 2010. The BA adjustment was a credit of \$9.4 million, compared to a credit of \$18.4 million in 2010, reflecting higher biological value.

The average CPO price for 2011 was \$1,124/mt, 26% higher than 2010 of \$892/mt.

Earnings per share before BA adjustment increased by 50% to 149.73cts, compared to 99.59cts in 2010.

The Group's balance sheet remains strong. The Group continued to experience positive cash flow generation for 2011, enabling it to build up cash reserves and reduce its borrowings. As at 31 December 2011, the Group had a cash position of \$90.5 million and lower borrowings of \$6.5 million, giving it a net cash position of \$84.0 million, compared to \$48.8 million in 2010.

During the year, we repaid \$15.6 million (2010: \$4.9 million) out of our existing borrowings of \$22.1 million (2010: \$27.0 million).

## Corporate Development

In 2011, we planted 4,800 hectares of oil palm mainly in Kalimantan, boosting our planted area by 9% to 57,100 hectares (2010: 52,300 hectares). New plantings remain behind planned schedule due to adverse dry weather conditions in South Sumatra and Central Kalimantan, alongside with certain hold-up in issuing of necessary permits due to the recently introduced timber cutting licenses ("IPK"). In anticipation of the March 2012 Indonesian Sustainable Palm Oil ("ISPO") standards becoming mandatory, the Group has reviewed our planting programme, which at present can be prudently estimated to increase our planted area by 9,000 hectares over the next two years.

Following the retirement of the Chief Executive Officer for the Indonesian operations after 12 years with the Group, the Group rationalized its management structure in Indonesia with the incorporation of a local management company. A new Chief Executive Officer was recruited locally to focus on streamlining and revamping its Indonesian operations with the objective of enhancing and/or maximizing the profitability of each of the Group's Indonesian oil palm estates which are spread out across six different provinces in Indonesia, each of which is subjected to its own provincial and local government's style, efficiency and accuracy in interpreting and implementing the applicable laws and regulations.

The tender process for the construction of new palm oil mills in Central Kalimantan and North Sumatra will begin in 3Q2012. The upgrading of Blankahan palm oil mill from rated throughput of 25mt/hr to 40mt/hr was completed at a cost of \$1.5 million.

# Chairman's Statement

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## Directors

Drs. Kanaka Puradiredja's appointment as Independent Non-Executive Director expired on 31 July 2011 and was extended for another two years by the Board.

Mr. Nik Din Bin Nik Sulaiman's appointment as Independent Non-Executive Director expired on 31 March 2011 and was extended for another two years by the Board. Mr. Nik Din will be submitting himself for re-appointment at the forthcoming annual general meeting.

I will be submitting myself for re-election at the same annual general meeting. Brief profiles of all Directors are set out on page 20 of this Annual Report.

## Corporate Social Responsibility

Corporate social responsibility ("CSR") is an integral part of corporate self-regulation incorporated into our business model. Our Group embraces responsibility for the impact of its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere. In engaging the social dimension of CSR, the Group's business has taken cognizance of the contribution and further enrichment of its employees while continuing to make contributions to improve the well being of the surrounding community.

The majority of employees and their dependents in the plantations and mills are housed in self-contained communities built by the Group. The employees and their dependents are provided with free housing, clean water and electricity. The Group also builds and provides places of worship for workers of different religious faith as well as schools and sports facilities in these communities. The Group spent \$2.2 million to build and maintain these amenities in 2011 and this is expected to increase further in 2012.

Staff and selected employees are given the opportunity to follow training and seminars to enhance their working skills and capacity. The Group provides free education for all employees' children in the local plantations and communities where they work. In some cases, scholarships were provided to selected employees' children to further their tertiary education. In addition the Group provides funding to construct educational facilities such as laboratories, libraries, and computers. The salaries of teachers in estates and school buses to transport employees' children to school are provided by the Group. Over the years a total of 23 schools have been built with 95 teachers currently employed within our Group estates. In 2011, the Group spent some \$300,000 for running the schools alone.

The Group continues to provide free comprehensive health care for all its workers as we believe that every employee and their dependents should have easy access to health services. The medical facilities currently comprise of 20 clinics, 28 nurses and hospital assistants and 10 units of ambulances. Related health expenses for 2011 were \$400,000.

A strong commitment to corporate social responsibility (CSR) has a positive impact on employees attitudes and boosts employee engagement. The Group realizes that employees are valuable assets in order to run an efficient, effective, profitable and sustainable business and operations.

For plantations acquired from 2007 onwards, the Group has an obligation to develop not less than 20% of the new planted area for benefit of smallholder scheme cooperatives. The smallholder scheme or commonly known as Plasma scheme in Indonesia will be developed alongside the Group's estates. This smallholder scheme cooperative will be managed by the Group which involves 7 companies covering an area of 5,379 hectares. The Group is negotiating external finance for a plasma scheme with a local bank secured by land and assets of the scheme and guaranteed by the Group.

# Chairman's Statement

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## Indonesian Sustainable Palm Oil

The Indonesian Sustainable Palm Oil ("ISPO") is legally mandatory for all plantations in Indonesia. In March 2012, ISPO which fundamentally aligns to RSPO (Roundtable on Sustainable Palm Oil) principles has become the mandatory standard for Indonesian planters.

A Steering Committee was established to work out a roadmap to support the ISPO implementation at mills and estates. Workshops and training sessions on occupational safety and health were carried out to inculcate a safety culture in workplaces at the estates and mills in North Sumatra. The Group is currently upgrading its agricultural chemical stores and diesel fuel storage tanks to meet safety and environmental standards. Standard operating procedures are being refined and documented based on sustainable oil palm best practices. The Group also conducts internal audit using audit checklist adopted from the above practices to determine level of compliance.

## Care For The Environment and Sustainable Practices

As a Group, we highlight the importance of creating awareness and implementation of good environmental management practices throughout the organisation. The Group has been consistently practising good agricultural practices such as zero burning, integrated pest management, land terracing and recycling of biomass and reducing fossil fuel consumption.

Effluent discharged from some mills is initially treated in lagoons before they are applied to trenches located between rows of palm trees. Once the effluent dries up, it becomes organic fertilizer for the oil palm and reduces the application and buying of inorganic fertilizers. In some estates, empty bunches are shredded and applied to land where it biodegrades to fertilizers.

The Group has future plans to mitigate the emissions of biogas from the lagoons by trapping it. The methane gas will then be used to generate electricity to partially power its mills.

The Group is committed to implementing good agricultural practices as spelled out in its standard operating procedures for the planting of oil palm. Integrated Pest Management has been adopted to control pests and to improve biological balance. Barn Owl was introduced to control rats. Beneficial plants of *Turnera* sp, *Cassia cobannensis* and *Antigonon leptosus* were planted to attract predator insects of caterpillar pests. Weeds are controlled selectively by using more environmental friendly herbicide such as Glyphosate. The usage of Paraquat herbicide has been reduced and minimized. The sprayers are also trained in safety and spraying techniques. Natural vegetation on uncultivable land such as deep peat, very steep area and riparian zones along watercourses are maintained to preserve biodiversity and wildlife corridor.

Our mills utilize the waste mesocarp fibre from the oil palm fruits as fuel to generate steam from boilers to produce power. The power generated drives some of the processing equipment in mills and estate housing. This helps to reduce reliance on fossil fuels such as diesel in our milling operations.

# Chairman's Statement

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## Outlook

FFB production for two months to February 2012 was 13% higher against the same period in 2011. Although we have been spared extreme weather patterns so far this year, it is too early to forecast whether the production will be better for the rest of the year.

Weather experts have however expressed concerns that La Nina which returned in September 2011 would disrupt global edible oil production. It is typified by wetter-than-usual weather in Malaysia and Indonesia and could lead to prolonged drought in South America and parts of North America. On the bright side, La Nina would help replenish the moisture in the soil. It is too early to predict this outcome as it is highly dependent on the strength of the La Nina.

Oil World expects global consumption for oils & fats to rise by 7mt in 2012, above the 10-year average of 5.8mt. It also expects global oils and fats production to increase by 6.7mt, above the 10 year average of 5.9mt. Based on its early estimates, demand will exceed supply and would certainly help support the CPO price.

The CIF (Cost, Insurance, Freight) Rotterdam CPO price opened the year 2012 at \$1,045/mt and prices are expected to be in the range of \$900/mt to \$1,200/mt for 1H 2012. The fundamentals for palm oil remain bright due to expectations of tighter supplies and growing dependence on palm oil to raise edible oil supplies. Various factors like weather, crude oil price, government policies and global liquidity will influence CPO price movement. Global demand for CPO and other edible oils are vulnerable to economic setbacks and linked to the world economic health particularly the continued growth in China and India, its two largest consumers of CPO. While it is difficult to forecast the CPO price in 2012, it should remain satisfactory.

The US dollar appreciated by approximately 1% (2010: US dollar depreciated by approximately 4%) against the Indonesian Rupiah in 2011. There was no adverse fluctuation against the US dollar in early 2012. We expect a stable currency exchange level to be attainable for the rest of the year.

The prospects for 2012 should be cautiously optimistic in view of higher CPO price during 1Q2012 on the back of robust growth of emerging markets. We remain bullish on the demand for edible oil in view of the rising income levels and population growth in China, India and Indonesia. However, the continued economic crisis in Europe and North America may dent the growth of Asian economies, slowing the increase in the income levels of the low- to medium-income groups thus curbing demand for edible oils.

The rising fertiliser costs and wages in Indonesia are expected to increase the overall production cost in 2012.

Barring any unforeseen circumstances, the Group is confident that CPO demand will be sustainable in view of global economic recovery and we can expect a satisfactory profit level and cash flow for 2012.



# Chairman's Statement

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## Dividends

The Board is mindful that the Group's development programme will require a considerable capital commitment. In this respect, the dividend level needs to be balanced against the planned capital expenditure. The Board is proposing to declare a final dividend of 6.0cts in respect of 2011 (2010: 5.0cts). The final dividend will be paid on 9 July 2012 to those shareholders on the register on 8 June 2012. Shareholders choosing to receive their dividend in Sterling will do so at the rate ruling on 8 June 2012, when the register closes. Based on the exchange rate at 23 April 2012 of \$1.6080/£, the proposed dividend would be equivalent to 3.7p, compared to 3.1p declared in respect of 2010.

## Acknowledgment

On behalf of the Board of Directors, I would like to convey our sincere thanks to our Directors, management and all employees of the Group for their dedication, loyalty, resourcefulness, commitment and contribution to the success of the Group.

I would also like to take this opportunity to thank the shareholders, business associates, government authorities and all other stakeholders for their continued confidence, understanding and support for the Group.

Madam Lim Siew Kim  
Chairman

30 April 2012

# Financial Record

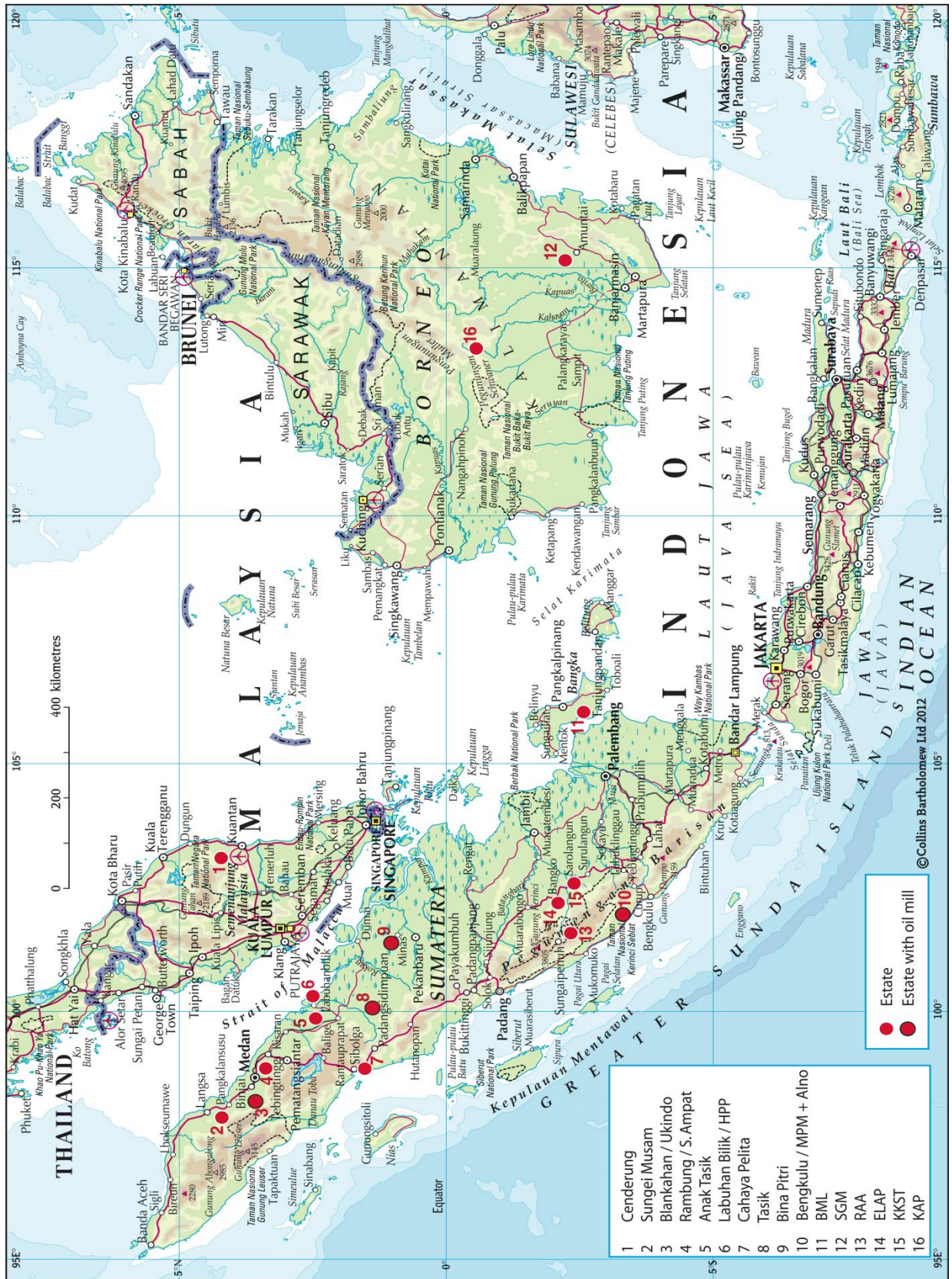
	2011	2010	2009	2008	2007
Income statement	IFRS	IFRS	IFRS	IFRS	IFRS
	\$000	\$000	\$000	\$000	\$000
Revenue	259,037	187,233	150,080	174,684	127,898
<b>Trading profit</b>	<b>96,021</b>	64,937	58,955	74,064	52,521
Biological asset (BA) adjustment	9,358	18,429	888	1,347	1,001
Exchange profits	213	657	1,259	1,503	215
Net finance –income / (costs)	3,184	1,015	983	959	(145)
<b>Profit before tax</b>	<b>108,776</b>	85,038	62,085	77,873	53,592
Tax	(29,148)	(22,573)	(16,934)	(25,891)	(15,628)
Non-controlling interest	(14,664)	(11,136)	(7,657)	(9,981)	(6,964)
<b>Profit attributable to shareholders</b>	<b>64,964</b>	51,329	37,494	42,001	31,000
Dividend proposed for year	(2,372)	(1,977)	(1,973)	(1,973)	(5,524)
<b>Financial position</b>	<b>\$000</b>	\$000	\$000	\$000	\$000
Non-current assets & long term receivables	419,403	446,260	249,699	200,532	188,700
Cash net of short term borrowings	84,017	55,221	54,337	60,803	59,065
Long term loans	(58)	(6,438)	(17,589)	(27,025)	(35,719)
Other working capital	(14,076)	(5,087)	285	(13,571)	(10,683)
Deferred tax	(37,299)	(61,293)	(28,772)	(28,450)	(23,025)
	451,987	428,663	257,960	192,289	178,338
Non-controlling interest	(76,309)	(74,495)	(46,989)	(31,558)	(32,367)
<b>Net worth</b>	<b>375,678</b>	354,168	210,971	160,731	145,971
Share capital	15,504	15,504	15,504	15,504	15,504
Treasury shares	(1,507)	(1,507)	(1,744)	(1,785)	(1,785)
Share premium and capital redemption account	25,022	25,022	25,022	25,022	25,022
Revaluation and exchange reserve	44,567	86,089	(7,405)	(22,083)	46
Profit and loss account	292,092	229,060	179,594	144,073	107,184
<b>Equity attributable to shareholders' funds</b>	<b>375,678</b>	354,168	210,971	160,731	145,971
Ordinary shares in issue ('000s)	39,976	39,976	39,976	39,976	39,976
Earnings per share before BA adj. (US cents)	149.73cts	99.59cts	94.11cts	103.0cts	77.2cts
Earnings per share after BA adj. (US cents)	164.30cts	129.82cts	94.99cts	105.1cts	78.5cts
Dividend per share for year (US cents)	6.0cts	5.0cts	5.0cts	5.0cts	14.0cts
Asset value per share (US cents)	950cts	896cts	535cts	407cts	370cts
Earnings per share before BA adj (pence equivalent)	93.4p	64.4p	59.9p	56.0p	38.4p
Dividend per share for year (pence)	3.7p	3.1p	3.3p	3.0p	7.0p
Asset value per share (pence equivalent)	611p	572p	332p	289p	186p
Exchange rates – year end					
Rp : \$	9,068	9,010	9,400	10,950	9,419
\$ : £	1.55	1.57	1.61	1.41	1.99
RM: \$	3.17	3.08	3.42	3.48	3.31
Exchange rates – average					
Rp : \$	8,763	9,080	10,158	9,735	9,170
\$ : £	1.60	1.55	1.57	1.84	2.01
RM: \$	3.06	3.22	3.52	3.34	3.43

# Estate Areas

	GROUP TOTAL	MALAYSIA	INDONESIA TOTAL	NORTH SUMATRA												Bengkulu		Riau	Bangka	Kalimantan
				Anak Tasik	Labuhan Bilik	Blankahan	Rambung	Sungai Musam	Cahaya Pelita Andhika	Puding Mas	Alno	KKST	ELAP	RAA	Bina Pitri	South Sumatra				
Group interest in total areas below																				
Planted at 31 December 2011																				
Oil Palm																				
Mature	38,539	3,460	35,139	766	3,406	917	149	1,808	2,168	3,660	11,632	0	0	0	4,952	0	0	0	0	
Immature	17,838	166	17,652	280	1,280	0	0	2,106	361	1,215	821	1,655	1,506	0	0	0	0	0	0	8,428
Total	56,437	3,646	52,791	5,971	4,686	917	149	1,808	4,264	4,021	12,847	821	1,655	1,506	4,952	0	0	0	0	8,428
Rubber																				
Mature	506		506	0	0	0	506	0	0	0	0	0	0	0	0	0	0	0	0	0
Immature	170		170	0	0	0	170	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	676	0	676	0	0	0	676	0	0	0	0	0	0	0	0	0	0	0	0	0
Total planted area	57,113	3,646	53,467	5,971	4,686	917	825	1,808	4,264	4,021	12,847	821	1,655	1,506	4,952	0	0	0	0	8,428
Reserves																				
Plantable	50,952	2,111	48,851	0	0	0	0	0	0	0	68	15,144	12,347	2,822	0	3,146	0	0	0	10,533
Unplantable	17,847	526	17,321	7	423	1	0	0	121	212	669	0	0	2,812	8	5,671	8	5,671	3,690	4,207
Other	4,169	85	4,084	118	529	39	51	116	1,281	90	713	35	98	20	143	22	798	0	0	0
Total	72,978	2,722	70,256	125	652	40	51	116	1,402	302	1,450	15,179	12,445	5,694	151	8,739	0	0	0	14,840
Total area at 31 December 2011 of which	130,091	6,368	123,723	6,096	797	5,388	876	1,924	5,666	4,323	14,297	16,000	14,100	7,200	5,103	8,739	0	0	0	14,840
Land titles	48,029	6,368	41,661	5,946	781	3,557	876	1,924	5,666	4,323	13,292	0	0	0	4,329	0	0	0	0	0
Land rights	82,062	0	82,062	150	6	1,781	0	0	0	0	1,005	16,000	14,100	7,200	774	8,739	0	0	0	14,840

Note: For accounting purposes, areas will only be considered mature 4 years after planting as the yield become more significant. However, in practice, palms normally start yielding 3 years after planting.

# Location of Estates



# Business Review

## Commodity Prices

2011 has been a good year for vegetable oil prices, including CPO. The CPO CIF Rotterdam price opened the year 2011 at \$1,195/mt (2010: \$780/mt) and ended the year at \$1,045/mt (2010: \$1,195/mt), averaging \$1,124/mt for the year (2010: \$892/mt). Palm oil prices remained favourable after hitting a low in 2H2008. The increasing world population leading to higher demand and consumption, lack of agricultural land due to competition among other grains, increasing renewable biofuel demand from Europe and USA due to higher crude oil price, shortfall in soybean production together with the increased demand from China and India helped support the commodity prices.

Rubber prices averaged \$4,300/mt for 2011 (2010: \$3,300/mt). Our small area of 506 ha of mature rubber contributed a gross profit of \$3.6 million in 2011 (2010: \$2.2 million).

CPO CIF Rotterdam (from year 2002 to 2012)



# Business Review

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## Valuation

In 2011, the Group's estates were valued by qualified valuers, except for PT Bangka Malindo and PT Kahayan Agro Plantation which were valued in January 2012. The valuation methodology is disclosed in note 10 of the consolidated financial statements. The assumptions used by the valuer in the valuation methodology were revised and streamlined for all estates in 2011 to reflect a realistic and consistent approach to the valuation of biological assets throughout the Group.

Although higher CPO price of \$625/mt has been assumed in the discounted cash flows for the purpose of valuation, the value of the non-biological plantation assets has reduced by \$77 million as compared to year 2010 due to significant reduction of plantable areas for the oil palm trees. The ratio of plantable against unplantable areas was 70% in 2011 as compared to 92% in 2010. Land surveys including one carried out by the Ministry of Forestry on undeveloped land in the newer estates in 2011 in accordance with sustainable palm oil best practices confirmed that some areas of the land were not suitable for planting of oil palm trees whereas the plantable areas in 2010 was based on historic estimates.

## Indonesia

FFB production in North Sumatra, which aggregates the estates of Tasik, Anak Tasik, Labuhan Bilik, Blankahan, Rambung, Sungai Musam and CPA, produced 298,100mt in 2011 (2010: 258,000mt), 16% higher than 2010. An additional 1,900 hectares of newly matured oil palm in Labuhan Bilik and CPA together with higher yield from trees between the age group of 12 to 20 years contributed to the improved performance.

FFB production in Bengkulu (South Sumatra), which aggregates the estates of Puding Mas, Alno, KKST, ELAP and RAA produced 264,200mt (2010: 211,200mt), 25% higher than 2010. Higher yield was achieved in Bengkulu region due to moderate weather pattern and improvement of infrastructure like roads and bridges which leads to more efficient transportation of FFB. Also 2,000 hectares of oil palm reached its prime production age significantly increasing its yield.

FFB production in the Riau region, comprising Bina Pitri estates, produced 110,400mt in 2011 (2010: 96,000mt), 15% higher than 2010. The improved performance was attributable to favourable weather and higher yield from fertilisation and rehabilitation programme.

Overall bought-in crops for Indonesian operations were 26% higher at 546,800mt for the year 2011 (2010: 432,800mt). The average oil extraction rate from our mills was 20.3% in 2011 (2010: 20.5%). The extraction rate was diluted by higher percentage of bought-in crops as well many young oil palm trees which reached maturity in 2011.

## Malaysia

FFB production in 2011 was marginally higher at 34,300mt, compared to 34,000mt in 2010. Unfavourable weather for the last two months of the year together with lack of manpower affected the harvesting and transportation of FFB. Malaysian estates contributed a pre-tax profit of \$3.5 million, 94% higher than 2010.

## Development

In 2011, the Group planted another 4,800 hectares mainly in Kalimantan compared to 7,580 hectares in 2010.

New plantings remain behind planned schedule due to adverse dry weather conditions in South Sumatra and Central Kalimantan, alongside with certain hold-up in issuing of necessary permits due to the recently introduced timber cutting licenses ("IPK"). In anticipation of the March 2012 Indonesian Sustainable Palm Oil ("ISPO") standards becoming mandatory, the Group has reviewed our planting programme, which at present can be prudently estimated to increase our planted area by 9,000 hectares over the next two years.

# Directors' Report

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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 2011.

## **Principal activity**

The Company is incorporated in the United Kingdom under the Companies Act 2006. 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 2011, the core activities of the Group are 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 26 to the consolidated financial statements.

## **Accountability and audit**

The Group is committed to ensure that the quality of its financial reporting is of a high standard. The Board continually reviews its internal controls and risk management systems to ensure the Group's affairs and financial reporting are complied with the applicable accounting standards as well as good corporate governance. The main features of the Group's internal controls and risk management systems are further disclosed on page 22.

## **Results and dividends**

The audited financial statements for the year ended 31 December 2011 are set out on pages 29 to 58. The Group profit for the year on ordinary activities before taxation was \$108,776,000 (2010: \$85,038,000) and the profit attributable to ordinary shareholders was \$64,964,000 (2010: \$51,329,000). No interim dividend was paid. The Directors recommend a final dividend of 6.0cts (2010: 5.0cts) to be paid to shareholders on the register on 8 June 2012. Shareholders may elect to receive their dividend in sterling as described on page 18.

## **Business Review**

The review of the Group's business is set out on page 11 and 12. The Group's key performance indicators, being revenue, profit before tax, profit after tax, production volume, extraction rates and yield are set out in "Financial record" on page 8 and in the business review on page 11 and 12.

The Group's objectives are to provide attractive returns to investors in the long term from operation as well as expansion of the Group's business, to foster economic progress in the localities of the Group's activities and to develop the Group's operations in accordance with the best corporate social responsibility and sustainable standards.

## **Principal risks and uncertainties**

The Group's business involves risks and uncertainties of which the Directors currently consider the following to be material. There are or may be other risks and uncertainties faced by the Group that the Directors currently deem immaterial, or of which they are unaware, that may have a material adverse impact on the Group. The Board reviews risk management on an annual basis.

## **Country**

The Group's operations are located substantially in Indonesia and therefore significantly rely on economic and political stability in Indonesia. The country has recently benefited from a period of relative political stability, steady economic growth and stable exchange-rates without exchange control. Whilst the risks should never be underestimated, the Board perceives that the Group will be able to continue to extract profits from its subsidiaries in Indonesia for the foreseeable future.

The Group holds its land under 25 or 35 year renewable leases (HGU's) which the Directors believe will be renewed when due by complying with existing law and regulations. Any changes in law and regulations relating to land tenure could have negative impact on the Group's activities.

# Directors' Report

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## **Exchange Rates**

Crude Palm Oil is a US-Dollar-denominated commodity and a significant proportion of revenue costs in Indonesia (such as fertiliser and fuel) and development costs (such as heavy machinery) are imported and are US-Dollar related. Adverse movements of Rupiah against US Dollar can have a negative effect on the operating costs. The Board has taken the view that these risks are inherent in the business and feels that adopting hedging mechanisms to counter the negative effects of exchange controls are both difficult to achieve and would not be cost effective. Equally, increases in input costs are likely to reduce profit margins.

## **Weather and natural disasters**

Oil palms rely on regular sunshine and rainfall but these weather patterns can vary and extremes such as unusual dry periods or, conversely, heavy rainfall leading to flooding in some locations do occur. Dry periods, in particular, will affect yields in the short and medium terms but any deficits so caused tend to be made up at a later date. High levels of rainfall can disrupt estate operations and result in harvesting delays with loss of oil palm fruits or deterioration in fruit quality. Where appropriate, bunding is built around flood prone areas and drainage constructed and adapted either to evacuate surplus water or to maintain water levels in areas quick to dry out. Where practical, natural disasters are covered by insurance policy.

## **Cultivation risks**

As in any plantations business, there are risks that crops from the Group's estate operations may be affected by pests and diseases. Agricultural best practice and husbandry can to some extent mitigate these risks but they cannot be entirely eliminated.

## **Other operational factors**

The Group's plantation productivity is dependent upon necessary inputs, including, in particular fertiliser and fuel. Whilst the Directors have no reason to anticipate shortages of such inputs, Group's operations could be materially disrupted should such shortages occur over an extended period.

The Group has bulk storage facilities located within its mills and are adequate to meet the Group's requirements for CPO storage. Nevertheless, delays in collection of CPO sold could result in CPO production exceeding the available CPO storage capacity. This would likely force a temporary halt in FFB processing resulting in loss of crop.

The Group maintains insurance to cover those risks against which the Directors consider economical to insure. Certain risks (including the risk of crop loss through fire, earthquake and other perils potentially affecting the planted areas on the Group's estates), for which insurance cover is either not available or would in the opinion of the Directors be disproportionately expensive, are not insured. These risks are mitigated by the geographical spread of the plantations and to the extent feasible by management practices but an occurrence of an adverse uninsured event could result in the Group sustaining material losses.

## **Produce prices**

The profitability and cash flow of the plantation operations depend upon world prices of CPO and upon the Group's ability to sell CPO at price levels comparable with world prices.

CPO is a primary commodity and is affected by the world economy, including levels of inflation. This may lead to significant price swings although, the Directors believe that such swings should be moderated by surging demand in fast-developing economies like China and India. In addition CPO is sold at a significant discount over its main competitor soya oil.

The Indonesian authorities have in the past, in the times of very high CPO prices, imposed very high duties on export sales of such oil. The Directors believe that such measures materially reduce the profitability of oil palm cultivation. In August 2011, the Indonesian government halved its refined palm oil export taxes from 25% to 13% to encourage domestic downstream processing while keeping the CPO taxes virtually unchanged at 22.5%.



# Directors' Report

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## **Expansion**

The Group is planning to plant more oil palm. In areas where the Group holds the land rights (or izin lokasi), the settlers and land owners are compensated before land is cleared for planting. The Group compensates the settlers and land owners in a transparent and fair way. The negotiation for compensation can, however, involve a considerable number of local individuals with differing views and this can cause difficulties in reaching agreement with all affected parties. Such difficulties have in the past caused delays to the planting programme. It is rather difficult to foretell with reliable accuracy what area will be available for planting out of the total area covered by land rights. Much depends upon the success of negotiations with settlers and land owners and satisfactory resolution of land title issue. The Group has to-date been successful in managing such periodic delays and disruptions so that they have not, in overall terms, materially disrupted the Group's planting programme or operations.

The Directors believe that when the land become available for planting, the development programme can be funded from available Group cash resources and future operational cash flows, supplemented with external debt funding. Should, however, land or cash availability fall short of expectations and the Group is unable to secure alternative land or funding, the Group's continued growth may be delayed or curtailed.

## **Environmental, social and governance practices**

The Group's management and Directors take a serious view of their environmental and social responsibilities. The ISPO which fundamentally aligns with RSPO principles became the mandatory standard for all Indonesian planters in March 2012. The key RSPO principles are set out on page 23 in the "Statement on Corporate Governance".

The estates in North Sumatra are long established. Management follows industry best-practice guidelines and abides by Indonesian law with regard to such matters as application of fertilisers, health and safety. The Group has started to use empty fruit bunches for mulching in the estates which is a form of fertiliser and reduces the consumption of inorganic fertilisers. The liquid effluent from the mills after treatment is applied to trenches in the estates as a form of fertiliser.

The Group has had an environmental-impact assessment undertaken by independent consultant for its new project in Kalimantan.

The Group recognises that its plantations hire large numbers of people and have significant economic importance for local communities in the areas of the Group's operations. This imposes social and governance obligations which bring with them risks that any failure by the Group to meet the standards expected of it may result in reputational and financial damage. The Group seeks to mitigate such risks by establishing standard procedures to ensure that it meets its obligations, monitoring performance against those standards and investigating thoroughly and taking action to prevent recurrence in respect of any failures identified. The Group undertakes periodic reviews of its management performance in relation to various matters and this review pays particular attention to the manner in which the Group has discharged its corporate social responsibilities including setting up of plasma schemes for its new plantations.

## **Local relations**

Any material breakdown in relations between the Group and the host population in the vicinity of the operations could disrupt the Group's operations. The Group therefore endeavours to mitigate this risk by liaising regularly with representatives of surrounding villages and by seeking to improve local living standards through mutually beneficial economic and social interaction with the local villages. In particular, the Group, when possible, gives priority to applications for employment from members of the local population and supports specific initiatives to encourage local farmers and tradesmen to act as suppliers to the Group, its employees and their dependents. The Group spends considerable sums of money constructing new roads and bridges and maintaining existing roads used by villagers and the Group for the transportation of FFB. The Group also provides technical and management expertise to villagers to develop oil palm and rubber plots or Kebun Kas Desa (village's scheme) surrounding the

# Directors' Report

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## **Local relations - continued**

operating estates. The returns from these plots are used to improve villages community welfare. In total, 19 Kas Desa plots involving 275 hectares had been developed.

## **Financial risk**

Information on financial instruments and other risks is set out in note 24 to the consolidated financial statements.

## **Biological assets, property, plant and equipment**

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

## **Directors**

A full list of Directors appears on page 20. On 31 January 2011, Mr. Chan Teik Huat retired as Non-Executive Chairman and Director of the Company. Madam Lim Siew Kim was appointed as Non-Executive Chairman upon retirement of Mr. Chan. Mr. Nik Din's appointment as Non-Executive Director expired on 31 March 2011 and was extended for a further two years to 31 March 2013. Drs. Kanaka's appointment as Non-Executive Director expired on 31 July 2011 and was extended for a further two years to 31 July 2013. Madam Lim and Mr. Nik Din will be submitting themselves for re-appointment by shareholders.

## **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**

	2011	2010
	Ordinary shares	Ordinary shares
Madam Lim Siew Kim	20,521,314	20,521,314
Dato' John Lim Ewe Chuan	-	-
Nik Din Bin Nik Sulaiman	-	-
Drs. Kanaka Puradiredja	-	-
Chan Teik Huat (retired on 31 January 2011)	-	-

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 2011 and the date of this report. Other than Madam Lim, none of the Directors had any interest in the securities of the Company between the date of their appointments and the date of this report.

Other than as set out in note 6 to the consolidated financial statements, no Director had a material interest in any contract of the Company subsisting during, or at the end of the financial year.

# Directors' Report

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## Substantial share interests

As at 31 March 2012, 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	51.21%
Alcatel Bell Pension Fund	6,990,000	17.68%
KBC Securities	1,389,528	3.51%
S N Roditi	1,366,900	3.46%

## 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 accords 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 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 LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed as Resolution 6 at the forthcoming annual general meeting.

## Authority to allot shares

At the annual general meeting held on 22 June 2011 shareholders authorised the Board under the provisions of section 551 of the Companies Act 2006 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 7 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 sections 570 and 573 of the Companies Act 2006 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 empower the Board 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 authority will be expiring at the forthcoming annual general meeting or on 30 June 2012, whichever is earlier. Renewal of this authority on similar terms is being sought under Resolution 7 at the forthcoming annual general meeting.

## Scrip dividends

Resolution 8 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 2011 final dividend.

# Directors' Report

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## **Acquisition of the Company's own shares and authority to purchase own shares**

At 30 April 2012, the Directors had remaining authority under the shareholders' resolution of 22 June 2011, to make purchases of 3,997,627 of the Company's ordinary shares. This authority expires on 30 June 2012. 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 9 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.

## **Amendment of Company's Articles of Association**

A number of significant changes to the Companies Act 2006 were implemented after 27 March 2009. The Company is proposing to adopt these changes in the coming annual general meeting. Resolution 10 is to adopt the Act which abolishes the requirement for a company to have an authorised share capital. Resolution 11 is to amend the Articles by virtue of Section 28 Companies Act 2006.

## **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. The Company had no trade creditors at 31 December 2011 (2010: Nil).

## **Liability insurance for Company officers**

As permitted by the Companies Act the Company has maintained insurance cover for the Directors against liabilities in relation to the Company.

By order of the Board  
Dato' John Lim Ewe Chuan  
Executive Director, Corporate Finance and Corporate Affairs

30 April 2012

# Directors' Responsibilities

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The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union and have elected to prepare the Company financial statements in accordance with UK Generally Accepted Accounting Practice (UK GAAP). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for the Group for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare a Director's report and Director's remuneration report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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.

## Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company'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 Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

## Directors' responsibilities pursuant to DTR4

The Directors confirm to the best of their knowledge:

- The group financial statements have been prepared in accordance with IFRSs as adopted by the European Union and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.
- The annual report includes a fair review of the development and performance of the business and the financial position of the Group and the parent Company, together with a description of the principal risks and uncertainties that they face.

## Directors

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**Madam Lim Siew Kim** (Non-Executive Chairman, aged 63) – Non-Executive Director since 29 November 1993 and appointed as Non-Executive Chairman on 31 January 2011.

**Dato' John Lim Ewe Chuan** (Executive Director, Corporate Finance and Corporate Affairs, member of Nomination and Corporate Governance Committee, Audit and Remuneration Committee, aged 62) – Appointed 28 April 2008. On 1 September 2010 appointed as Executive Director. Prior to 1 September 2010, Dato' John Lim was the Senior Independent Non-Executive Director.

Chartered Certified Accountant; partner with UHY Hacker Young LLP, London, since 1998; previously he had a professional accounting career in Singapore and the UK.

**Nik Din Bin Nik Sulaiman** (Senior Independent Non-Executive Director, Chairman of Audit Committee and Chairman of Nomination & Corporate Governance Committee and member of Remuneration Committee, aged 64) – appointed 1 April 2009.

Non-Executive Director of MTD Capital Berhad and MTD ACPI Engineering Berhad, of which the latter is listed on Bursa Malaysia.

**Drs. Kanaka Puradiredja** (Independent Non-Executive Director, Chairman of Remuneration Committee, member of Audit Committee and member of Nomination & Corporate Governance Committee, age 68) – appointed 1 August 2009.

Former Managing Partner and Chairman of KPMG Indonesia. Founded Kanaka Puradiredja Suhartono, an Indonesian based accounting firm in 2000 and was a Senior Partner until October 2007. He was the former Chairman of the Institute of Audit Committee. Currently, he holds the positions of Chairman of the Honorary Board of Indonesian Institute of Accountants and is an Independent Commissioner of PT Bakrieland Development Tbk and PT Dharma Henwa Tbk, both listed in Indonesia.

# Statement on Corporate Governance

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During 2011 the Company has complied with the majority of the requirements of the UK Corporate Governance Code ("the Code"). Where provisions of the Code were not met during 2011, particular comment is made in the statements below and in the Directors' remuneration report on pages 24 to 26.

## **The Board**

As at 30 April 2012, the Board comprises one Executive and three Non-Executive Directors, two of whom are Independent. Excluding Madam Lim and Dato' John Lim, the remaining two Non-Executive Directors are considered by the Board to be Independent. Both Independent Non-Executive Directors have a wide range of business interests beyond their position with the Company and the rest of the Board agree unanimously that they have shown themselves to be fully independent. Dato' John Lim was appointed as Executive Director, Corporate Finance and Corporate Affairs on 1 September 2010. Prior to 1 September 2010, Dato' John Lim was the Senior Independent Non-Executive Director. Madam Lim Siew Kim was appointed as Non-Executive Chairman upon retirement of Mr. Chan Teik Huat. Neither external search consultancy nor open advertising was used for such appointment. The Nomination and Corporate Governance Committee is of the view that Madam Lim, who owns 52% of the Company's shares and was the Chairman of the Company from 1993 to 1998 is an appropriate candidate for the position. The other members of the Board are satisfied that through the specific powers reserved for the Board, and given the presence of the 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 & Corporate Governance Committees have written terms of reference which are available for inspection upon request.

Unless warranted by unusual matters, the Board normally meets two to three times each year. Otherwise all other matters are dealt with by written resolution and telephone conference. During 2011, there were two meetings, attended by all the Directors.

All the Independent Non-Executive Directors met on their own during 2011. The Chairman met all the Non-Executive Directors, in the absence of the Executive Director, twice in 2011.

Non-Executive Directors are appointed for two year terms renewable on recommendation of the Board. To maintain the vitality of the Board, the Directors specify fixed terms of office for Non-Executives. However, the Board will review the position of each Director for the normal three yearly re-election under the Articles.

In 2011 the Board conducted a review of its performance by discussion. No major issues arose from this review.

## **Nomination Committee**

The Nomination and Corporate Governance Committee currently comprises Mr. Nik Din Bin Nik Sulaiman (Chairman), Dato' John Lim and Drs. Kanaka Puradiredja. The committee had four meetings during 2011, attended by all members. Mr. Chan Teik Huat was appointed as Chairman on 1 September 2010 and retired on 31 January 2011. Mr. Nik Din Bin Nik Sulaiman chaired the Nomination and Corporate Governance Committee after Mr. Chan Teik Huat retired. Dato' John Lim was appointed as member on 8 April 2011.

## **Relations with shareholders**

Company executives and the Senior Independent Non-Executive Director attempt to 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. A member of the Audit, Nomination and Remuneration Committees will be available at the 2012 annual general meeting.

# Statement on Corporate Governance

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## **Accountability and audit**

The responsibilities of the Directors as regards the financial statements are set out on page 19. A statement of going concern is also on page 19.

The Audit Committee comprises Mr. Nik Din Bin Nik Sulaiman (Chairman), Dato' John Lim and Drs. Kanaka Puradiredja. Mr. Nik Din Bin Nik Sulaiman is a Fellow member of the Association of Chartered Certified Accountants (FCCA) and a member of the Malaysian Institute of Accountants (MIA), CA(M). He has extensive experience in accounting, auditing and finance. The committee met prior to the completion of the 2011 accounts and five times during 2011.

The Audit Committee has recommended to the Board of the Company that it should seek the approval of the Company's shareholders for the reappointment of the Company's current auditors. That recommendation reflected an assessment of the qualifications, expertise, resources and independence of the auditors based upon reports produced by the auditors, the committee's own dealings with the auditors and feedback from management.

## **Internal control**

The Company has followed the 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.

The Board receives 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 internal auditors who visit operating sites in Indonesia and Malaysia regularly and provide wide ranging reports.



# Statement on Corporate Governance

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## **Environmental and corporate responsibility**

In 2004 a group of growers, processors, retailers and wildlife and conservation groups founded the “Roundtable 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
- 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 replanting
- 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.

# Directors' Remuneration Report

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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.

## Remuneration Committee

The Remuneration Committee comprises of Drs. Kanaka Puradiredja (Chairman), Mr. Nik Din Bin Nik Sulaiman and Dato' John Lim. The Committee had three meetings during 2011, attended by all members. Drs. Kanaka was appointed as Chairman on 31 August 2010 after Dato' John Lim resigned as Chairman. Mr. Nik Din Bin Nik Sulaiman was appointed to the Committee on 1 September 2010. Mr. Chan Teik Huat sat in the Committee from 1 September 2010 until his retirement on 31 January 2011. Dato John Lim was appointed as a member on 8 April 2011.

## Policy

The Remuneration Committee makes recommendations on senior management pay and conditions, after consultation with the Chairman, and recommends to the Board the terms of Executive Directors.

Non-Executive Directors' remuneration is considered by the Board as a whole.

When determining Executive Director's remuneration, the committee reviews the pay policy and levels for executives below the board, as well as pay and conditions of employees throughout the Group. Other factors considered are individual performance, market conditions, the Company's performance and the need to maintain an economic operation.

## Components

### *Base salary*

Base salaries are reviewed on an annual basis by the Remuneration Committee or when an individual changes responsibilities. Non-Executive Directors receive no benefit other than a fee.

### *Bonus*

The Group operates a bonus scheme for senior executives and managers of operating units, which is determined by weighted performance criteria.

### *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 vest 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 the holder remains an employee of the Group throughout the period. There are no other performance criteria for exercise of options granted so far.

### *Pensions*

The operating units in Indonesia participate in mandatory pension schemes for their local executives and management. There is no Company-sponsored scheme for senior executives outside of Indonesia.

## Service contracts

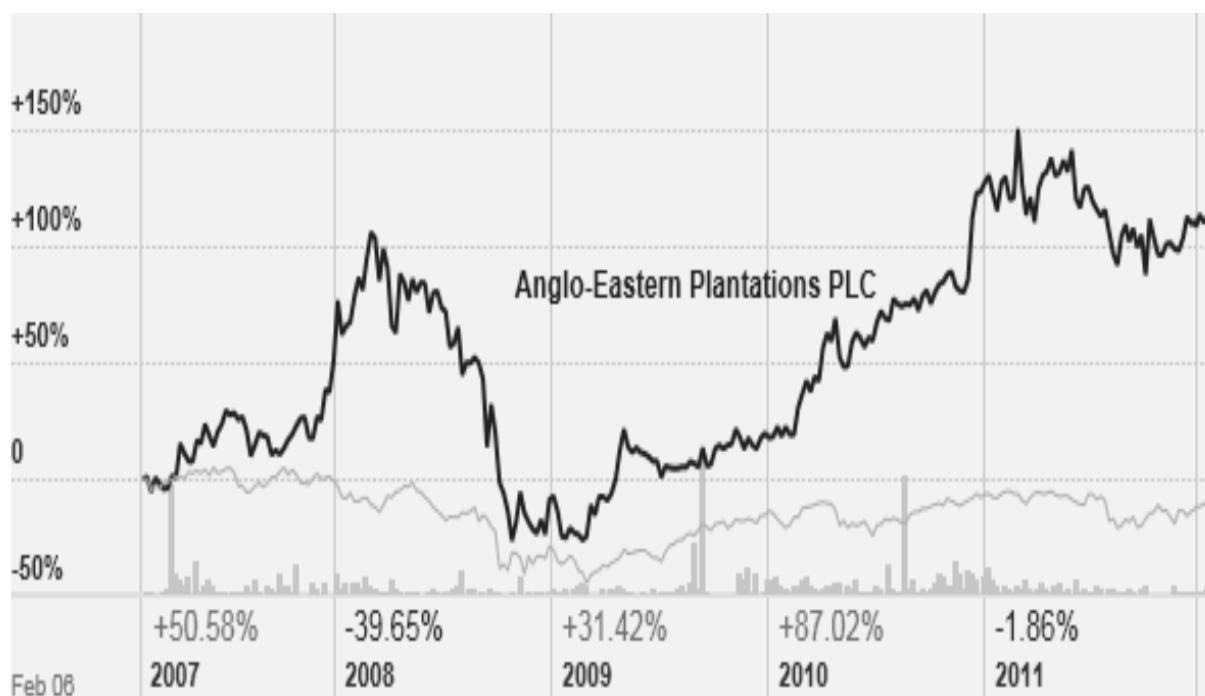
All Directors, Executive and Non-Executive, have formal appointment letters. Those of the Non-Executives are all for two year terms with notice periods of one month. Notice periods for all other senior management are generally two months.

# Directors' Remuneration Report

## Performance graph

The following graph shows the Company's share price performance compared to FTSE 100 index for the period of 2007 to 2011 (last 5 years) to indicate the volatility and trend of the market generally. Our share price performance consistently outperformed the FTSE 100 index throughout these periods. In determining senior management compensation, the Remuneration Committee is influenced by the operating performance of the Company and not directly by the share price.

AEP Share Price Performance Vs FTSE 100 (5 yrs Chart)



# Directors' Remuneration Report

## Directors' remuneration

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

	Fees \$000	Executive Salary \$000	Bonus and allowance \$000	Benefits in kind \$000	<b>Total 2011 \$000</b>	Total 2010 \$000
<b>Name of Director</b>						
<b>Executive:</b>						
Dato'John Lim Ewe Chuan <sup>(1)</sup>	83	-	-	-	<b>83</b>	52
Donald H Low <sup>(2)</sup>	-	-	-	-	-	62
<b>Non-Executive</b>						
Lim Siew Kim <sup>(3)</sup>	57	-	-	-	<b>57</b>	16
Nik Din Bin Nik Sulaiman <sup>(4)</sup>	23	-	-	-	<b>23</b>	19
Drs. Kanaka Puradiredja <sup>(5)</sup>	23	-	-	-	<b>23</b>	19
Chan Teik Huat <sup>(6)</sup>	7	-	-	1	<b>8</b>	177
<b>Total</b>	<b>193</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>194</b>	<b>345</b>

Notes:

(1) Appointed as Executive Director on 1 September 2010. Previously was the Senior Independent Non-Executive Director.

(2) Appointed on 26 August 2008, resigned on 25 May 2010

(3) Appointed on 29 November 1993 and appointed as Non-Executive Chairman on 31 January 2011

(4) Appointed on 1 April 2009

(5) Appointed on 1 August 2009

(6) Appointed to Non-Executive Chairman on 10 February 2010 and retired on 31 January 2011

On behalf of the Board  
Drs. Kanaka Puradiredja  
Chairman, Remuneration Committee

30 April 2012

# Auditors' Report

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO-EASTERN PLANTATIONS PLC

We have audited the financial statements of Anglo-Eastern Plantations Plc for the year ended 31 December 2011 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position and Company balance sheet, the consolidated statement of changes in equity, the consolidated statement of cash flow and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### *Respective responsibilities of Directors and auditors*

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### *Scope of the audit of the financial statements*

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### *Opinion on financial statements*

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2011 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the group financial statements, Article 4 of the IAS Regulation.

### *Opinion on other matters prescribed by the Companies Act 2006*

In our opinion:

- the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Auditors' Report (Continued)

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO-EASTERN PLANTATIONS PLC (continued)

*Matters on which we are required to report by exception*

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 19, in relation to going concern;
- the part of the corporate governance statement relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

David Eagle (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
55 Baker Street, London  
United Kingdom

30 April 2012

# Consolidated Income Statement

For the year ended 31 December 2011

Continuing operations	Notes	2011			2010		
		Result before BA adjustment \$000	BA adjustment \$000	Total \$000	Result before BA adjustment \$000	BA adjustment \$000	Total \$000
Revenue	2	259,037	-	259,037	187,233	-	187,233
Cost of sales		(157,644)	(1,153)	(158,797)	(118,641)	(1,377)	(120,018)
Gross profit		101,393	(1,153)	100,240	68,592	(1,377)	67,215
Biological asset revaluation movement		-	10,511	10,511	-	19,806	19,806
Administration expenses		(5,372)	-	(5,372)	(3,655)	-	(3,655)
Operating profit		96,021	9,358	105,379	64,937	18,429	83,366
Exchange profits		213	-	213	657	-	657
Finance income	3	3,891	-	3,891	2,220	-	2,220
Finance expense	3	(707)	-	(707)	(1,205)	-	(1,205)
<b>Profit before tax</b>	4	<b>99,418</b>	<b>9,358</b>	<b>108,776</b>	<b>66,609</b>	<b>18,429</b>	<b>85,038</b>
Tax expense	7	(26,809)	(2,339)	(29,148)	(17,984)	(4,589)	(22,573)
<b>Profit for the year</b>		<b>72,609</b>	<b>7,019</b>	<b>79,628</b>	<b>48,625</b>	<b>13,840</b>	<b>62,465</b>
Attributable to:							
- Owners of the parent		59,201	5,763	64,964	39,375	11,954	51,329
- Non-controlling interests		13,408	1,256	14,664	9,250	1,886	11,136
		72,609	7,019	79,628	48,625	13,840	62,465
<b>Earnings per share for profit attributable to the owners of the parent during the year</b>							
- basic	8			164.30cts			129.82cts
- diluted	8			163.72cts			129.27cts

Earnings per share before BA adjustment are shown in note 8.

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

# Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	2011 \$000	2010 \$000
Profit for the year	79,628	62,465
Other comprehensive income:		
Unrealised (loss)/surplus on revaluation of the estates	(76,649)	121,908
Profit/(loss) on exchange translation of foreign operations	(4,471)	14,193
Deferred tax on revaluation	27,234	(26,482)
Other comprehensive income for the year	(53,886)	109,619
Total comprehensive income for the year	25,742	172,084
Attributable to:		
- Owners of the parent	23,442	144,823
- Non-controlling interests	2,300	27,261
	25,742	172,084

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



# Consolidated Statement of Financial Position

As at 31 December 2011

	Note	2011 \$000	2010 \$000
<b>Non-current assets</b>			
Biological assets	10	77,066	68,593
Property, plant and equipment	10	340,786	376,173
Receivables	11	1,551	1,494
		<b>419,403</b>	<b>446,260</b>
<b>Current assets</b>			
Inventories	12	9,439	6,820
Tax receivables		5,098	7,342
Trade and other receivables	13	4,877	3,356
Cash and cash equivalents		90,482	70,871
		<b>109,896</b>	<b>88,389</b>
<b>Current liabilities</b>			
Loans and borrowings	14	(6,465)	(15,650)
Trade and other payables	15	(20,878)	(15,170)
Tax liabilities		(11,019)	(5,130)
		<b>(38,362)</b>	<b>(35,950)</b>
Net current assets		<b>71,534</b>	<b>52,439</b>
<b>Non-current liabilities</b>			
Loans and borrowings	14	(58)	(6,438)
Deferred tax liabilities	16	(37,299)	(61,293)
Retirement benefits - net liabilities	17	(1,593)	(2,305)
<b>Net assets</b>		<b>451,987</b>	<b>428,663</b>
<b>Issued capital and reserves attributable to owners of the parent</b>			
Share capital	18	15,504	15,504
Treasury shares	18	(1,507)	(1,507)
Share premium		23,935	23,935
Capital redemption reserve		1,087	1,087
Revaluation and exchange reserves		44,567	86,089
Retained earnings		292,092	229,060
		<b>375,678</b>	<b>354,168</b>
Non-controlling interests		76,309	74,495
<b>Total equity</b>		<b>451,987</b>	<b>428,663</b>

The financial statements were approved by the Board of Directors and authorised for issue on 30 April 2012 and were signed on its behalf by Dato' John Lim Ewe Chuan

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

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

	Share capital \$000	Treasury shares \$000	Share premium \$000	Capital redemption reserve \$000	Revaluation reserve \$000	Foreign exchange reserve \$000	Retained earnings \$000	Total \$000	Non-controlling interests \$000	Total equity \$000
<b>Balance as at 1 January 2010</b>	15,504	(1,744)	23,935	1,087	67,179	(74,584)	179,594	210,971	46,989	257,960
Items of other comprehensive income										
-Unrealised gain on revaluation of estates	-	-	-	-	105,296	-	-	105,296	16,612	121,908
-Deferred tax on revaluation of assets	-	-	-	-	(23,079)	-	-	(23,079)	(3,403)	(26,482)
-Gain on exchange translation	-	-	-	-	-	11,277	-	11,277	2,916	14,193
<b>Total other comprehensive income</b>	-	-	-	-	<b>82,217</b>	<b>11,277</b>	-	<b>93,494</b>	<b>16,125</b>	<b>109,619</b>
Profit for year	-	-	-	-	-	-	51,329	51,329	11,136	62,465
<b>Total comprehensive income and expense for the year</b>	-	-	-	-	<b>82,217</b>	<b>11,277</b>	<b>51,329</b>	<b>144,823</b>	<b>27,261</b>	<b>172,084</b>
Acquisition of subsidiary	-	-	-	-	-	-	-	-	245	245
Share options exercised / Share based payment expense	-	237	-	-	-	-	110	347	-	347
Dividends paid	-	-	-	-	-	-	(1,973)	(1,973)	-	(1,973)
<b>Balance at 31 December 2010</b>	<b>15,504</b>	<b>(1,507)</b>	<b>23,935</b>	<b>1,087</b>	<b>149,396</b>	<b>(63,307)</b>	<b>229,060</b>	<b>354,168</b>	<b>74,495</b>	<b>428,663</b>
Items of other comprehensive income										
-Unrealised loss on revaluation of estates	-	-	-	-	(59,991)	-	-	(59,991)	(16,658)	(76,649)
-Deferred tax on revaluation of assets	-	-	-	-	22,055	-	-	22,055	5,179	27,234
-Loss on exchange translation	-	-	-	-	-	(3,586)	-	(3,586)	(885)	(4,471)
<b>Total other comprehensive income</b>	-	-	-	-	<b>(37,936)</b>	<b>(3,586)</b>	-	<b>(41,522)</b>	<b>(12,364)</b>	<b>(53,886)</b>
Profit for year	-	-	-	-	-	-	64,964	64,964	14,664	79,628
<b>Total comprehensive income and expense for the year</b>	-	-	-	-	<b>(37,936)</b>	<b>(3,586)</b>	<b>64,964</b>	<b>23,442</b>	<b>2,300</b>	<b>25,742</b>
Issue of subsidiary shares to minority shareholder	-	-	-	-	-	-	-	-	2,054	2,054
Share based payment expense	-	-	-	-	-	-	45	45	-	45
Dividends paid	-	-	-	-	-	-	(1,977)	(1,977)	(2,540)	(4,517)
<b>Balance at 31 December 2011</b>	<b>15,504</b>	<b>(1,507)</b>	<b>23,935</b>	<b>1,087</b>	<b>111,460</b>	<b>(66,893)</b>	<b>292,092</b>	<b>375,678</b>	<b>76,309</b>	<b>451,987</b>

# Consolidated Statement of Cash Flows

For the year ended 31 December 2011

	2011 \$000	2010 \$000
<b>Cash flows from operating activities</b>		
Profit before tax	108,776	85,038
Adjustments for:		
BA adjustment	(10,511)	(18,429)
(Profit) / Loss on disposal of tangible fixed assets	68	(50)
Depreciation	8,060	8,953
Retirement benefit provisions	536	334
Net finance income	(3,184)	(1,015)
Tangible fixed assets written off	-	12
Unrealised gain in foreign exchange	(213)	(755)
Share based payments expense	45	112
Operating cash flow before changes in working capital	103,577	74,200
Increase in inventories	(2,665)	(2,937)
Increase in trade and other receivables	(1,578)	(591)
Increase in trade and other payables	4,818	5,939
Cash inflow from operations	104,152	76,611
Interest paid	(759)	(1,254)
Retirement benefit paid	(1,289)	(63)
Overseas tax paid	(17,917)	(18,959)
Net cash flow from operations	84,187	56,335
<b>Investing activities</b>		
Acquisition of subsidiary	-	(4,645)
Property, plant and equipment		
- purchase	(50,086)	(43,540)
- sale	237	222
Interest received	3,891	2,220
Net cash used in investing activities	(45,958)	(45,743)

# Consolidated Statement of Cash Flows

For the year ended 31 December 2011

	2011 \$000	2010 \$000
<b>Financing activities</b>		
Dividends paid by Company	(1,977)	(1,973)
Share options exercised	-	235
Issue of subsidiary shares to minority shareholder	2,054	-
Repayment of existing long term loans	(15,555)	(4,925)
Dividends paid to minority shareholders	(2,540)	-
Net cash used in financing activities	(18,018)	(6,663)
Increase in cash and cash equivalents	20,211	3,929
<b>Cash and cash equivalents</b>		
At beginning of year	70,871	63,761
Foreign exchange	(600)	3,181
At end of year	90,482	70,871
Comprising:		
Cash at end of year	90,482	70,871

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

# Notes to the Consolidated Financial Statements

## 1 Accounting policies

Anglo-Eastern Plantations Plc ("AEP") is a company incorporated in the United Kingdom under the Companies Act 2006 and is listed on the London Stock Exchange. The registered office of AEP is located at Quadrant House, 6<sup>th</sup> Floor, 4 Thomas More Square, London E1W 1YW, United Kingdom. The principal activity of the Group is plantation agriculture.

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

### *Basis of preparation*

The financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board ("IASB") as adopted by the EU and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRS.

### *Changes in accounting standards*

a) The following new standards, amendments and interpretations are also effective for the first time in these financial statements but none have had a material effect on the Group.

- IFRS 1 Amendments - First-time Adoption of International Financial Standards
- IFRS 2 Amendments - Group Cash-settled Share-based Payment Transactions
- IFRS 7 Amendments - Disclosures - Transfer of Financial Assets
- IAS 24 Amendments - Related Party Disclosures
- IAS 32 Amendments - Classification of Right Issues
- IAS 39 Amendments - Financial Instruments: Recognition and Measurement: Eligible Hedged Items
- IFRIC 14 Amendments - Prepayments of Minimum Funding Requirement
- IFRIC 17 Interpretations - Distributions of Non-cash Assets to Owners
- IFRIC 18 Interpretations - Transfer of Assets from Customers
- IFRIC 19 Interpretations - Extinguishing Financial Liabilities with Equity Instruments
- Improvements to IFRSs (May 2010)

None of the new standards, interpretations and amendments effective for the first time from 1 January 2011, have had a material effect on the financial statements.

b) New standards, interpretations and amendments not yet effective.

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the Group's future financial statements:

- IFRS 9 Financial Instruments (effective for accounting periods beginning on or after 1 January 2013)
- IFRS 10 Consolidated Financial Statements (effective for accounting periods beginning on or after 1 January 2013)
- IFRS 11 Joint Arrangements (effective for accounting periods beginning on or after 1 January 2013)
- IFRS 12 Disclosures of Interest in Other Entities (effective for accounting periods beginning on or after 1 January 2013)
- IFRS 13 Fair Value Measurement (effective for accounting periods beginning on or after 1 January 2013)
- IAS 27 Separate Financial Statements (effective for accounting periods beginning on or after 1 January 2013)
- IAS 28 Investments in Associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2013)
- IFRIC 20 Interpretations – Stripping Costs in the Production Phase of a Surface Mine (effective for accounting periods beginning on or after 1 January 2013)
- IFRS 1 Amendments - Severe Hyperinflation and Removal of Fixed Dates for First Time Adopters (effective for accounting periods beginning on or after 1 July 2011)
- IFRS 7 Amendments – Offsetting Financial Assets and Financial Liabilities (effective for accounting periods beginning on or after 1 January 2013)
- IAS 1 Amendments - Presentation of Items of Other Comprehensive Income (effective for accounting periods beginning on or after 1 July 2012)
- IAS 19 Amendments - Employee Benefits (effective for accounting periods beginning on or after 1 January 2013)
- IAS 32 Amendments – Offsetting Financial Assets and Financial Liabilities (effective for accounting periods beginning on or after 1 January 2014)
- IAS 12 Amendments - Deferred tax : Recovery of Underlying Assets (effective for accounting periods beginning on or after 1 January 2012)

Other than IAS 12, which will impact the level of disclosure, none of the other new standards, interpretations and amendments, which are effective for periods beginning after 1 January 2012 and which have not been adopted early, are expected to have a material effect on the Group's future financial statements.

# Notes to the Consolidated Financial Statements

## 1 Accounting policies - continued

### *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 statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. Acquisitions of entities that comprise principally land with no active plantation business do not represent business combinations, in such cases, the amount paid for each acquisition is allocated between the identifiable assets/liabilities at the acquisition date.

### *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, as internationally traded commodities, the price of the bulk of the Group's products are ultimately link to the US dollar.

On consolidation, the results of overseas operations are translated into US dollars at average exchange rates for the year unless exchange rates fluctuate significantly in which case the actual rate is used. All assets and liabilities of overseas operations are translated at the rate ruling at the balance sheet date. Exchange differences arising on re-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, palm kernel and rubber slab are recognised when goods are delivered or allocated to a purchaser. Delivery or allocation does not take place until contracts are paid for. Sales of latex are recognised on signing of sales contract, this being the point at which the significant risks and rewards of ownership are passed over to the buyer. Other income mainly consists of amounts received from sales of nut shell, which is recognised when the goods are delivered.

### *Share based payments*

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 binomial 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.

### *Capitalisation on development activities*

#### *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. These interest rates are booked at the rate prevailing at the time.

# Notes to the Consolidated Financial Statements

## 1 Accounting policies -continued

### *Plantation development*

Plantation development comprises cost of planting and development on oil palm and other plantation crops. Costs of new planting and development of plantation crops are capitalised from the stage of land clearing up to the stage of maturity or subject to certificate of Land Exploitation Rights (HGU) being obtained, whichever is earlier. The costs of immature plantations consist mainly of the accumulated cost of land clearing, planting, fertilising and maintaining the plantation, borrowing costs and other indirect overhead costs up to the time the trees are harvestable and to the extent appropriate.

### *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 substantively 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.

### *Property, plant and equipment*

Estates comprise biological assets, non-biological plantation assets and mills. Estates (excluding the mills) are valued based upon a valuation of the planted and unplanted areas using a discounted cash flow method by reference to the fresh fruit bunches ("FFB") expected to be harvested over the full remaining productive life of the trees up to 20 years. Oil palm which are not yet mature at the accounting date, and hence are not producing FFB, are valued on a similar basis but with the discounted value of the estimated cost to complete planting and to maintain the assets to maturity being deducted from the discounted FFB value. In preparing the current year financial statements the productive life has been revised from 19 years to 20 years for Indonesian estates and 30 years to 20 years for Malaysian estates.

Any surplus or deficit on revaluation of non-biological plantation assets (after deduction of a proportion of biological assets as described under Biological assets below) 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 of a revalued estate, any related balance remaining in the revaluation and exchange reserve is transferred to retained earnings as a movement in reserves.

Oil mills are carried at cost less depreciation.

Depreciation is computed using the straight line method. 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 which representing the bio life of the tree.

### *Biological assets*

Biological assets comprise oil palm trees and nurseries. The biological process commences with the initial preparation of land and planting of seedlings and ceases with the delivery of crop in the form of FFB to the manufacturing process in which crude palm oil and palm kernel are extracted from the FFB. The value of the biological assets is estimated as a proportion of the estate value (excluding the mills). For a plantation with a mill, the biological asset portion is estimated at 18% of the estate value while for a plantation without a mill, it is estimated at 23%. The 5% difference in valuation represents the plant, machinery and infrastructure which is an integral part of estates with mills but does not form part of the mill itself. The movement in valuation surplus of biological assets is charged or credited to the income statement for the relevant period (BA adjustment).

### *Leased assets*

Assets financed by leasing agreements which give rights approximating to ownership (finance leases) are capitalised at amounts equal to the original cost of the asset to the lessors and depreciation is provided on the asset over the shorter of the lease term or its useful economic life in accordance with 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 in the income statement, except to the extent they reverse gains previously recognised in the statement of recognised income and expense.

# Notes to the Consolidated Financial Statements

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## 1 Accounting policies - continued

### *Inventories*

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. In the case of processed produce for sale which comprises palm oil and kernel, cost represents the monthly weighted-average cost of production, including appropriate production overheads. Estate and mill consumables are valued on a weighted average cost basis.

### *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 subsequently at amortised cost. No impairment provisions have been considered necessary.

Cash and cash equivalents consist of cash in hand and short term deposits at banks with an original maturity of less than three months. 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 and subsequently at amortised cost, which is the total of proceeds received net of issue costs. 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 and subsequently at amortised cost.

### *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.

The Group recognises deferred tax liabilities arising from taxable temporary differences on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

Deferred tax is recognised on temporary differences arising on property revaluation surpluses.

Deferred tax is determined using the tax rates that are enacted or substantively enacted at the balance sheet date. 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. Any difference between the expected return on assets and that actually achieved, and any changes in the liabilities over the year due to changes in assumptions or experience within the scheme are recognised in other comprehensive income in the period in which they arise.

### *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.



# Notes to the Consolidated Financial Statements

## 1 Accounting policies – continued

### *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 and 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 current and future periods.

Assumptions regarding the valuation of biological assets, property, plant and equipment are set out in note 10. The Group's policy with regard to impairment of such assets is set out above.

Details on deferred tax are given in note 16 and retirement benefits in note 17.

## 2 Revenue

	2011 \$000	2010 \$000
Sales of produce - CPO	253,357	183,305
- Rubber	3,669	2,777
Other income	2,011	1,151
	<u>259,037</u>	<u>187,233</u>

## 3 Finance income and expense

	2011 \$000	2010 \$000
Finance income		
Interest receivable on:		
Credit bank balances and time deposits	3,891	2,220
Finance expense		
Interest payable on:		
Development loans - (note 14)	707	1,205
Net finance income recognised in income statement	<u>3,184</u>	<u>1,015</u>

## 4 Profit before tax

	2011 \$000	2010 \$000
Profit before tax is stated after charging		
Depreciation (note 10)	8,060	8,953
Staff costs (note 6)	19,701	17,803
Auditors' remuneration		
- Group audit (Company \$10,100 (2010: \$9,300))	87	82
- audit of subsidiaries	53	52
- Total	<u>140</u>	<u>134</u>

# Notes to the Consolidated Financial Statements

## 5. Segment Information

	North Sumatra \$000	Bengkulu \$000	South Sumatra \$000	Riau \$000	Bangka \$000	Kalimantan \$000	Total Indonesia \$000	Malaysia \$000	UK \$000	Total \$000
<b>2011</b>										
Total sales revenue (all external)										
- CPO	96,485	91,678	-	57,265	-	-	245,428	7,929	-	253,357
- Rubber	3,669	-	-	-	-	-	3,669	-	-	3,669
Other income	513	485	15	811	-	-	1,824	183	4	2,011
<b>Total revenue</b>	<b>100,667</b>	<b>92,163</b>	<b>15</b>	<b>58,076</b>	<b>-</b>	<b>-</b>	<b>250,921</b>	<b>8,112</b>	<b>4</b>	<b>259,037</b>
<b>Profit/(loss) before tax</b>	<b>45,297</b>	<b>33,141</b>	<b>(80)</b>	<b>20,125</b>	<b>-</b>	<b>-</b>	<b>98,483</b>	<b>2,883</b>	<b>(1,948)</b>	<b>99,418</b>
BA Movement										9,358
<b>Profit for the year before tax per consolidated income statement</b>										<b>108,776</b>
<b>Total Assets</b>	<b>160,262</b>	<b>151,859</b>	<b>48,485</b>	<b>62,230</b>	<b>1,870</b>	<b>67,251</b>	<b>491,957</b>	<b>30,744</b>	<b>6,598</b>	<b>529,299</b>
<b>Non-Current Assets</b>	<b>122,726</b>	<b>131,027</b>	<b>46,170</b>	<b>29,915</b>	<b>1,798</b>	<b>64,770</b>	<b>396,406</b>	<b>21,634</b>	<b>1,363</b>	<b>419,403</b>
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2010</b>										
Total sales revenue (all external)										
- CPO	77,624	57,998	-	41,352	-	-	176,974	6,331	-	183,305
- Rubber	2,777	-	-	-	-	-	2,777	-	-	2,777
Other income	660	123	-	350	-	-	1,133	8	10	1,151
<b>Total revenue</b>	<b>81,061</b>	<b>58,121</b>	<b>-</b>	<b>41,702</b>	<b>-</b>	<b>-</b>	<b>180,884</b>	<b>6,339</b>	<b>10</b>	<b>187,233</b>
<b>Profit/(loss) before tax</b>	<b>35,003</b>	<b>17,401</b>	<b>-</b>	<b>13,879</b>	<b>-</b>	<b>-</b>	<b>66,283</b>	<b>1,616</b>	<b>(1,290)</b>	<b>66,609</b>
BA Movement										18,429
<b>Profit for the year before tax per consolidated income statement</b>										<b>85,038</b>
<b>Total Assets</b>	<b>186,131</b>	<b>174,024</b>	<b>32,275</b>	<b>57,032</b>	<b>6,618</b>	<b>38,045</b>	<b>494,125</b>	<b>36,835</b>	<b>3,689</b>	<b>534,649</b>
<b>Non-Current Assets</b>	<b>155,813</b>	<b>137,070</b>	<b>30,857</b>	<b>50,045</b>	<b>6,537</b>	<b>36,367</b>	<b>416,689</b>	<b>28,208</b>	<b>1,363</b>	<b>446,260</b>

## Notes to the Consolidated Financial Statements

### 5. Segment Information – continued

In year 2011, revenues from 4 customers of the Indonesian segment represent approximately \$139.4m (2010: \$118.1m) of the Group's total revenue. An analysis of these revenues is provided as below:

	North Sumatra \$000	Bengkulu \$000	South Sumatra \$000	Riau \$000	Bangka \$000	Kalimantan \$000	Total Indonesia \$000	Malaysia \$000	UK \$000	Total \$000
2011										
Customer 1	-	37,324	-	-	-	-	37,324	-	-	37,324
Customer 2	26,411	-	-	9,936	-	-	36,347	-	-	36,347
Customer 3	26,843	6,068	-	-	-	-	32,911	-	-	32,911
Customer 4	-	15,019	-	17,846	-	-	32,865	-	-	32,865
	<b>53,254</b>	<b>58,411</b>	-	<b>27,782</b>	-	-	<b>139,447</b>	-	-	<b>139,447</b>
2010										
Customer 1	18,864	7,938	-	13,873	-	-	40,675	-	-	40,675
Customer 2	3	26,898	-	-	-	-	26,901	-	-	26,901
Customer 3	21,227	5,105	-	-	-	-	26,332	-	-	26,332
Customer 4	16,559	-	-	7,683	-	-	24,242	-	-	24,242
	<b>56,653</b>	<b>39,941</b>	-	<b>21,556</b>	-	-	<b>118,150</b>	-	-	<b>118,150</b>
	%	%	%	%	%	%	%	%	%	%
2011										
Customer 1	-	14.4	-	-	-	-	14.4	-	-	14.4
Customer 2	10.2	-	-	3.8	-	-	14.0	-	-	14.0
Customer 3	10.4	2.3	-	-	-	-	12.7	-	-	12.7
Customer 4	-	5.8	-	6.9	-	-	12.7	-	-	12.7
	<b>20.6</b>	<b>22.5</b>	-	<b>10.7</b>	-	-	<b>53.8</b>	-	-	<b>53.8</b>
2010										
Customer 1	10.1	4.2	-	7.4	-	-	21.7	-	-	21.7
Customer 2	-	14.4	-	-	-	-	14.4	-	-	14.4
Customer 3	11.3	2.7	-	-	-	-	14.0	-	-	14.0
Customer 4	8.8	-	-	4.1	-	-	12.9	-	-	12.9
	<b>30.2</b>	<b>21.3</b>	-	<b>11.5</b>	-	-	<b>63.0</b>	-	-	<b>63.0</b>

# Notes to the Consolidated Financial Statements

## 5 Segment information - continued

Save for a small amount of rubber, all the Group's operations are devoted to oil palm. Therefore the Group's 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.

## 6 Employees' and Directors' remuneration

	2011 number	2010 number
Average numbers employed (primarily overseas) during the year		
- full time	4,404	3,802
- casual	9,501	8,512
	<u>13,905</u>	<u>12,314</u>
	2011 \$000	2010 \$000
Staff costs (including Directors) comprise:		
Wages and salaries	18,843	17,128
Social security costs	277	229
Retirement benefit costs/(credit) (note 17)	536	334
Share based payments expenses	45	112
	<u>19,701</u>	<u>17,803</u>

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 24 - 26 of which the information on pages 25 and 26 has been audited.

	2011 \$000	2010 \$000
Directors emoluments	194	341
Pension contributions	-	4
	<u>194</u>	<u>345</u>
Remuneration expense for key management personnel	<u>194</u>	<u>345</u>

The Executive Directors and Non-Executive Director are considered to be the key management personnel: their remuneration is shown on page 26.

## 7 Tax expense

	2011 \$000	2010 \$000
Foreign corporation tax - current year	26,318	18,017
Deferred tax adjustment - current year	2,830	4,556
Total tax charge for year	<u>29,148</u>	<u>22,573</u>

Both corporation tax rates in Indonesia and Malaysia are at 25%. The standard rate of corporation tax in the UK for the current year is 26%. The Group's charge for the year differs from the standard UK rate of corporation tax for the reasons below.

	2011 \$000	2010 \$000
Profit before tax	<u>108,776</u>	<u>85,038</u>
Profit before tax multiplied by standard rate of UK corporation tax of 26% (2010: 28%)	28,282	23,811
Effects of:		
Rate adjustment relating to overseas profits	(1,153)	(2,719)
Group accounting adjustments not subject to tax	1,229	1,522
Expenses not allowable for tax	1,339	176
Temporary differences	(73)	85
Utilisation of tax losses brought forward	(409)	(65)
Income not subject to tax	(67)	(237)
Total tax charge for year	<u>29,148</u>	<u>22,573</u>

# Notes to the Consolidated Financial Statements

## 8 Earnings per ordinary share (EPS)

	<b>2011</b>	2010
	<b>\$000</b>	\$000
Profit for the year attributable to owners of the Company before BA adjustment	<b>59,201</b>	39,375
Net BA adjustment	<b>5,763</b>	11,954
Earnings used in basic and diluted EPS	<b>64,964</b>	51,329
	<b>Number</b>	Number
	<b>'000</b>	'000
Weighted average number of shares in issue in year		
- used in basic EPS	<b>39,539</b>	39,539
- dilutive effect of outstanding share options	<b>141</b>	166
- used in diluted EPS	<b>39,680</b>	39,705
Basic EPS before BA adjustment	<b>149.73cts</b>	99.59cts
Basic EPS after BA adjustment	<b>164.30cts</b>	129.82cts
Dilutive EPS before BA adjustment	<b>149.20cts</b>	99.17cts
Dilutive EPS after BA adjustment	<b>163.72cts</b>	129.27cts

## 9 Dividends

	<b>2011</b>	2010
	<b>\$000</b>	\$000
Paid during the year		
Final dividend of 5.0 cts per ordinary share for the year ended 31 December 2010 (2009: 5.0 cts)	<b>1,977</b>	1,973
Proposed final dividend of 6.0 cts per ordinary share for the year ended 31 December 2011 (2010: 5.0 cts)	<b>2,372</b>	1,977

The proposed dividend for 2011 is subject to shareholders' approval at the forthcoming annual general meeting and has not been included as a liability in these financial statements.

## 10 Biological assets, property, plant and equipment

	Non-biological plantation assets		Total property plant and equipment	Biological assets		Total
	\$'000	Mills \$'000		\$'000	\$'000	
<b>Cost or valuation</b>						
At 1 January 2010	181,783	23,098	204,881	47,608	252,489	
Exchange translations	10,955	2,825	13,780	2,556	16,336	
Reclassification	(8,301)	8,301	-	-	-	
Revaluations	118,089	-	118,089	18,429	136,518	
Additions	14,358	4,895	19,253	-	19,253	
Development costs capitalised	24,427	-	24,427	-	24,427	
Acquisition of a subsidiary	4,890	-	4,890	-	4,890	
Written off	(12)	-	(12)	-	(12)	
Disposals	(145)	(39)	(184)	-	(184)	
At 31 December 2010	<b>346,044</b>	<b>39,080</b>	<b>385,124</b>	<b>68,593</b>	<b>453,717</b>	
Exchange translations	(1,470)	(354)	(1,824)	(885)	(2,709)	
Revaluations	(81,389)	-	(81,389)	9,358	(72,031)	
Additions	21,281	3,404	24,685	-	24,685	
Development costs capitalised	25,490	-	25,490	-	25,490	
Disposals	(245)	(243)	(488)	-	(488)	
At 31 December 2011	<b>309,711</b>	<b>41,887</b>	<b>351,598</b>	<b>77,066</b>	<b>428,664</b>	

# Notes to the Consolidated Financial Statements

## 10 Biological assets, property, plant and equipment – continued

	Non-biological plantation assets \$'000	Mills \$'000	Total property plant and equipment \$'000	Biological assets \$'000	Total \$'000
<b>Accumulated depreciation and impairment</b>					
At 1 January 2010	54	(4,521)	(4,467)	-	(4,467)
Exchange translations	(54)	(2,503)	(2,557)	-	(2,557)
Revaluations	5,637	-	5,637	1,377	7,014
Charge for the year	(5,637)	(1,939)	(7,576)	(1,377)	(8,953)
Disposals	-	12	12	-	12
At 31 December 2010	-	<b>(8,951)</b>	<b>(8,951)</b>	-	<b>(8,951)</b>
Exchange translations	-	123	123	-	123
Revaluations	4,740	-	4,740	1,153	5,893
Charge for the year	(4,740)	(2,167)	(6,907)	(1,153)	(8,060)
Disposals	-	183	183	-	183
At 31 December 2011	-	<b>(10,812)</b>	<b>(10,812)</b>	-	<b>(10,812)</b>
Carrying amount					
At 31 December 2009	181,837	18,577	200,414	47,608	248,022
At 31 December 2010	346,044	30,129	376,173	68,593	444,766
At 31 December 2011	<b>309,711</b>	<b>31,075</b>	<b>340,786</b>	<b>77,066</b>	<b>417,852</b>

	2011	2010
<b>Fair value of FFB</b>		
Crop production and yield - FFB – (mt)	<b>707,000</b>	599,200
Fair value of FFB (\$'000)	<b>131,987</b>	102,770

The carrying amount of the Group's biological assets and non-biological plantation assets were based on independent valuations as at 31 December 2011 respectively undertaken by independent valuers, Doli Siregar & Rekan (for estates located in Indonesia) and PPC International Sdn. Bhd. (for estates located in Malaysia). Both independent valuers have appropriate professional qualifications and recent experience in the location and category of the properties being valued.

The methodology of the valuations undertaken was using discounted cash flow over the expected 20-year economic life of the asset. The assumption applied in the valuation were, inter alia, an assumed CPO selling price of \$625/mt (2010: \$550/mt) and discount rate of 16.5% (2010: 16.25%). The discount rates were determined by the professional valuers based on their assessment of various risks including financial, business and country risk of where the plantations are located. The CPO price is taken to be the 10-year average (2010: 15-year average) based on historical widely-quoted commodity price for crude palm oil and represents the directors' best estimate of the price sustainable over the longer term. The CPO price assumed is revised to reflect a price which is closer to the market price of \$1,045/mt as at 31 December 2011 as the CPO price has continually increased since year 2009.

In valuing its estates, which comprise biological assets and property, plant and equipment, the Group has historically calculated value in use based upon the present value of the local currency cash flows of each estate over the following nineteen years for Indonesian estates and thirty years for Malaysian estates. The directors have reviewed their estimate of the period over which the value in use should be determined and have concluded that a period of twenty years should be applied for both Indonesian and Malaysian estates, this being a better reflection of the expected economic life of the asset. If the change in estimate had not been applied, then the profit before tax (after BA) for the current financial year would have decreased by \$755,000.

In previous years the directors have estimated that 8% of the land yet to be planted, which form part of non-biological plantation, will not be plantable based on historic percentages for the mature estates. A detailed survey of the recent new estates which have yet to reach maturity was indentified that these contain significantly higher unplanted areas. As a result, the directors have revised the unplanted area to approximately 30% resulting in a deficit on revaluation of \$77 million which transferred to the revaluation reserve.

# Notes to the Consolidated Financial Statements

## 10 Biological assets, property, plant and equipment – continued

The following table exhibits the sensitivity of the Group's biological assets to the fluctuation in CPO price and discount rate:

	2011 \$000	2010 \$000
A change of \$50 in the price assumption for CPO		
- \$50 in the price assumption	(9,043)	(7,478)
+ \$50 in the price assumption	9,791	7,748
A change of 1% in the discount rate		
- 1% in the discounted rate	4,008	2,272
+ 1% in the discounted rate	(3,657)	(4,447)

The estates include \$14 (2010: \$72) of interest and \$6,074,000 (2010: \$4,621,000) of overheads capitalised during the year in respect of expenditure on estates under development.

Original cost and depreciation at historical rates of exchange of the estates at 31 December 2011:

	2011 Estates \$000	2011 Mills \$000	2011 Total \$000	2010 Total \$000
Original cost	320,235	40,681	360,916	311,229
Cumulative depreciation based on original cost	(53,648)	(16,082)	(69,730)	(61,670)
	266,587	24,599	291,186	249,559

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 2038 with rights of renewal thereafter. In the case of estates in Bengkulu land titles were issued between 1994 and 2008 and the titles expire between 2028 and 2034 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 2004 and expire in 2033. In the case of PT Cahaya Pelita Andhika's estate acquired in 2007 land titles were issued in 1996 to expire in 2029.

Renewal is subject to compliance with the laws and regulations of Indonesia. As described in note 1 the values in use of the Indonesian estates are depreciated over a period of fifty years, since the Directors expect the renewals will take place.

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

## 11 Receivables: non-current

	2011 \$000	2010 \$000
Due from non-controlling interests	1,363	1,363
Due from village smallholder schemes	188	131
	1,551	1,494

The non-controlling interests in PT Alno Agro Utama and PT Cahaya Pelita Andhika have acquired their interests on deferred terms (see note 24, Credit risk).

Amounts due from village smallholder schemes represents expenditure on planting and maintaining to maturity oil palms on communal land owned by 19 separate villages neighbouring the Group's estates.

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

## 12 Inventories

	2011 \$000	2010 \$000
Estate and mill consumables	7,918	4,856
Processed produce for sale	1,521	1,964
	9,439	6,820

## 13 Trade and other receivables

	2011 \$000	2010 \$000
Trade receivables	432	617
Other receivables	4,094	2,359
Prepayments and accrued income	351	380
	4,877	3,356

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

# Notes to the Consolidated Financial Statements

14 Loans and borrowings	2011		2010	
	under one year \$000	more than one year \$000	under one year \$000	more than one year \$000
Long term development loan (a)	400	-	800	400
Long term development loan (b)	6,038	-	10,350	6,038
Finance lease (c)	27	58	-	-
Revolving credit (d)	-	-	4,500	-
Total bank loans	<u>6,465</u>	<u>58</u>	<u>15,650</u>	<u>6,438</u>
Amounts repayable after more than one year, as follows:				
in more than one year but not more than two years		30		6,438
in more than two years but not more than five years		28		-
		<u>58</u>		<u>6,438</u>

- (a) The long term development loan of \$400,000 (2010: \$1,200,000), to part finance construction of a mill, was made in September 2006, and secured by a fixed and floating charge on the land titles and other assets of, PT Bina Pitri Jaya. This loan bears interest rate at 5.5% above the Bank's prime lending rate per annum. The loan is repayable in sixteen quarterly instalments of \$200,000 from July 2008 to April 2012.
- (b) The long term development loan of \$6,038,000 (2010: \$16,388,000) 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 Company. Interest is at 3% over SIBOR and premium charges with percentage depend on bank liquidity. Average interest in 2011 was about 5.0% (2010: 4.8%). The loan is repayable from September 2008 to June 2012.
- (c) The long-term leasing facility with a total principle amounting to Rp807 million was obtained to finance the purchase of a vehicle. Total interest payable amounting to Rp139 million for a period of three years starting from November 2011 to October 2014 with fixed repayment basis.
- (d) The revolving credit facility ("RCF") is the extension of the development loan disclosed in Note 14(b) above and is available up to a maximum amount of Rp120 billion, which is available in USD currency with equivalent to Rp108 billion for the period one year with loan tenor maximum three months. The security for this facility is the same as the development loan disclosed in the Note 14(b) above.

## 15 Trade and other payables

	2011 \$000	2010 \$000
Trade creditors	7,871	4,766
Other creditors	8,662	6,811
Accruals	4,345	3,593
	<u>20,878</u>	<u>15,170</u>

## 16 Deferred tax liabilities

	2011 \$000	2010 \$000
Year end (liability) relates to		
Revaluation surplus	(37,534)	(62,004)
Unutilised tax losses	1,060	277
Other temporary differences	(825)	434
	<u>(37,299)</u>	<u>(61,293)</u>
Movement:		
At beginning of year (liability)	(61,293)	(28,772)
(Charge) to		
- income statement	(2,830)	(4,556)
- equity: revaluation and exchange reserve	27,234	(26,482)
Exchange adjustment	(410)	(1,483)
At end of year (liability)	<u>(37,299)</u>	<u>(61,293)</u>



# Notes to the Consolidated Financial Statements

## 16 Deferred tax liabilities – continued

	(Liability) 2011 \$000	(Charged)/ credited to income 2011 \$000	(Charged)/ credited to reserve 2011 \$000
Details of movement in 2011			
Revaluation surplus	(37,534)	(2,331)	27,234
Accelerated capital allowances	(1,678)	(514)	-
Employee pension liabilities	853	(109)	-
Available losses	1,060	(173)	-
Other	-	297	-
	<u>(37,299)</u>	<u>(2,830)</u>	<u>27,234</u>
		(Charged)/ credited to income	(Charged)/ credited to reserve
	(Liability) 2010 \$000	2010 \$000	2010 \$000
Details of movement in 2010			
Revaluation surplus	(62,004)	(4,575)	(26,482)
Accelerated capital allowances	(530)	(431)	-
Employee pension liabilities	964	231	-
Available losses	277	219	-
	<u>(61,293)</u>	<u>(4,556)</u>	<u>(26,482)</u>

	2011 \$000	2010 \$000
A deferred tax asset has not been recognised for the following items:		
Unutilised tax losses	3,217	1,799
Accelerated capital allowances	20	653

The Group does not recognise the tax losses of certain companies in the Group as tax assets as the future recoverability of the losses cannot be certain.

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was \$6,963,949 (2010: \$5,541,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences, or because such a reversal would not give rise to an additional liability.

## 17 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:

	2011	2010	2009	2008	2007
Inflation	5.4%	7.0%	10%	10%	10%
Rate of increase in wages	8.0%	8.0%	8%	8%	10%
Rate of return on scheme assets	6.8%	6.5%	9%	9%	8%
Discount rate	6.6%	8.5%	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.

# Notes to the Consolidated Financial Statements

## 17 Retirement benefits - continued

	Defined benefit - funded schemes	Defined benefit - unfunded schemes	Total	Defined benefit - funded schemes	Defined benefit - unfunded schemes	Total
	2011	2011	2011	2010	2010	2010
	\$000	\$000	\$000	\$000	\$000	\$000
<i>Reconciliation to consolidated statement of financial position</i>						
Scheme assets (all cash)	2,412	-	2,412	2,060	-	2,060
Scheme (liabilities)	(2,551)	(1,454)	(4,005)	(2,198)	(2,167)	(4,365)
Net liabilities	(139)	(1,454)	(1,593)	(138)	(2,167)	(2,305)
<i>Reconciliation of scheme assets</i>						
At beginning of year	2,060	-	2,060	1,675	-	1,675
Exchange gain / (loss)	(26)	-	(26)	75	-	75
Contributions by Group	309	-	309	243	-	243
Income	152	-	152	128	-	128
Benefits paid	(78)	-	(78)	(55)	-	(55)
Actuarial gain / (loss)	-	-	-	-	-	-
Expenses	(5)	(-)	(5)	(6)	(-)	(6)
At end of year	2,412	-	2,412	2,060	-	2,060
<i>Reconciliation of scheme (liabilities)</i>						
At beginning of year	(2,198)	(2,167)	(4,365)	(1,781)	(1,724)	(3,505)
Exchange gain / (loss)	27	(11)	16	(80)	(59)	(139)
Current service (cost)	(380)	(415)	(795)	(392)	(290)	(682)
Benefits paid	-	1,367	1,367	55	63	118
Actuarial gain / (loss)	-	(4)	(4)	-	8	8
Interest cost	-	(224)	(224)	-	(165)	(165)
At end of year	(2,551)	(1,454)	(4,005)	(2,198)	(2,167)	(4,365)

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

	2011	2010	2009	2008	2007
	\$000	\$000	\$000	\$000	\$000
<b>Defined benefit funded scheme</b>					
Current service cost	71	149	214	275	621
Expenses	5	6	4	5	6
Income	(152)	(128)	(138)	(112)	(107)
	(76)	27	80	168	520
<b>Defined benefit unfunded scheme</b>					
Current service cost/(credit)	415	161	342	308	535
Expenses	197	146	-	-	-
<b>Defined contribution schemes</b>					
Contributions	-	-	-	57	57
	536	334	422	533	1,112

Defined benefit obligation trends:

	2011	2010	2009	2008	2007
	\$000	\$000	\$000	\$000	\$000
Scheme assets	2,412	2,060	1,675	1,241	1,195
Scheme liabilities	(4,005)	(4,365)	(3,505)	(2,735)	(2,729)
Surplus / (deficit)	(1,593)	(2,305)	(1,830)	(1,494)	(1,534)
Experience adjustments on liabilities	217	216	106	140	143
As a % of plan liabilities	9%	10%	6%	10%	10%
Experience adjustments on assets	-	-	-	-	-
As a % of plan assets	-	-	-	-	-

# Notes to the Consolidated Financial Statements

## 18 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 and end of year	<b>60,000,000</b>	<b>39,976,272</b>	<b>15,000</b>	<b>9,994</b>	<b>23,865</b>	<b>15,504</b>
					<b>Cost</b>	<b>Cost</b>
		<b>2011</b>	<b>2010</b>		<b>2011</b>	<b>2010</b>
		<b>Number</b>	<b>Number</b>		<b>\$'000</b>	<b>\$'000</b>
Treasury shares						
Beginning of year		<b>437,200</b>	506,000		<b>(1,507)</b>	(1,744)
Share options exercised		-	(68,800)		-	237
End of year		<b>437,200</b>	437,200		<b>(1,507)</b>	(1,507)
Market value of treasury shares:						
Beginning of year (730.0p /share)						4,997
End of year (685.0p/share)						<b>4,654</b>

No treasury shares were purchased in 2011 (2010: Nil).

## 19 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 10 Number	Exercised Number	Lapsed Number	31 Dec 10 Number	Exercised Number	Lapsed Number	31 Dec 11 Number
16.04.02	44.7p	30.04.05 – 29.04.12	30,600	-	-	30,600	-	-	30,600
13.05.04	181.2p	13.05.07 – 12.05.14	20,400	(20,400)	-	-	-	-	-
19.05.06	234.0p	19.05.09 – 18.05.16	44,800	(44,800)	-	-	-	-	-
09.10.06	323.25p	09.10.09 – 08.10.16	8,700	(3,600)	(2,700)	2,400	-	-	2,400
21.05.07	360.3p	21.05.10 – 20.05.17	65,100	-	(2,700)	62,400	-	(11,700)	50,700
03.06.08	598.0p	03.06.11 – 02.06.18	73,700	-	(2,700)	71,000	-	(13,600)	57,400
			<b>243,300</b>	<b>(68,800)</b>	<b>(8,100)</b>	<b>166,400</b>	<b>-</b>	<b>(25,300)</b>	<b>141,100</b>
		Exercisable	<b>104,500</b>			<b>95,400</b>			<b>141,100</b>

The weighted average contracted life of options outstanding at the end of the year was 4.7 years (2010: 5.9 years) and the weighted average exercise price was 388p (2010: 403p). The weighted average exercise price of options exercisable at the end of the year was 388p (2010: 258p).

No option (2010: 68,800) was exercised during the year. The weighted average share price at date of exercise of options exercised in 2010 was 595p. No share options were granted in 2011 (2010: Nil).

The weighted average share price of options that lapsed during the year was 488p (2010: 427p).

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 for a period of three years from date of grant.

## 20 Ultimate controlling shareholder

At 31 December 2011, Genton International Limited, a company registered in Hong Kong, held 20,247,814 (2010: 20,247,814) shares of the Company representing 51.2% (2010: 51.2%) of the issued share capital of the Company. Together with other deemed interested parties, the Genton's shareholding totals 20,521,314 or 51.9%. Madam Lim, a Director of the Company, has advised the Company that she is the controlling shareholder of Genton International Limited.

## 21 Related party transactions

During the year the Company engaged UHY Hacker Young, an accounting firm of which Dato' John Lim Ewe Chuan is a partner, to provide company secretarial and taxation services for a fee of \$19,708 (2010: \$7,303). This contract is on an arm's length basis.

# Notes to the Consolidated Financial Statements

## 22 Reserves and non-controlling interest

Nature and purpose of each reserve:

Share capital	Amount of shares subscribed at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Capital redemption reserve	Amounts transferred from share capital on redemption of issued shares.
Treasury shares	Cost of own shares held in treasury.
Revaluation reserve	Gains/losses arising on the revaluation of the Group's property.
Foreign exchange reserve	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

	2011 \$000	2010 \$000
Capital commitments at 31 December		
Contracted but not provided - normal estate operations	2,260	2,006
Authorised but not contracted - plantation and mill development	40,000	60,000

## 24 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 2011 and 2010 were:

	Loans and receivables \$000	Financial liabilities at amortised cost \$000	Total carrying value and fair value \$000
2011			
Non-current receivables	1,551	-	1,551
Trade and other receivables	4,877	-	4,877
Cash and cash equivalent	90,482	-	90,482
Borrowings due within one year	-	(6,465)	(6,465)
Trade and other payables	-	(20,878)	(20,878)
Borrowings due after one year	-	(58)	(58)
	<b>96,910</b>	<b>(27,401)</b>	<b>69,509</b>
2010			
Non-current receivables	1,494	-	1,494
Trade and other receivables	3,356	-	3,356
Cash and cash equivalent	70,871	-	70,871
Borrowings due within one year	-	(15,650)	(15,650)
Trade and other payables	-	(15,170)	(15,170)
Borrowings due after one year	-	(6,438)	(6,438)
	<b>75,721</b>	<b>(37,258)</b>	<b>38,463</b>

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

- commodity selling price changes;
  - exchange movements; and
- 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 financial assets or liabilities that are held at fair value through the profit and loss.

# Notes to the Consolidated Financial Statements

## 24 Disclosure of financial instruments and other risks – continued

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.

### Currency risk

Most of the Group's operations are in Indonesia. The 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 \$76,131,000 (2010: \$80,142,000), while the fair value of the Group's share of underlying assets at 31 December 2011 amounted to \$415,211,000 (2010: \$359,741,000).

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.

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 US dollar terms and vice versa.

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 to some extent 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 2010 and 2011, the policy has been for only a partial but increasing match because interest rates on local currency deposits were 6.35% higher than on dollar deposits and about the same as dollar borrowing costs. The unmatched balance at 31 December 2011 is represented by the \$5,782,000 shown in the table below (2010: \$16,791,000). If the Group's net cash position continues to improve then dollar cash balances will continue to be increased through 2012.

The table below shows the net monetary assets and liabilities of the Group at 31 December 2011 and 2010 that were not denominated in the operating or functional currency of the operating unit involved.

Functional currency of Group operation	Net foreign currency assets/(liabilities)		
	US dollar \$000	Sterling \$000	Total \$000
2011			
Indonesian rupiah	(5,782)	-	(5,782)
US dollar	-	320	320
Total	(5,782)	320	(5,462)
2010			
Indonesian rupiah	(16,791)	-	(16,791)
US dollar	-	792	792
Total	(16,791)	792	(15,999)

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to foreign exchange risk. The impact on profit before tax and equity if Ringgit or Rupiah strengthen or weaken by 10% against US dollars is:

Carrying Amount	2011		Carrying Amount	2010		
	-10% in	+10% in		-10% in	+10% in	
	Rp : \$ and US\$ \$000	Rp : \$ and RM : \$ \$000		Rp : \$ and RM : \$ \$000	Rp : \$ and RM : \$ \$000	
<b>Financial Assets</b>						
Non-current receivable	1,551	(17)	21	1,494	(12)	15
Trade and other receivables	4,877	(261)	319	3,356	(301)	367
Cash and cash equivalents	90,482	(7,932)	9,695	70,871	(6,236)	7,622
<b>Financial Liabilities</b>						
Borrowings due within one year	(6,465)	2	(3)	(15,650)	-	-
Trade and other payables	(20,878)	1,828	(2,234)	(15,170)	1,262	(1,542)
Borrowings due after one year	(58)	5	(6)	(6,438)	-	-
Total increase/(decrease)		(6,375)	7,792		(5,287)	6,462

# Notes to the Consolidated Financial Statements

## 24 Disclosure of financial instruments and other risks - continued

### 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 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 2011 the Group had the following loans and facilities.

	Borrowings \$000	Facilities \$000	Repayable
Indonesia:			
US dollar denominated – long term loan	6,438	17,588	2008 - 2012 (note 14)
RP denominated – finance lease	85	89	2011 - 2014 (note 14)

The total loan borrowings of \$6,523,000 together with interest at current rates is repayable as follows:

	2012 \$000	2013 \$000	2014 \$000
Principal	6,465	30	28
Interest	173	5	4
Total	6,638	35	32

Forecasts prepared in December 2011 indicate that the Group has sufficient funds to meet its development plans and financial commitments through 2013.

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 2011, so the effect of variations in borrowing rates is more than offset. A 1% change in the borrowing or deposit interest rate would not have a significant impact on the Group's reported results as shown in table below. The rates on borrowings are set out in note 14.

	Carrying amount \$000	2011		Carrying amount \$000	2010	
		+1% in interest rate \$000	-1% in interest rate \$000		+1% in interest rate \$000	-1% in interest rate \$000
<b>Financial Assets</b>						
Cash and cash equivalents	90,482	779	(779)	70,871	667	(667)
<b>Financial Liabilities</b>						
Borrowings due within one year	(6,465)	(64)	64	(15,650)	(112)	112
Borrowings due after one year	(58)	-	-	(6,438)	(64)	64
Total increase/(decrease)		715	(715)		491	(491)

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, trade and other receivables and cash) at 31 December were:

	Total \$000	Fixed rate \$000	Variable rate \$000	No interest \$000
2011				
Sterling	320	-	52	268
US dollar	7,424	1,363	568	5,493
Rupiah	80,196	-	68,891	11,305
Ringgit	8,970	-	8,439	531
Total	96,910	1,363	77,950	17,597

# Notes to the Consolidated Financial Statements

## 24 Disclosure of financial instruments and other risks - continued

	Total	Fixed rate	Variable rate	No interest
2010	\$000	\$000	\$000	\$000
Sterling	832	-	52	780
US dollar	8,143	1,363	6,190	590
Rupiah	58,242	-	52,622	5,620
Ringgit	8,504	-	7,897	607
Total	75,721	1,363	66,761	7,597

Long term receivables of \$1,363,000 (2010: \$1,363,000) comprise dollar denominated amounts due from minority shareholders as described in note 11 on which interest is due at a fixed rate of 6%.

Average US dollar deposit rate in 2011 was 0.16% (2010: 2.0%) and rupiah deposit rate was 6.51% (2010: 7.07%).

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

	Total	Fixed rate	Variable rate	No interest
<b>2011</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Sterling	(75)	-	-	(75)
US dollar	(7,047)	-	(6,523)	(524)
Rupiah	(19,354)	-	-	(19,354)
Ringgit	(925)	-	-	(925)
Total	(27,401)	-	(6,523)	(20,878)
2010	\$000	\$000	\$000	\$000
Sterling	(75)	-	-	(75)
US dollar	(22,634)	-	(22,088)	(546)
Rupiah	(13,044)	-	-	(13,044)
Ringgit	(1,505)	-	-	(1,505)
Total	(37,258)	-	(22,088)	(15,170)

Weighted average interest rate on variable rate borrowings was 4.83% in 2011 (2010: 5.36%).

### *Credit risk*

Sales of CPO and kernel 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 2011 (2010: Nil).

All cash is deposited with licensed banks. The list of the principal banks used by the Group is given on the inside of the back cover of this report.

Amounts receivable from local partners, amounting to \$1,363,000 (2010: \$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 and are to be repaid from FFB supplied.

### *Capital*

The Group defines its Capital as Share capital and Reserves, shown in the statement of financial position as "Issued capital attributable to owners of the parent" and amounting to \$375,678,000 at 31 December 2011 (2010: \$354,168,000).

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 2011 (2010: Nil) the Group had no net borrowings but, depending market conditions, the Board is prepared for the Group to have net borrowings.

## 25 Acquisitions

For the acquisition below, since it was not an active plantation, the Directors consider that it has obtained control of an entity that is not a business and accordingly have not accounted for this acquisition as a business combination. Instead, the amount paid for the acquisition has been allocated between individual identifiable assets and liabilities in the entity based on their fair values at the acquisition date.

### **2011**

There was no acquisition during the year.

# Notes to the Consolidated Financial Statements

## 25 Acquisitions – continued

2010

PT Kahayan Agro Plantation (KAP)

On 25 February 2010, the Group acquired 95% interest in PT Kahayan Agro Plantation for a cash consideration of \$4,645,000. Kahayan has no assets or liabilities other than the location permit of 17,500 hectares in Gunung Mas District near Palangkaraya, Central Kalimantan. Plantable area is approximately 70%. The assets and liabilities and their fair value adjustment were assessed as follows:

	Book value \$000	Revaluation to fair value \$000	Fair value \$000
Fixed assets only acquired	1,612	3,278	4,890
Group share (95%)			4,645

Kahayan was inactive throughout 2010 and therefore the Group's share of any profit or loss from the date of acquisition to the end of 2010 was nil.

## 26 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
<b>Principal United Kingdom sub-holding company</b>	
Anglo-Indonesian Oil Palms Limited	100
<b>UK management company</b>	
Indopalm Services Limited	100
<b>Malaysian operating companies</b>	
Anglo-Eastern Plantations (M) Sdn Bhd*	55
Anglo-Eastern Plantations Management Sdn Bhd	100
<b>Indonesian operating companies</b>	
PT Alno Agro Utama	90
PT Anak Tasik	100
PT Bangka Malindo Lestari	95
PT Bina Pitra Jaya	80
PT Cahaya Pelita Andhika	90
PT Empat Lawang Agro Perkasa	95
PT Hijau Pryan Perdana	80
PT Kahayan Agro Plantation	95
PT Karya Kencana Sentosa Tiga	95
PT Mitra Puding Mas	90
PT Musam Utjing	75
PT Riau Agrindo Agung	95
PT Sawit Graha Manunggal	95
PT Simpang Ampat	100
PT Tasik Raja	80
PT United Kingdom Indonesia Plantations	75
PT Anglo-Eastern Plantations Management Indonesia	100

On 27 May 2011, the Group incorporated PT AEP Indonesia Management with a share capital of \$150,000.

During the year, PT Sawit Graha Manunggal has increased its share capital by Rp360,000,000,000 at Rp1,000,000 per share.

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.

\*On 6 May 2011, SPPT Development Sdn. Bhd. ("the Petitioner"), a minority shareholder of Anglo-Eastern Plantations (M) Sdn Bhd, filed a petition in the Kuala Lumpur High Court to wind-up Anglo-Eastern Plantations (M) Sdn Bhd based on inter-alia some alleged shareholders' disputes between the Petitioner and Anglo-Eastern Plantations Plc. The winding-up petition is being defended and it is fixed for continued hearing on 4 July 2012.



# Company Balance Sheet

As at 31 December 2011

	Notes	2011 \$000	2010 \$000
<b>Fixed assets</b>			
Investment in subsidiaries	2	76,131	80,142
		<b>76,131</b>	80,142
<b>Current assets</b>			
Other debtors	3	18	50
Cash and cash equivalents		3,231	2,276
		<b>3,249</b>	2,326
<b>Creditors: amount falling due within one year</b>			
Other creditors	5	(632)	(653)
Net current assets		<b>2,617</b>	1,673
<b>Net assets</b>		<b>78,748</b>	81,815
<b>Capital and reserves</b>			
Share capital	6	15,504	15,504
Treasury shares	6	(1,507)	(1,507)
Share premium	7	23,935	23,935
Capital redemption reserve	7	1,087	1,087
Exchange reserve	7	3,872	3,872
Retained earnings	7	35,857	38,924
<b>Shareholders' funds</b>		<b>78,748</b>	81,815

The financial statements were approved by the Board of Directors and authorised for issue on 30 April 2012 and were signed on its behalf by Dato' John Lim Ewe Chuan

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 2006. 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 prices of the bulk of the Group's products are ultimately denominated in dollars. Transactions in sterling are translated to US dollars at the actual exchange rate and exchange losses recognised in profit and loss. Sterling denominated assets and liabilities are converted to US dollars at the rate ruling at the balance sheet date.

### *Investments*

Investments in subsidiaries are stated at cost less provision for any permanent diminution in value.

### *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 36.

### *Deferred tax*

A deferred tax asset has not been recognised in relation to brought forward tax losses of \$5.8m (2010: \$4.1m) because it is not certain those losses can be utilised in the foreseeable future.

### *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	7,020	73,122	80,142
Movements in year	-	(4,011)	(4,011)
At end of year	<b>7,020</b>	<b>69,111</b>	<b>76,131</b>

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 investment of preference shares in subsidiaries of \$6.146m is due for full redemption in January 2012 and the Board has since resolved to seek full repayment for the redemption of the preference shares.

The principal subsidiaries of the Company are listed in note 26 to the consolidated financial statements on page 54.

## 3 Other debtors

	2011 \$000	2010 \$000
Other receivables	18	39
Prepayments	-	11
	<b>18</b>	<b>50</b>

# Notes to the Company Financial Statements

## 4 Dividends

	2011 \$000	2010 \$000
Paid during the year		
Final dividend of 5.0 cts for the year ended 31 December 2010 (2009: 5.0cts)	1,977	1,973
Proposed final dividend of 6.0 cts for the year ended 31 December 2011 (2010: 5.0cts)	2,372	1,977

The proposed dividend for 2011 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

	2011 \$000	2010 \$000
Other payables	-	36
Accruals	632	617
	<b>632</b>	<b>653</b>

## 6 Share capital

	Issued and fully paid Number	Issued and fully paid £000	Issued and fully paid \$000
Ordinary shares of 25p each			
Beginning and end of year	<b>39,976,272</b>	<b>9,994</b>	<b>15,504</b>
		<b>Cost 2011 \$'000</b>	<b>Cost 2010 \$'000</b>
Treasury shares			
Beginning of year	437,200	506,000	(1,507)
Share options exercised	-	(68,800)	-
End of year	<b>437,200</b>	<b>437,200</b>	<b>(1,507)</b>
Market value of treasury shares:			
Beginning of year (730.0p /share)			4,997
End of year (685.0p/share)			<b>4,654</b>

Details of share based payments are set out in note 19 to the consolidated financial statements on page 49.

## 7 Reserves

### Company balance sheet

	Share premium account \$000	Treasury shares \$000	Capital redemption reserve \$000	Exchange reserve \$000	(Distributable) Retained earnings \$000
Beginning of year	23,935	(1,507)	1,087	3,872	38,924
Share options exercised	-	-	-	-	-
Loss for the financial year	-	-	-	-	(1,090)
Dividend paid	-	-	-	-	(1,977)
End of year	<b>23,935</b>	<b>(1,507)</b>	<b>1,087</b>	<b>3,872</b>	<b>35,857</b>

As permitted by section 408 of the Companies Act 2006, a separate profit and loss account dealing with the results of the Company has not been presented. The loss before tax of the Company for the year was \$1,075,000 (2010 profit before tax: \$3,515,000) and loss for the year was \$1,090,000 (2010 profit for the year: \$3,489,000). The profit for 2010 was restated after the exceptional release of a provision against amounts due from subsidiary undertakings of \$5,360,000. The exchange reserve arose on the initial transition from sterling to US dollars as the Company's functional currency.

# Notes to the Company Financial Statements

## 8 Employees' and Directors' remuneration

	2011 number	2010 number
Average numbers employed during the year		
- director	4	6
- staff	2	2
	<u>6</u>	<u>8</u>
	2011 \$000	2010 \$000
Staff costs		
Wages and salaries	67	93
Social security costs	8	6
	<u>75</u>	<u>99</u>

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 24 to 26 of which the information on page 25 and 26 have been audited.

	2011 \$000	2010 \$000
Directors' emoluments	194	341
Pension contributions	-	4
	<u>194</u>	<u>345</u>

## 9 Guarantees and other financial commitments

The Company has provided guarantees for loans to subsidiaries totalling \$17,588,000 (2010: \$22,088,000) as set out in note 14 of the consolidated financial statements.

## 10 Related Party Transactions

	2011 \$000	2010 \$000
<b>Intercompany Receivables</b>		
Anglo-Eastern Plantations Management Sdn Bhd	5,558	3,621
Anglo-Eastern Plantations (M) Sdn Bhd	-	3,373
Anglo-Indonesian Oil Palms Limited	74,166	82,645
Musam Indonesia Limited	1,068	1,038
PT Alno Agro Utama	99	54
PT Anak Tasik	24	-
PT Bina Pitra Jaya	32	32
PT Mitra Puding Mas	55	28
PT Simpang Empat	1,536	1,544
PT Anglo-Eastern Plantations Management Indonesia	9	-
	<u>82,547</u>	<u>92,335</u>
<b>Intercompany Payables</b>		
The Empat (Sutera) Rubber Estate (1913) Limited	782	812
Gadek Indonesia (1975) Limited	226	256
Mergeset (1980) Limited	9,255	9,285
PT Musam Utjing	132	1,493
PT Tasik Raja	3,041	7,367
	<u>13,436</u>	<u>19,213</u>

The intercompany balances arise as a result of advances from/to subsidiaries and expenses payable on behalf. The terms of the intercompany receivables/payables are disclosed in note 2 of the Company financial statements.

# Notice of Annual General Meeting

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Notice is hereby given that the twenty-seventh Annual General Meeting of Anglo-Eastern Plantations Plc will be held at the offices of UHY Hacker Young LLP, Quadrant House, 4 Thomas More Square, London E1W 1YW on Tuesday, 26 June 2012 at 11.00 a.m. for the following purposes:

## As Ordinary Business

- 1 To receive and consider the Company's annual report and accounts for the year ended 31 December 2011
- 2 To declare a dividend
- 3 To approve the Directors' remuneration report for the year ended 31 December 2011
- 4 To re-appoint Mr. Nik Din Bin Nik Sulaiman, independent Non-Executive director
- 5 To re-elect Madam S K Lim, a Non-Executive Director, who has served more than nine years.
- 6 To re-appoint BDO LLP as auditors and to authorise the Directors to fix their remuneration.

## As Special Business

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

That

- (a) the Directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 ("the Act"), in substitution for all existing authorities to the extent unused, to exercise all the powers of the Company to allot shares in the Company up to an aggregate nominal amount equal to one third of the issued share capital at the date of this resolution provided that this authority shall expire on 25 June 2017 save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired;
- (b) during the period expiring on the date of the next annual general meeting or on 30 June 2013 (whichever shall be earlier) the Directors be empowered pursuant to section 570 and 573 of the Companies Act 2006 ("the Act") 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 560 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 561(1) of the Act did not apply to any such allotment;
- (c) by such authority and power the Directors may during such periods make offers or agreements which would or might require the making of allotments after the expiry of such periods; and
- (d) for the purposes of this resolution:
  - (i) "rights issue" means an offer of equity securities open for acceptance for a period fixed by the Directors to holders of equity securities (other than the Company) on the register on a fixed record date in proportion to their respective holdings of such securities or in accordance with the rights attached thereto (but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory);
  - (ii) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights; and
  - (iii) words and expressions defined in or for the purposes of part 17 of the Act shall bear the same meanings herein.

# Notice of Annual General Meeting

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

That the Directors be and they are hereby authorised

- (i) to exercise the powers contained in the Articles of Association of the Company so that, to the extent determined by the Directors, the holders of ordinary shares be permitted to elect to receive new ordinary shares in the capital of the Company, credited as fully paid, instead of all or part of any interim or final dividend or dividends which may be declared or paid at any time or times prior to 25 June 2017; 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 561 of the Companies Act 2006 ("the Act") to allot such ordinary shares up to a maximum nominal value of an aggregate nominal amount equal to the Company's authorised but unissued share capital at the date of this resolution to members of the Company validly making such elections at any time or times prior to 25 June 2017 as if sub-section (1) of section 561 of the Act did not apply thereto and so that this authority shall be without prejudice and additional to the authority conferred by resolution no 7.

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

That the Company is hereby generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 ("the Act") to make market purchases (as defined in section 693(2) of the Companies Act 2006) 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 30 June 2013 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.

- 10 To consider and if thought fit pass the following resolution as an ordinary resolution

That pursuant to paragraph 42 of Schedule 2 to the Companies Act 2006 (Commencement No. 8, Transitional Provisions and Savings) Order 2008, any provision relating to the amount of the Company's authorised share capital be and is hereby revoked.

- 11 To consider and if thought fit pass the following resolution as special resolution

- (a) That the Articles of Association of the Company be amended by deleting all the provisions of the Company's Memorandum of Association which, by virtue of section 28 Companies Act 2006, are to be treated as provisions of the Company's Articles of Association; and
- (b) That the Articles of Association produced to the meeting and initialled by the chairman of the meeting for the purpose of identification be adopted as the Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

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

That a general meeting of the Company other than an annual general meeting may be called on not less than 14 clear days' notice.

By order of the Board  
CETC (Nominees) Limited  
Company Secretary

21 May 2012

# Notice of Annual General Meeting

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## Notes:

1. 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 11.00 a.m. on 22 June 2012 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 11.00 am on 22 June 2012 or, if the meeting is adjourned, in the register of members at 6.00 p.m. on the date which is two days before the day of the adjourned meeting shall be disregarded in determining the rights of any person to attend and vote at the meeting.
2. As at 30 April 2012 (being the latest practicable date prior to the publication of this notice), the Company's issued share capital comprised 39,976,272 Ordinary Shares of 25p each. Each share carries one vote except 437,200 shares held as treasury shares and therefore the total number of voting rights in the Company as at 9.00 am on 30 April 2012 is 39,539,072.
3. 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 in relation to the meeting, each proxy must be appointed to exercise rights attaching to a different share or 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.
4. 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).
5. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the annual general meeting to be held on 26 June 2012 and any adjournment thereof by using the procedures described in the CREST Manual on the Euroclear website ([www.euroclear.com](http://www.euroclear.com)). CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy must be transmitted so as to be received by our Registrar [CREST ID: RA10] by 22 June 2012. It is the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
7. You may submit your proxy electronically using The Share Portal service at [www.capitashareportal.com](http://www.capitashareportal.com). If not already registered for The Share Portal you will need your Investor Code which can be found on your share certificate.
8. The statement of the rights of shareholders in relation to the appointment of proxies does not apply to a person who receives this notice of general meeting as a person nominated to enjoy "information rights" under section 146 of the Companies Act 2006. If you have been sent this notice of meeting because you are such a nominated person the following statements apply: (i) you may have a right under an agreement between you and the registered shareholder by whom you were nominated to be appointed (or to have someone else appointed) as a proxy for this general meeting and (ii) if you have no such a right, or do not wish to exercise it, you may have a right under such an agreement to give instructions to that registered shareholder as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.
9. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the meeting. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.
10. Members satisfying the requirements of section 527 of the Companies Act 2006 may require the Company to publish on a website a statement by them (at the Company's cost) relating to the audit of the Company's accounts which are being laid before this meeting (including the auditor's report and the conduct of the audit) or, where applicable, any circumstances connected with an auditor of the Company ceasing to hold office since the previous general meeting at which accounts were laid. As at 30 April 2012, no such statement has been received by the Company. Should such a statement be received, it will be published on the Company's website at [www.angloeastern.co.uk](http://www.angloeastern.co.uk). In those circumstances the Company would be under an obligation to forward a copy of the statement to the auditors forthwith and the statement would form part of the business which may be dealt with at this meeting.
11. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such questions relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation of the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
12. The following documents are available for inspection by members at the registered office of the Company during normal business hours (except Bank Holidays) and at the place of the meeting not less than 15 minutes prior to and during the meeting:
  - (a) The register of Directors' interests, showing any transactions of Directors and of their families in the securities of the Company;
  - (b) Copies of the Director's service agreements and letters of appointment.
  - (c) a copy of the Company's existing articles of association and a copy marked up to show the differences between those and the articles of association proposed to be adopted pursuant to resolution 11.

# Notice of Annual General Meeting

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13. A copy of this notice and the other information required by section 311A of the Companies Act 2006 can be found at [www.angloeastern.co.uk](http://www.angloeastern.co.uk).
14. If you are in any doubt as to any aspect of Resolutions 7 to 12 or as to the action you should take, you should immediately take your own advice from a stockbroker, solicitor, accountant or other independent financial advisor authorised under the Financial Services and Markets Act 2000. The Board believes that these Resolutions are in the best interests of the Company and shareholders as a whole.
15. If you have sold or otherwise transferred all your shares in the Company, please hand this document and the accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you sell or have sold or otherwise transferred only part of your holding of existing shares please consult the bank, stockbroker or other agent through whom the sale or transfer was effected.



## Company addresses

### London Office

Anglo-Eastern Plantations Plc  
Quadrant House, 6<sup>th</sup> Floor  
4 Thomas More Square  
London E1W 1YW  
United Kingdom  
Tel: 44 (0)20 7216 4621  
Fax: 44 (0)20 7767 2602

### Malaysian Office

Anglo-Eastern Plantations (M) Sdn Bhd  
7<sup>th</sup> Floor, Wisma Equity  
150 Jalan Ampang  
50450 Kuala Lumpur  
Malaysia  
Tel: 60 (0)3 2162 9808  
Fax: 60 (0)3 2164 8922

### Indonesian Office

PT United Kingdom Indonesia Plantations  
Wisma HSBC, Jalan Diponegoro, Kav 11  
Medan 20152  
North Sumatra  
Indonesia  
Tel: 62 (0)61 452 8683  
Fax: 60 (0)61 452 0029

### Secretary and registered office

Anglo-Eastern Plantations Plc  
(Number 1884630)  
(Registered in England and Wales)  
CETC (Nominees) Limited  
Quadrant House, 6<sup>th</sup> Floor  
4 Thomas More Square  
London E1W 1YW  
United Kingdom  
Tel: 44 (0)20 7216 4600  
Fax: 44 (0)20 7767 2602

Company website

[www.angloeastern.co.uk](http://www.angloeastern.co.uk)

## Company advisers

### Auditors

BDO LLP  
55 Baker Street  
London W1U 7EU  
United Kingdom

### Principal Bankers

National Westminster Bank Plc  
15 Bishopsgate  
London EC2P 2AP  
United Kingdom

The Hong Kong and Shanghai Banking Corporation  
Limited  
Wisma HSBC  
Jalan Diponegoro, Kav 11  
Medan 20152  
North Sumatra  
Indonesia

PT Bank DBS Indonesia  
Uniplaza Building  
Jalan Letjen MT Haryono A-1  
Medan 20231  
North Sumatra  
Indonesia

RHB Bank Bhd  
Podium Block, Plaza OSK  
Jalan Ampang  
50450 Kuala Lumpur  
Malaysia

### Registrars

Capita Registrars Ltd  
Northern House  
Woodsome Park  
Fenay Bridge  
Huddersfield  
West Yorkshire HD8 0GA  
United Kingdom

### Solicitors

Withers LLP  
16 Old Bailey  
London EC4M 7EG  
United Kingdom

### Sponsor/Broker

Charles Stanley Securities  
131 Finsbury Pavement  
London EC2A 1NT  
United Kingdom