



2012 Annual Report

Anglo-Eastern Plantations Plc



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About Anglo-Eastern Plantations

Anglo-Eastern Plantations Plc (“AEP”) and its subsidiaries (the “Group”) are a major producer of palm oil and rubber with plantations across Indonesia and Malaysia, amounting to some 126,000 ha.



- AEP has a Premium Listing on the London Stock Exchange. The Company was formed and floated in 1985.
- Primary activities are the crop production and processing of palm oil and rubber through operations in Indonesia and Malaysia.
- The Group is committed to responsible development and management of its plantations and facilities for the benefit of the environment and society in which it operates.



Oil Palm Plantations

The Group has developed 40,000ha of mature oil palm at 12 plantations across Indonesia and Malaysia



Oil Palm Development

An Oil Palm tree will usually take three years from planting to harvest of first crop and will reach full production after five years. The Company has approximately 18,000ha of recently planted immature plantations of which 1,900ha were planted in 2012.



Palm Oil Production

The Group operates five palm oil mills in Indonesia, including a mill at Northern Sumatera which will very soon be incorporating advanced waste management treatment for biomass disposal and biogas emission capture. This project will be completed in the third quarter of 2013.



Third party Palm Oil Processing

During 2012 the Group purchased approximately 537,100mt of fresh fruit bunches from third party producers for processing through own mills.



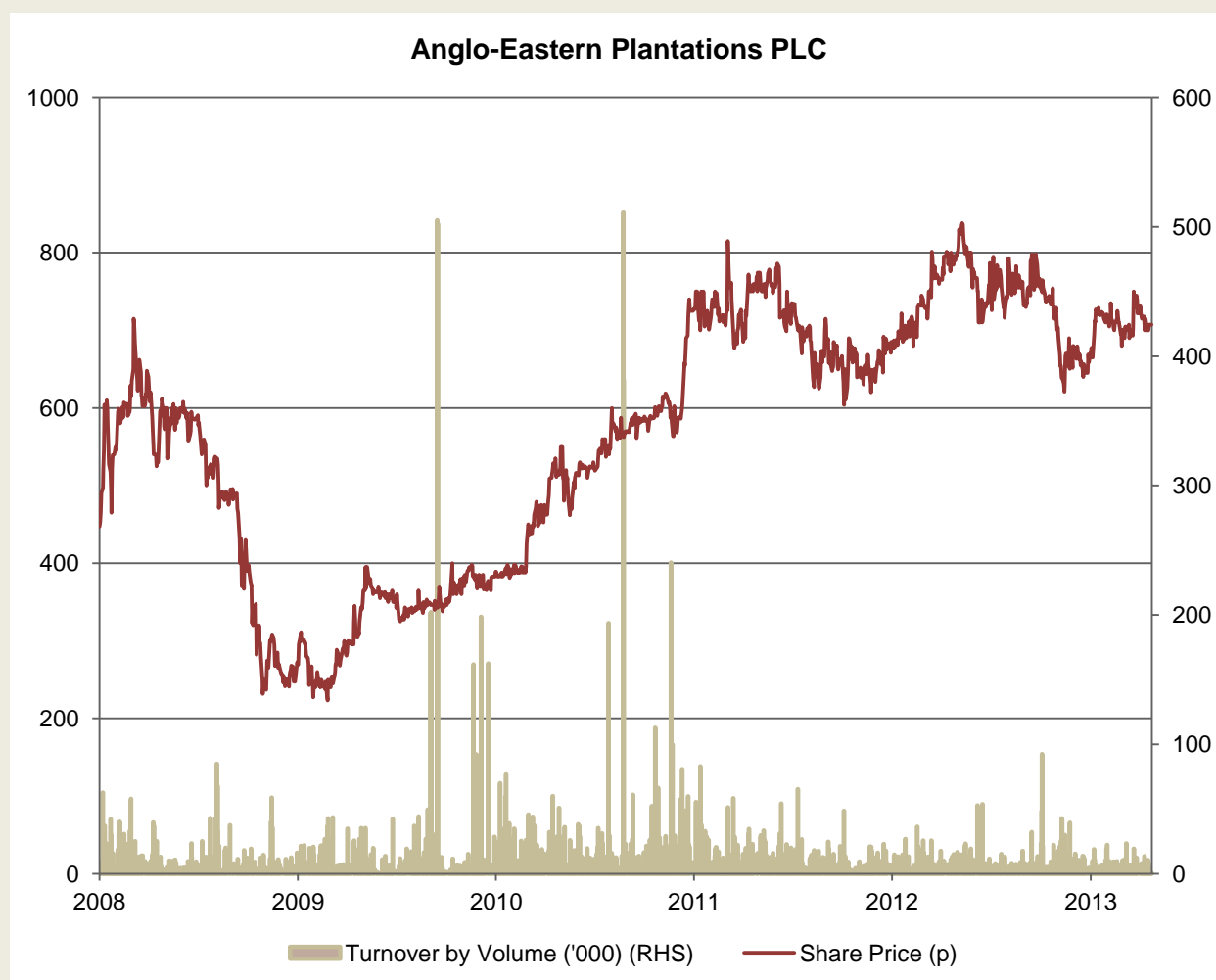
Rubber Plantations

The Group has 678ha of established rubber plantations which, in 2012, produced 857mt of raw latex and rubber lumps.

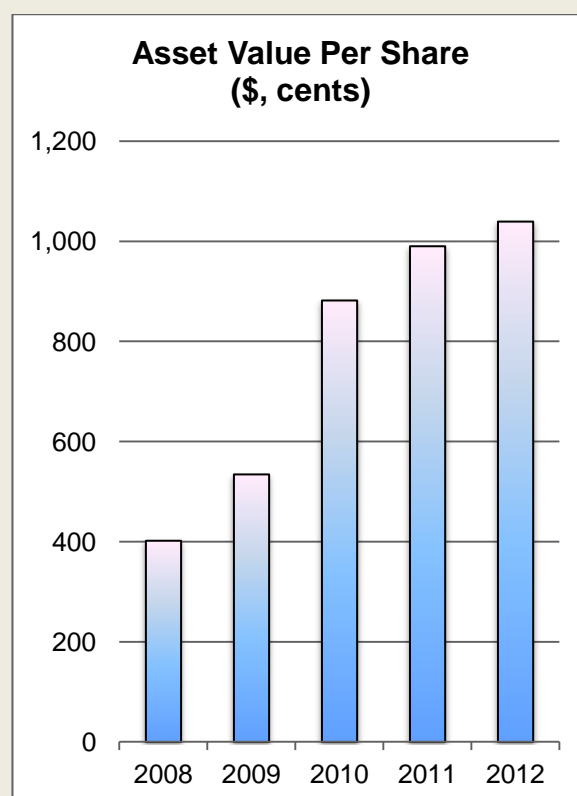
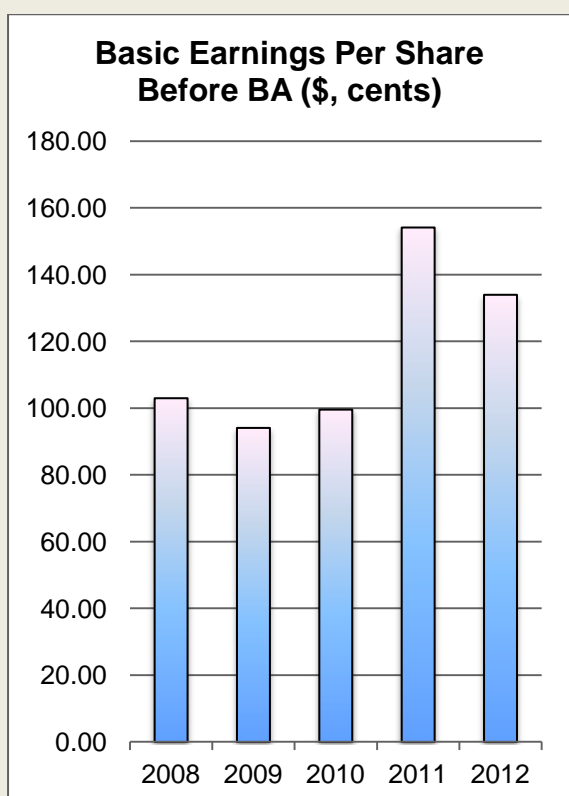
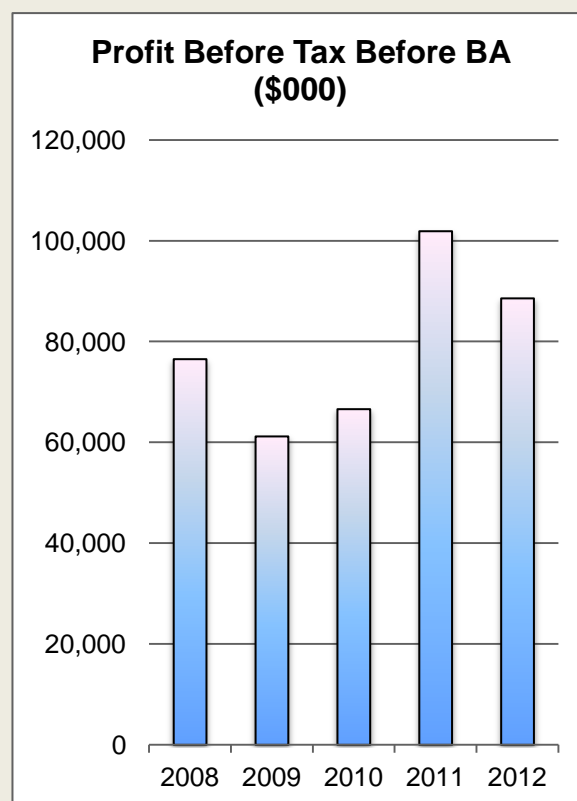
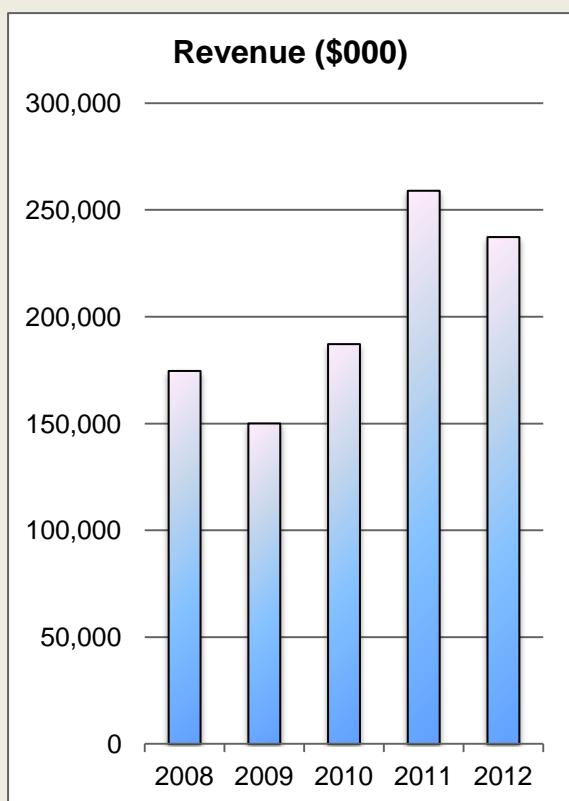
Financial Highlights

	2012 \$m	Restated 2011 \$m
Revenue	237.4	259.0
Profit before tax		
- before biological asset ("BA") adjustment	88.6	101.9
- after biological asset adjustment	84.0	123.0
EPS before BA adjustment	133.99cts	154.15cts
EPS after BA adjustment	123.10cts	194.45cts
Dividend (cents)	4.5cts	6.0cts
Dividend (pence)	*2.9p	3.7p

Note: * Based on exchange rate at 22 April 2013 of \$1.5276/£

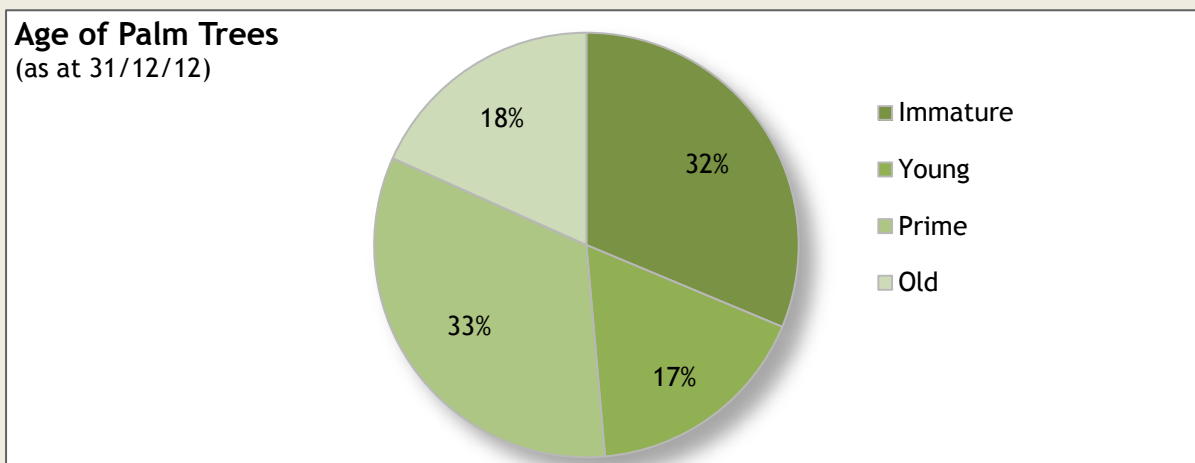
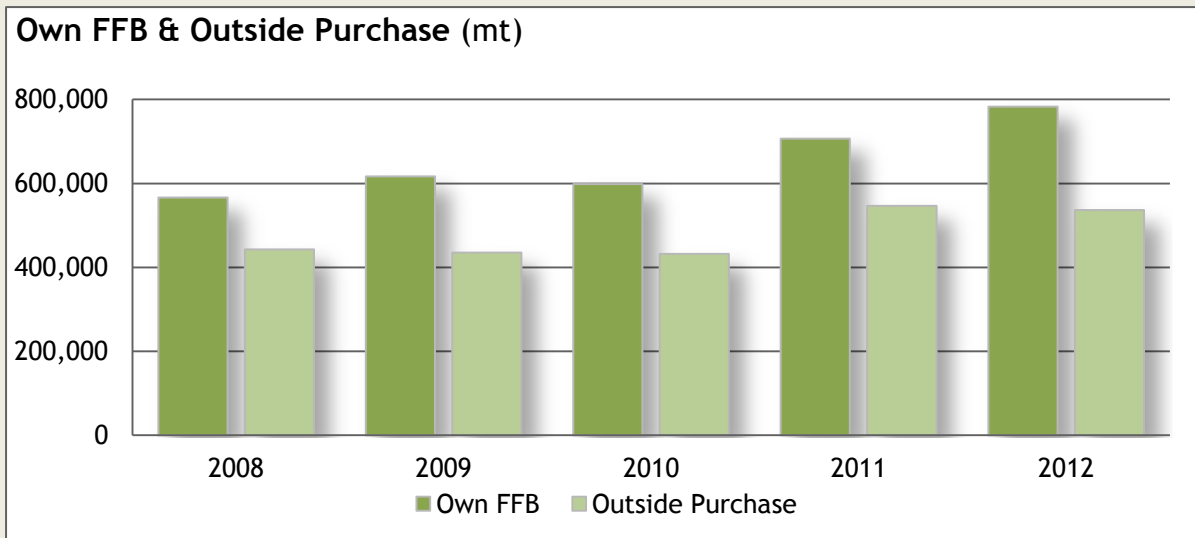
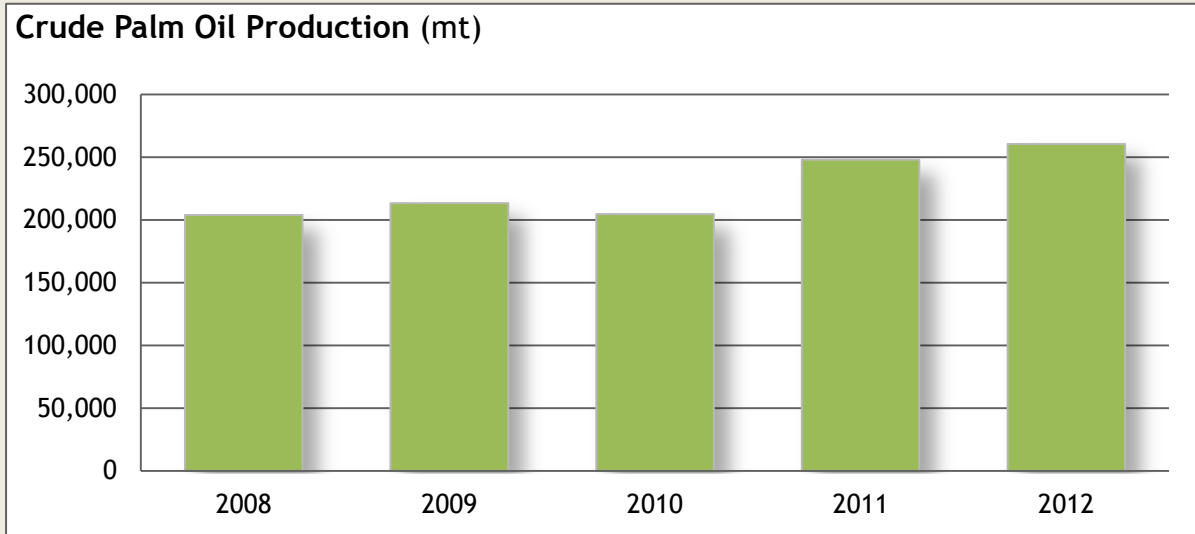


Financial Highlights



Note: The Financial Statements for the years 2011 were restated following the change of accounting policies as disclosed in note 2 – Prior year adjustments of Notes to the Financial Statements. The Financial Statements for the years 2008, 2009 and 2010 were not restated and were based on the previous accounting policies.

Key Information



Shareholder Information

Market capitalisation

The market capitalisation of Anglo-Eastern Plantations Plc at 31 December 2012 was £265 million, the ordinary share price at close of business on 22 April 2013 was 707.5 pence giving a market capitalisation of £280 million.

Website

www.angloeastern.co.uk contains various details and information on the Company and its operations, together with all the key historical financial and regulatory information on the Company. The website is updated on a continuing basis for all Company announcements and other relevant developments, including share price movements.

Investor relations

Investors requiring further information on the Company are invited to contact:

Dato' John Lim Ewe Chuan
Executive Director, Corporate Finance and Corporate Affairs
Anglo-Eastern Plantations Plc
Quadrant House, 6th Floor
4 Thomas More Square
London E1W 1YW
United Kingdom

Tel: 44 (0) 20 7216 4621

Fax: 44 (0) 20 7767 2602

Registrar

Administrative queries about holdings of AEP can be directed to the Company's registrar:

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

Tel: 0871 664 0300 (UK)

Tel: 44 (0) 20 8639 3399 (international)

Shareholders can view and update their account details via the Capita website, details of which can be found at www.capitaregistrars.com.

Annual General Meeting

The twenty-eighth Annual General Meeting of the Company will be held at the offices of UHY Hacker Young LLP, Quadrant House, 4 Thomas More Square, London E1W 1YW on 19 June 2013. Notice of the meeting is set out at the end of this Annual Report and pages 75 to 78.

Amalgamation of accounts

Shareholders receiving multiple copies of Company mailings as a result of a number of accounts being maintained in their name are invited to write to the Company's registrar at the above address to request that their accounts be amalgamated.

Shareholder Information

Payment of dividends

The Group's reporting currency is US dollars. However shareholders can choose to receive dividends in US dollars or in pounds 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.

Electronic communications

Capita Registrars offer AEP shareholders the opportunity to manage their shareholding through the Capita Share Portal.

Registration is free and can be used to manage shareholdings quickly and securely. To register for this service go to www.capitaregistrars.com/shareholder and follow the instructions.

Chairman's Statement

AEP has continued to build and expand its operations through 2012 in challenging market conditions.

The Group achieved a record level of oil production in the year to 31 December 2012, although the lower Crude Palm Oil ("CPO") prices meant revenue for the Group was \$237.4 million, compared to \$259.0 million achieved in 2011.

The continuing maturity of the Group's trees resulting from the established planting programme mean that Fresh Fruit Bunch ("FFB") production for 2012 was 783,400mt, 11% higher than previous year (2011: 707,000mt). And although FFB bought-in from surrounding smallholders during 2012 was 537,100mt (2011: 546,800mt), 2% lower compared to 2011, the Group's mills processed 5% more FFB, and increased CPO production to 260,500mt (2011: 248,000mt).

The decline in the CPO price during 2012 resulted from strong production in Indonesia and Malaysia which saw palm oil inventories rise to record levels. While production levels were increasing, a slowdown in global economic activity in 2012 led to weaker growth in demand. The average CPO price in 2012 was \$995/mt, 11% lower than the figure of \$1,124/mt for 2011.

The Group operating profit for 2012, before biological asset ("BA") adjustment was \$85.4 million, 13% down on the record figure of \$98.5 million achieved in 2011. Earnings per share, before BA adjustment decreased to 133.99cts, compared to 154.15cts in 2011 and post BA adjusted earnings per share were 123.10cts compared to 194.45cts for the previous year.

As at 31 December 2012, the Group had cash and cash equivalents of \$116.3 million and borrowings of \$25.1 million, resulting in a net cash position of \$91.2 million, compared to \$84.0 million at 31 December 2011. The positive cash flow helped strengthen the Group's balance sheet over the year.

In spite of the challenging market conditions the Board has continued to invest in the development of new assets. The Group planted 1,900ha of oil palms during 2012. This was less than planned, due primarily to a protracted process in finalising agreement with villagers for land compensation payments and delays in securing the necessary land release permits.

Permits for the construction of palm oil mills in North Sumatera and Central Kalimantan were held up by local authorities in 2012 and the earthworks for one of the mills finally commenced in the fourth quarter of 2012.

Funding of the capital expenditure was aided through the securing of two loans for \$45 million, details of which were announced in August 2012.

AEP embraces the Group's responsibility for the impact of its activities on the environment, consumers, employees, communities, stakeholders and all other members of wider society. In meeting the Group's Corporate Social Responsibility ("CSR") obligations it is cognisant of the contribution and welfare of its employees while continuing to contribute to improve the well-being of the wider community.

As announced previously, the Group has committed a \$4.5 million investment in the biogas and biomass project for one of the mills in North Sumatera. Civil works for the plant commenced in the fourth quarter of 2012 and when completed in the third quarter of 2013, will improve significantly the treatment of palm oil mill waste and mitigate the emission of biogas from the effluent treatment process. The successful implementation and running of this project will pave the way for further similar undertakings in the Group's other palm oil mills.

Chairman's Statement

The majority of our employees working at the Group's plantations and mills, together with their families and dependents, are housed in self-contained communities constructed by the Group. Employees and their dependents are provided with free housing, clean water and electricity. Within these communities we also build and maintain places of worship, schools and sports facilities. In 2012, the Group spent \$174,342 to build additional facilities and maintain these amenities and will continue to incur community development expenditure in 2013.

The Group also recognises its obligations to the wider farming communities in which it operates. The Indonesian authorities have established that not less than 20% of the new planted area acquired from 2007 onwards are to be reserved for the benefit of smallholder scheme cooperatives, known as Plasma scheme and the Group is integrating such smallholder developments alongside its estates.

The Board intends to pursue a further development programme of smallholder scheme. This smallholder scheme cooperative will be managed by the Group which involves 7 companies covering an approximate area of 5,379ha. The Group will assist the smallholder scheme cooperative to obtain financing for the plasma scheme through a local bank to be secured by land and assets of the scheme and guaranteed by the Group. As at end of 2012, the Group has registered approximately 507ha for plasma planting.

The Board is mindful that given the anticipated further capital commitments the level of dividend needs to be balanced against the planned expenditure. The Board has therefore declared a final dividend of 4.5cts per share in respect of the year to 31 December 2012 (2011: 6.0cts). Subject to approval by shareholders at the Annual General Meeting, the final dividend will be paid on 5 July 2013 to those shareholders on the register on 7 June 2013.

The Board views the prospects for 2013 with cautious optimism. With the continuing rise in income levels and population growth in China, India and Indonesia, the Board anticipates that CPO prices may recover gradually from the current low levels. Furthermore global inventories of 17 oils and fats remain at historically low levels and the price differential between CPO and soya oil, CPO's closest competing product, is at a near four-year high of over \$300/mt, more than double the historical average differential price. However, the introduction of 2.5% import duty on CPO in India and China's recent introduction of new quality controls over imported refined palm oil in first quarter of 2013 may dampen demand for palm oil in the short term.

Furthermore, rising fertiliser costs and increasing wage inflation in Indonesia are expected to increase the overall production cost in 2013.

Nevertheless, the Group hopes that, against a backdrop of a global economic recovery, trading prospects would improve in 2013 and beyond.

On behalf of the Board of Directors, I would like to convey our sincere thanks to our 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 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 2013

Operating and Financial Review

Financial Review

The operating and financial review has been prepared in accordance with Accounting Standard Board's (ASB) 2006 Operating and Financial Review Reporting Statement.

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.

For the year ended 31 December 2012, revenue for the Group was \$237.4 million, 8% lower than \$259.0 million reported in 2011 due primarily to lower CPO prices. Strong production in Indonesia and Malaysia boosted palm oil inventory to record level. This coupled with weaker growth in demand drove CPO prices downward for most of 2012. Group operating profit for 2012, before biological asset adjustment was \$85.4 million, was 13% less than \$98.5 million in 2011.

FFB production for 2012 was 783,400mt, 11% higher than the 707,000mt produced in 2011, due primarily to the increase in matured planting. FFB bought-in from local smallholders for 2012 was 537,100mt (2011: 546,800mt), 2% lower compared to 2011. During the year, FFB processed by the Group's mills was 5% higher resulting in 5% increase in CPO production at 260,500mt, compared to 248,000mt in 2011.

Profit before tax and after BA adjustment for the Group was \$84.0 million, 32% lower compared to \$123.0 million in 2011. The BA adjustment was a debit of \$4.5 million, compared to a credit of \$21.1 million in 2011, reflecting lower biological value.

The average CPO price for 2012 was \$995/mt, 11% lower than 2011 of \$1,124/mt.

Earnings per share before BA adjustment decreased by 13% to 133.99cts, compared to 154.15cts in 2011.

The Group's balance sheet remains strong. It continued to experience positive cash flow generation for 2012. As at 31 December 2012, the Group had cash and cash equivalents of \$116.3 million and borrowings of \$25.1 million, giving it a net cash position of \$91.2 million, compared to \$84.0 million in 2011.

The Group signed two loan agreements during the year of \$45 million to fund plantation development and construction of two mills in North Sumatera and Central Kalimantan of which \$25 million was drawdown during the year. In 2012 the Group also repaid \$6.5 million (2011: \$15.6 million) of the existing borrowings of \$6.5 million (2011: \$22.1 million).

On 14 November 2011 the Financial Reporting Council ('FRC') wrote to the company in respect of its policies and methodologies for valuing and accounting for its biological assets and non-biological assets in its accounts for the year ended 31 December 2010.

As a result of discussions with the FRC, the company's interim accounts for the period ended 30 June 2012, announced on 30 August 2012, stated that the company had revisited its policies and methodologies for valuing and accounting for its estate assets. As a result, the directors had concluded that the proportions of the total value attributed to the biological and non-biological assets needed to be restated and that it is not possible to measure reliably the fair value of plant, machinery and estate infrastructure. The restatement and related adjustments are disclosed in these accounts in note 2.

Operating and Financial Review

Between 19 October 2012 and 29 April 2013 the FRC and the company exchanged correspondence. Additional information and explanations were provided to the FRC in respect of the restatement of biological assets and land at 31 December 2010 and 2011, including in respect of the measurement of notional rent. Following receipt of information during April, the FRC's enquiries into the restated valuation of biological assets and land at 31 December 2010 and 2011 are on-going at the date of these accounts being signed.

Corporate Development

In 2012, the Group planted 1,900ha of oil palm mainly in Kalimantan, boosting planted area by 3% to 59,000ha (2011: 57,100ha). New plantings remain behind schedule due to protracted negotiations over settlement of land compensation with villagers and a delay in the issuance of land release permit (Izin Pelepasan) for two plantations. However, one of these plantations has now obtained the necessary permit and shall proceed to clear the land for planting.

Permits for the construction of palm oil mills in North Sumatera and Central Kalimantan were held up by local authorities in 2012 and the earthworks for one of the mills finally commenced in fourth quarter of 2012.

On the progress of the Group's \$4.5million investment in the biogas and biomass project for one of the mills in North Sumatera, civil works for the plant commenced in the fourth quarter of 2012 and the whole project is expected to be completed in the third quarter of 2013. This project will enhance the waste management treatment of the mill and at the same time mitigate emissions of biogas.

The successful implementation and running of this project will pave the way for further similar undertakings for the rest of the Group's mills.

New Palm Oil Mill Projects

The earthworks for the mill in Kalimantan commenced in the fourth quarter of 2012 while civil works is expected to start in second quarter of 2013. This mill is expected to be completed in first quarter of 2015 with an initial capacity of 45mt FFB/hr.

The earthworks for another mill in North Sumatera started in the first quarter of 2013 and the civil works is expected to start in the fourth quarter of 2013. This mill is expected to be completed by the second quarter of 2015 with a final capacity of 60mt FFB/hr.

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, provides and repair places of worship for workers of different religious faith as well as schools and sports facilities in these communities. In 2012, the Group spent \$174,342 to build additional facilities and maintain these amenities in 2012 and will continue to incur community development expenditure in 2013.

Staff and selected employees are given the opportunity to be trained and to attend 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

Operating and Financial Review

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 the estates and the cost of school buses to transport employees' children to the school are provided by the Group. Over the years a total of 32 schools have been built with 100 teachers currently employed within our Group estates. In 2012, the Group spent some \$313,121 for running the schools.

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. We have established 20 clinics operated by qualified doctors, nurses and hospital assistants in the estates. Related healthcare expenses for 2012 were \$619,919.

A strong commitment to 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 approximate area of 5,379ha. The Group will assist the smallholder scheme cooperative to obtain financing for the plasma scheme through a local bank to be secured by land and assets of the scheme and guaranteed by the Group. As at end of 2012, we have registered approximately 507ha for plasma planting.

In addition to education and healthcare which includes the construction of schools, provision of scholarships, books, education and free medical activities, the Group also develop infrastructure such as construction and repair of bridges and roads. The Group also provides aid to villagers such as goats and fish fries to start community sustaining programs. The Group helped victims of floods and other disasters, including afforestation to the amount of approximately \$187,320 in 2012.

Indonesian Sustainable Palm Oil

The Indonesian Sustainable Palm Oil ("ISPO") certification is legally mandatory for all plantations in Indonesia. In March 2012, ISPO, which is fundamentally aligned 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 healthcare were carried out to inculcate a safety culture in workplaces at the estates and mills in North Sumatera. In the year the Group upgraded its agricultural chemical stores and diesel fuel storage tanks in various plantations and mills to meet safety and environmental standards. Standard operating procedures were 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. The Group worked closely with appointed certification consultants in the implementation of ISPO standard. Three plantations are expected to be ready for certification by third quarter of 2013.

Operating and Financial Review

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.

On completion of the Group's first biogas and biomass project in North Sumatera, it will enhance the waste management treatment of the mill and at the same time mitigate greenhouse biogas emissions. Under this project, the methane gas will be trapped and will be used to generate electricity to partially power its mills and increase energy efficiency. Further similar undertakings for the Group's mills are planned and shall be implemented in stages.

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 Owls were introduced to control rats. Beneficial plants of *Turnera* sp, *Cassia cobannesis* 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 areas 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.

Directors

Dato' John Lim Ewe Chuan's appointment as the Executive Director - Corporate Finance & Corporate Affairs expired on 31 August 2012 and was extended for a further two years by the Board.

Madam Lim Siew Kim and Drs. Kanaka Puradiredja will be submitting themselves for re-appointment at the forthcoming annual general meeting.

Brief profiles of all Directors are set out on page 28 of this Annual Report.

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 4.5cts in respect of 2012 (2011: 6.0cts). Subject to shareholder approval at the AGM, the final dividend will be paid on 5 July 2013 to those shareholders on the register on 7 June 2013. Shareholders choosing to receive their dividend in Sterling will do so at the rate ruling on 7 June 2013, when the register closes. Based on the exchange rate at 22 April 2013 of \$1.5276/£, the proposed dividend would be equivalent to 2.9p, compared to 3.7p declared in respect of 2011.

Operating and Financial Review

Outlook

FFB production for two months to February 2013 was 1% higher against the same period in 2012. 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.

The CIF (Cost, Insurance, Freight) Rotterdam CPO price opened the year 2013 at \$835/mt and prices are expected to be in the range of \$700/mt to \$1,000/mt for the first half of 2013. A confluence of negatives drove the CPO price to a near two-year low. Recent CPO price weakness was driven by a weak global economy resulting in reduced growth in demand coupled with seasonally high production accentuating in a high stockpile of CPO.

The US dollar appreciated by approximately 10% (2011:1%) against the Indonesian Rupiah in 2012. There was no adverse fluctuation against the US dollar in early 2013. We expect a stable currency exchange level to be attainable for the rest of the year.

The CPO price remained under pressure during first quarter of 2013 due to the continuing higher levels of supply and lower demand from China and India. With rising income levels and population growth in China, India and Indonesia, the Board believes that the CPO price will recover gradually. Furthermore global stock-to-usage of 17 oils and fats is relatively low and the price differential between CPO and soyoil, the closest competing product, is at a near four-year high of over \$300/mt, which is more than double the historical average and should help spur demand for CPO and ultimately price recovery. On the other hand, the introduction of 2.5% import duty on CPO in India and the China's implementation of quality control over imported refined palm oil in first quarter of 2013 may dampen demand and hurt the palm oil industry in the short term.

The rising fertiliser costs and wages in Indonesia are expected to increase the overall production cost in 2013. Indonesia's minimum wage has increased at an average rate of between 10% to 15% per annum over the last few years. The Indonesian government however recently announced exceptional hikes in 2013 minimum wage ranging from 29% to 49% for some provinces in Bengkulu and East Kalimantan. This wage hikes would potentially raise overall estate costs and erode profit margins.

Nevertheless barring any unforeseen circumstances, the Group is confident that CPO demand will be sustainable in the long term on the backdrop of global economic recovery and we can expect a satisfactory profit level and cash flow for 2013.

Financial Record

	2012	(Restated) 2011	(Restated) 2010	2009	2008
Income statement	\$000	\$000	\$000	\$000	\$000
Revenue	237,352	259,037	187,233	150,080	174,684
Trading profit before BA	85,396	98,518	64,937	58,955	74,064
Profit attributable to shareholders after BA	48,792	76,882	127,952	37,494	42,001
Dividend proposed for year	(1,784)	(2,372)	(1,977)	(1,973)	(1,973)
Financial position	\$000	\$000	\$000	\$000	\$000
Non-current assets & long term receivables	462,523	451,549	437,859	249,699	200,532
Cash net of short term borrowings	116,198	84,017	55,221	54,337	60,803
Long term loans	(25,026)	(58)	(6,438)	(17,589)	(27,025)
Other working capital	(7,460)	(14,076)	(5,087)	285	(13,571)
Deferred tax	(46,644)	(52,533)	(59,192)	(28,772)	(28,450)
	499,591	468,899	422,363	257,960	192,289
Non-controlling interest	(86,822)	(77,369)	(73,665)	(46,989)	(31,558)
Net worth	412,769	391,530	348,698	210,971	160,731
Share capital	15,504	15,504	15,504	15,504	15,504
Treasury shares	(1,171)	(1,507)	(1,507)	(1,744)	(1,785)
Share premium and capital redemption account	25,022	25,022	25,022	25,022	25,022
Revaluation and exchange reserve	(53,772)	(28,122)	3,996	(7,405)	(22,083)
Profit and loss account	427,186	380,633	305,683	179,594	144,073
Equity attributable to shareholders' funds	412,769	391,530	348,698	210,971	160,731
Ordinary shares in issue ('000s)	39,976	39,976	39,976	39,976	39,976
Earnings per share before BA adj. (US cents)	133.99cts	154.15cts	99.59cts	94.11cts	103.0cts
Earnings per share after BA adj. (US cents)	123.10cts	194.45cts	323.61cts	94.99cts	105.1cts
Dividend per share for year (US cents)	4.5cts	6.0cts	5.0cts	5.0cts	5.0cts
Asset value per share (US cents)	1,041cts	990cts	882cts	535cts	407cts
Earnings per share before BA adj (pence equivalent)	84.5p	95.5p	64.4p	59.9p	56.0p
Dividend per share for year (pence)	2.9p	3.7p	3.1p	3.3p	3.0p
Asset value per share (pence equivalent)	641p	637p	563p	332p	289p
Exchange rates – year end					
Rp : \$	9,638	9,068	9,010	9,400	10,950
\$: £	1.63	1.55	1.57	1.61	1.41
RM: \$	3.06	3.17	3.08	3.42	3.48
Exchange rates – average					
Rp : \$	9,363	8,763	9,080	10,158	9,735
\$: £	1.59	1.61	1.55	1.57	1.84
RM: \$	3.09	3.06	3.22	3.52	3.34

Business Review

Commodity Prices

The CPO CIF Rotterdam price started the year positively at \$1,045/mt (2011: \$1,195/mt) and reached a peak of \$1,200/mt in April 2012 before sliding downtrend for the remaining of the year. It ended the year at \$810/mt (2011: \$1,045/mt), averaging \$995/mt for the year (2011: \$1,124/mt). A confluence of negatives drove the CPO price to a near two-year low. Recent CPO price weakness was driven by a weak global economy resulting in reduced growth in demand coupled with seasonally high production accentuating in a high stockpile of CPO.

The recovery of price hinges on the strong recovery of demand and a reduction of the current high inventory of CPO stockpile. The increasing world population leading to a pick-up in 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 and rapeseed crops together with large discount to soybean price would help support the commodity prices.

Rubber prices averaged \$2,967/mt for 2012 (2011: \$4,300/mt). Our small area of 668ha of mature rubber contributed a gross profit of \$2.5 million in 2012 (2011: \$3.6 million).

CPO CIF Rotterdam (from year 2003 to 2013)



Valuation

During the year, the Directors reviewed the Group's policies and methodologies for valuing and accounting for its biological assets and non-biological assets for 2010 and 2011 and concluded after having the individual components valued professionally for 2011, that the proportions of the total value attributed to the biological and non-biological assets need to be restated. Following on from this, in the opinion of the directors, it is not possible to measure reliably the fair value of plant, machinery and estate infrastructure as separate components and the Group has therefore changed to a policy of carrying plant, machinery and estate infrastructure at cost less depreciation which they believe is a more appropriate policy for the nature of the assets. Accordingly, the Directors have concluded that in accordance with the requirements of International Accounting Standard ("IAS") 8 (Accounting Policies, Changes in Accounting Estimates and Errors), prior year adjustments are required to restate the figures previously reported. The former policy and methodology and the revised policy is described in detail in notes 1 and 2.

In 2012, the Group's biological assets were valued by qualified valuers based on discounted cash flow.

Business Review

Indonesia

FFB production in North Sumatera, which aggregates the estates of Tasik, Anak Tasik, Labuhan Bilik, Blankahan, Rambung, Sungai Musam and CPA, produced 346,329mt in 2012 (2011: 298,100mt), 16.2% higher than 2011. An additional 1,134 ha of newly matured oil palm in Labuhan Bilik and 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 Sumatera), which aggregates the estates of Puding Mas, Alno, KKST, ELAP and RAA produced 284,794mt (2011: 264,200mt), 7.8% higher than 2011. 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 776 ha of oil palm reached its prime production age significantly increasing its yield.

FFB production in the Riau region, comprising Bina Pitri estates, produced 119,671mt in 2012 (2011: 110,400mt), 8.4% higher than 2011. The improved performance was attributable to favourable weather condition and higher yield from fertilisation and rehabilitation programme.

FFB production in Kalimantan comprising Sawit Graha Manunggal estates produced 3,574mt in 2012 (2011: Nil) mainly from newly matured oil palm area of 283 ha.

Overall bought-in crops for Indonesian operations were 1.8% lower at 537,100mt for the year 2012 (2011: 546,800mt). The average oil extraction rate from our mills was 20.2% in 2012 (2011: 20.3%). The extraction rate was diluted by higher percentage of bought-in crops as well many young oil palm trees which reached maturity in 2012.

Malaysia

FFB production in 2012 was lower at 29,000mt, compared to 34,300mt in 2011. Unfavourable weather condition with higher rainfall together with lack of manpower affected the transportation and harvesting of FFB. Malaysian estates contributed a pre-tax profit of \$0.3 million, 91% lower than 2011.

Development

In 2012, the Group planted another 1,900ha mainly in Kalimantan compared to 4,800ha in 2011.

New plantings remain behind planned schedule due to protracted negotiations over settlement of land compensation with villagers and a delay in the issuance of land release permit (Izin Pelepasan Hutan) and Location Permit (Izin Lokasi) for two plantations. As at the date of this report, both estates have obtained the necessary permits and proceed to clear the land for planting.

Directors' Report

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditors' report, for the year ended 31 December 2012.

Principal activity

The Company is incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is at Quadrant House, 6th Floor, 4 Thomas More Square, London E1W 1YW, United Kingdom.

The Company acts as a holding company and co-ordinates the businesses of its subsidiaries. At 31 December 2012, the core activities of the Group are the cultivation of oil palm and rubber in Indonesia and Malaysia. The subsidiary undertakings which principally contributed to 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 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 31.

Results and dividends

The audited financial statements for the year ended 31 December 2012 are set out on pages 39 to 74. The Group profit for the year on ordinary activities before taxation was \$84,042,000 (2011: \$122,971,000) and the profit attributable to ordinary shareholders was \$48,792,000 (2011: \$76,882,000). No interim dividend was paid. The Directors recommend a final dividend of 4.5cts (2011: 6.0cts) to be paid to shareholders on 5 July 2013. Shareholders may elect to receive their dividend in sterling as described on page 26.

Business Review

The review of the Group's business is set out on page 19 and 20. 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 16 and in the business review on page 19 and 20.

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 especially with the impending Presidential election in 2014, the Board perceives that the Group will be able to continue to extract profits from its subsidiaries in Indonesia for the foreseeable future.

Directors' Report

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.

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 and mills equipment) 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.

Directors' Report

In addition CPO is sold at a significant discount over its main competitor soya oil. The introduction of import duty and quality control on CPO imports by India and China would affect demand and price in the short term.

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.

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 mixed success in managing such periodic delays and disruptions especially in East and South Sumatera.

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 32 in the "Statement on Corporate Governance".

The estates in North Sumatera 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's \$4.5 million investment in the biogas and biomass project started for one of the mills in North Sumatera which is expected to be completed in the third quarter of 2013 will enhance the waste management treatment of that mill and at the same time mitigate emissions of biogas. The successful implementation and running of this project will pave the way for further similar undertakings for the rest of the Group's mills.

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.

Directors' Report

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 operating estates. The returns from these plots are used to improve villages' community welfare. As at end of 2012, a total of 19 Kebun Kas Desa plots involving 275 ha have been developed. In 2013, the Group's intended to build plasma scheme of approximately 3,800ha for the surrounding communities, mostly in Bengkulu, Bangka and Kalimantan.

Financial risk

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

Biological assets, property, plant and equipment

Information relating to changes in fixed assets is given in note 11 to the consolidated financial statements.

Directors

A full list of Directors appears on page 28. Dato' John Lim Ewe Chuan's appointment as Executive Director - Corporate Finance & Corporate Affairs expired on 31 August 2012 and was extended for a further two years by the Board.

Madam Lim and Drs. Kanaka 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 :

	2012	2011
	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 2012 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 7 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

Substantial share interests

As at 31 March 2013, 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	51.08%
Alcatel Bell Pension Fund	6,731,500	16.98%
S N Roditi	1,366,900	3.45%
KBC Securities	1,208,234	3.05%

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 has 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 26 June 2012 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 is being sought under Resolution 7 at the forthcoming annual general meeting.

The aggregate nominal value which can be allotted under the authority set out in paragraph (i) of the resolution is limited to £3,303,031 (representing 13,212,124 ordinary shares of 25p each) which is approximately one third of the issued ordinary capital of the Company as at 19 June 2013 (being the latest practicable date before publication of this notice). In accordance with guidance issued by the Association of British Insurers, the authority in paragraph (ii) of the resolution will authorise the directors to allot shares, or to grant rights to subscribe for or convert any security into shares, only in connection with a fully pre-emptive rights issue, up to a further nominal value of £3,303,031 (representing 13,212,124 ordinary shares). This amount (together with the authority provided under paragraph (a) of the resolution) represents approximately two thirds of the Company's issued ordinary share capital (excluding treasury shares) as at 19 June 2013. This authority will expire at the conclusion of the next annual general meeting of the company. The directors have no present intention of issuing new shares, or of granting rights to subscribe for or to convert any security into shares.

Disapplication of pre-emption rights

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

Directors' Report

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 £495,454 representing 5% of the current issued share capital. The authority will be expiring at the forthcoming annual general meeting or on 30 June 2013, whichever is earlier. Renewal of this authority on similar terms is being sought under Resolution 8 at the forthcoming annual general meeting.

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

At 30 April 2013, the Directors had remaining authority under the shareholders' resolution of 26 June 2012, to make purchases of 3,997,627 of the Company's ordinary shares. This authority expires on 30 June 2013. 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 3,963,637 ordinary shares of 25p each on the London Stock Exchange, representing 10% of the Company's issued ordinary share capital. The minimum price which may be paid for an ordinary share is 25p. The maximum price which may be paid for an ordinary share on any exercise of the authority will be restricted to the highest of (i) an amount equal 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 and (ii) the higher of price of the last independent trade and the highest current independent bid on the London Stock Exchange. The maximum number of shares and the price range are stated for the purpose of compliance with statutory requirements in seeking this authority and should not be taken as an indication of the level of purchases, or the prices thereof, that the Company would intend to make.

Payment of dividends

The Group reporting currency is US dollars. However, shareholders can choose to receive dividends in US dollars or in Sterling. In the absence of any specific instruction up to the date of closing the register, shareholders with addresses in the UK are deemed to have elected to receive their dividends in Sterling and those with addresses outside the UK in US dollars. The Sterling equivalent dividend will be paid at the exchange rate ruling at the date of closure of the register.

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 2012 (2011: 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 2013

Directors' Responsibilities

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

All of the Directors listed on page 28 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.

By order of the Board

Dato' John Lim Ewe Chuan
Executive Director, Corporate Finance and Corporate Affairs

30 April 2013

Directors

Madam Lim Siew Kim

(Non-Executive Chairman, aged 64)

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 63)

Appointed 26 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 65)

Appointed 1 April 2009.

Non-Executive Director of MTD Capital Berhad, MTD ACPI Engineering Berhad and APFT Berhad, of which the latter two are 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 69)

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

Application of the UK Corporate Governance Code

Anglo-Eastern Plantations Plc is committed to business integrity, appropriately high ethical standards and professionalism in all its activities and operations. This includes a commitment to high standards in corporate governance relating in particular to appropriate systems and controls adopted at a senior level of management of the Group and operation of the Board. The bench-mark standards in this regard are set out in the UK Corporate Governance Code ('the Code'), as most recently revised in September 2012 which forms part of the Listing Rules of the London Stock Exchange. Where provisions of the Code were not met during 2012, particular comment is made in the statements below and in the Directors' remuneration report on pages 33 to 35.

The Board

AEP is led by a strong and experienced Board of Directors (see biographical details set out on page 28). During 2012 the Board comprised the Non-Executive Chairman, one Executive Director and two further Non-Executive Directors, both of whom are considered by the Board to be 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 on 31 January 2011. 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 with her experience in plantation 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.

Independence of the Non-Executive Directors

The Board has evaluated the independence of each of its Non-Executive Directors. Following this assessment, the Board has determined that, throughout the reporting period, both of its Independent Non-Executive Directors, who were appointed for specified terms of office, were independent, based above all on their objectivity and integrity. The terms and conditions relating to the appointment of the Non-Executive Directors are available from the Company Secretary.

In arriving at its conclusion, the Board considered the factors set out in the Combined Code including, inter alia, whether any of the Non-Executive Directors:

- has been an employee of the Group within the last five years;
- has, or had within the last three years, a material business relationship with the Group;
- receives remuneration from the Group other than a director's fee;
- has close family ties with any of the Group's advisors, directors or senior employees;
- holds cross-directorships or has significant links with other directors through involvement in other companies or bodies;
- has served more than nine years on the Board; or
- represents a significant shareholder

The Combined Code acknowledges that a director may be regarded as independent notwithstanding the existence of any of the above factors.

The 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.

Senior Non-Executive Director

Mr. Nik Din Bin Nik Sulaiman acted in the capacity of Senior Non-Executive Director throughout the year.

Statement on Corporate Governance

Operation of the Board

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 from the Company Secretary.

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 2012, there were two meetings, attended by all the Directors.

The Independent Non-Executive Directors met on their own during 2012. The Chairman met all the Non-Executive Directors, in the absence of the Executive Director, twice in 2012.

The Board and its committees are supplied with relevant, timely and accurate information for review prior to each meeting to enable them to discharge their duties. The Board has identified and formally adopted a schedule of key matters that are reserved for its decision, including the annual fiscal and capital budgets, interim, preliminary and final results announcements, interim and final dividends, the appointment or removal of directors and the company secretary, circulars to shareholders, Group treasury policies and capital expenditure and acquisitions. Certain other matters are delegated to Board committees, the details of which are set out below.

There is an agreed Board procedure enabling directors to take independent advice, in the furtherance of their duties, at the Company's expense. Each Board member has access to the impartial advice and services of the Company Secretary, who is responsible to the Board for ensuring that appropriate procedures are followed. The Company maintained directors' and officers' liability insurance throughout 2012.

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 2012 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 two meetings during 2012, attended by all members. Dato' John Lim was appointed as member on 8 April 2011.

Accountability and Audit Committee

The responsibilities of the Directors as regards the financial statements are set out on page 27. A statement of going concern is also on page 27.

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. He attended two audit seminars organised by MIA in 2012. Dato' John Lim has attended two audit related seminars at UHY conferences whereas Drs. Kanaka has attended one seminar organised by PricewaterhouseCoopers Indonesia in 2012. The committee met prior to the completion of the 2012 accounts and four times during 2012.

The Audit Committee is responsible for:

- Monitoring the integrity of the financial statements and reviewing formal announcements of financial performance and significant reporting issues and judgements that such statements and announcements contain;

Statement on Corporate Governance

- Reviewing the effectiveness of the internal control functions (including the internal financial controls and, the internal audit function);
- Making recommendations to the Board in relation to the appointment, reappointment and removal of the external auditors, their remuneration and terms of engagement; and
- Reviewing and monitoring the independence of the external auditors and the effectiveness of the audit process.

The Audit Committee also monitor the engagement of the auditors to perform non-audit work. The Committee considered that the nature and scope of, and remuneration payable in respect of, these engagements were such that the independence and objectivity of the auditors was not impaired.

The members of the Audit Committee discharge their responsibilities by informal discussions between themselves, by meeting with the external auditors, the internal auditors and management and by consideration of reports by management and by holding at least one formal meeting in each year.

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. Given the current level of audit fees and the costs that a change would likely entail, the Committee did not recommend that the Company's audit be put out to tender.

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 systems of internal control and risk management and for reviewing its effectiveness. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. 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 principally on reviewing reports from management and considering whether significant risks in the Group are identified, evaluated, managed and whether any significant weakness are promptly remedied 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.

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 2013 AGM.

The company maintains a corporate website at <http://www.angloeastern.co.uk>. This website has detailed information on various aspects of the Group's operations. The website is updated regularly and includes information on the Company's share price and the price of crude palm oil.

Statement on Corporate Governance

The Company's results and other news releases issued via the London Stock Exchange's Regulatory News Service are published on the "Investors" section of the website and together with other relevant documentation concerning the company, are available for downloading.

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.

AEP seeks to comply with these principles in all areas of its activities.

Directors' Remuneration Report

This report by the Remuneration Committee has been approved by the Board of Directors for submission to shareholders for their approval at the forthcoming annual general meeting.

Remuneration Committee

The Remuneration Committee comprises of Drs. Kanaka Puradiredja (Chairman), Mr. Nik Din Bin Nik Sulaiman and Dato' John Lim. The Committee had two meetings during 2012, attended by all members. Drs. Kanaka was appointed as Chairman on 31 August 2010. Mr. Nik Din Bin Nik Sulaiman was appointed to the Committee on 1 September 2010 while Dato John Lim was appointed as a member on 8 April 2011.

Compliance

The directors are satisfied that as far as practical the Company has complied with the provision of the UK Corporate Governance Code and Revised Combined Code relating to Directors' Remuneration throughout the year.

Policy

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

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, pay and employment conditions of its other employees in the organisation and the need to maintain an economic operation. This policy is currently to be applied in subsequent years.

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.

Directors' Remuneration Report

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.

Performance Graph

The performance graph is set out on page 4 and shows the Company's share price performance compared to FTSE 100 index for the period of 2008 to 2013 (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.

Directors' Remuneration Report

Directors' remuneration

The following part provides details of the remuneration and share interests of all the Directors for the year ended 31 December 2012. The numerical components of these disclosures have been audited in accordance with Section 421 of the UK Companies Act 2006.

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

Audited information	Fees \$000	Executive Salary \$000	Bonus and allowance \$000	Benefits in kind \$000	Total 2012 \$000	Total 2011 \$000
Name of Director						
Executive:						
Dato'John Lim Ewe Chuan ⁽¹⁾	105	-	-	-	105	83
Non-Executive						
Lim Siew Kim ⁽²⁾	61	-	-	-	61	57
Nik Din Bin Nik Sulaiman ⁽³⁾	28	-	-	-	28	23
Drs. Kanaka Puradiredja ⁽⁴⁾	28	-	-	-	28	23
Chan Teik Huat ⁽⁵⁾	-	-	-	-	-	8
Total	222	-	-	-	222	194

Unaudited information

Notes:

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

⁽²⁾ Appointed on 29 November 1993 and appointed as Non-Executive Chairman on 31 January 2011

⁽³⁾ Appointed on 1 April 2009

⁽⁴⁾ Appointed on 1 August 2009

⁽⁵⁾ 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 2013

Auditors' Report

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 2012 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 flows 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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.

Basis for qualified opinion on financial statements

We have been unable to conclude whether or not the carrying value of the Group's biological assets currently stated in the consolidated statement of financial position at a value of \$245.3m has been determined in accordance with IAS 41 Agriculture because as described in note 11, the Company is currently in the process of resolving a query from the Financial Reporting Council (FRC) concerning the valuation methodology used by the Group to undertake the valuation, a query that has been ongoing since 14 November 2011. More specifically, the FRC have stated in a letter to the company dated 29 April 2013: "*We do not understand the company's justification for notional rent being determined on a historical cost basis because it does not reflect a market rate for the use of land. We consider this to be a fundamental matter in the determination of the fair value of the company's biological assets and on which we do not yet agree. The resolution of this matter may have a material effect on the amounts recorded in the company's accounts.*"

As noted in note 11, the Company's Directors are confident that the methodology which has been applied is in accordance with IAS 41, however, although the full facts are known, the existence of the ongoing FRC queries and their description of the potential impact provides differing opinions regarding the application of IAS 41. Until this matter is resolved between the FRC and the Group, we are unable to obtain sufficient audit evidence regarding the appropriate application of IAS 41 to the carrying value of the Group's biological assets.

Auditors' Report

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

Opinion on financial statements

In our opinion, except for the possible effects of matters described in the Basis for qualified opinion paragraph:

- 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 2012 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.

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to the valuation of biological assets, described above:

- we have not obtained all the information and explanations we considered necessary for the purpose of our audit; and
- we were unable to determine whether adequate accounting records had been kept .

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- 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.

Auditors' Report

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

Under the Listing Rules we are required to review:

- the directors' statement, set out on page 27, 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 2013

Consolidated Income Statement

For the year ended 31 December 2012

Continuing operations	Notes	2012			(Restated) 2011		
		Result before BA adjustment	BA adjustment	Total	Result before BA adjustment	BA adjustment	Total
		\$000	\$000	\$000	\$000	\$000	\$000
Revenue	3	237,352	-	237,352	259,037	-	259,037
Cost of sales		(142,755)	-	(142,755)	(155,147)	-	(155,147)
Gross profit		94,597	-	94,597	103,890	-	103,890
Biological asset revaluation movement		-	(4,549)	(4,549)	-	21,056	21,056
Administration expenses		(9,201)	-	(9,201)	(5,372)	-	(5,372)
Operating profit		85,396	(4,549)	80,847	98,518	21,056	119,574
Exchange profits		(24)	-	(24)	213	-	213
Finance income	4	3,336	-	3,336	3,891	-	3,891
Finance expense	4	(117)	-	(117)	(707)	-	(707)
Profit before tax	5	88,591	(4,549)	84,042	101,915	21,056	122,971
Tax expense	8	(22,476)	1,137	(21,339)	(26,809)	(5,264)	(32,073)
Profit for the year		66,115	(3,412)	62,703	75,106	15,792	90,898
Attributable to:							
- Owners of the parent		53,108	(4,316)	48,792	60,949	15,933	76,882
- Non-controlling interests		13,007	904	13,911	14,157	(141)	14,016
		66,115	(3,412)	62,703	75,106	15,792	90,898
Earnings per share for profit attributable to the owners of the parent during the year							
- basic	9			123.10cts			194.45cts
- diluted	9			122.95cts			193.75cts

Earnings per share before BA adjustment are shown in note 9.

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

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	2012 \$000	(Restated) 2011 \$000
Profit for the year	62,703	90,898
Other comprehensive income:		
Unrealised loss on revaluation of the estates	(4,064)	(48,932)
Loss on exchange translation of foreign operations	(27,059)	(5,245)
Deferred tax on revaluation	1,015	12,233
Other comprehensive expenses for the year	(30,108)	(41,944)
Total comprehensive income for the year	32,595	48,954
Attributable to:		
- Owners of the parent	23,142	44,764
- Non-controlling interests	9,453	4,190
	32,595	48,954

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 2012

	Note	2012 \$000	(Restated) 2011 \$000	(Restated) 2010 \$000
Non-current assets				
Biological assets	11	245,313	235,158	186,755
Property, plant and equipment	11	212,177	214,840	249,610
Receivables	12	5,033	1,551	1,494
		462,523	451,549	437,859
Current assets				
Inventories	13	6,075	9,439	6,820
Tax receivables		4,734	5,098	7,342
Trade and other receivables	14	7,419	4,877	3,356
Cash and cash equivalents		116,250	90,482	70,871
		134,478	109,896	88,389
Current liabilities				
Loans and borrowings	15	(52)	(6,465)	(15,650)
Trade and other payables	16	(15,635)	(20,878)	(15,170)
Tax liabilities		(6,996)	(11,019)	(5,130)
		(22,683)	(38,362)	(35,950)
Net current assets		111,795	71,534	52,439
Non-current liabilities				
Loans and borrowings	15	(25,026)	(58)	(6,438)
Deferred tax liabilities	17	(46,644)	(52,533)	(59,192)
Retirement benefits - net liabilities	18	(3,057)	(1,593)	(2,305)
		499,591	468,899	422,363
Net assets				
Issued capital and reserves attributable to owners of the parent				
Share capital	19	15,504	15,504	15,504
Treasury shares	19	(1,171)	(1,507)	(1,507)
Share premium		23,935	23,935	23,935
Capital redemption reserve		1,087	1,087	1,087
Revaluation reserves		36,799	39,480	67,303
Exchange reserves		(90,571)	(67,602)	(63,307)
Retained earnings		427,186	380,633	305,683
		412,769	391,530	348,698
Non-controlling interests		86,822	77,369	73,665
Total equity		499,591	468,899	422,363

The financial statements were approved by the Board of Directors and authorised for issue on 30 April 2013 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 2012

	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
Balance as at 31 December 2010	15,504	(1,507)	23,935	1,087	149,396	(63,307)	229,060	354,168	74,495	428,663
Restatement (note 2)	-	-	-	-	(82,093)	-	76,623	(5,470)	(830)	(6,300)
Balance at 31 December 2010 after restatement	15,504	(1,507)	23,935	1,087	67,303	(63,307)	305,683	348,698	73,665	422,363
Items of other comprehensive income										
-Unrealised gain on revaluation of estates	-	-	-	-	(37,097)	-	-	(37,097)	(11,835)	(48,932)
-Deferred tax on revaluation of assets	-	-	-	-	9,274	-	-	9,274	2,959	12,233
-Loss on exchange translation	-	-	-	-	-	(4,295)	-	(4,295)	(950)	(5,245)
Net loss recognised directly in equity	-	-	-	-	(27,823)	(4,295)	-	(32,118)	(9,826)	(41,944)
Profit for year	-	-	-	-	-	-	76,882	76,882	14,016	90,898
Total comprehensive income and expense for the year	-	-	-	-	(27,823)	(4,295)	76,882	44,764	4,190	48,954
Issue of subsidiary shares to minority shareholder	-	-	-	-	-	-	-	-	2,054	2,054
Share options exercised / Share based payment expense	-	-	-	-	-	-	45	45	-	45
Dividends paid	-	-	-	-	-	-	(1,977)	(1,977)	(2,540)	(4,517)
Balance at 31 December 2011	15,504	(1,507)	23,935	1,087	39,480	(67,602)	380,633	391,530	77,369	468,899
Items of other comprehensive income										
-Unrealised loss on revaluation of estates	-	-	-	-	(3,574)	-	-	(3,574)	(490)	(4,064)
-Deferred tax on revaluation of assets	-	-	-	-	893	-	-	893	122	1,015
-Loss on exchange translation	-	-	-	-	-	(22,969)	-	(22,969)	(4,090)	(27,059)
Total other comprehensive income	-	-	-	-	(2,681)	(22,969)	-	(25,650)	(4,458)	(30,108)
Profit for year	-	-	-	-	-	-	48,792	48,792	13,911	62,703
Total comprehensive income and expense for the year	-	-	-	-	(2,681)	(22,969)	48,792	23,142	9,453	32,595
Share option exercised	-	336	-	-	-	-	133	469	-	469
Dividends paid	-	-	-	-	-	-	(2,372)	(2,372)	-	(2,372)
Balance at 31 December 2012	15,504	(1,171)	23,935	1,087	36,799	(90,571)	427,186	412,769	86,822	499,591

Consolidated Statement of Cash Flows

For the year ended 31 December 2012

	2012 \$000	(Restated) 2011 \$000
Cash flows from operating activities		
Profit before tax	84,042	122,971
Adjustments for:		
BA adjustment	4,549	(21,056)
Loss on disposal of tangible fixed assets	19	68
Depreciation	6,135	5,124
Retirement benefit provisions	1,898	987
Net finance income	(3,219)	(3,184)
Unrealised loss / (gain) in foreign exchange	24	(213)
Share based payments expense	-	45
Operating cash flow before changes in working capital	93,448	104,742
Decrease / (Increase) in inventories	2,821	(2,665)
Increase in trade and other receivables	(6,646)	(1,578)
Decrease / (Increase) in trade and other payables	(4,143)	4,080
Cash inflow from operations	85,480	104,579
Interest paid	(144)	(759)
Retirement benefit paid	(294)	(1,716)
Overseas tax paid	(26,622)	(17,917)
Net cash flow from operations	58,420	84,187
Investing activities		
Property, plant and equipment		
- purchase	(49,054)	(50,086)
- sale	786	237
Interest received	3,336	3,891
Net cash used in investing activities	(44,932)	(45,958)

Consolidated Statement of Cash Flows

For the year ended 31 December 2012

	2012 \$000	(Restated) 2011 \$000
Financing activities		
Dividends paid by Company	(2,372)	(1,977)
Share options exercised	469	-
Issue of subsidiary shares to minority shareholder	-	2,054
Repayment of existing long term loans	(6,438)	(15,555)
Drawdown of long term loans	25,000	-
Finance lease repayment	(27)	-
Dividends paid to minority shareholders	-	(2,540)
Net cash used in financing activities	16,632	(18,018)
Increase in cash and cash equivalents	30,120	20,211
Cash and cash equivalents		
At beginning of year	90,482	70,871
Foreign exchange	(4,352)	(600)
At end of year	116,250	90,482
Comprising:		
Cash at end of year	116,250	90,482

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, 6th 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 in note 2 – Prior year restatement.

On 14 November 2011 the Financial Reporting Council (‘FRC’) wrote to the company in respect of its policies and methodologies for valuing and accounting for its biological assets and non-biological assets in its accounts for the year ended 31 December 2010.

As a result of discussions with the FRC, the company’s interim accounts for the period ended 30 June 2012, announced on 30 August 2012, stated that the company had revisited its policies and methodologies for valuing and accounting for its estate assets. As a result, the directors had concluded that the proportions of the total value attributed to the biological and non-biological assets needed to be restated and that it is not possible to measure reliably the fair value of plant, machinery and estate infrastructure. The restatement and related adjustments are disclosed in these accounts in note 2.

Between 19 October 2012 and 29 April 2013 the FRC and the company exchanged correspondence. Additional information and explanations were provided to the FRC in respect of the restatement of biological assets and land at 31 December 2010 and 2011, including in respect of the measurement of notional rent. Following receipt of information during April, the FRC’s enquiries into the restated valuation of biological assets and land at 31 December 2010 and 2011 are on-going at the date of these accounts being signed.

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 amendment is also effective for the first time in these financial statements but does not have a material effect on the Group.
 - IFRS 1 Amendments – Severe Hyperinflation and Removal of Fixed Dates for First Time Adopters
- 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 2015)*
- IFRS 10 Consolidated Financial Statements (effective for accounting periods beginning on or after 1 January 2014)
- IFRS 11 Joint Arrangements (effective for accounting periods beginning on or after 1 January 2014)
- IFRS 12 Disclosures of Interest in Other Entities (effective for accounting periods beginning on or after 1 January 2014)
- 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 2014)
- IAS 28 Investments in Associates and Joint Ventures (effective for accounting periods beginning on or after 1 January 2014)
- 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 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 2013)
- IFRS 1 Amendments – Government Loans (effective for accounting periods beginning on or after 1 January 2013)*
- Improvements to IFRSs (effective for accounting periods beginning on or after 1 January 2013)*

*These standards and interpretations are not endorsed by the EU at present.

Other than IAS 12 and IAS 19, none of the other new standards, interpretations and amendments, which are effective for periods beginning after 1 January 2013 and which have not been adopted early, are expected to have a material effect on the Group’s future financial statements. IAS 12 will impact the level of disclosure. IAS 19 requires all income and expenses in relation to retirement benefit to be recognised in other comprehensive income rather than pass through income statement. If IAS 19 would have applied in year 2012, the income statement would have increased by \$1,749,000 and the other comprehensive income would have decreased by the same amount.

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.

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.

Notes to the Consolidated Financial Statements

1. Accounting policies – continued

Tax

UK and foreign corporation tax is provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or 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

During the year the Company has adopted new accounting policy on property, plant and equipment as stated below. The details of the change of accounting policies are disclosed in note 2 – Prior year restatement.

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the items. After initial recognition, all items of property, plant and equipment except land and construction in progress, are stated at cost less accumulated depreciation and any accumulated impairment losses.

Estate land is subsequently carried at fair value, based on periodic valuations on an open market basis by a professionally qualified valuer. These revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Changes in fair value are recognised in other comprehensive income and accumulated in the revaluation reserve except to the extent that any decrease in value in excess of the credit balance on the revaluation reserve, or reversal of such a transaction, is recognised in income statement. On the disposal of a revalued estate, any related balance remaining in the revaluation reserve is transferred to retained earnings as a movement in reserves.

Construction in progress is stated at cost. The accumulated costs will be reclassified to the appropriate class of assets when construction is completed and the asset is ready for its intended use. Construction in progress is also not depreciated until such time when the asset is available for use.

Buildings and oil mills are depreciated using the straight-line method. All other property, plant and equipment items are depreciated using the double-declining-balance method. The yearly rates of depreciation are as follows:

Buildings - 5% to 10% per annum
Oil Mill - 5% per annum
Estate plant, equipment & vehicle - 12.5% to 50% per annum
Office plant, equipment & vehicle - 25% to 50% per annum

Biological assets

During the year the Company has changed their method of valuation on biological assets as stated below. The details of the change of valuation are disclosed in note 2 – Prior year restatement.

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 fresh fruit bunches (“FFB”) to the manufacturing process in which crude palm oil and palm kernel are extracted from the FFB.

Biological assets are carried at fair value less costs to sell determined on the basis of the net present value of cash flows arising in producing FFB. No account is taken in the valuation of future replanting. Biological assets are valued at each accounting date based upon a valuation of the planted areas using a discounted cash flow method by reference to the FFB expected to be harvested over the full remaining productive life of the trees up to 20 years. Areas are included in the valuation once they are planted. However 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. 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

1. Accounting policies - continued

Inventories

FFB harvested from the biological assets are stated at fair value less costs to sell at the point of harvest. The fair value gain arising on the initial recognition of harvested produce is the result of the FFB weight produced multiplied by the FFB price adjusted for transportation costs to sell. There is an active market for FFB and the price is based on statistics provided by the government for each region.

The gain/(loss) arising on the initial recognition at the point of harvest is recognised in the income statement within the biological asset revaluation. The FFB is transferred to the mill, processed in to CPO and sold within 24 hours so the write off of the FFB is netted off against the initial recognition within the biological asset revaluation.

All other 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, and 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 not exceeding 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 comprehensive income in the period in which they arise.

Notes to the Consolidated Financial Statements

1 Accounting policies – continued

Treasury shares

Consideration paid or received for the purchase or sale of the Company's own shares for holding in treasury is recognised directly in equity, where the cost is presented as the treasury share reserve. Any excess of the consideration received on the sale of treasury shares over the weighted average cost of shares sold, is taken to the share premium account.

Any shares held in treasury are treated as cancelled for the purpose of calculating earnings per share.

Critical accounting estimates and judgements

The preparation of the Group financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported assets and liabilities and reported revenue and expenses. Actual results could differ from those estimates and accordingly they are reviewed on an on-going basis. The main areas in which estimates are used are: fair value of biological assets, property, plant and equipment, deferred tax 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 11. Assumptions regarding the valuation of agricultural produce at the point of harvest less costs to sell are set out in the inventories accounting policy. The Group's policy with regard to impairment of such assets is set out above.

Details on deferred tax are given in note 17 and retirement benefits in note 18.

2. Prior year restatement

During the year the Company has revisited its policies and methodologies for valuing and accounting for its estate assets. As a result, the directors have concluded that in accordance with the requirements of IAS 8 ([Accounting Policies, Changes in Accounting Estimates and Errors](#)), prior year adjustments are required to restate the figures previously reported.

Former policy and methodology

Estates comprise biological assets and non-biological plantation assets including land, infrastructure and mills. In previous years, an overall estate valuation was determined based upon a valuation of the planted and unplanted areas using a discounted cash flow method. The value of the biological assets was estimated as a proportion of the overall estate value using percentages derived from historic data. For a plantation with a mill, the biological asset portion was estimated at 18% of the estate value while for a plantation without a mill, it was estimated at 23%. The movement in valuation of biological assets was charged or credited to the income statement for the relevant year. The movement in valuation of non-biological assets (excluding mills which were carried at depreciated cost) was transferred to the revaluation reserve.

Revised policy and methodology

For the current year, rather than valuing the entire estate and then estimate the amount attributable to its biological and non-biological components using the percentages noted above, the Group has changed to an approach of valuing and accounting for the components separately, as follows:

- Biological assets - are carried at fair value less costs to sell determined on the basis of the net present value of cash flows arising in producing FFB. Areas are included in the valuation once they are planted, however 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. No account is taken in the valuation of future replanting. As in previous years, the movement in valuation surplus of biological assets is charged or credited to the income statement for the relevant period.
- Estate land - is initially recognised at cost, including related transaction costs. It is subsequently carried at fair value on an open market basis. Land is not depreciated. As in previous years, any surplus or deficit on revaluation of estate land is transferred to the revaluation 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 balance remaining in the revaluation reserve is transferred to retained earnings as a movement in reserves. In correcting the associated deferred tax, an error was also identified in the prior year calculation separate to the above which has resulted in an \$8,000,000 correction in the prior year restatement.
- Non-biological assets (excluding land) comprise oil mills, plant, machinery and estate infrastructure - the Group's historic accounting policy in respect of oil mills was to carry them at depreciated cost and there has been no change to that policy. However, under the Group's former policy plant, machinery and estate infrastructure was valued as an integral part of the estate and, along with estate land, carried at valuation in the consolidated balance sheet as 'non-biological assets'. As noted above, the Group has now moved to a methodology whereby the biological assets and estate land are valued as separate components. In the opinion of the directors, it is not possible to measure reliably the fair value of plant, machinery and estate infrastructure as separate components. The Group has therefore changed to a policy of carrying plant, machinery and estate infrastructure at cost less depreciation which they believe is a more appropriate policy for the nature of the assets. Depreciation is calculated on a straight line basis for buildings and oil mills. All other non-biological assets (excluding land) are depreciated using the double-declining-balance method.

Notes to the Consolidated Financial Statements

2. Prior year restatement - continued

The Company has obtained independent valuations of its biological assets as at 31 December 2011 and as at 31 December 2010 to support the reflection of the prior year adjustments. The Company has obtained independent valuations of its estate land as at 31 December 2011 on an open market basis; the valuations as at 31 December 2010 are based on director's estimates.

The change to a methodology of obtaining separate valuations of the biological assets and estate land has highlighted that biological assets and estate land need to be restated in prior years as a consequence of using the percentage allocation method. The consequential change to carrying non-biological assets excluding land and oil mills at cost less depreciation rather than at a valuation represents a change in accounting policy. A prior year adjustment has therefore been made to restate the comparative figures to reflect the revised methodology. In the opinion of the directors, it is not possible to reliably measure the fair value of plant, machinery and estate infrastructure as separate components so it is not possible to split out the effect of restatements and the effect of change in accounting policy separately and this has been summarised in total below instead.

The impact of these prior year adjustments:-

	\$000	(Restated) 2011 \$000
<hr/>		
After Biological Assets		
Profit for the year before restatement		79,628
Effect of change in restatement and accounting policy:		
Cost of sales	3,650	
Biological asset revaluation movement	10,545	
Tax expense	(2,925)	
	<hr/>	11,270
Profit for the year after restatement		<hr/> 90,898 <hr/>
Other comprehensive income for the year before restatement		(53,886)
Effect of change in restatement and accounting policy:		
Unrealised (loss)/surplus on revaluation of the estates	27,717	
Profit/(loss) on exchange translation of foreign operations	(774)	
Deferred tax on revaluation	(15,001)	
	<hr/>	11,942
Other comprehensive income for the year after restatement		<hr/> (41,944) <hr/>

The effect of these prior year adjustments had a positive impact on the earnings per share of 30.15cts for the year to 31 December 2011.

Notes to the Consolidated Financial Statements

2 Prior year restatement – continued

The following table summarises the impact of these prior year adjustments on the Consolidated Statement of Financial Position:-

	Biological assets \$000	Property, plant and equipment \$000	Deferred tax liabilities \$000	Revaluation reserve \$000	Exchange reserve \$000	Retained earnings \$000	Non-controlling interest \$000
Balance as reported 1 January 2011	68,593	376,173	(61,293)	149,396	(63,307)	229,060	74,495
Effect of restatement and change in accounting policy	118,162	(126,563)	2,101	(82,093)	-	76,623	(830)
Restated balance as at 1 January 2011	186,755	249,610	(59,192)	67,303	(63,307)	305,683	73,665
Balance as reported 31 December 2011	77,066	340,786	(37,299)	111,460	(66,893)	292,092	76,309
Effect of restatement and change in accounting policy up to 1 January 2011	118,162	(126,563)	2,101	(82,093)	-	76,623	(830)
Effect of restatement and change in accounting policy during the year	39,930	(668)	(17,335)	10,113	(709)	11,918	1,890
Effect of exchange during the year	-	1,285	-	-	-	-	-
Restated balance as at 31 December 2011	235,158	214,840	(52,533)	39,480	(67,602)	380,633	77,369

Notes to the Consolidated Financial Statements

2. Prior year restatement – continued

The following table details the effect of the prior year adjustments on Property, plant and equipment:-

	Mills	Land	Other Non-biological assets	Total
	\$000	\$000	\$000	\$000
Balance as reported 1 January 2011	30,129	243,366	102,678	376,173
Effect of restatement and change in accounting policy	-	(42,389)	(84,174)	(126,563)
Restated balance as at 1 January 2011	30,129	200,977	18,504	249,610
Balance as reported 31 December 2011	31,075	200,447	109,264	340,786
Effect of restatement and change in accounting policy up to 1 January 2011	-	(42,389)	(84,174)	(126,563)
Effect of restatement and change in accounting policy during the year	-	(668)	-	(668)
Effect of exchange during the year	-	-	1,285	1,285
Restated balance as at 31 December 2011	31,075	157,390	26,375	214,840

Notes to the Consolidated Financial Statements

3. Revenue

	2012 \$000	2011 \$000
Sales of produce:		
– CPO	232,717	253,357
– Rubber	2,527	3,669
Other income	2,108	2,011
	<u>237,352</u>	<u>259,037</u>

4 Finance income and expense

	2012 \$000	2011 \$000
<u>Finance income</u>		
Interest receivable on:		
Credit bank balances and time deposits	3,336	3,891
<u>Finance expense</u>		
Interest payable on:		
Development loans - (note 15)	(117)	(707)
Net finance income recognised in income statement	<u>3,219</u>	<u>3,184</u>

5 Profit before tax

	2012 \$000	2011 \$000
Profit before tax is stated after charging		
Depreciation (note 11)	6,135	5,124
Staff costs (note 7)	23,545	19,701
Auditors' remuneration:		
– Group audit	244	151
– Other services	46	87
– Total	<u>290</u>	<u>238</u>

Notes to the Consolidated Financial Statements

6. 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
2012										
Total sales revenue (all external)										
- CPO	95,755	78,385	-	52,915	-	322	227,377	5,340	-	232,717
- Rubber	2,527	-	-	-	-	-	2,527	-	-	2,527
Other income	1,030	359	-	712	-	7	2,108	-	-	2,108
Total revenue	99,312	78,744	-	53,627	-	329	232,012	5,340	-	237,352
Profit/(loss) before tax	44,456	25,609	(52)	20,422	(2)	(73)	90,360	555	(2,324)	88,591
BA Movement										
Profit for the year before tax per consolidated income statement										
Inter-Segment Transactions	1,487	(1,714)	(168)	(503)	-	(1,123)	(2,021)	1,771	250	-
Total Assets	187,516	150,806	57,002	76,408	11,495	85,889	569,116	22,577	5,308	597,001
Non-Current Assets	137,886	131,237	54,884	42,459	10,960	68,588	446,014	15,146	1,363	462,523
Non-Current Assets - Additions	9,770	7,615	14,168	1,409	497	15,229	48,688	390	-	49,078
2011(restated)										
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
Total revenue	100,667	92,163	15	58,076	-	-	250,921	8,112	4	259,037
Profit/(loss) before tax	45,928	34,065	18	20,377	-	-	100,388	3,475	(1,948)	101,915
BA Movement										
Profit for the year before tax per consolidated income statement										
Inter-Segment Transactions	77	(703)	-	(212)	-	-	(838)	813	25	-
Total Assets	174,623	167,265	51,219	64,503	11,701	59,398	528,709	26,138	6,598	561,445
Non-Current Assets	137,086	146,433	48,904	32,189	11,629	56,917	433,158	17,028	1,363	451,549
Non-Current Assets - Additions	12,012	8,091	13,199	771	293	15,641	50,007	168	-	50,175

Notes to the Consolidated Financial Statements

6. Segment information – continued

In year 2012, revenues from 4 customers of the Indonesian segment represent approximately \$128.1m (2011: \$139.4m) of the Group's total revenue. An analysis of these revenues is provided as below. Although customer 1 to 4 are over 10% of the Group total revenue, there is no over reliance on these Customers as tenders are performed on a monthly basis.

	North Sumatra \$000	Bengkulu \$000	South Sumatra \$000	Riau \$000	Bangka \$000	Kalimantan \$000	Total Indonesia \$000	Malaysia \$000	UK \$000	Total \$000
2012										
Customer 1	-	33,999	-	-	-	-	33,999	-	-	33,999
Customer 2	15,976	1,890	-	13,749	-	-	31,615	-	-	31,615
Customer 3	17,907	-	-	13,326	-	-	31,233	-	-	31,233
Customer 4	31,205	-	-	-	-	-	31,205	-	-	31,205
	65,088	35,889	-	27,075	-	-	128,052	-	-	128,052
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
	53,254	58,411	-	27,782	-	-	139,447	-	-	139,447
2012										
	%	%	%	%	%	%	%	%	%	%
Customer 1	-	14.3	-	-	-	-	14.3	-	-	14.3
Customer 2	6.7	0.8	-	5.8	-	-	13.3	-	-	13.3
Customer 3	7.5	-	-	5.6	-	-	13.1	-	-	13.1
Customer 4	13.1	-	-	-	-	-	13.1	-	-	13.1
	27.3	15.1	-	11.4	-	-	53.8	-	-	53.8
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
	20.6	22.5	-	10.7	-	-	53.8	-	-	53.8

Notes to the Consolidated Financial Statements

6. 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.

7 Employees' and Directors' remuneration

	2012 number	2011 number
Average numbers employed (primarily overseas) during the year		
- full time	4,819	4,404
- casual	9,012	9,501
	<u>13,831</u>	<u>13,905</u>
	2012	2011
	\$000	\$000
Staff costs (including Directors) comprise:		
Wages and salaries	21,106	18,843
Social security costs	774	277
Retirement benefit costs/(credit) (note 18)	1,749	536
Share based payments expenses	-	45
Share option exercised	(84)	-
	<u>23,545</u>	<u>19,701</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 33 - 35 of which the information on page 35 has been audited.

	2012 \$000	2011 \$000
Directors emoluments	<u>222</u>	<u>194</u>
Remuneration expense for key management personnel	<u>222</u>	<u>194</u>

The Executive Directors and Non-Executive Director are considered to be the key management personnel: their remuneration is shown on page 35.

8 Tax expense

	2012 \$000	2011 \$000
Foreign corporation tax - current year	23,130	26,318
Foreign corporation tax - prior year	45	-
Deferred tax adjustment - current year	(1,836)	5,755
Total tax charge for year	<u>21,339</u>	<u>32,073</u>

Notes to the Consolidated Financial Statements

8 Tax expense - continued

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 24.5%. The Group's charge for the year differs from the standard UK rate of corporation tax for the reasons below.

	2012 \$000	2011 \$000
Profit before tax	<u>84,042</u>	<u>122,971</u>
Profit before tax multiplied by standard rate of UK corporation tax of 24.5% (2011: 26%)	20,590	31,972
Effects of:		
Rate adjustment relating to overseas profits	306	(1,295)
Group accounting adjustments not subject to tax	(2,071)	317
Expenses not allowable for tax	(373)	1,628
Temporary differences	-	(73)
Deferred tax assets not recognised	2,895	494
Income not subject to tax	-	(67)
Utilisation of tax losses brought forward	-	(903)
Under provision of prior year deferred tax assets	(44)	-
Under provision of income tax in prior year	23	-
Other	13	-
Total tax charge for year	<u>21,339</u>	<u>32,073</u>

9 Earning per ordinary share (EPS)

	2012 \$000	2011 \$000
Profit for the year attributable to owners of the Company before BA adjustment	53,108	60,949
Net BA adjustment	<u>(4,316)</u>	<u>15,933</u>
Earnings used in basic and diluted EPS	<u>48,792</u>	<u>76,882</u>
	Number '000	Number '000
Weighted average number of shares in issue in year		
- used in basic EPS	39,636	39,539
- dilutive effect of outstanding share options	48	141
- used in diluted EPS	<u>39,684</u>	<u>39,680</u>
Basic EPS before BA adjustment	133.99cts	154.15cts
Basic EPS after BA adjustment	123.10cts	194.45cts
Dilutive EPS before BA adjustment	133.83cts	153.60cts
Dilutive EPS after BA adjustment	122.95cts	193.75cts

10 Dividends

	2012 \$000	2011 \$000
Paid during the year		
Final dividend of 6.0 cts per ordinary share for the year ended 31 December 2011 (2010: 5.0 cts)	<u>2,372</u>	<u>1,977</u>
Proposed final dividend of 4.5 cts per ordinary share for the year ended 31 December 2012 (2011: 6.0 cts)	<u>1,784</u>	<u>2,372</u>

The proposed dividend for 2012 is subject to shareholders' approval at the forthcoming annual general meeting and has not been included as a liability in these financial statements.

Notes to the Consolidated Financial Statements

11 Biological assets, property, plant and equipment

	Biological assets \$000	Estate plant, equipment & vehicle		Office plant, equipment & vehicle		Construction in progress \$000	PPE Total \$000	Total \$000	
		Mill \$000	Land \$000	Buildings \$000	Equipment & vehicle \$000				Equipment & vehicle \$000
Cost or valuation									
At 1 January 2011 (restated)	186,755	39,080	200,977	15,859	11,883	1,212	2,114	271,125	457,880
Exchange translations	(2,986)	(354)	(308)	(370)	(15)	(24)	(44)	(1,115)	(4,101)
Decrease due to harvest	(23,448)	-	-	-	-	-	-	-	(23,448)
Revaluations	44,504	-	(48,932)	-	-	-	-	(48,932)	(4,428)
Additions	10,437	3,404	2,637	6,142	2,357	163	693	15,396	25,833
Development costs capitalised	19,896	-	3,016	966	248	-	216	4,446	24,342
Disposals	-	(243)	-	(23)	(222)	-	-	(488)	(488)
At 31 December 2011 (restated)	235,158	41,887	157,390	22,574	14,251	1,351	2,979	240,432	475,890
Exchange translations	(13,825)	(2,546)	(8,643)	(1,527)	(769)	(30)	(156)	(13,671)	(27,496)
Reclassification	848	-	(848)	4,350	-	-	(4,350)	(848)	-
Decrease due to harvest	(26,896)	-	-	-	-	-	-	-	(26,896)
Revaluations	22,347	-	(4,064)	-	-	-	-	(4,064)	18,283
Additions	3,749	2,509	4,246	7,674	2,571	81	2,165	19,246	22,995
Development costs capitalised	23,932	-	-	-	-	-	2,151	2,151	26,083
Disposals	-	(97)	-	(142)	(462)	(2)	(690)	(1,393)	(1,393)
At 31 December 2012	245,313	41,753	148,081	32,929	15,591	1,400	2,099	241,853	487,166
Accumulated depreciation and impairment									
At 1 January 2011 (restated)	-	8,951	-	4,575	7,411	578	-	21,515	21,515
Exchange translations	-	(123)	-	(88)	(640)	(13)	-	(864)	(864)
Charge for the year	-	2,167	-	1,112	1,666	179	-	5,124	5,124
Disposal	-	(183)	-	-	-	-	-	(183)	(183)
At 31 December 2011 (restated)	-	10,812	-	5,599	8,437	744	-	25,592	25,592
Exchange translations	-	(704)	-	(305)	(431)	(23)	-	(1,463)	(1,463)
Charge for the year	-	2,344	-	1,640	1,963	188	-	6,135	6,135
Disposal	-	(77)	-	(102)	(408)	(1)	-	(588)	(588)
At 31 December 2012	-	12,375	-	6,832	9,561	908	-	29,676	29,676
Carrying amount									
At 31 December 2010 (restated)	186,755	30,129	200,977	11,284	4,472	634	2,114	249,610	436,365
At 31 December 2011 (restated)	235,158	31,075	157,390	16,975	5,814	607	2,979	214,840	449,998
At 31 December 2012	245,313	29,378	148,081	26,097	6,030	492	2,099	212,177	457,490
Net (loss)/gain arising from changes in fair value of biological assets									
At 31 December 2011 (restated)	21,056	-	-	-	-	-	-	-	21,056
At 31 December 2012	(4,549)	-	-	-	-	-	-	-	(4,549)

Notes to the Consolidated Financial Statements

11 Biological assets, property, plant and equipment – continued

The fair value less costs to sell of FFB harvested during the period, determined at the point of harvest is exhibited below:

	2012	2011
Fair value of FFB		
Crop production and yield – FFB (mt)	783,000	707,000
Fair value of FFB (\$000)	128,750	131,987
Fair value of FFB less costs to sell (\$000)	122,783	124,373

As referred to on page 48, the gain arising on the fair value of FFB at the point of harvest is recognised in the income statement within the biological asset revaluation. A reconciliation of the amount included within the income statement and the biological asset has been included below:

	2012	2011
	\$000	\$000
Harvest included in the biological asset valuation from estimated production and pricing assumptions less costs to sell in the prior year	26,896	23,448
Gain from actual production and pricing	95,887	100,925
Fair value of FFB harvested from own production	<u>122,783</u>	<u>124,373</u>

The decrease due to harvest of \$26,896,000 (2011: \$23,448,000) is the amount included within the prior year valuation for the current year and is therefore deducted from biological asset valuation in the current year as the FFB is harvested. The actual fair value of harvested FFB varies to that forecast due to the changes in; actual production, actual FFB price and actual costs incurred. The gain on fair value of the harvested FFB is written off as the FFB is processed in to CPO.

The biological asset revaluation movement included within the income statement is calculated as follows:

	2012	2011
	\$000	\$000
Decrease due to harvest	(26,896)	(23,448)
Revaluations	22,347	44,504
Net (loss)/gain arising in the income statement from changes in fair value of biological assets	<u>(4,549)</u>	<u>21,056</u>

The carrying amount of the Group's biological assets was based on independent valuations undertaken by independent valuers, Doli Siregar & Rekan which its head office is located in Jakarta, Indonesia except for an adjustment on discount rate which is determined by the directors. The firm has the appropriate professional qualifications and recent experience in the location and category of the properties being valued. Further information of the firm can be obtained from 'www.ds-r.co.id'. The Group's land as at 31 December 2012 has been valued by directors with the last independent valuation undertaken as at 31 December 2011.

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 \$675/mt (2011: \$625/mt) and discount rate of 17.5% (2011: 16.5%). The discount rates were determined by the directors based on their assessment of various risks including financial, business and country risk of where the plantations are located as well as taking into account the Company's weighted average cost of capital. The CPO price is taken to be the 10-year average (2011: 10-year average) based on historical widely-quoted commodity price for CPO 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 \$810/mt as at 31 December 2012.

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

	2012	2011
	\$000	\$000
A change of \$50 in the price assumption for CPO		
- \$50 in the price assumption	(44,142)	(36,985)
+ \$50 in the price assumption	44,047	36,961
A change of 1% in the discount rate		
-1% in the discount rate	13,960	16,562
+1% in the discount rate	(12,808)	(14,918)

The estates include nil (2011: \$14) of interest and \$9,308,000 (2011: \$6,074,000) of overheads capitalised during the year in respect of expenditure on estates under development.

Notes to the Consolidated Financial Statements

11 Biological assets, property, plant and equipment – continued

The Indonesian authorities have granted certain land exploitation rights and operating permits for the estates. In the case of established estates in North Sumatra these rights and permits expire between 2023 and 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.

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

On 14 November 2011 the Financial Reporting Council ('FRC') wrote to the company in respect of its policies and methodologies for valuing and accounting for its biological assets and non-biological assets in its accounts for the year ended 31 December 2010.

As a result of discussions with the FRC, the company's interim accounts for the period ended 30 June 2012, announced on 30 August 2012, stated that the company had revisited its policies and methodologies for valuing and accounting for its estate assets. As a result, the directors had concluded that the proportions of the total value attributed to the biological and non-biological assets needed to be restated and that it is not possible to measure reliably the fair value of plant, machinery and estate infrastructure. The restatement and related adjustments are disclosed in these accounts in note 2.

Between 19 October 2012 and 29 April 2013 the FRC and the company exchanged correspondence. Additional information and explanations were provided to the FRC in respect of the restatement of biological assets and land at 31 December 2010 and 2011, including in respect of the measurement of notional rent. Following receipt of information during April, the FRC's enquiries into the restated valuation of biological assets and land at 31 December 2010 and 2011 are on-going at the date of these accounts being signed.

12 Receivables: non-current

	2012 \$000	2011 \$000
Due from non-controlling interests	1,363	1,363
Due from cooperatives under Plasma Programme	3,435	-
Due from village smallholder schemes	235	188
	<u>5,033</u>	<u>1,551</u>

The non-controlling interests in PT Alno Agro Utama and PT Cahaya Pelita Andhika have acquired their interests on deferred terms (see note 25, Credit risk).

Plasma Programme is an initiative by the Indonesian Government that seeks to encourage plantation owners in Indonesia to provide economic and social assistance to surrounding villagers by helping them increase their income and welfare. During the year, certain subsidiary companies have funded the plantation development cost of \$3,435,000 (2011: Nil) for the land allocated to the cooperatives which will be recoverable from them.

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.

13 Inventories

	2012 \$000	2011 \$000
Estate and mill consumables	4,644	7,918
Processed produce for sale	1,431	1,521
	<u>6,075</u>	<u>9,439</u>

Notes to the Consolidated Financial Statements

14 Trade and other receivables

	2012 \$000	2011 \$000
Trade receivables	544	432
Other receivables	6,555	4,094
Prepayments and accrued income	320	351
	<u>7,419</u>	<u>4,877</u>

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

15 Loans and borrowings

	2012		2011	
	under one year \$000	more than one year \$000	under one year \$000	more than one year \$000
Long term development loan (a)	-	-	400	-
Long term development loan (b)	-	-	6,038	-
Long term loan (c)	-	5,000	-	-
Long term loan (d)	-	20,000	-	-
Finance lease (e)	28	26	27	58
Finance lease (f)	12	-	-	-
Finance lease (g)	12	-	-	-
Total bank loans	<u>52</u>	<u>25,026</u>	<u>6,465</u>	<u>58</u>

Amounts repayable after more than one year, as follows:

in more than one year but not more than two years	89	30
in more than two years but not more than five years	5,456	28
in more five years	19,481	-
	<u>25,026</u>	<u>58</u>

- (a) The long term development loan of \$400,000 in year 2011, 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 bore interest rate at 5.5% above the Bank's prime lending rate per annum. The loan was repayable in sixteen quarterly instalments of \$200,000 from July 2008 to April 2012.
- (b) The long term development loan of \$6,038,000 in year 2011 to finance the purchase and development of new land or developed estates was made in June and July 2007. It was 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 was guaranteed by Tasik and by the Company. Interest was at 3% over SIBOR and premium charges with percentage depend on bank liquidity. Average interest in 2012 was about 5.0% (2011: 5.0%). The loan was repayable from September 2008 to June 2012.
- (c) A subsidiary company, PT Hijau Pryan Perdana, has obtained a long term loan of \$10,000,000 for a period of seven years (including two years grace period) to support the capital expenditures requirement for planting, development and maintenance of oil palm estate and to finance mill construction and other fixed assets owned by the subsidiary company as well as utilise to repay the amount due to related parties. It is secured by the subsidiary company's land and is guaranteed by PT Tasik Raja and by the Company. This loan bears interest rate based on Base Lending Rate which is payable quarterly in arrears. Average interest in 2012 was about 5.25% (2011: Not applicable). The loan is repayable from 30 November 2014 to 30 August 2019.
- (d) Another subsidiary company, PT Sawit Graha Manunggal, has obtained a long term loan of \$35,000,000 for a period of eight years (including four years grace period) to support the capital expenditures requirement for planting, development and maintenance of oil palm estate and to finance oil mill construction and other fixed assets owned by the subsidiary company. It is secured by the subsidiary company's land and is guaranteed by the Company. This loan bears interest rate based on SIBOR + 4.5% + Liquidity Premium which is payable quarterly in arrears. Average interest in 2012 was about 5.57% (2011: Not applicable). The loan is repayable from 30 December 2016 to 30 September 2020.
- (e) The long-term leasing facility with a total principal 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.
- (f) The leasing facility with a total principal amounting to Rp234 million was obtained to finance the purchase of vehicles. Total interest payable amounting to Rp117 million for a period of one year starting from May 2012 to April 2013 with fixed repayment basis.

Notes to the Consolidated Financial Statements

15 Loans and borrowings - continued

- (g) The leasing facility with a total principal amounting to Rp219.2 million was obtained to finance the purchase of vehicles. Total interest payable amounting to Rp109.6 million for a period of one year starting from May 2012 to April 2013 with fixed repayment basis.

16 Trade and other payables

	2012 \$000	2011 \$000
Trade creditors	5,176	7,871
Other creditors	5,478	8,662
Accruals	4,981	4,345
	<u>15,635</u>	<u>20,878</u>

17 Deferred tax liabilities

	2012 \$000	2011 \$000
Year end (liability) relates to		
Revaluation surplus	(47,394)	(52,769)
Unutilised tax losses	848	1,060
Other temporary differences	(98)	(824)
	<u>(46,644)</u>	<u>(52,533)</u>
Movement:		
At beginning of year (liability)	(52,533)	(59,192)
(Charge) to		
- income statement	1,836	(5,755)
- equity: revaluation and exchange reserve	1,015	12,233
Exchange adjustment	3,038	181
At end of year (liability)	<u>(46,644)</u>	<u>(52,533)</u>

	(Liability) \$000	(Charged)/ credited to income \$000	(Charged)/ credited to reserve \$000
Details of movement in 2012			
Revaluation surplus	(47,394)	1,145	1,015
Accelerated capital allowances	(1,411)	34	-
Employee pension liabilities	1,313	526	-
Available losses	848	(171)	-
Other	-	302	-
	<u>(46,644)</u>	<u>1,836</u>	<u>1,015</u>
Details of movement in 2011			
Revaluation surplus	(52,769)	(5,256)	12,233
Accelerated capital allowances	(1,678)	(514)	-
Employee pension liabilities	854	(109)	-
Available losses	1,060	(173)	-
Other	-	297	-
	<u>(52,533)</u>	<u>(5,755)</u>	<u>12,233</u>

	2012 \$000	2011 \$000
A deferred tax asset has not been recognised for the following items:		
Unutilised tax losses	3,369	3,217
Accelerated capital allowances	-	20

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 \$7,657,120 (2011: \$6,288,821). 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.

Notes to the Consolidated Financial Statements

18 Retirement benefits

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

	2012	2011	2010	2009	2008
Inflation	4.3%	5.4%	7.0%	10.0%	10.0%
Rate of increase in wages	8.0%	8.0%	8.0%	8.0%	8.0%
Rate of return on scheme assets	7.0%	6.8%	6.5%	9.0%	9.0%
Discount rate	6.0%	6.6%	8.5%	12.0%	12.0%

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

	Defined benefit-funded schemes 2012 \$000	Defined benefit-unfunded schemes 2012 \$000	Total 2012 \$000	Defined benefit-funded schemes 2011 \$000	Defined benefit-unfunded schemes 2011 \$000	Total 2011 \$000
<i>Reconciliation to consolidated statement of financial position</i>						
Present value of defined benefit obligation	(5,802)	(2,249)	(8,051)	(4,776)	(1,854)	(6,630)
Fair value of plan assets	3,853	-	3,853	3,785	-	3,785
Unrecognised amount of:						
- Past service cost not yet recognised	28	15	43	74	17	91
- Unrecognised actuarial gain / (loss)	761	337	1,098	696	465	1,161
Net liabilities	(1,160)	(1,897)	(3,057)	(221)	(1,372)	(1,593)
<i>Reconciliation of fair value of assets</i>						
Fair value of asset beginning	3,785	-	3,785	2,060	-	2,060
Contribution - employer	260	-	260	1,717	15	1,732
Expected return on asset	221	-	221	148	-	148
Benefits paid	(164)	-	(164)	(66)	-	(66)
Actuarial gains and losses	(17)	-	(17)	-	(15)	(15)
Exchange adjustment	(232)	-	(232)	(74)	-	(74)
Fair value of asset ending	3,853	-	3,853	3,785	-	3,785
<i>Reconciliation of present value of defined benefit obligation (PVDBO)</i>						
PVDBO beginning	(4,776)	(1,854)	(6,630)	(3,583)	(1,159)	(4,742)
Mutation out	969	-	969	226	-	226
Mutation in	(1,073)	-	(1,073)	(226)	-	(226)
Current service cost	(695)	(522)	(1,217)	(567)	(325)	(892)
Interest cost	(147)	(117)	(264)	(121)	(103)	(224)
Benefits paid	14	34	48	42	22	64
Actuarial gains and losses	(413)	85	(328)	(613)	(320)	(933)
Exchange adjustment	319	125	444	66	31	97
PVDBO ending	(5,802)	(2,249)	(8,051)	(4,776)	(1,854)	(6,630)

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

	2012 \$000	2011 \$000	2010 \$000	2009 \$000	2008 \$000
Defined benefit funded scheme					
Current service cost	695	567	149	214	275
Expenses	732	156	6	4	5
Income	(221)	(148)	(128)	(138)	(112)
	1,206	575	27	80	168
Defined benefit unfunded scheme					
Current service cost/(credit)	522	325	161	342	308
Expenses	137	86	146	-	-
Defined contribution schemes					
Contributions	-	-	-	-	57
	1,865	986	334	422	533

Notes to the Consolidated Financial Statements

18 Retirement benefits - continued

	2012 \$000	2011 \$000	2010 \$000	2009 \$000	2008 \$000
Defined contribution schemes					
Scheme assets	3,853	3,785	2,060	1,675	1,241
Scheme liabilities	(6,910)	(5,378)	(4,365)	(3,505)	(2,735)
Surplus / (deficit)	(3,057)	(1,593)	(2,305)	(1,830)	(1,494)
Experience adjustments on liabilities	280	217	216	106	140
As a % of plan liabilities	10%	9%	10%	6%	10%
Experience adjustments on assets	-	-	-	-	-
As a % of plan assets	-	-	-	-	-

19 Share capital

	Authorised Number	Issued and fully paid Number	Authorised £000	Issued and fully paid £000	Authorised \$000	Issued and fully paid \$000
Ordinary shares of 25p each						
Beginning and end of year	60,000,000	39,976,272	15,000	9,994	23,865	15,504
Treasury shares:					Cost 2012 \$'000	Cost 2011 \$'000
Beginning of year		2012 Number 437,200	2011 Number 437,200		(1,507)	(1,507)
Share options exercised		(97,300)	-		336	-
End of year		339,900	437,200		(1,171)	(1,507)
Market value of treasury shares:						\$'000
Beginning of year (685.0p/share)						4,654
End of year (670.0p/share)						3,702

No treasury shares were purchased in 2012 (2011: Nil).

20 Share based payment

Options have been granted under the Company's 1994 Executive Share Option Scheme and Overseas Share Option Scheme and the 2005 Unapproved Executive Share Option Scheme to subscribe for ordinary shares of 25p each of the Company as follows:

Date of grant	Price per share	Period of option	1 Jan 11 Number	Exercised Number	Lapsed Number	31 Dec 11 Number	Exercised Number	Adjustment Number	31 Dec 12 Number
16.04.02	44.7p	30.04.05 – 29.04.12	30,600	-	-	30,600	(30,600)	-	-
09.10.06	323.25p	09.10.09 – 08.10.16	2,400	-	-	2,400	-	-	2,400
21.05.07	360.3p	21.05.10 – 20.05.17	62,400	-	(11,700)	50,700	*(49,300)	2,700	4,100
03.06.08	598.0p	03.06.11 – 02.06.18	71,000	-	(13,600)	57,400	*(17,400)	1,200	41,200
			166,400	-	(25,300)	141,100	(97,300)	3,900	47,700
		Exercisable	95,400			95,400			47,700

*\$447,619 was received during the year but shares yet to be allotted.

3,900 share options recorded under adjustment was a reinstatement of share options wrongly recorded as lapsed in year 2011.

The weighted average contracted life of options outstanding at the end of the year was 5.2 years (2011: 4.7 years) and the weighted average exercise price was 564p (2011: 388p). The weighted average exercise price of options exercisable at the end of the year was 564p (2011: 388p).

No option was exercised in year 2011. The weighted average share price at date of exercise of options exercised in 2012 was 810p. No share options were granted in 2012 (2011: Nil).

The weighted average share price of options that lapsed in year 2011 was 488p. No option lapsed during the year.

Notes to the Consolidated Financial Statements

20 Share based payment – continued

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.

21 Ultimate controlling shareholder

At 31 December 2012, Genton International Limited, a company registered in Hong Kong, held 20,247,814 (2011: 20,247,814) shares of the Company representing 51.1% (2011: 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.

22 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 \$9,216 (2011: \$19,708). This contract is on an arm's length basis. There is no balance outstanding at year end (2011: Nil).

23 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.

24 Guarantees and other financial commitments

	2012	2011
	\$000	\$000
Capital commitments at 31 December		
Contracted but not provided - normal estate operations	1,820	2,260
Authorised but not contracted - plantation and mill development	77,671	40,000

Notes to the Consolidated Financial Statements

25 Disclosure of financial instruments and other risks

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

The Group's accounting classification of each class of financial asset and liability at 31 December 2012 and 2011 were:

	Loans and receivables \$000	Financial liabilities at amortised cost \$000	Total carrying value and fair value \$000
2012			
Non-current receivables	5,033	-	5,033
Trade and other receivables	7,419	-	7,419
Cash and cash equivalent	116,250	-	116,250
Borrowings due within one year	-	(52)	(52)
Trade and other payables	-	(15,635)	(15,635)
Borrowings due after one year	-	(25,026)	(25,026)
	128,702	(40,713)	87,989
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)
	96,910	(27,401)	69,509

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.

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 \$67,992,000 (2011: \$76,131,000), while the fair value of the Group's share of underlying assets at 31 December 2012 amounted to \$466,292,000 (2011: \$442,976,000).

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.

Notes to the Consolidated Financial Statements

25 Disclosure of financial instruments and other risks - continued

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 2011 and 2012, the policy has been for only a partial but increasing match because interest rates on local currency deposits were 3.53% higher than on dollar deposits whereas interest rate for local currency borrowing was about 6% higher as compared to US dollars borrowing. The unmatched balance at 31 December 2012 is represented by the \$2,315,000 shown in the table below (2011: \$5,273,000). If the Group's net cash position continues to improve then dollar cash balances will continue to increase through 2013.

The table below shows the net monetary assets and liabilities of the Group at 31 December 2012 and 2011 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
2012			
Indonesian rupiah	(2,315)	-	(2,315)
US dollar	-	734	734
Total	(2,315)	734	(1,581)
2011			
Indonesian rupiah	(5,273)	-	(5,273)
US dollar	-	320	320
Total	(5,273)	320	(4,953)

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 US\$ \$000	2012		Carrying Amount US\$ \$000	2011	
		-10% in Rp : \$ and RM : \$ \$000	+10% in Rp : \$ and RM : \$ \$000		-10% in Rp : \$ and RM : \$ \$000	+10% in Rp : \$ and RM : \$ \$000
		<u>Financial Assets</u>				
Non-current receivable	5,033	(334)	408	1,551	(17)	21
Trade and other receivables	7,419	(492)	601	4,877	(261)	319
Cash and cash equivalents	116,250	(10,392)	12,701	90,482	(7,932)	9,695
<u>Financial Liabilities</u>						
Borrowings due within one year	(52)	5	(6)	(6,465)	2	(3)
Trade and other payables	(15,635)	1,239	(1,514)	(20,878)	1,828	(2,234)
Borrowings due after one year	(25,026)	2	(3)	(58)	5	(6)
Total increase/(decrease)		(9,972)	12,187		(6,375)	7,792

Liquidity risk

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 development 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.

Notes to the Consolidated Financial Statements

25 Disclosure of financial instruments and other risks - continued

The Group's trade and tax payables are all due for settlement within a year. At 31 December 2012 the Group had the following loans and facilities.

	Borrowings \$000	Facilities \$000	Repayable
Indonesia:			
US dollar denominated – long term loan	25,000	45,000	2014 – 2020 (note 15)
RP denominated – finance lease	78	131	2011 – 2014 (note 15)

The total loan borrowings of \$25,078,000 together with interest at current rates is repayable as follows:

	2012 \$000	2013 \$000	2014 and after \$000
Principal	52	89	24,937
Interest	1,380	1,378	7,541
Total	<u>1,432</u>	<u>1,467</u>	<u>32,478</u>

Forecasts prepared in December 2012 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 2012, 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 15.

	Carrying amount \$000	2012		Carrying amount \$000	2011	
		-1% in interest rate \$000	+1% in interest rate \$000		-1% in interest rate \$000	+1% in interest rate \$000
Financial Assets						
Cash and cash equivalents	116,250	(870)	870	90,482	(779)	779
Financial Liabilities						
Borrowings due within one year	(52)	-	-	(6,465)	64	(64)
Borrowings due after one year	(25,026)	251	(251)	(58)	-	-
Total increase/(decrease)		<u>(619)</u>	<u>619</u>		<u>(715)</u>	<u>715</u>

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
2012				
Sterling	734	-	512	222
US dollar	27,259	1,363	11,591	14,305
Rupiah	93,604	-	68,779	24,825
Ringgit	7,105	-	6,595	510
Total	<u>128,702</u>	<u>1,363</u>	<u>87,477</u>	<u>39,862</u>
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	<u>96,910</u>	<u>1,363</u>	<u>77,950</u>	<u>17,597</u>

Notes to the Consolidated Financial Statements

25 Disclosure of financial instruments and other risks - continued

Long term receivables of \$1,363,000 (2011: \$1,363,000) comprise dollar denominated amounts due from minority shareholders as described in note 12 on which interest is due at a fixed rate of 6%.

Average US dollar deposit rate in 2012 was 2.63% (2011: 0.16%) and rupiah deposit rate was 6.15% (2011: 6.51%).

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 \$000	Fixed rate \$000	Variable rate \$000	No interest \$000
2012				
Sterling	-	-	-	-
US dollar	(26,872)	-	(25,000)	(1,872)
Rupiah	(12,984)	-	(78)	(12,906)
Ringgit	(857)	-	-	(857)
Total	<u>(40,713)</u>	-	<u>(25,078)</u>	<u>(15,635)</u>
2011				
Sterling	(75)	-	-	(75)
US dollar	(7,047)	-	(6,523)	(524)
Rupiah	(19,354)	-	-	(19,354)
Ringgit	(925)	-	-	(925)
Total	<u>(27,401)</u>	-	<u>(6,523)</u>	<u>(20,878)</u>

Weighted average interest rate on variable rate borrowings was 5.51% in 2012 (2011: 4.83%).

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 2012 (2011: 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 (2011: \$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 \$412,013,000 at 31 December 2012 (2011: \$391,530,000).

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.

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 2012 (2011: Nil) the Group had no net borrowings but, depending market conditions, the Board is prepared for the Group to have net borrowings.

Notes to the Consolidated Financial Statements

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
Principal United Kingdom sub-holding company	
Anglo-Indonesian Oil Palms Limited	100
UK management company	
Indopalm Services Limited	100
Malaysian operating companies	
Anglo-Eastern Plantations (M) Sdn Bhd*	55
Anglo-Eastern Plantations Management Sdn Bhd	100
Indonesian operating companies	
PT Alno Agro Utama	90
PT Anak Tasik	100
PT Bangka Malindo Lestari	95
PT Bina Pitri 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

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. On 17 October 2012, the Petitioner informed the Court that it has executed notice of discontinuance with liberty to re-file the case and the case was duly struck off by the Judge.

Company Balance Sheet

As at 31 December 2012

	Notes	2012 \$000	2011 \$000
Fixed assets			
Investment in subsidiaries	2	67,992	76,131
		67,992	76,131
Current assets			
Other debtors	3	6,168	18
Cash and cash equivalents		1,937	3,231
		8,105	3,249
Creditors: amount falling due within one year			
Other creditors	5	(1,424)	(632)
Net current assets		6,681	2,617
Net assets		74,673	78,748
Capital and reserves			
Share capital	6	15,504	15,504
Treasury shares	6	(1,171)	(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	31,446	35,857
Shareholders' funds		74,673	78,748

The financial statements were approved by the Board of Directors and authorised for issue on 30 April 2013 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 46.

Deferred tax

A deferred tax asset has not been recognised in relation to brought forward tax losses of \$7.4m (2011: \$5.8m) 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	69,111	76,131
Movements in year	(6,146)	(1,993)	(8,139)
At end of year	874	67,118	67,992

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 subsidiary of \$6.146m is due for full redemption in January 2012. On 21 May and 5 December 2012, the Company sent letters to the subsidiary seeking full redemption of the preference shares.

The principal subsidiaries of the Company are listed in note 26 to the consolidated financial statements on page 70.

3 Other debtors

	2012 \$000	2011 \$000
Other receivables	22	18
Preference shares due for redemption	6,146	-
	6,168	18

Notes to the Company Financial Statements

4 Dividends

	2012 \$000	2011 \$000
Paid during the year		
Final dividend of 6.0 cts for the year ended 31 December 2011 (2010: 5.0 cts)	2,372	1,977
Proposed final dividend of 4.5 cts for the year ended 31 December 2012 (2011: 6.0 cts)	1,784	2,372

The proposed dividend for 2012 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

	2012 \$000	2011 \$000
Accruals	<u>1,424</u>	<u>632</u>

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	<u>39,976,272</u>	<u>9,994</u>	<u>15,504</u>
		Cost	Cost
	2012	2012	2011
	Number	\$'000	\$'000
Treasury shares			
Beginning of year	437,200	(1,507)	(1,507)
Share options exercised	(97,300)	336	-
End of year	<u>339,900</u>	<u>(1,171)</u>	<u>(1,507)</u>
Market value of treasury shares:			\$000
Beginning of year (685.0p /share)			4,654
End of year (670.0p/share)			3,702

Details of share based payments are set out in note 20 to the consolidated financial statements on page 64.

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	35,857
Loss for the financial year	-	-	-	-	(2,172)
Share options exercised	-	336	-	-	133
Dividend paid	-	-	-	-	(2,372)
End of year	<u>23,935</u>	<u>(1,171)</u>	<u>1,087</u>	<u>3,872</u>	<u>31,446</u>

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 \$2,172,000 (2011 profit before tax: \$1,075,000) and loss for the year was \$2,172,000 (2011 profit for the year: \$1,090,000). 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

	2012 number	2011 number
Average numbers employed during the year		
- director	4	4
- staff	2	2
	<u>6</u>	<u>6</u>
	2012 \$000	2011 \$000
Staff costs		
Wages and salaries	70	67
Social security costs	8	8
	<u>78</u>	<u>75</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 33 to 35 of which the information on page 35 has been audited.

	2012 \$000	2011 \$000
Directors' emoluments	<u>222</u>	<u>194</u>

9 Guarantees and other financial commitments

The Company has provided guarantees for loans to subsidiaries totalling \$45,000,000 (2011: \$17,588,000) as set out in note 15 of the consolidated financial statements.

10 Related Party Transactions

	2012 \$000	2011 \$000
Intercompany Receivables		
Anglo-Eastern Plantations Management Sdn Bhd	773	5,558
Anglo-Eastern Plantations (M) Sdn Bhd	428	-
Anglo-Indonesian Oil Palms Limited	76,167	74,166
Musam Indonesia Limited	1,068	1,068
PT Alno Agro Utama	142	99
PT Anak Tasik	51	24
PT Bina Pitri Jaya	32	32
PT Mitra Puding Mas	80	55
PT Simpang Empat	1,536	1,536
PT Anglo-Eastern Plantations Management Indonesia	42	9
PT Hijau Pryan Perdana	50	-
PT Sawit Graha Manunggal	175	-
	<u>80,544</u>	<u>82,547</u>
Intercompany Payables		
The Ampat (Sumatra) Rubber Estate (1913) Limited	782	782
Gadek Indonesia (1975) Limited	226	226
Mergeset (1980) Limited	9,255	9,255
PT Musam Utjing	122	132
PT Tasik Raja	3,041	3,041
	<u>13,426</u>	<u>13,436</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.

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