2018 Annual Report

Anglo-Eastern Plantations Plc

Company Number: 1884630

Contents

About Anglo-Eastern Plantations

The group comprising Anglo-Eastern Plantations Plc (“AEP”) and its subsidiaries (the “Group”), is a major producer of palm oil and rubber with plantations across Indonesia and Malaysia, amounting to some 128,200ha.

Biogas plant in Kalimantan

Immature oil palms

- 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 some 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 both the environment and society in which it operates. Palm oil is an important commodity and the industry reportedly employs 4 million people directly and a further 12 million indirectly in Indonesia alone.

About Anglo-Eastern Plantations

Oil Palm Plantations
The Group has developed over 56,000ha of mature oil palm in sixteen plantations across Indonesia, together with one plantation in Malaysia.

Oil Palm Development
An Oil Palm tree usually takes about three years from planting to harvest of the first crop and will reach full production after five years. The Group has approximately 10,300ha of recently planted immature plantations of which 1,764ha were planted in 2018, including replanting of 470ha.

Palm Oil Mills
The Group operates six palm oil mills in Indonesia processing up to a combined 295mt of fresh fruit bunches ("FFB") per hour. One of the mills has a biomass plant which processes the empty fruit bunches ("EFB") into dried long fibres for export. The Group has begun construction of its seventh mill in North Sumatera.

Third Party Palm Oil Processing
In 2018 the Group purchased approximately 1.01 million mt of FFB from third party producers, comprising small plantations and local farmers, for processing through its mills. The total FFB throughput at the Group's mills in 2018 was 2.02 million mt producing 418,800 mt of crude palm oil ("CPO"). The Group has the capacity to store up to 48,400mt CPO at its 6 mills.

Rubber Plantations
The Group has 262ha of established rubber plantations which produced 637mt of raw latex and rubber lumps in 2018. The size of rubber plantations will reduce further as the Group replaces ageing rubber trees with oil palm.

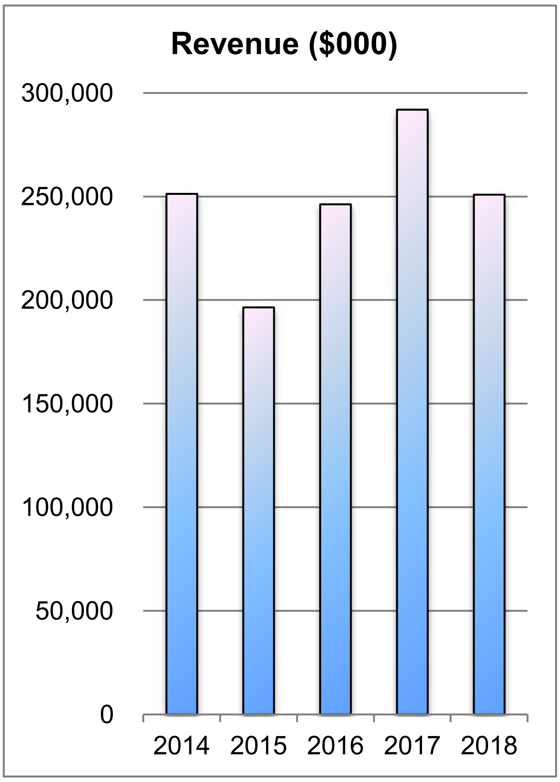
Biogas Plants
Three mills are equipped with biogas plants to capture the methane gas emission to generate electricity which is sold to Indonesian state authorities. This reduces the reliance on fossil fuels and improves the Group's carbon footprint. A fourth biogas plant is being constructed in North Sumatera.

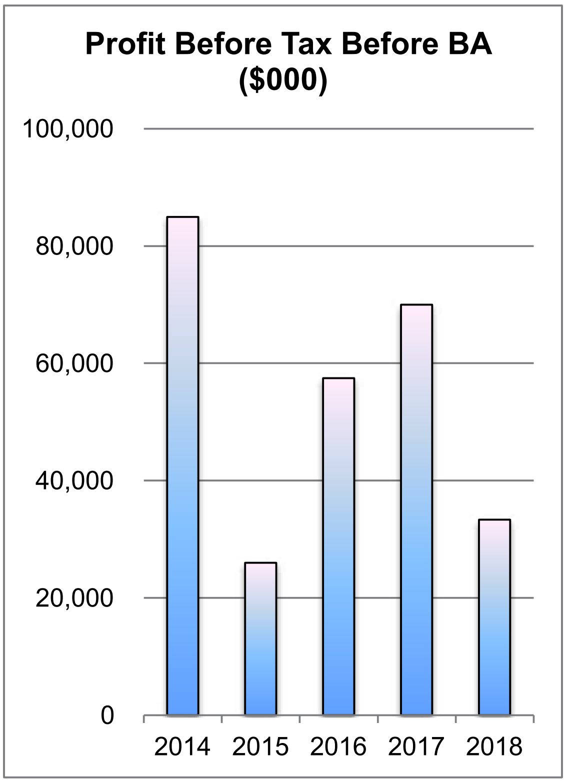
Financial Highlights

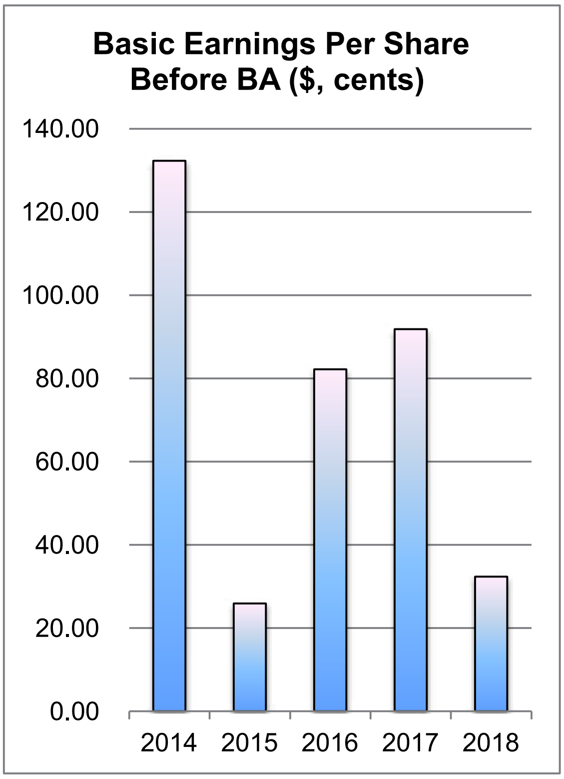
	2018 $m	2017 $m
Revenue	**250.9**	291.9
Profit before tax:		
- before biological assets ("BA") movement	**33.2**	70.0
- after BA movement	**30.9**	69.7
Basic Earnings per ordinary share ("EPS"):		
- before BA movement	**32.50cts**	91.80cts
- after BA movement	**28.79cts**	91.37cts
Dividend (cents)	**3.0cts**	4.0cts

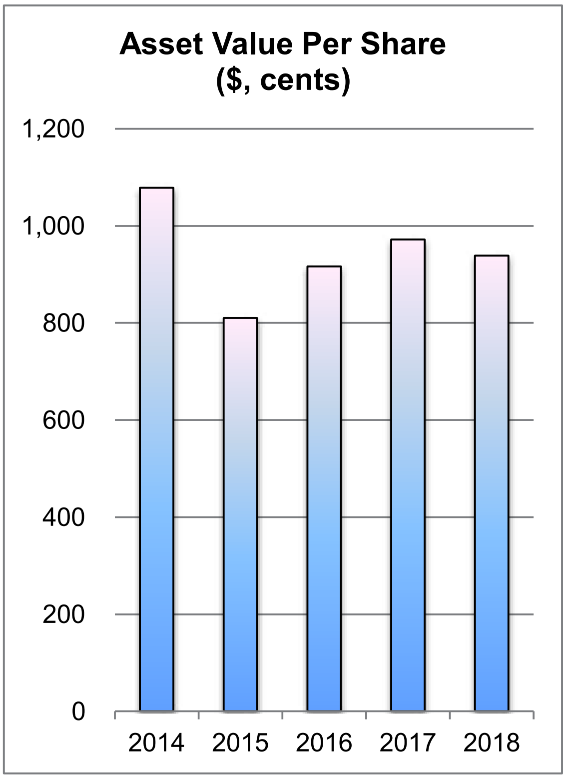
Anglo-Eastern Plantations Plc

Financial Highlights

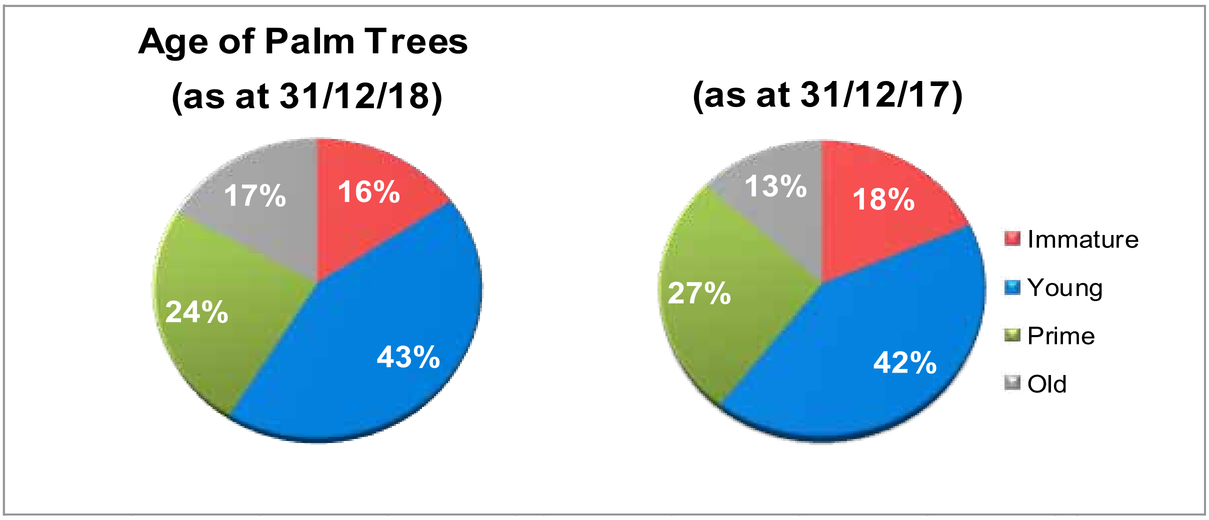


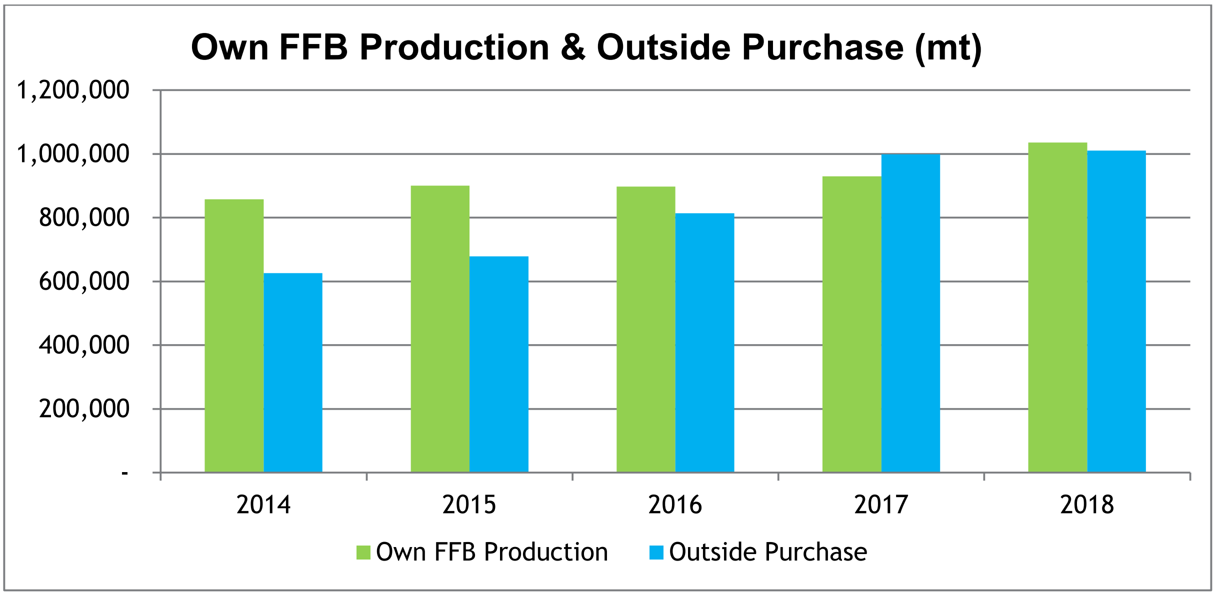


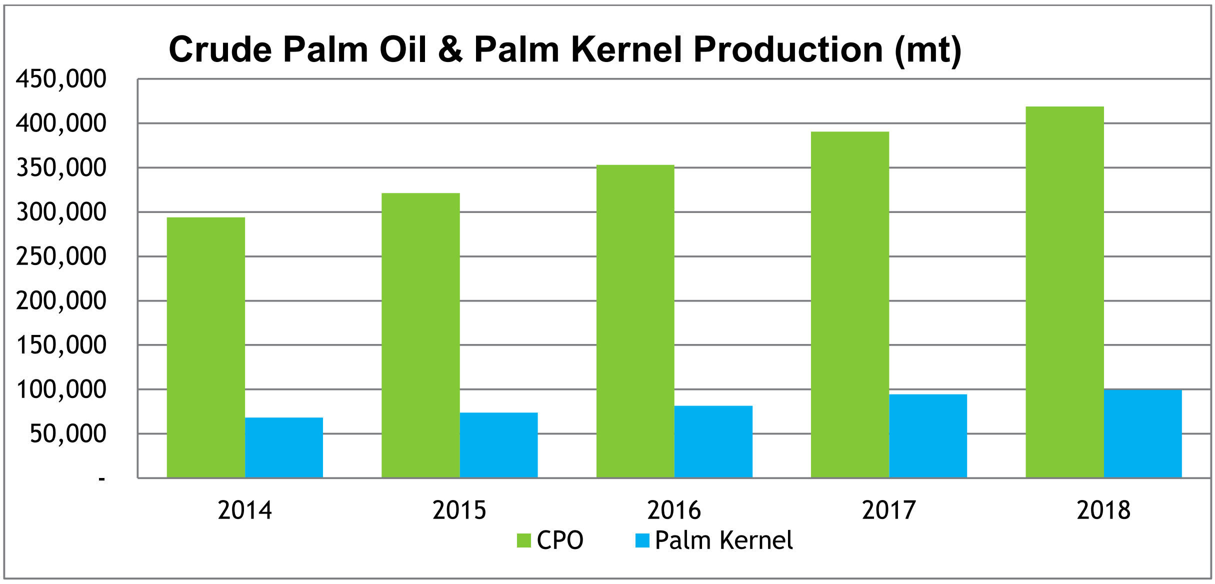




Key Information







Shareholder Information

Market capitalisation
The market capitalisation of Anglo-Eastern Plantations Plc at 31 December 2018 was £225 million, the ordinary share price at the close of business on 18 April 2019 was 528 pence giving a market capitalisation of £209 million.

Website
https://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 environment, social and governance matters and share price movements.

The website was upgraded to enable shareholders and investors to select and receive e-mail alerts from the Company on selected regulatory news. Shareholders are encouraged to use e-mail alerts to follow the development of the Company.

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:

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
United Kingdom

Tel: 0871 664 0300 (UK)
Tel: +44 371 664 0300 (international)

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

Annual General Meeting
The 34th Annual General Meeting ("AGM") of the Company will be held at the offices of UHY Hacker Young LLP, 6th floor Quadrant House, 4 Thomas More Square, London E1W 1YW on Monday, 24 June 2019. Notice of the meeting is set out at the end of this Annual Report on pages 108 to 111.

Shareholder Information

Proxy Voting
Shareholders will not receive a hard copy of the proxy form for the 2019 AGM. Instead shareholders will be able to vote electronically using the link www.signalshares.com. Shareholders will need to log into their Signal Shares account, or register if shareholders have not previously done so. To register, shareholders will need their Investor Code which is detailed on their share certificates or available from the Registrar, Link Assets Services.

Voting by proxy prior to the AGM does not affect the shareholders' right to attend the AGM and vote in person should shareholder wish. Proxy votes must be received no later than 11am on Thursday, 20 June 2019.

Shareholders may request a hard copy of the proxy form directly from the Registrar, Link Asset Services on Tel: 0371 664 0300. Lines are open between 9am to 5.30pm from Monday to Friday excluding public holidays in England and Wales.

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.

Payment of dividends
While the dividend is declared in US Dollar, shareholders can choose to receive dividends in Pounds Sterling. In the absence of any specific instruction up to the date of closing of the register, shareholders with addresses in the UK will be deemed to have elected to receive their dividends in Pounds Sterling and those with addresses outside the UK will be deemed to have elected to receive their dividends in US Dollars.

The Pounds Sterling equivalent dividend will be paid at the exchange rate ruling at the date of closing of the register.

Electronic communications
Link Asset Services offer AEP shareholders the opportunity to manage their shareholding through the Signal shares portal.

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

The Group's FFB production in 2018 was 1.04 million mt, 11.9% higher than the previous year of 929,600mt. The crop production in the Riau region continued to outperform in good weather conditions. An improvement in the evacuation of FFB in Bengkulu together with a higher yield from maturing trees in Kalimantan also contributed to a better harvest. The throughput at the six mills reached an all-time high in 2018 as the Group purchased more external crops in addition to a higher internal production. FFB bought-in from surrounding smallholders was 1.01 million mt, 1% more than 2017 of 998,400mt. The Tasik Raja mill purchased 17% more outside crops as recent replanting exercise has reduced its own internal crops. The mills, as a result, processed 6% more FFB and increased the CPO production by 7% to 418,800 mt (2017: 390,600mt).

Although the Group achieved higher CPO production during the year, revenue and profitability were, however, lower as announced during the year because of the significant drop in CPO price to a three and a half year low due to high inventory across the market. The average CPO price ex-Rotterdam in 2018 was 17% lower at $595/mt, compared to $718/mt in 2017.

The Group's revenue was lower by 14% at $250.9 million, compared to $291.9 million achieved in 2017. The operating profit for the Group in 2018, before biological asset ("BA") movement was $30.9 million, 54% lower compared to $66.7 million achieved in 2017. Earnings per share, before BA movement, decreased by 65% to 32.50cts, from 91.80cts in 2017. The Group's operating profit after BA for 2018 was at $28.6 million after a downward BA movement of $2.3 million as compared to 2017 operating profit of $66.4 million after a downward BA movement of $0.3 million.

The Group's new planting including plasma for 2018 totalled 1,563ha compared to 1,807ha last year. The slower rate of planting was due to protracted land compensation negotiations. New planting was also delayed in Kalimantan as the Group awaits permission from the local authority to clear and to plant. The local authority took some time to review the results of the high carbon stock sustainability study which was independently performed to determine areas that cannot be planted with oil palm due to high conservation and high carbon stock values.

The two biogas plants with a combined capacity of 3 megawatt generated over 13,800MWh of electricity in 2018 compared to 11,500MWh last year. The revenue from the sale of surplus electricity to the national grid was $0.86 million, slightly lower than last year of $0.87 million due to a weaker Indonesian Rupiah and the shutdown of a biogas plant in Blankahan for a major overhaul. The maintenance work which took one month was recommended after 25,000 hours of operation. The third biogas plant in Kalimantan has been operating from the first quarter of 2018. The 6.7km of power transmission line jointly funded by the Group and the state electric company has been installed and tested. It expects to sell the electricity after permits for the power generation and supply are issued by the local authority in the first quarter of 2019. The use of clean energy will further reduce the mills' reliance on fossil fuels and improve the Group's carbon footprint.

Despite the volatility of the CPO prices, the Group continues the construction of its seventh mill and fourth biogas plant in North Sumatera as the Group believes its long-term prospects are strong. The earthworks for the mill and biogas plant are in progress. The 60mt/hr mill is estimated to cost approximately $19 million and is expected to be completed in about two years. The biogas plant costing about $3.8 million is expected to be completed by early 2020. In order to ensure that there is no disruption to its operation, the mill in Kalimantan will expand its CPO storage facility from 9,000mt to 13,000mt at a cost of $200,000 in 2019. Bulking silos for storage of kernels will also be expanded in three mills at a cost of $800,000.

The Indian government in January 2019 reduced the import tax on CPO and refined palm oil which made them more competitive against other soft oils. India is the largest consumer of CPO and the reduction of import tax may help to increase the demand which had declined in 2018.

Chairman's Statement

The decision by some members of the European Union ("EU") to ban or phase out the use of palm oil and palm biodiesel is likely to hurt the industry. The adverse perception of palm oil continues to feature in recent years, touching on issues including deforestation, emission of greenhouse gases, planting on peatland and land rights.

Notwithstanding the aforementioned, global demand for palm oil should continue to be strong given the CPO's current attractive price discount to soybean oil.

The Board has declared a final dividend of 3.0cts per share, in line with our reporting currency, in respect of the year to 31 December 2018 (2017: 4.0cts). In the absence of any specific instructions up to the date of closing of the register on 7 June 2019, shareholders with addresses in the UK will be deemed to have elected to receive their dividends in Pounds Sterling and those with addresses outside of UK will be deemed to have elected to receive their dividends in US Dollars. Subject to the approval by shareholders at the Annual General Meeting, the final dividend will be paid on 12 July 2019 to those shareholders on the register on 7 June 2019.

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 23 April 2019

Strategic Report

Introduction
The strategic report has been prepared to provide shareholders with information to complement the financial statements. This report may contain forward-looking statements, which have been included by the Board in good faith based on information available up to the time of approval of this report. Such statements should be treated with caution going forward given the uncertainties inherent with economic and business risks of the Group.

Business Model
The Group will continue to focus on its strength and expertise, which is planting more oil palms and production of CPO. This includes replanting old palms with low yield, replacing old rubber trees with palm trees and building more mills to process the FFB. The Group has, over the years, created value to shareholders through expansion in a responsible way. The Group remains committed to use its available resources to develop the land bank in Indonesia as regulatory constraints permit. The Indonesian government has, in recent years, passed laws to prioritise domestic investments and to limit foreign direct investments over national interest, including a limit of 20,000ha per province and a national total of 100,000ha on the licensed development of oil palms for companies that are not listed in Indonesia or with less than a majority local ownership.

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

We believe that sustainable success for the Group is best achieved by acting in the long-term interests of our shareholders, our partners and society.

Our Strategy
One of the Group's objectives is to provide an appropriate level of return to the investors and to enhance shareholder value. Profitability, however, is very much dependent on the CPO price, which is volatile and is determined by supply and demand. The Group believes in the long-term viability of palm oil as it can be produced more economically than other competing oils and remains the most productive source of vegetable oil in a growing population. Other crops would require up to eight times as much land to produce an equivalent weight of palm oil. It was reported that amongst the major oilseeds, oil palm occupies about 7% of the total agricultural land but contributes more than 30% of the world's supply of oils and fats.

The Group's strategies, therefore, focus on maximising yield per hectare above 22mt/ha, mill production efficiency of 110%, minimising production costs below $300/mt and streamlining estate management. For the year under review, the Group achieved a yield of 19.3mt/ha, 143% mill efficiency and production cost of $284/mt on the Indonesian operations. This compared to 2017 where the Group achieved a yield of 17.9mt/ha, 134% mill efficiency and production cost of $281/mt. Despite stiff competition for external crops from surrounding millers, the Group is committed to purchasing more external crops from third parties at competitive, yet fair prices, to maximise the production efficiency of the mills. With higher throughput, the mills would achieve economies of scale in production. A mill achieves 100% mill efficiency when it operates 16 hours a day for 300 days per annum.

In line with the commitment to reduce its carbon footprint, the Group plans to construct, in stages, biogas plants at all of its mills to trap the methane gas emitted from the treatment of palm mill effluents to generate electrical power and at the same time reduce the consumption of fossil fuel. It plans to sell the surplus electricity and progressively reduce the greenhouse gas emissions per metric ton of CPO produced in the next few years.

The Group will continue to follow-up and offer competitive and fair compensation to villagers so that land can be cleared and be planted.

Financial Review
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 2018, revenue for the Group was $250.9 million, 14% lower than $291.9 million reported in 2017 due primarily to lower CPO prices and partly weaker Rupiah.

The Group's operating profit for 2018, before biological asset movement, was $30.9 million, 54% less than $66.7 million in 2017.

FFB production for 2018 was 1.04 million mt, 11.9% higher than the 929,600mt produced in 2017. The yield for 2018 improved due to the strong recovery of production in Riau, improved evacuation of FFB in Bengkulu and a higher crop output from maturing trees in Kalimantan. FFB bought-in from local smallholders in 2018 was 1.01 million mt (2017: 998,400mt), 1% higher compared to 2017. During the year, the Group's mills processed 2.02 million mt of FFB, 6% higher than last year of 1.9 million mt. CPO production, as a result, was 7% higher at 418,800mt, compared to 390,600mt in 2017.

Profit before tax and after BA movement for the Group was $30.9 million, 56% lower compared to a profit of $69.7 million in 2017. The BA movement was a debit of $2.3 million, compared to a debit of $0.3 million in 2017. The BA movement was mainly due to change in FFB price which was lower in 2018. The profit before tax was also affected by an impairment charge on the development cost of the plantation and land amounting to $4.3 million compared to a reversal of impairment amounting to $0.9 million in 2017.

The average CPO price ex-Rotterdam for 2018 was $595/mt, 17% lower than 2017 of $718/mt.

Earnings per share before BA movement decreased by 65% to 32.50cts compared to 91.80cts in 2017. Earnings per share after BA movement decreased from 91.37cts to 28.79cts.

Going Concern

The Group's balance sheet remains strong. As at 31 December 2018, the Group had cash and cash equivalents of $112.2 million (2017: $139.5million) and borrowings of $19.3 million (2017: $27.9million), giving it a net cash position of $92.9 million, compared to $111.6 million in 2017. The net cash flows from operating activities was lower by 67% due mainly to the lower CPO price and higher overseas tax paid. The cash position was also lower in 2018 due to an exchange loss on translation of $8.7 million and repayment of loan. As the CPO prices are projected to perform better in 2019, the Group barring any unforeseen circumstances is expected to generate positive cash flows. The tax recoverable for 2019 amounted to $44.3 million, a 51% increase over the previous year of $29.4 million. The substantial increase is due to the value added tax ("VAT") paid which is refundable by tax authority after tax audit. A detailed description is provided in note 8. For these reasons, the Directors adopt a going concern basis of accounting and believe the Group will continue in operation and meet its liabilities for a period of at least twelve months from the date of approval of the financial statements.

Business Review

Indonesia

FFB production in North Sumatera, which aggregates the estates of Tasik, Anak Tasik, Labuhan Bilik ("HPP"), Blankahan, Rambung, Sg Musam and Cahaya Pelita ("CPA"), produced 289,700mt in 2018 (2017: 289,900mt). The yield in North Sumatera improved to 21.1mt/ha from 20.9mt/ha in 2017. While the yield is higher, the replanting of aged palms in North Sumatera has reduced the regional production. During the year another 309 ha of oil palms were replanted in Anak Tasik while 161ha of old rubber trees in Rambung were replaced with oil palm. The average yield in CPA remains low at 17mt/ha as the FFB production during the year was constantly disrupted by floods in 500ha of low laying fields. About 50% of CPA plantation is less than 5 metres above the sea level. Flood mitigation efforts appeared to work as the size of flooded areas were reduced despite a higher rainfall exceeding 5,000mm per annum recorded in 2018. Over 1,500ha of oil palms in HPP suffered from the desiccation of fronds and *ganoderma* causing a loss of 35,000 trees. The desiccation was caused by a shortage of water from lower rainfall. Building of water gates and canals between the oil palms had helped to ease the problem.

Ganoderma fungus and *Upper Stem Rot* which attack about 7% to 10% of the productive palms in Anak Tasik and HPP remain a serious threat. Water management, good sanitation and high standards of agronomic practices remain the main priority to avoid spreading the diseases, including proper disposal of severely diseased palms after detection. Soil mounding on infected palms was carried out in Rambung to lengthen the economic lifespan of oil palms. Replanting in Anak Tasik will significantly reduce the threat of *Ganoderma* attack. There was no serious insect damage by the *Oryctes beetle,* other leaf eating pests, wild animals or rats.

The Blankahan biogas plant sold over 5,700MWh (2017: 6,700 MWh) of surplus electricity and generated $0.42 million in revenue compared to $0.53 million last year. The biogas plant was shut down for one month for a major overhaul after 25,000 hours of operation resulting in lower electricity production. The sales from the biomass plant were higher in 2018 at $0.91 million compared to $0.64 million last year as it enjoyed better prices for its dried long fibres even though it exported 4% less at 6,959mt compared to 7,228mt last year. The lower production was due to the closure of one production line for maintenance.

FFB production in Bengkulu and South Sumatera, which aggregates the estates of Puding Mas ("MPM"), Alno, KKST, ELAP and RAA produced 358,400mt (2017: 334,000mt), 7% higher than 2017. Lower rainfall in 2018 provided opportunities to repair the roads. The Group purchased additional four-wheel drive vehicles and trucks to improve the evacuation of FFB from hilly terrain after some contracts to outsource transportation expired. This improved the crop yield in Bengkulu from 18.1mt/ha to 19.1mt/ha in 2018. In its effort to improve efficiency the management introduced a cut and go harvesting system. The changes were made to speed up the harvest and collection of loose fruits. The yield in South Sumatera averaged 6.7mt/ha in 2018 compared to previous year of 5.2mt/ha due to the low density of 95 stems per ha. Spot planting is planned for more than 5,800ha in 2019 to improve the density to 105 stems per ha. The high gradient in South Sumatera cannot support a higher number of trees per ha. Over 61,000mt of EFB was applied to over 1,000ha of oil palm field to improve the soil condition. The protracted negotiation with the villagers over land compensation will have an effect on the future planting in Bengkulu and South Sumatera.

The MPM biogas plant sold over 8,100MWh of surplus electricity and generated $0.44million in revenue in 2018 compared to 4,800 MWh worth $0.34million in 2017. MPM has applied for certification under International Sustainability and Carbon Certification ("ISCC") for its mill. Certification work is underway and on successful completion will enable the mill to sell its CPO at a premium. The mill at MPM and Sumindo continued to experience high free fatty acids ("FFA') in its CPO production due to transport and workforce problems resulting in late deliveries of FFB to the mills. CPO with high FFA is normally sold at a discount averaging between 10% to 15%. The management team was recently reorganized to deal with these serious issues. During the year over 28,300mt of CPO was sold a discount of $0.98 million due to a high level of FFA.

FFB production in the Riau region, comprising Bina Pitri estates, produced 143,200mt in 2018 (2017: 124,500mt), 15% higher than 2017. Good weather with no prolonged dry months resulted in higher yield of 29.4mt/ha from 25.6mt/ha in 2017. External crop purchase at the mill was on par with last year. Overall CPO production improved by 4% to 72,100mt compared to 69,200mt in 2017.

FFB production in Kalimantan which comprises of the Sawit Graha Manunggal ("SGM") and Kahayan Agro Plantation ("KAP") estates was 222,700mt in 2018 (2017: 158,000mt) 41% higher than 2017 as more trees matured and reached the peak production age. The yield in Kalimantan reached 19.2mt/ha compared to 16.3mt/ha in 2017. Rainfall was moderately lower than last year with no prolonged drought which also contributed to a better harvest. During the year, the Group introduced mechanization in the application of fertilizers using spreader to boost its efficiency. The purchase of external crops in SGM has also improved by 59% from 34,500mt to 55,000mt in 2018 improving the utilization of the mill. Over 45,000mt of EFB was applied to improve the structure of the sandy soil and moisture. The SGM biogas plant has been in operation since early 2018. After successful negotiation with the state electric company to share the cost, the 6.7km of transmission lines was built and completed at a cost of $230,000. The sale of electricity is expected to begin in the second quarter of 2019 after receiving the proper permits and certification. In the year, over 1,400ha of palm trees in KAP matured leading to its first harvest. The FFB from KAP was transported over 600km to SGM mill for processing. However, in the wet months when the journey can take more than two to three days due to flooding and resulting bad roads, KAP will sell the harvest to local millers. CPO sold in Kalimantan fetched a lower price compared to mills in North Sumatera due to higher logistics costs caused by the distance to the refinery and the poor road infrastructure.

During the year a Malaysian based agronomist made monthly field visits to underperforming estates in Indonesia to provide advice on optimizing field disciplines and improving crop yields. The Board believes that the monitoring of field performance more closely has resulted in improvements in the underperforming estates which should further improve the crop yield in the coming years.

Overall bought-in crops for Indonesian operations were 1% higher at 1.01 million mt for the year 2018 (2017: 998,400mt). The average oil extraction rate for our mills improved marginally to 20.7% in 2018 (2017: 20.5%).

Fertilising through mechanical spreader

Transporting FFB in low laying and hilly terrain

Malaysia

FFB production in 2018 was 16% lower at 18,500mt, compared to 21,900mt in 2017. The Malaysian operations continued to face a severe shortage of workers due to difficulty in recruiting foreign workers which hampered harvesting and estate maintenance work such as fertilizing, pruning, weeding and replanting. Despite the increase in wages and various cash incentives introduced by management, the estate continued to lose its foreign workers who left for better wages and working conditions in the city. The shortage of labour is the biggest challenge the industry is facing in Malaysia. The Group recruited sixteen workers from Bangladesh to complement its Indonesian workforce in 2018. However, nine workers had since absconded from the estate without completion of their two-year contract. The estate uses unskilled aborigines, when available, to collect loose fruits and perform basic maintenance work. The Malaysian plantation in 2018 generated a loss before tax after BA movement of $0.5 million compared to profit before tax after BA movement of $0.6 million in 2017.

The financial performances of the various regions are reported in note 6 on segmental information.

Commodity Prices

The CPO ex-Rotterdam price started the year high at $678/mt (2017: $790/mt) but gradually trended downwards due to higher inventory and subdued demand. It dipped to its lowest level of $440/mt in the middle of November 2018. Its peak was at $700/mt recorded at the end of February 2018. It ended the year at $506/mt (2017: $670/mt), averaging $595/mt for the year, 17% lower than last year (2017: $718/mt).

The CPO prices also move in tandem with price of soybean oil and crude oil being its closest competitors in vegetable oil and biodiesel market respectively. Over a period of ten years, CPO price has touched a high of $1,335/mt and a low of $440/mt. The average price over the ten years is about $801/mt. The price is under tremendous pressure and remains volatile due to discriminatory actions to either ban or phase out the use of palm oil and palm biodiesel by certain EU members. The higher tax on CPO imports into India and the trade war between US and China had also fanned the price volatility in 2018. In January 2019 India lowered the tax on import of CPO and refined palm oil. This would improve palm oil competitiveness and may translate into a higher demand of CPO from Indian consumers. It was reported that the Indonesian government plans to introduce higher blending from next year for its current B20 biodiesel programme whereby 20% of palm methyl ester is blended with 80% petroleum diesel. In Malaysia, a B10 biodiesel programme was introduced to help the industry pare down the palm oil stockpile. In the long run these programmes are expected to help shore up demand as well as the CPO price besides supporting cleaner energy.

CPO CIF Rotterdam

Rubber prices averaged $1,243/mt for 2018 (2017: $1,607/mt). Our small area of 262ha of mature rubber contributed a revenue of $0.8 million in 2018 (2017: $1.3 million).

Corporate Development

In 2018, the Group opened up new land and planted 1,563ha of oil palm mainly in Kalimantan, boosting planted area including the smallholder cooperative scheme, known as Plasma, by 2% to 69,793ha (2017: 68,310ha). This excludes the replanting of 470ha of oil palm in North Sumatera. The Group faced difficulties in concluding fair prices with some villagers over land compensation. In some instances, villagers held onto their land and refused to sell especially in South Sumatera and Bangka.

With the current shortage of power supply in North Sumatera, the Group had begun construction of its fourth biogas plant in Rantau Prapat which is expected to cost up to $3.8 million. The earthworks were delayed by poor soil structure at the biogas lagoon which resulted in erosion and sliding of the embankment. Further soil tests were conducted by geotechnical experts to find the appropriate solution.

The Group has started construction of its seventh mill in North Sumatera in 2018. The 60mt/hr mill is expected to cost $19 million and will be substantially funded by internal cash flows. Costs of civil and structural works including earthworks would be higher as the mill is built on shallow peat soil. The level of the site needs to be raised higher by filling and compacting with imported mineral soil. The civil works will require 38-metre-long concrete piles to support the buildings and storage facilities. The Group has over the past three years explored various sites outside the plantation and along the Barumun river for the construction of a mill, however, it was not able to obtain the necessary permit which allows conversion of agricultural into industrial land.

Our buyers in Kalimantan rely on barges and tankers to move the CPO purchased. The unavailability of barges or difficult road conditions in remote locations often delay the collection of CPO from the mill. In order to ensure that there is no disruption to the mill operation, the Group decided to build an additional storage tank and expand its storage facility in the mill in Kalimantan from 9,000mt to 13,000mt at a cost of $200,000.

In 2019 the three mills in MPM, Sumindo and SGM will be expanding as well as building new bulking silos for storage of kernels at a cost of $800,000 as production increases.

Corporate Social Responsibility

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

The majority of employees and their dependents in the plantations and mills are housed in self-contained communities built by the Group. The employees and their dependents are provided with free housing, clean water and electricity. The Group also builds, provides and repairs places of worship for workers of different religious faiths as well as schools and sports facilities in these communities. Over the years, the Group has built a total of seventy-five mosques and nineteen churches across its estates. During the fasting month, the management team frequently broke fast with the employees from the estates and mills as well as with surrounding villagers. It also sponsored and donated cows for sacrifice to celebrate religious festivals. The Group spent $389,200 in 2018 to maintain these amenities and to support the communal activities.

The Group provides free education for all employees' children in the local plantations and communities where they work. The access to education and the spread of knowledge to hundreds of children across remote locations provide a chance to overcome poverty, whom otherwise may be deprived and without prospect for the future. In addition, the Group provides computers and funding to construct educational facilities including laboratories and libraries. The salaries of teachers in the estates and the cost of school buses to transport employees' children to schools are provided by the Group. Over the years a total of thirty-eight schools which comprised of twenty-one pre-schools, eleven primary schools, five secondary schools and one high school have been built with a combined enrolment of over 4,290 students. It currently employs one hundred and fifty-seven teachers in the estates. The Group operated thirty-eight vehicles and spent some $812,000 on running the schools and operating the buses in 2018.

Free schooling for employees' children

Power transmission line jointly built

As part of the Group's contribution to education, it provides scholarships to qualified students from the communities as well as our employees' children to pursue tertiary education. It started a partnership with a university in North Bengkulu in 2013 to sponsor and to provide students with the chance to pursue higher education. Up to 2018, over three hundred and fifty-three scholarships had been awarded at a cost of $123,000. Similarly, one hundred children of our employees were sponsored, which cost over $96,500 since its introduction in 1999, to study in various universities in Indonesia. The popular courses ranged from Engineering, Education, Economics to Agriculture. Forty-four of them had successfully graduated from the universities with some of them now working for the Group.

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 twenty-three clinics operated by qualified doctors, nurses and hospital assistants in the estates. The Group upgraded two of its clinics in North Sumatera and Bengkulu to meet the minimum standard required by the government under the country's Health and Social Security Agency. The upgraded clinics also provided health care services to the surrounding community without the need to travel to faraway cities for medical treatment. In addition, the Group organised fogging to prevent the spread of dengue mosquitoes.

In remote and isolated locations where piped water is not available, the Group drilled tube wells to provide clean water. Related healthcare expenses for full and part-time field workers including monthly contributions to Health and Social Security Agency in 2018 were $914,000.

A strong commitment to CSR has a positive impact on employees' attitudes and boosts employee recruitment. The Group realises that employees are valuable assets in order to run an efficient, effective, profitable and sustainable business and operations. Selected employees are given the opportunity to attend seminars and external training to enhance their working skills and capability. The Group constantly recruits potential field employees who are now sent to the Group's central training facilities in Blankahan, set up in 2014, to undergo a rigorous twelve-month training programme which includes theory and practical fieldwork. A total of four hundred and sixty-eight employees have participated in the programme since its inception in 1993 with 39% still working for the Group. Over the years, one employee has successfully been promoted to General Manager level with another nineteen being employed in various senior positions in the head office, plantations and mills.

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 newly planted areas acquired from 2007 onwards are to be reserved for the benefit of the smallholder cooperative scheme, known as Plasma, and the Group is integrating such smallholder developments alongside its estates. The Plasma development has commenced in stages for its estates in Sumatera and Kalimantan. Out of the 6,960ha plasma commitment, the Group has planted oil palm in 3,181ha. In 2018 the Group received 25,800mt of FFB from Plasma schemes compared to 16,400mt the previous year. Total revenue after deduction of management fees received by Plasma cooperatives was $2.4 million in 2018 against $1.6 million in 2017. There is a substantial increase in Plasma planting from 2017 of 2,862ha which is in line with the Group's commitment.

In order to aid the development of Plasma schemes, the Group provided corporate guarantees of over $16 million through its subsidiaries to local banks to cover loans raised by the cooperatives. The Group also assisted the cooperatives to obtain the proper land right certification from the local land office.

The Group supported the Kas Desa smallholder village development programme to supplement the livelihood of the villages. The Group has to-date financed, developed and managed twenty-two smallholder village schemes of palm oil across four companies.

In addition, the Group also develops infrastructure such as the construction and repair of bridges and maintained over 236km of external roads in 2018. The Group also provides initial aid and seed capital to villagers such as fruit seedlings, fish fries, cattle and ducks to start community sustainable programs.

In 2018, the Group started a vegetable farm in a one-hectare site in North Sumatera where it planted various organic vegetables. The produce had been sold to employees at subsidized prices to reduce their cost of living as well as to promote heathy living. It also donated some vegetables to local charitable homes.

Repairing public road

Organic farm

In October 2018, the Group contributed $14,500 towards national efforts to build shelters for displaced victims of the earthquake and tsunami that hit Palu and Donggala, respectively, in Southeast Sulawesi.

Indonesian Sustainable Palm Oil ("ISPO")

The 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. In comparison, RSPO has the most comprehensive social impact assessment requirements and the strongest measures for biodiversity protection. While ISPO may be less stringent, protection for biodiversity was enhanced through the Presidential Decree 8/2018 that imposed a three-year moratorium on the clearance of primary forest for plantations.

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 all the estates and mills. The Group compiles and reviews statistics on work related accidents in its operations. Any incident resulting in fatality or serious injury will be rigorously investigated to identify the cause so that corrective action can be implemented to prevent future incident. In 2018 the regional government in North Sumatera awarded three operating companies the Group Zero Accident Awards in recognition of the companies' effort to reduce accidents at the workplace. The Group continued to upgrade its agricultural chemical stores and diesel fuel storage tanks in various plantations and mills to meet safety and environmental standards. Every estate under ISPO is required to have a fire team with each personnel fully trained and equipped with certificate of competence issued by the fire departments. Our Group conducts a fire drill at least once a year. Watch towers are constructed in every estate to monitor fire outbreaks. The watch towers are manned constantly particularly during the dry weather. Standard operating procedures were refined and documented based on sustainable oil palm best practices. It also conducts internal audits using an audit checklist adopted from the above practices to determine the level of compliance.

The Group worked closely with appointed certification consultants in the implementation of ISPO standard. CPA, Bina Pitri and Alno were awarded their ISPO certification in 2018. To-date ten companies have been ISPO certified. SGM and HPP had completed the second stage of ISPO audit while certification audits have started for a further five companies. ISPO certification provides third party verification and confirmation that the companies are operating according to national and international standards. The Group targets full ISPO compliance by 2020.

Environment Social and Governance Practices

Environmentally friendly plantation practices are a must to maintain the industry's long-term prospects. The Group has been consistently practising good agricultural practices such as zero burning, integrated pest management, land terracing and recycling of biomass. When it comes to replanting, the old palms felled are chipped and left to decompose at the site. This mitigates the greenhouse gas emissions commonly associated with open burning when land is cleared through the traditional method of slash-and-burn. It also enriches the organic matter in the soil. Where the land is undulating, we build terraces for planting which helps to prevent landslides, conserve the water and nutrients effectively and provide better accessibility for employees. Legume cover crops are planted to minimise soil erosion and preserve the soil moisture. In mature areas, fronds and EFB are placed inter-rows to allow the slow release of organic nutrients while minimising soil erosion especially sandy soil and degradation. Estates with sandy areas use soft grass, *Nephrolepis biserrata* ferns and cut fronds to cover bare ground which increase soil moisture. Conservation drains are constructed to harvest and contain rainwater.

The effluents discharged from the mills are fully treated in anaerobic lagoons and in some mills, there are extended aeration tanks for further treatment of the effluent to reduce its biological oxygen demand ("BOD"). The final discharge is applied to the estate's land where it is used as fertilisers. The BOD is tested regularly to ensure that it is below the legal limit for land application in Indonesia. The Group is working towards zero-effluent policy whereby no by-products from the production of CPO is expelled into rivers.

The Group's three biogas plants will enhance the effluent treatment in the mills and at the same time mitigate greenhouse biogas emissions. The trapped biogas will be used to generate and supply power to its biomass plant and national grid without dependency on fossil fuels. A fourth biogas plant is in the early stage of construction. Similar undertakings for the Group's mills are planned and shall be implemented in stages. The Group intends to sell the surplus power generated from future biogas plants.

The Group is committed to implementing good agricultural practices as spelt out in its standard operating procedures for the planting of oil palm. Integrated Pest Management has been adopted to control the population of damaging pests and to improve biological balance. Barn owls were introduced to control rats. We do not use rat baits to control the rat population. Beneficial plants of *Turnera subulata, Cassia cobanensis* and *Antigonon leptopus* were planted to attract natural predators for biological control of bagworms and leaf-eating caterpillars.

Weeds are controlled selectively by using more environmentally friendly and broad spectrum weed control herbicides.

Barn owls, natural ways to control rats

Breeding barn owls

The Group does not use Class 1 pesticide and herbicide to control vermin and weeds due to high level of toxicity except in specific instances where outbreak is severe. We are, however, committed to reducing the usage of toxic pesticide and herbicide and will not hesitate to phase them out once a suitable substitute is available. The sprayers are also trained in safety and spraying techniques. The chemicals are kept in designated storage and examined at regular intervals. Employees who handle the use of chemicals undergo medical examination routinely. The Group reinforced the standard occupational safety measures like the use of protective suits and equipment when mixing, loading and applying the pesticides which is mandatory by the Manpower and Transmigration Ministerial Decree No. 08/2010. Managers and employees risked being penalized and disciplined as safety standards compliance are audited from time to time. ISPO certified companies are also prohibited from using 36 banned active ingredients used in pesticides which can cause various health issues in humans and the environment. The Group has in place standard operating procedure that required the management to be informed for instances of pesticides poisoning among its pesticide applicators.

Pesticide sprayers in full protective gear

Independent High Carbon Stock survey

In order to minimize accidents at workplaces, regular training and refresher courses are held to instill the importance of safe working practices. Warnings and reminders are displayed at the mills and estates to remind the workers on their safety. Warning signs are placed at strategic locations such as speed limits in housing estates and warning against crossing Irish bridges when river water is at danger level.

The Group continues to comply and preserve the High Conservative Value ("HCV") areas recognised by the Department of Forestry. All HCV areas were mapped with boundaries clearly indicated by independent surveyors to ensure that the Group does not plant in these sensitive areas. The Group is committed to zero deforestation and to preserve the flora and fauna species in these areas. The Group has identified about 7,800ha as riparian reserves and another 4,800ha as areas of HCV within its land. Natural vegetation on uncultivable lands such as deep peat, very steep areas and riparian zones along watercourses are maintained to preserve biodiversity and wildlife corridors as well as to check erosion.

In Indonesia where drought occurs regularly, an emergency response team is set up in the estate armed with proper equipment and gear to put out fire and prevent them from spreading during the dry months. Regular training on fire-fighting techniques and safety is provided by the fire departments.

All sacred and customary lands are also preserved by the Group out of respect for the local tribes and customs to pray and conduct their ritual ceremonies. Some of these locations are posted on the company's websites.

The six mills in the Group are operating in compliance with criteria set by Program for Pollution Control Evaluation and Rating ("PROPER") overseen by the Indonesian Department of Environment. Many of the criteria set by PROPER are also part of the ISPO requirement. Four of the mills are officially graded Blue and rated to adhere to the criteria set for the management of waste and compliance to environmental conservation over water resources, land development, air and sea pollution, dangerous and toxic waste treatment which impact the environment. Although no official grading is required for the remaining two mills, the Group plans to rate them voluntary in 2019 to confirm that they are in compliance.

One of the mills has started the process of obtaining a certification under International Sustainability and Carbon Certification ("ISCC"). This certification is issued by ISCC System GmbH, a global certification body based in Cologne, Germany. The criteria used in the certification process are:

- Implement social and ecological sustainability criteria
- Monitor deforestation-free supply chains
- Avoid conversion of biodiverse grassland
- Calculate and reduce greenhouse gas ("GHG") emissions
- Establish traceability in global supply chains

A certification identified a company as a responsible player in the industry that has taken efforts to produce sustainable CPO.

The Group is working to formalise a policy framework which incorporates the requirement of all the sustainability standards and regulations to which the Group is already practicing and committed.

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 carries out a robust assessment of the principal risks facing the Group on an annual basis.

Nature of the risk and its origin	The likelihood and impact of the risk and the circumstances under which the risk might be most relevant to the Company	Mitigating or other relevant considerations
Country and regulatory		
The Group's operations are located substantially in Indonesia and therefore significantly rely on economic and political stability in Indonesia.	Political upheaval and deterioration in the security situation may cause disruption on the operation and consequently financial loss.	The country has recently benefited from a period of relative political stability, steady economic growth and stable financial system. But during the Asian financial crisis in late 1990, there was civil unrest attributed to ethnic tensions in some parts of Indonesia. The Group's operations were not interrupted by the regional security problems including occasional racial conflicts.

Nature of the risk and its origin	The likelihood and impact of the risk and the circumstances under which the risk might be most relevant to the Company	Mitigating or other relevant considerations
Country and regulatory (cont'd)		
Introduction of measures to rein in the country's fiscal deficits. This included the exchange controls and restriction on repatriation of profit through payment of dividends.	Transfer of profit from Indonesia to the United Kingdom ("UK") will be restricted affecting servicing of UK obligations and payment of dividends to shareholders.	The Board is not aware of any attempt by the government to impose exchange controls that would restrict the transfer of profits from Indonesia to the UK. The Board perceives that the Group will be able to continue to extract profits from its subsidiaries in Indonesia for the foreseeable future.
Changes in land legislation. Based on National Land Agency Law 2 / 1999, mandatory restriction to land ownership by non-state plantation companies and companies not listed in Indonesia to 20,000ha per province and a total of 100,000ha in Indonesia.	Mandatory reduction of foreign ownership in Indonesian plantations could force divestment of interests in Indonesia at below market values.	The Group realises that there is a possibility that foreign owners may be required over time to partially divest ownership of Indonesia oil palm operations but has no reason to believe that such divestment would be anything other than at market value.
Group failure to meet the standards expected in relation to bribery and corruption.	Reputational damage and criminal sanctions.	The Group continues to maintain strong controls in this area as Indonesia has been classified as relatively high risk by the International Transparency Corruption Perceptions index.
Imposition of import controls or taxes in consuming and exporting countries. In November 2017, the Indian government imposed a steep levy on the import of CPO and refined oil into India. There was however some reduction in 2019. Efforts by some members of EU to ban the use of palm oil and palm biodiesel on sustainable issues.	Reduced revenue and reduction in cash flow and profit. The higher import levy will raise the price of CPO and make it less competitive in the global oil market, thus reducing demand. It will be more difficult to export palm oil to EU either for food or palm biodiesel and will hurt the demand of CPO in EU which is the third largest consumer of CPO.	The Indonesian government allows free export of CPO but applies a sliding scale of duties on exports which allows producers economic margins. Despite the ban on use of palm oil and palm biodiesel in some parts of EU, CPO remains amongst the cheapest source of vegetable oil in a growing population.

Nature of the risk and its origin	The likelihood and impact of the risk and the circumstances under which the risk might be most relevant to the Company	Mitigating or other relevant considerations
Produce prices		
CPO is a primary commodity and is affected by the world economy, levels of inflation, and availability of alternative soft oils such as soybean oil. CPO price also moves in tandem with crude oil prices which determine the competitiveness of CPO as a source of biodiesel.	This may lead to significant price swings. 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, unlike soybean which is sown annually and production can be increased or decreased to match demand and prevailing prices.	Directors believe that such swings should be moderated by continuous demand in economies like China, India and Indonesia. Larger exports would lead to a lower inventory of CPO which augurs well for future produce price.
Social, community and human rights issues		
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 plantations hire large numbers of people and have significant economic importance for local communities in the areas of the Group's operations. Disputes over compensation for land allocated to the Group which were previously used by the communities for their livelihood.	Communication breakdown would cause disruption on the operation and consequently financial loss. Access to areas of disputed compensation is restricted due to blockages by the communities.	The Group mitigates this risk by liaising regularly with village representatives to mediate on disputes. It develops a close relationship with villagers by improving local living standards through mutually beneficial economic and social interaction with the local villages. The Group, when possible, gives priority to applications for employment from 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 money constructing new roads and bridges and maintaining existing roads used by villagers. The Group also provides technical and management expertise to villagers to develop oil palm plots or villages and Plasma schemes surrounding the operating estates. The returns from these plots are used to improve villages' community welfare.

Nature of the risk and its origin	The likelihood and impact of the risk and the circumstances under which the risk might be most relevant to the Company	Mitigating or other relevant considerations
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 can occur. Indonesia, where most its plantations are located, frequently experience natural disasters like earthquake, forest fire and tsunami.	Dry periods, in particular, will affect yields in the short and medium term. Drought induces moisture stress in palm trees. High levels of rainfall can disrupt estate operations and result in harvesting delays with loss of FFB or deterioration in fruit quality. Delay in collection of harvested FFB could raise the level of free fatty acid ("FFA") in the CPO. CPO with high FFA would be sold at a discount to market prices. Low level of sunshine could result in delay in formation of FFB resulting in potential loss of revenue. Any natural disaster could result in a shortage of workers and incur temporary work stoppage due to damage to the plantation or mill.	Where appropriate, bunding is built around flood prone areas and canals/drainage/retention ponds 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 policies. Certain risks (including the risk of crop loss through fire, earthquake, flood and other perils potentially affecting the planted areas on the Group's estates) if they materialise could dent the potential revenues, for which insurance cover is either not available or would in the opinion of the Directors be disproportionately expensive, are not insured. These risks of floods, earthquake or haze are mitigated by the geographical spread of the plantations but an occurrence of an adverse uninsured event could result in the Group sustaining material losses.
Exchange rates		
CPO is a US Dollar denominated commodity and a significant proportion of operating costs in Indonesia (such as fertiliser and fuel) and development costs (such as heavy machinery and mill equipment) are imported and are US Dollar related.	Adverse movements of Rupiah against US Dollar can have a negative effect on the operating costs and raise funding 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 foreign exchange volatility are both difficult to achieve and would not be cost effective.
Hedging risk		
The Group's subsidiaries have borrowings in US Dollar.	The Group could face significant exchange losses in the event of depreciation of their local currency (i.e. strengthening of US Dollar) - and vice versa.	The risk is partially mitigated by US Dollar denominated cash balances and the higher average interest rate on Rupiah deposits which is 4.85% higher than on US Dollar deposits whereas the interest rate for Rupiah borrowings is about 4.09% higher compared to US Dollar borrowings.

Nature of the risk and its origin	The likelihood and impact of the risk and the circumstances under which the risk might be most relevant to the Company	Mitigating or other relevant considerations
Information Technology ("IT") security risk		
The security threats faced by the Group include threats to its IT infrastructure, unlawful attempts to gain access to classified information and potential for business disruptions associated with IT failures.	Failure to combat cyberattack could cause disruption to our business operations. Potential loss of financial records leading to error or misstatement in financial statements.	The Group has measures in place including appropriate tools and techniques to monitor and mitigate this risk. The Group through its IT Consultant has in place antivirus, threat detection, log analysis, DDOS protection and Firewalls.

Gender diversity

The AEP Plc Board is composed of three men and one woman with extensive knowledge in their respective fields of experience. The Board has taken note of the recent legislative initiatives with regard to the representation of women on the boards of Directors of listed companies and will make every effort to conform based on legislative requirement.

	2018 average employed during the year		
Group Headcount	**Women**	**Men**	**Total**
Board (Company and subsidiaries)	**3**	**13**	**16**
Senior Management (GM and above)	**-**	**6**	**6**
Managers & Executives	**33**	**380**	**413**
Full Time	**225**	**5,664**	**5,889**
Part-time Field Workers	**4,956**	**5,903**	**10,859**
Total	**5,217**	**11,966**	**17,183**
%	**30%**	**70%**	**100%**

	2017 average employed during the year		
Group Headcount	Women	Men	Total
Board (Company and subsidiaries)	2	14	16
Senior Management (GM and above)	-	6	6
Managers & Executives	31	379	410
Full Time	200	5,062	5,262
Part-time Field Workers	4,244	5,753	9,997
Total	4,477	11,214	15,691
%	29%	71%	100%

Although the Group provides equal opportunities for female workers in the plantations, the male workers make up a majority of the field workers due to the nature of work and the remote location of plantations from the towns and cities. Nevertheless, the number of female part-time field workers increased by 17% from 4,244 to 4,956 in 2018. Overall, the percentage of female workers within the Group increased from 4,477 or 29% in 2017 to 5,217 or 30% in 2018.

Employees

Oil palm cultivation is a labour-intensive industry. In 2018, the number of full-time workers averaged 6,324 (2017: 5,694) while the part-time labour averaged 10,859 (2017: 9,997). The headcount in 2018 was higher by 9.5% as additional workers were required as more plantations reached peak production age. The Group has introduced mechanisation in the field to boost productivity. Mechanisation though has its limits but where possible could help relieve the acute shortage of labour and reduce the cost pressure from rising minimum wages.

The Group has formal processes for recruitment, particularly for key managerial positions, where psychometric testing is conducted to support the selection and hiring decisions. Exit interviews are also conducted with departing employees to ensure that management can address any significant issues.

Existing employees are selected on a regular basis for training programmes organised by the Group's training centre that provide grounding and refresher courses in technical aspects of oil palm estate and mill management. The training centre also conducts regular programmes for all levels of employees to raise the competency and quality of employees in general. These programmes are often supplemented by external management development courses including attending industry conferences for technical updates. A wide variety of topics are covered including work ethics, motivation, self-improvement, company values and health and safety.

The Group operates a cadet program where graduates from local universities are selected to undergo theory and field training over a twelve-month period. On successful completion, they are assigned as assistants to various mills and estates.

All the plantations are at various stages of introducing finger printing to record and mark attendance of daily workers and to pay all workers through bank transfer to improve the efficiency of estate operations.

A large workforce and their families are housed across the Group's plantations. The Group further provides at its own cost water and electricity and a host of other amenities including places of worship, schools and clinics. On top of competitive salaries and bonuses, these extensive benefits and privileges help the Group to retain and motivate its employees. The Group complied with the minimum wage policy issued by the Indonesian government. It respects the rights of employees and does not exploit workers, use child or forced labour and is not involved in human trafficking as described in the UK's Modern Slavery Act 2015.

The Group promotes a policy for the creation of equal and ethnically diverse employment opportunities including with respect to gender.

The Group has in place key performance-linked indicators to determine increment and bonus entitlements for its employees. The human resources engage members of the labour unions representing full-time workers at least once a year on their yearly performance bonuses and grievances. A whistle-blower policy will be introduced from next year that would allow workforce to raise concerns in confidence and if they wish anonymously to the Board of the holding company for independent investigation and follow-up action.

The Group promotes and encourages employee involvement in every aspect wherever practical as it recognises employees as a valuable asset and is one of the key contributions to the Group's success. The employees contribute their ideas, feedback and voice out their concerns through formal and informal meetings, discussions and annual performance appraisals. In addition, various work related and personal training programmes are carried out annually for employees to promote employee engagement and interaction. The Group organises an annual dinner to recognise high achievers in the plantation and mill operations. It also has an annual family gathering to foster camaraderie among its employees.

Although the Group does not have a specific policy on the employment of disabled persons, it, however, employs disabled persons as part of its workforce. The Group welcomes disabled persons joining the Group based on their suitability.

Outlook

FFB production for the three months to March 2019 was 3% higher against the same period in 2018 mainly due to the increase in production from North Sumatera and Kalimantan regions. It is too early to forecast whether the production will be better for the rest of the year.

The CPO price ex-Rotterdam opened the year at $517/mt and averaged about $540 for the first three months of 2019. Palm oil's discount to rival soybean oil has also widened to over $200/mt from $133/mt in March 2018. Palm oil prices remain attractive and should lift demand going forward.

The rising material costs and wages in Indonesia are expected to increase the overall production cost in 2019. The Indonesian government recently announced in 2019 regional increases in minimum wage averaging 8.7%. These wage hikes will raise overall estate costs and may erode profit margins.

Nevertheless, barring any unforeseen circumstances, the Group is confident that CPO demand will be sustainable in the long-term and we can expect a satisfactory trading outturn and cash flow for 2019.

On behalf of the Board

Dato' John Lim Ewe Chuan
Executive Director, Corporate Finance and Corporate Affairs 23 April 2019

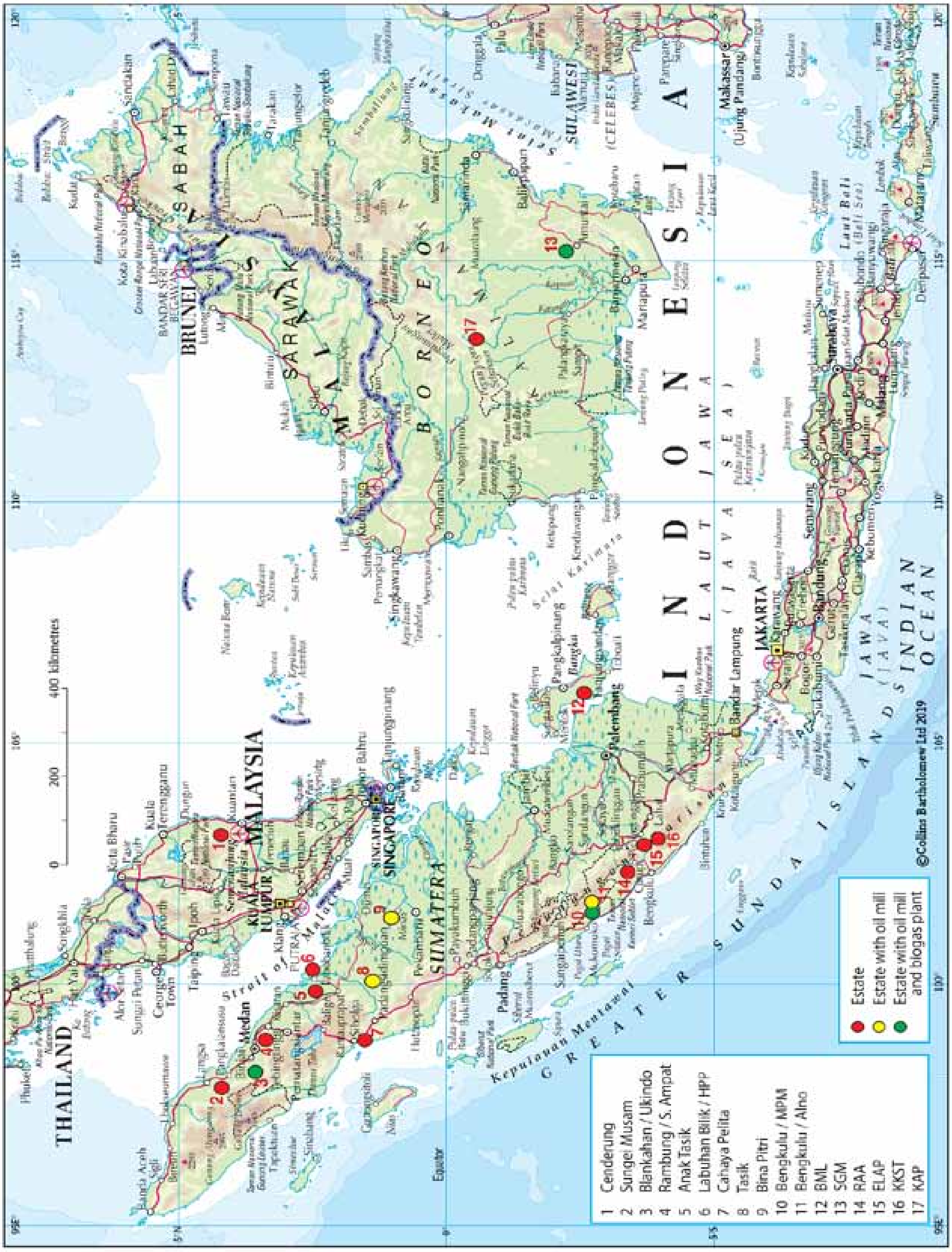
Financial Record

Income statement	2018 $000	2017 $000	2016 $000	2015 $000	2014 $000
Revenue	**250,859**	291,907	246,210	196,451	251,258
Operating profit before BA	**30,928**	66,676	52,480	23,667	78,845
Profit attributable to shareholders after BA	**11,413**	36,214	34,713	9,775	30,762
Dividend proposed for year	**(1,189)**	(1,585)	(1,463)	(1,028)	(1,854)
Financial position	**$000**	$000	$000	$000	$000
Non-current assets & long-term receivables	**351,387**	362,038	360,681	340,099	481,761
Cash net of short-term borrowings	**101,134**	130,895	111,973	102,864	125,624
Long-term loans and borrowings	**(8,203)**	(19,281)	(27,875)	(32,875)	(34,625)
Other working capital	**29,156**	16,320	17,094	3,898	(10,343)
Deferred tax	**(8,893)**	(13,081)	(16,612)	(19,373)	(44,368)
	464,581	476,891	445,261	394,613	518,049
Non-controlling interests	**(92,601)**	(91,799)	(82,150)	(73,598)	(90,813)
Net worth	**371,980**	385,092	363,111	321,015	427,236
Share capital	**15,504**	15,504	15,504	15,504	15,504
Treasury shares	**(1,171)**	(1,171)	(1,171)	(1,171)	(1,171)
Share premium and capital redemption reserve	**25,022**	25,022	25,022	25,022	25,022
Revaluation and exchange reserves	**(193,862)**	(170,147)	(158,532)	(167,402)	(133,474)
Retained earnings	**526,487**	515,884	482,288	449,062	521,355
Equity attributable to shareholders' funds	**371,980**	385,092	363,111	321,015	427,236
Ordinary shares in issue ('000s)	**39,976**	39,976	39,976	39,976	39,976
Basic EPS before BA movement (US cents)	**32.50cts**	91.80cts	82.16cts	25.89cts	132.26cts
Basic EPS after BA movement (US cents)	**28.79cts**	91.37cts	87.58cts	24.66cts	77.61cts
Dividend per share for year (US cents)	**3.0cts**	4.0cts	3.8cts	2.5cts	4.5cts
Asset value per share (US cents)	**938cts**	972cts	916cts	810cts	1,078cts
Exchange rates - year end					
Rp : $	**14,481**	13,548	13,436	13,795	12,385
$: £	**1.28**	1.35	1.23	1.48	1.56
RM: $	**4.13**	4.05	4.49	4.29	3.50
Exchange rates - average					
Rp : $	**14,246**	13,383	13,307	13,392	11,861
$: £	**1.33**	1.29	1.35	1.53	1.65
RM: $	**4.04**	4.30	4.14	3.91	3.27

Estate Areas

	GROUP TOTAL	MALAYSIA	INDONESIA TOTAL	NORTH SUMATERA	BENGKULU	SOUTH SUMATERA	RIAU	BANGKA	KALIMANTAN
Mills									
Number of mills	**6**	**-**	**6**	**2**	**2**	**-**	**1**	**-**	**1**
Combined Mills Capacities	**295 mt/h**	**-**	**295 mt/h**	**100 mt/h**	**105 mt/h**	**-**	**45 mt/h**	**-**	**45 mt/h**
Planted as at 31 Dec 2018	Ha	Ha	Ha	Ha	Ha	Ha	Ha	Ha	Ha
Oil Palm									
Mature	56,038	3,460	52,578	13,469	16,996	5,185	4,873	449	11,606
Immature	10,311	-	10,311	5,465	-	987	-	576	3,283
Total Oil Palm	**66,349**	**3,460**	**62,889**	**18,934**	**16,996**	**6,172**	**4,873**	**1,025**	**14,889**
Rubber									
Mature	262	-	262	262	-	-	-	-	-
Immature	-	-	-	-	-	-	-	-	-
Total Rubber	**262**	**-**	**262**	**262**	**-**		**-**	**-**	**-**
Plasma Mature	1,609	-	1,609	-	-	837	-	-	772
Plasma Immature	1,572	-	1,572	93	-	77	-	202	1,200
Total Plasma	**3,181**	**-**	**3,181**	**93**	**-**	**914**	**-**	**202**	**1,972**
Total Planted area	**69,792**	**3,460**	**66,332**	**19,289**	**16,996**	**7,086**	**4,873**	**1,227**	**16,861**
Reserves									
Plantable	21,745	1,600	20,145	676	-	6,781	-	1,764	10,924
Unplantable	33,704	1,236	32,468	1,350	955	23,305	84	5,244	1,530
Other	2,972	72	2,900	1,051	574	128	75	19	1,053
Total Reserves	**58,421**	**2,908**	**55,513**	**3,077**	**1,529**	**30,214**	**159**	**7,027**	**13,507**
Total Land as at 31 Dec 2018	**128,213**	**6,368**	**121,845**	**22,366**	**18,525**	**37,300**	**5,032**	**8,254**	**30,368**

Location of Estates



Directors' Report

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 December 2018.

Accountability and audit

AEP 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 the Group's financial reporting comply 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 48.

The Board considers the annual report and accounts including the strategic report when taken as a whole, is fair, balanced and understandable as it provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Results and dividends

The audited financial statements for the year ended 31 December 2018 are set out on pages 62 to 107. The Group's profit for the year on ordinary activities before taxation was $30,929,000 (2017: profit $69,691,000) and the profit attributable to ordinary shareholders was $11,413,000 (2017: profit $36,214,000). No interim dividend was paid. The Directors recommend a final dividend of 3.0cts (2017: 4.0cts) to be paid to shareholders on 12 July 2019. Shareholders may elect to receive their dividend in Pounds Sterling as described on page 37.

Viability Statement

The viability assessment considers solvency and liquidity over a longer period than for the purposes of the going concern assessment made on page 12. Inevitably, the degree of certainty reduces over this longer period.

The Group's business activities, financial performance, corporate development and principal risks associated with the local operating environment are covered under the Strategic Report. In undertaking its review of the Group's performance in 2018, the Board considered the prospects of the Company over one and five-year periods. The process involved a detailed review of the 2019 detailed budget and the five-year income and cash flow projection. The one-year budget has a greater level of certainty and is used to set detailed budgetary targets at all levels across the Group. It is also used by the Remuneration Committee to set targets for the annual incentive. The five-year income and cash flow projection contains less certainty of the outcome but provides a robust planning tool against which strategic decisions can be made. The Board also considered the five-year cash flow projection under various scenarios, including the need to support financially loss-making newly matured estates together with the projected capital expenditure. On this basis and other matters considered and reviewed by the Board during the year, the Board concluded and believed that the Group has adequate resources to continue in operation and meet its liabilities over the five years from 2019 to 2023.

Research and Development

The Group did not undertake any research and development activities. It relies on third parties to conduct research and development of new disease resistant and higher yield oil palm seeds.

Land Valuation

Eight companies located across North Sumatera, Bengkulu, Riau and Kalimantan were valued by qualified valuers in 2018 to provide indicative fair values and support the valuation for the estate land. The Directors revalued the estate land not covered by the valuation exercise based on the regional appreciation rate quantified by the qualified valuers.

Directors' Report

Political donations, anti-bribery and anti-corruption
The Group made no political donation during the year.

The Group has in place policies and procedures in respect of bribery and corruption, with detailed guidelines and reporting requirements. Management and senior staff have had training programmes and updates as part of their responsibility to ensure that bribery and corruption do not exist in the Group's operation. The Group uses its best endeavour to seek that its business partners are in compliance with the anti-bribery and anti-corruption regulations.

Carbon Reporting
A GHG emissions assessment quantifies greenhouse gases produced directly and indirectly from the Group's agricultural activities. Also known as a carbon footprint, it is an essential tool in the process of understanding, monitoring, managing and reducing the Group's climate change impact. The emissions sources included in this report were fuel and electricity consumption at the mills, palm oil mill effluent ("POME") treatment, nitrogen emissions from mineral fertiliser use, company owned vehicle use, third party vehicle fuel use, electricity consumption in employee housing and emissions associated with land use change and carbon sequestration.

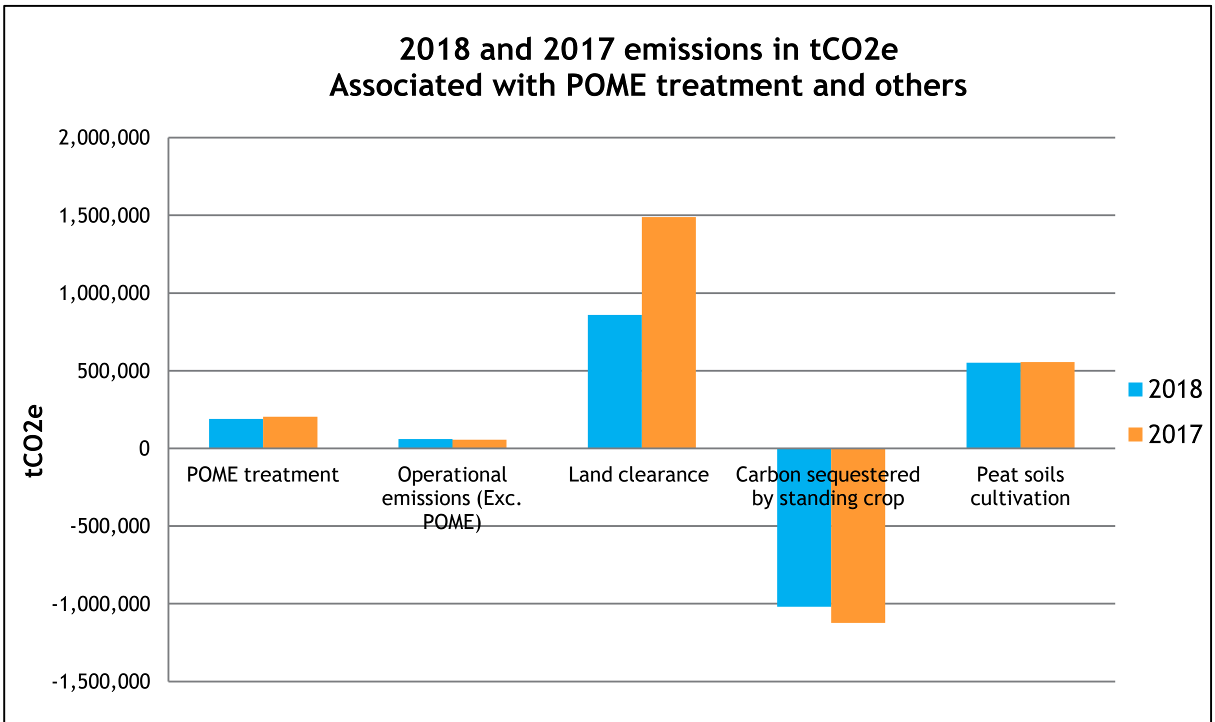
The report identifies and quantifies GHG emissions in the production of CPO at the Group's mills and related estate supply base and planting activities. The Board believes that this report will help the Group plan and facilitate the design and implementation of effective strategies for reducing the Group's GHG emissions in the future as well as providing a benchmark to monitor the reduction of similar gas. We understand the urgent need for the industry to identify and respond to reducing the environmental risk and impact by developing appropriate sustainable practices. We remain committed to monitoring, targeting and reducing all our environmental impact across the Group.

This assessment has been carried out in accordance with the World Business Council for Sustainable Development and World Resources Institute's (WBCSD/WRI) Greenhouse Gas Protocol; a Corporate Accounting and Reporting Standard, together with the latest emission factors from recognised public sources including, but not limited to, Defra, the International Energy Agency, the US Energy Information Association, the US Environmental Protection Agency and the Intergovernmental Panel on Climate Change. The values for the amount of carbon sequestered by the oil palm have been taken from the OPRODSIM and OPCABSIM average growth models provided in the PalmGHG Tool. GHG emissions have been reported by the three WBCSD/WRI scopes. Land use emissions and carbon sequestration results were calculated in line with the methodology used by The Roundtable for Sustainable Palm Oil ("RSPO") GHG Working Group 2 throughout the PalmGHG Calculator. The carbon stock values were derived by the RSPO based on a review of relevant literature and satellite images for land use changes associated with oil palm plantations in Indonesia and Malaysia. An estimate of CO_2 emissions from cultivation of peat soils has been included in this report. The detailed methodology in the calculation of the GHG emissions under the three scopes can be viewed at www.ghgprotocol.org.

Cultivation of peat soils results in CO_2 emissions due to oxidation of organic carbon; therefore, an estimate of these emissions from AEP's peat soil estates has been included in this report. There is a lot of uncertainty regarding the determination of emission factors for peat cultivation and the methodology used in the PalmGHG Tool is based on a report by Hooijer et al (2010) which determines emissions based on the drainage depth of the soil.

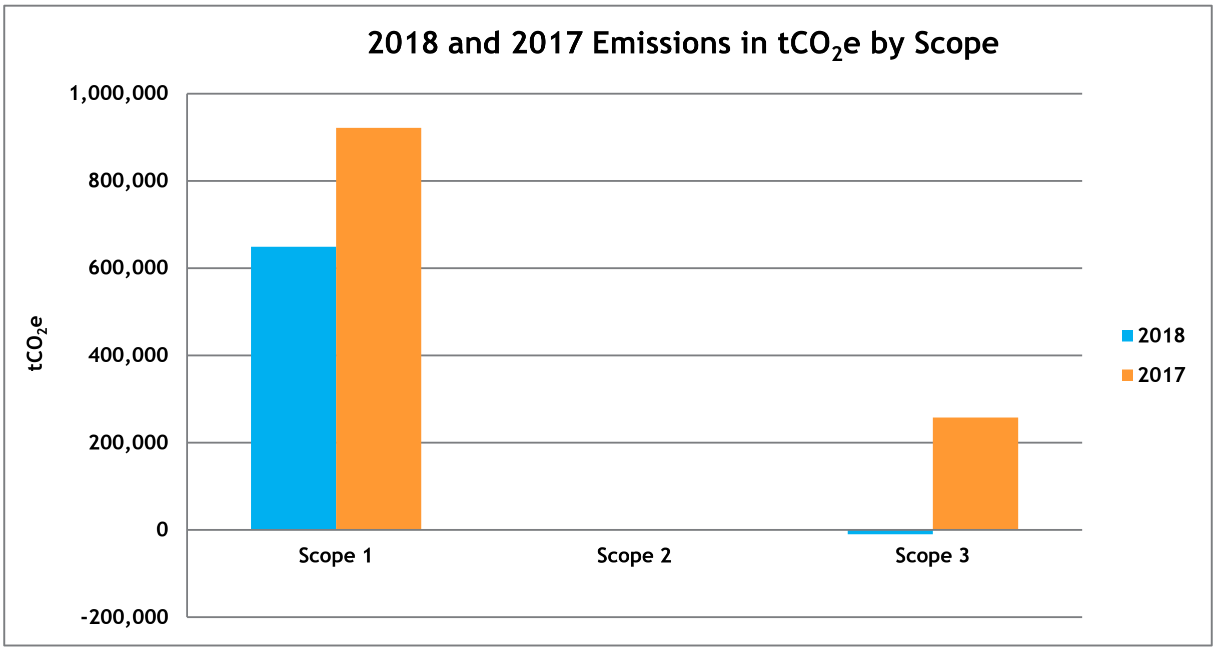
The gross overall emissions computed by the outsourced agent were 640,816 tCO_2e for 2018 compared to 1,180,752 tCO_2e for 2017. The overall emissions have decreased by 539,936 tCO_2e, or 46%, during the 2017 to 2018 assessment period. This decrease was mainly due to a decrease in emissions associated with land clearance by AEP and out-growers where AEP mills bought the crops from.

Emissions source	2018 Emissions in tCO_2e		2017 Emissions in tCO_2e	
POME treatment		**189,794**		204,771
Fertiliser application		**28,014**		25,952
Premises energy consumption		**15,231**		14,800
Company owned vehicles		**7,102**		6,361
Third party vehicle use		**7,641**		7,110
Employee housing		**1,772**		1,736
Total operational emissions		**249,554**		260,730
	Own crop	***Out-grower crop***	*Own crop*	*Out-grower crop*
Land clearance	**429,970**	**429,480**	708,166	780,038
Carbon sequestered by standing crop	**-510,051**	**-509,470**	-534,435	-588,675
Peat soils cultivation	**488,843**	**62,490**	496,090	58,838
Total land use emissions		**391,262**		920,022
Overall emissions		**640,816**		1,180,752



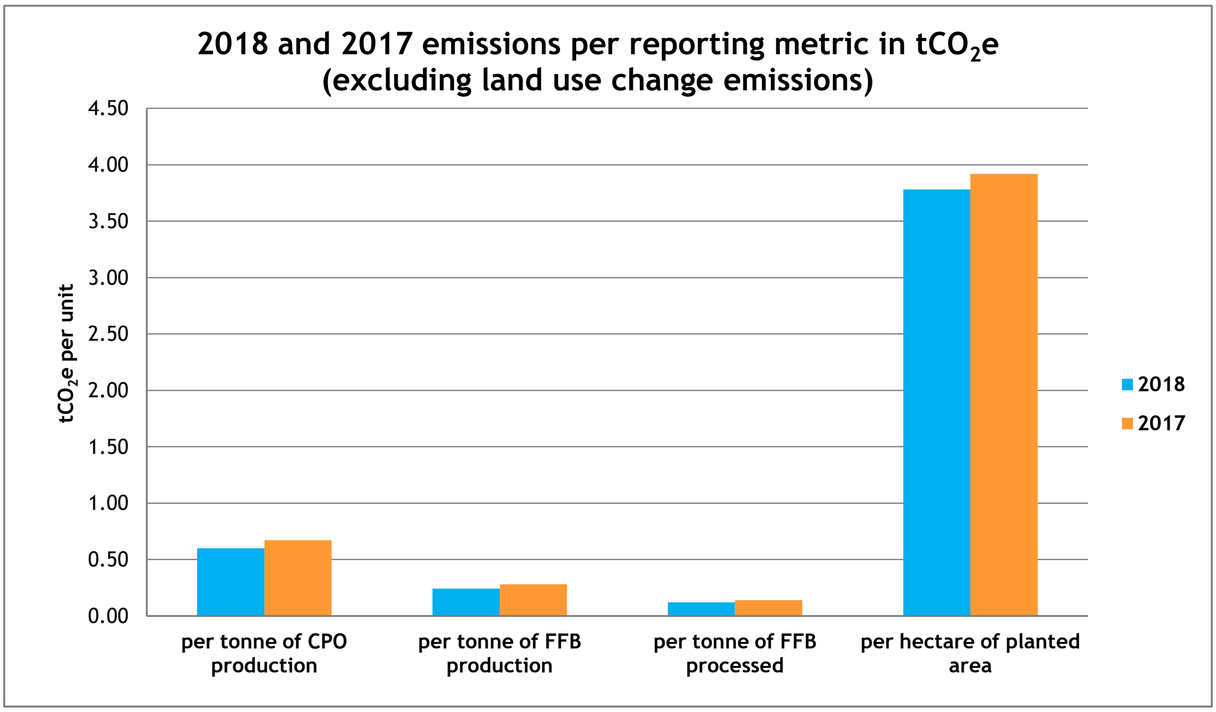
The following chart displays 2017 and 2018 overall emissions by scope.

Scope 1 are direct GHG emissions from sources owned and controlled by the Company which cover emissions associated with own cropland clearance, natural gas combustion and company owned vehicles. This made up the majority of the GHG emissions. This has decreased in 2018 due primarily to a decrease in land clearance emissions. Scope 2 accounts for GHG emissions from purchased electricity, heat and steam generated off-site. Scope 3 includes all other indirect emissions such as out-grower crop, waste disposal, business travel and staff commuting. The decrease in 2018 was due to the decrease in emissions associated with out-grower crop land clearance.



Comparison of GHG emissions per production metrics (excluding land use change emissions):

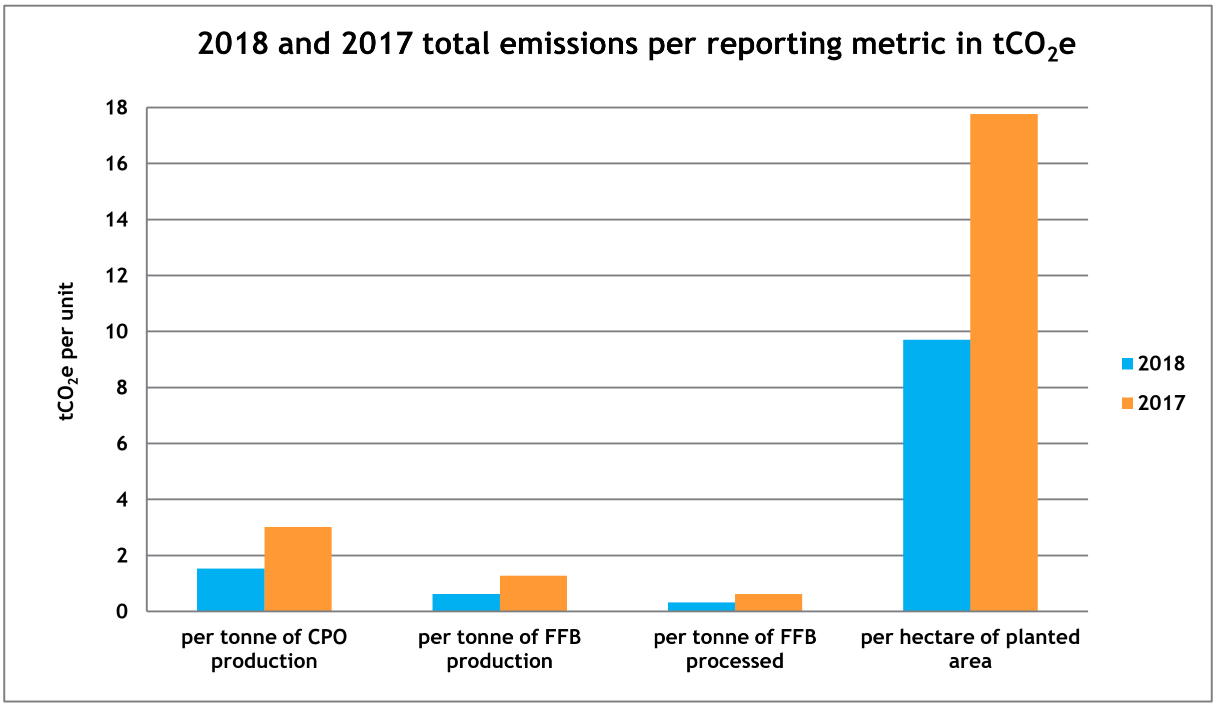
Operational emissions reporting metric	**2018 in tCO²e**	2017 in tCO²e
GHG per tonne of CPO production	**0.60**	0.67
GHG per tonne of FFB production	**0.24**	0.28
GHG per tonne of FFB processed	**0.12**	0.14
GHG per hectare of planted area	**3.78**	3.92



Directors' Report

Comparison of GHG total emissions per production metrics (including land use change emissions):

Operational emissions reporting metric	**2018 in tCO2e**	2017 in tCO2e
GHG per tonne of CPO production	**1.53**	3.02
GHG per tonne of FFB production	**0.62**	1.27
GHG per tonne of FFB processed	**0.32**	0.62
GHG per hectare of planted area	**9.70**	17.77



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

Property, plant and equipment
Information relating to changes in property, plant and equipment is given in note 11 to the consolidated financial statements.

Directors
Madam Lim Siew Kim, Dato' John Lim Ewe Chuan, Mr. Lim Tian Huat and Mr. Jonathan Law Ngee Song will be submitting themselves for re-appointment at the forthcoming annual general meeting.

Brief profiles of all Directors are set out on page 40 of this Annual Report.

Substantial share interests
As at 17 April 2019 and 31 December 2018, the following interests had been notified to the Company, being interests in excess of 3% of the issued ordinary share capital of the Company:

	As at 17.4.2019		As at 31.12.2018	
Name of holder	**Number**	**Percentage of voting rights held**	**Number**	**Percentage of voting rights held**
Genton International Limited	20,247,814	51.08%	20,247,814	51.08%
Nokia Bell Pensioenfonds Ofp	7,015,000	17.70%	7,015,000	17.70%
KBC Securities	1,787,015	4.51%	1,786,217	4.51%
Spencer Nicholas Roditi	1,366,900	3.45%	1,366,900	3.45%
Value Square Asset Management	1,197,043	3.02%	1,197,043	3.02%

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. This 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.

Auditor
All of the current Directors have taken all the steps to make themselves aware of any information needed by the Company's auditor for the purposes of their audit and to establish that the auditor is aware of the information. The Directors are not aware of any relevant audit information of which the auditor is unaware.

BDO LLP has expressed its willingness to continue in office and a resolution to re-appoint them will be proposed as Resolution 8 at the forthcoming annual general meeting.

Authority to allot shares
At the annual general meeting held on 25 June 2018 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 10 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 23 April 2019 (being the latest practicable date before publication of this notice). In accordance with guidance issued by The Investment Association, 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 23 April 2019. 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 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 2019, whichever is earlier. Renewal of this authority on similar terms is being sought under Resolution 11 at the forthcoming annual general meeting.

Acquisition of the Company's own shares and authority to purchase own shares
At 23 April 2019, the Directors had remaining authority under the shareholders' resolution of 25 June 2018, to make purchases of 3,963,637 of the Company's ordinary shares. This authority expires on 30 June 2019. 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 12 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.

Dividends
The Board has declared a final dividend of 3.0cts per share (2017: 4.0cts), in line with our reporting currency, in respect of the year to 31 December 2018. Subject to shareholders approval of Resolution 3 at the annual general meeting, the final dividend will be paid on 12 July 2019 to those shareholders on the register on 7 June 2019.

While the dividend is declared in US Dollar, as mentioned in the Shareholders Information section of the Annual Report, shareholders can choose to receive the dividends in Pounds Sterling. In the absence of any specific instruction up to the date of closing of the register on 7 June 2019, shareholders with addresses in the UK are deemed to have elected to receive their dividends in Sterling and those with addresses outside of UK in US Dollar. Shareholders who choose to receive the dividends in Pounds Sterling will do so at the exchange rate ruling on 7 June 2019, being the dividend record date. Based on the exchange rate at 17 April 2019 of $1.30 / £, the proposed dividend would be equivalent to 2.3p (2017: 2.8p). Shareholders are reminded that the last day to revoke a currency election is on 17 June 2019.

AEP operates a dividend reinvestment plan ("DRIP"). Holders of the shares may elect to reinvest their final dividend. The latest election date is 17 June 2019.

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.

On behalf of the Board

Dato' John Lim Ewe Chuan
Executive Director, Corporate Finance and Corporate Affairs 23 April 2019

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. The Directors have elected to prepare the Company financial statements in accordance with FRS 101 Reduced Disclosure Framework under the 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 applicable accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare a Strategic Report, a Director's Report and Director's Remuneration report which comply with the requirements of the Companies Act 2006; and
- make an assessment of the Company and Group's ability to continue as a going concern.

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.

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 the legislation in the UK 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 40 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 Strategic Report in the annual report includes a fair review of the development and performance of the business and the financial position of the Group, together with a description or the principal risks and uncertainties that they face.
- The annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

On behalf of the Board

Dato' John Lim Ewe Chuan
Executive Director, Corporate Finance and Corporate Affairs — 23 April 2019

Directors

Madam Lim Siew Kim
(Non-Executive Chairman, age 70).

Non-Executive Director since 29 November 1993 and appointed as Non-Executive Chairman on 31 January 2011. Madam Lim does not hold any directorship in other public listed company.

Dato' John Lim Ewe Chuan
(Executive Director, Corporate Finance and Corporate Affairs, member of Audit, Nomination and Corporate Governance and Remuneration Committees, age 69).

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.

Lim Tian Huat
(Senior Independent Non-Executive Director, Chairman of Audit Committee, Chairman of Nomination & Corporate Governance Committee and member of Remuneration Committee, age 64).

Appointed 8 May 2015.

Fellow member of the Association of Chartered Certified Accountants and member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He is the founding President of Insolvency Practitioners Association of Malaysia. He holds a degree in Bachelor of Arts in Economics.

Mr. Lim is a practising Chartered Accountant with his own Corporate Restructuring and Insolvency practice Rodgers Reidy & Co. He is also the Managing Director of Andersen Corporate Restructuring Sdn. Bhd. He was previously a partner at Ernst & Young from 2002 to 2009 and prior to that, partner at Arthur Andersen & Co from 1990 to 2002.

He co-authored a book entitled "The Law and Practice of Corporate Receivership in Malaysia and Singapore".

Mr. Lim also served as Commissioner of the United Nations Compensations Commission for a period of five years. He was also appointed by the Domestic Trade Minister to be a member of the Corporate Law Reform Committee under the purview of the Companies Commission of Malaysia.

Independent Non-Executive Director of Malaysia Building Society Berhad and UEM Sunrise Berhad, both of which are listed on Bursa Malaysia.

Jonathan Law Ngee Song
(Independent Non-Executive Director, Chairman of Remuneration Committee, member of Audit Committee and Nomination & Corporate Governance Committees, age 53).

Appointed 4 July 2013.

Mr. Law graduated from Australia National University in 1989 with a Bachelor of Commerce and Bachelor of Laws. He was admitted as an Advocate and Solicitor, to the High Court of Malaya in 1991. He is in legal practice and currently a Partner in Messrs. Azmi & Associates handling merger and acquisitions and corporate practice. He was previously a Partner in Messrs. Nik Saghir & Ismail (1996 to March 2019) and Allen & Gledhill (1991 to 1995).

Independent Non-Executive Director of Karex Berhad and Evergreen Fibreboard Berhad, public listed companies in Malaysia. Appointed Independent Non-Executive Chairman of Evergreen Fibreboard Berhad on 22 February 2010. He is also the Chairman of Remuneration Committee and a member of Nomination Committee of Evergreen Fibreboard Berhad.

Statement on Corporate Governance

Application of the UK Corporate Governance Code
AEP 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 benchmark standards in this regard are set out in the UK Corporate Governance Code ('the Code'), as most recently revised in June 2016 which forms part of the Listing Rules of the London Stock Exchange. The Code is available from the Financial Reporting Council's ("FRC") website at www.frc.org.uk. Where provisions of the Code were not met during 2018, the particular comment is made in the statements below and in the Directors' remuneration report on pages 49 to 53. The directors are mindful of the proposed revisions to the Code which are expected to take effect on 1 January 2019 and will pay due regards to such revisions when published.

Relationship Agreement with Controlling Shareholder
The UK Listing Rules require a premium listed issuer with a controlling shareholder to have in place a relationship agreement with the controlling shareholder. The mandatory requirement for the relationship agreement is intended to prevent controlling shareholders from exercising their influence in a way that is improper or unfair to minority shareholders. The requirement is not intended to prevent a controlling shareholder from engaging fairly with an issuer or legitimately disagreeing with the issuer and neither are they intended to prevent shareholders from holding board positions. AEP Plc has identified all controlling shareholders and regarded its major shareholder, Genton International Limited ("Genton") as the only controlling shareholder. In this respect, the Company entered into a relationship agreement with Genton on 14 November 2014. The agreement is available for inspection by the shareholders upon request from the Company Secretary. The Board has reviewed this agreement with the controlling shareholder and concluded that AEP Plc has complied with the independence provisions included in the agreement and that, in so far as it is aware, those independence provisions have been complied with by Genton.

The Board
AEP is led by a strong and experienced Board of Directors (see biographical details set out on page 40). During 2018 the Board comprised the Non-Executive Chairman, one Executive Director and two Non-Executive Directors, both of whom are considered by the Board to be Independent.

Dato' John Lim Ewe Chuan was appointed as the 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 the Non-Executive Chairman on 31 January 2011. Neither external search consultancy nor open advertising was used for the appointment. The Nomination and Corporate Governance Committee is of the view that Madam Lim, who indirectly owns 52% of the Company's shares, with her experience in plantation businesses as she was the Chairman of the Company from 1993 to 1998 is an appropriate candidate for the position. The other members of the Board are satisfied that through the specific powers reserved for the Board, and given the presence of the Independent Non-Executive Directors, there is a reasonable balance of influence. AEP has complied with the Code which provides that excluding the Chairman, the Board should be made up of more than 50% Non-Executive Directors.

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 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 UK Corporate Governance 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 UK Corporate Governance 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 Independent Non-Executive Director
Mr. Lim Tian Huat, an experienced Chartered Accountant acted in the capacity of Senior Independent Non-Executive Director from 8 May 2015.

Operation of the Board
A schedule of duties and decisions reserved for the Board and management respectively has been adopted. The Audit, Nomination & Corporate Governance and Remuneration 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 2018 there were two Board meetings attended as follows:

	Attendance
Madam Lim Siew Kim	2/2
Dato' John Lim Ewe Chuan	2/2
Lim Tian Huat	2/2
Jonathan Law Ngee Song	2/2

Agenda and minutes of previous meetings were circulated prior to meetings.

The Independent Non-Executive Directors met on their own during 2018. Telephone discussions between the Chairman and the Non-Executive Directors also took place outside these meetings.

The Board is supplied with relevant, timely and accurate information for review prior to each meeting to enable them to discharge their duties. The Audit Committee is responsible for the integrity of the financial information and this is achieved by interacting with the management and with the internal auditors. 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, final dividends, the appointment of Directors and the Company Secretary, circulars to shareholders, Group treasury policies and acquisitions. Certain other matters are delegated to Board committees, the details of which are set out below.

Statement on Corporate Governance

During 2018, the Board followed the Group results and the development of the activities of the various subsidiaries by means of reports prepared by the management in Malaysia and Indonesia. It received further reports and minutes of the Executive Committee meetings in Indonesia chaired by the Group senior general manager from Malaysia. The objectives of the Executive Committee are to resolve operational issues and to drive the performance budget set at the beginning of every year by the Board. Besides the senior general manager from Malaysia, the Executive Committee are made up of senior members of the management team based in Indonesia which includes the Chief Executive Officer, the Chief Operating Officer, the Finance Director and the Engineering Director.

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. Where necessary the Board members may seek independent advice including legal counsel at the Company's expense. The Company maintained Directors' and officers' liability insurance throughout 2018.

Non-Executive Directors are appointed for two-year terms renewable on the 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 yearly re-election under the Code.

Dato' John Lim, the only Executive Director on the Board, sits on the Audit, Nomination and Remuneration Committees for 2018. The UK Corporate Governance Code provides for smaller companies like AEP to have two independent Non-Executive Directors in the Audit and Remuneration Committees and a majority independent Non-Executive Directors in the Nomination Committee. The Code does not expressly provide for the exclusion of the Executive Director in the Audit and Remuneration Committees. In practice, companies would normally exclude the Executive Director from membership so as not to taint the independence of both the Audit and Remuneration Committees. However, the Board felt strongly that given the small composition of the various Committees, they would benefit from Dato' John Lim's wealth of commercial and audit experience. It was also felt that Dato' John Lim being the only Director based in London could only adequately represent the Company in any shareholder and investor meetings if he sits in the three Committees. The Board also believes that the Non-Executive Directors, being professionals in their own areas of expertise would maintain their impartiality and independence by their majority presence in all three Committees.

In 2018 the Board conducted a review of its performance by discussion. It concluded that the Board is performing effectively and that the Board members have the complementary skills appropriate to propel the Group in its strategic direction and for challenges ahead. No other major issues arose from this review.

Following a review of the internal control and risks management in April 2019 and in the absence of any reported failure and weaknesses which the Board considered significant, it concluded that these remain effective and sufficient for their purpose.

Nomination and Corporate Governance Committee
The Nomination and Corporate Governance Committee currently comprises Mr. Lim Tian Huat (Chairman), Dato' John Lim Ewe Chuan and Mr. Jonathan Law Ngee Song. The committee had three meetings during 2018, attended by all members.

The policy on gender diversity is described on page 25 of the Strategic Report.

Statement on Corporate Governance

During the year, the Nomination Committee reviewed and deliberated on the Statement of Corporate Governance for inclusion in the Annual Report. It also met to recommend and extend the contract of a director. In 2018 it organised two video conferences with its sponsor and legal advisors on the continuing obligations of the directors under the Corporate Governance Code, Market Abuse Regulation and the UK Listing rules. The panel updated the members of the key features of the new Corporate Governance Code which includes board leadership, company purpose, shareholder dissent, engagement with stakeholders, division of responsibilities, independence of Non-Executive Directors, composition, succession and evaluation of the Board. On Market Abuse Regulation, the members were briefed on what constitutes inside information, selective disclosure, dealing with rumours, closed periods, unlawful disclosure, insider dealing, market manipulation and sanctions for contravention of the Regulation. Members were also refreshed on related party transactions under the Listing rules.

Relations with shareholders
All shareholders may attend the Company's AGM and put questions to the Board and such questions must be with at least twenty working days' notice. At the conclusion of the AGM, a summary of votes for each resolution is reported and made available at the company's website as soon as practicable after the meeting. Shareholders will not receive a hard copy of the proxy form for the 2019 AGM. Instead shareholders will be able to vote electronically using the link www.signalshares.com. For more details please refer to Proxy Voting on page 8 of the Annual Report.

The Executive Director contacted and met certain principal shareholders during the year to understand their concerns and at all times are pleased to speak to and meet any shareholder. The views of the shareholders were communicated to the Board to ensure that it is mindful of the shareholders' sentiment and issues arising at all times. Given the dispersion of Directors and shareholders, it is not possible for every Director to meet the shareholders. A member of the Audit, Nomination and Remuneration Committees will be available at the 2019 AGM. It is the intention of the Board that the Company would engage with identifiable shareholders who have voted against Company's resolutions in the past.

The annual report, interim report and trading statements are intended to keep the shareholders informed as to the progress in the operational and financial performance of the Group. The Company maintains a corporate website at https://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, the price of crude palm oil, environmental, social and governance matters.

The Company's results and other news releases issued via the London Stock Exchange's Regulatory News Service are published on the "Investors Information" and "News" sections of the website and together with other relevant information concerning the Company and the Industry, are available for downloading. The website was upgraded recently to enable shareholders and investors to select and receive e-mail alerts from the Company on the selected regulatory news to follow the development of the Company.

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. Although AEP is not a member of the RSPO, the Group's management and Directors take a serious view of their environmental and social responsibilities and are fully committed to the principles developed by RSPO. Many of these principles overlap with ISPO of which compliance is mandatory for AEP. These principles cover eight headings as follows:

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

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

- Not to remove primary forest;
- Not to use fire for clearing areas designated for new or 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. Some of the measures taken for environmental protection will be disclosed and updated in the company's website from time to time.

Lim Tian Huat
Chairman, Nomination and Corporate Governance Committee 23 April 2019

Audit Committee Report

Audit Committee
The Audit Committee comprises Mr. Lim Tian Huat (Chairman), Dato' John Lim Ewe Chuan and Mr. Jonathan Law Ngee Song, all of whom are considered by the Directors to have relevant financial and professional experiences to discharge their specific duties with respect to the Audit Committee.

Mr. Lim is a Fellow member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He is also the founding President of Insolvency Practitioners of Malaysia. He has extensive experience in accounting, auditing, finance and corporate insolvency. In addition to in-house training, he participated in nine external courses and seminars in 2018, three of which were organised by Malaysian Institute of Accountants. Topics covered were megatrends, Islamic financing, corporate liabilities, exercising judgement in financial reporting and review of new and existing accounting standards.

Dato' John Lim attended webinars hosted by UHY Hacker Young LLP on the update of accounting and auditing standards.

Mr. Jonathan Law attended three seminars covering topics on Malaysia Code on Corporate Governance reporting, guide and implementation and also the Essence of Independence.

Both Mr. Lim and Dato' John Lim have recent and relevant financial experience in their discharge of duties on the Audit Committee.

Overview
The Audit Committee met prior to the completion of the 2018 accounts and five times during 2018 with full attendance except for Mr. Lim who was absent from one meeting.

During the year, the Committee reviewed and discussed the 2017 Annual Report, Interim Results, 1st Quarter and 3rd Quarter Trading Statement for 2018. The Committee also deliberated and recommended to the Board the dividend rate for AEP and the Indonesian subsidiaries. It also assessed the risks management report and concluded that the risks generally remained unchanged. The industry continues to face many challenges and uncertainties over sustainable issues and governmental protective policies. The internal audit reports were tabled bi-annually at the Audit Committee meetings and were discussed in detail. The Committee also recommended to the Board to appoint an external audit firm to review the quality of internal audit work and function every five years. This independent review is meant to assist the Board to assess the functionality of internal audit department and to improve the quality of internal audit work. The Committee also approved the Internal Audit Plan for the year. The Committee deliberated extensively and made changes before recommending the Budget for 2018 to the Board. In May 2018, a member of the Audit Committee visited the Indonesian operations and took the opportunities to meet the key managers. There are regular dialogues, both formal and informal between the Audit Committee and the senior management in Indonesia and Malaysia and the discussions are open and constructive. The Committee also recommended set-up of a whistle blower policy in 2019 as a means for the workforce in Indonesia to raise concerns in confidence and if they wish anonymously to a designated Non-Executive Director.

The Committee met with the external auditor twice in 2018 to discuss the audit findings and to plan the audit for 2018 financial year. The external auditor during the audit planning highlighted to the Audit Committee their scope of audit and their assessment of areas of audit risks. The significant risks include management override of controls, revenue recognition, valuation of estate land, valuation of biological assets and impairment of bearer plants. Other risks include completeness of related party transactions, recoverability of plasma scheme receivables and various disclosure requirements under newly introduced IFRS. The auditor continued to stress on the directors' responsibilities and shared with the Committee several soundbites on corporate governance, audit quality, reporting changes and IFRS implementation. During the year the audit engagement team from BDO (UK) visited Indonesia and Malaysia to review the work of the component auditors.

Audit Committee Report

In the 2018 Annual Report, the management has taken reasonable steps including independent external evaluation to assess whether there is any indication that an asset may be impaired, in particular, the plantations. Impairment for plantations is measured by comparing its carrying amount with its recoverable amount, which is the higher of the fair value less cost to sell and its value in use. Given the nature of the business, its recoverable amount was based on the value in use calculation on the basis that it will be higher than fair value less cost to sell. This requires the management to exercise significant judgement in determining the underlying assumptions used in the calculation of the recoverable amount. In 2018, the impairment loss of the plantations of the Group was $3.4 million (2017: reversal of impairment loss of $1.7 million). The details of the calculation of the recoverable amount are disclosed in note 11 - Property, plant and equipment to the consolidated financial statements.

To provide indicative fair values and to support the valuation of the estate land, eight companies located across North Sumatera, Bengkulu, Riau and Kalimantan were valued by qualified valuers in 2018. The Directors revalued the estate land not covered by the valuation exercise based on the regional appreciation rate quantified by the qualified valuers. The land is valued on a rotational basis and all the land is valued by qualified valuers every two years. More details on land valuation work are covered on page 31.

The Committee also reviewed the policy on revenue recognition and believes that revenue is recognized when control of the FFB and CPO has been transferred to the buyers. The Group generates revenue predominantly from the sale of CPO from processed FFB.

The Board receives reports from executive management in Indonesia and Malaysia and focuses principally on reviewing reports from management and considers whether significant risks in the Group are identified, evaluated, managed and whether significant weaknesses are promptly remedied including, but not limited to, commodity price movements, exchange rate movements, political and social change and government legislation.

During the year the Committee carried out an assessment of the effectiveness of the external audit process. The assessment was led by the Chairman of the Audit Committee, assisted by the Senior General Manager and the Group Accountant and focused on certain criteria which the Committee considered to be important factors in demonstrating an effective audit process. These factors included the quality of audit staff, the planning and execution of the audit according to agreed plans and timeline, provision of sound advice on technical issues and degree of independence and professionalism displayed during the audit for 2017. The tenure of audit and extent of non-audit work that will affect the independence of the auditor were reviewed. During 2018, the non-audit work undertaken by BDO (UK) was on the review of the interim report for compliance before the announcement. The Committee considered the nature, scope of engagement and remuneration paid were such that the independence and objectivity of the auditor were not impaired. Fees paid for audit and non-audit services are provided in note 5. The Committee considered the key members of the audit engagement team and component auditors involved in the Group Audit. This includes the Audit Partner and the Audit Manager from BDO (UK) and the various partners from BDO in Malaysia and Indonesia. The current Audit Partner from BDO (UK) has been the Company's audit engagement partner for the past five years and will be rotated by next year. For the audit in Malaysia a new Audit Partner was assigned. The Audit Partner for the Indonesian audit has been involved for three years since 2015. Following this assessment, the Committee concluded that the external audit process remained effective, and that the objectivity of the external auditor was not impaired and that it provides an appropriate independent challenge of the senior management of the Group.

Audit Committee Report

Responsibility
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 are fair and balanced;
- 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 auditor, their remuneration and terms of engagement;
- Reviewing and monitoring the independence of the external auditor and the effectiveness of the audit process;
- Providing advice to the Board on the assessment of the principal risks facing the Group; and
- Providing advice to the Board on the form and basis underlying the longer-term viability statement and going concern statement in the Annual Reports.

The Committee also monitors the engagement of the auditor 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 auditor were not impaired.

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

Internal control
The Company has followed the Code provisions on internal control since 1999 and the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the Financial Reporting Council in 2014. 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 Group has internal auditors who visit operating sites in Indonesia and Malaysia regularly based on an approved Internal Audit Plan and provide summarized internal audit reports to the Audit Committee on a regular basis. The Internal Audit also conducts special audits throughout the year as and when required by management. The internal audit team provides objective assurance as to the effectiveness of the Group's systems of internal control and risk management of the Group's operating management to the Committee. Follow-up audits and discussions are also held to ensure remedial actions are taken promptly. The internal audit review is a continuous and 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 Audit Committee has decided to engage external auditor to independently review and assess the quality of internal audit work and its manpower every five years. Besides helping to improve the internal controls, it also raises the standard of the internal audit work. Several audit firms have been invited to tender and the review is expected to start in the second quarter of 2019.

Lim Tian Huat
Chairman, Audit Committee — 23 April 2019

Directors' Remuneration Report

I am pleased to report on the activities of the Remuneration Committee for the year ended 31 December 2018. It sets out the remuneration policy and remuneration details for the Executive and Non-Executive directors of the Group. It has been prepared in accordance with Schedule 8 of The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 as amended in August 2013.

The Companies Act 2006 requires the auditor to report to the shareholders on certain parts of the Directors' Remuneration Report and to state whether, in their opinion, those parts of the report have been properly prepared in accordance with the Regulations. The parts of the annual report on remuneration that are subject to audit are indicated in that report. The report by the Chairman of the Remuneration Committee and the policy statement are not subject to audit.

The Executive Director's compensation is not linked to the profitability of the Group. It is linked to his role in respect of activities relating to corporate finance and corporate affairs, including liaising with the Company's advisers and regulators and interaction with shareholders.

The Executive Director basic salary remains and is capped at £90,000 per annum until August 2020.

The operating units in Indonesia and Malaysia have in place a variable compensation policy that rewards senior executives and employees with bonuses ranging from two to seven months' pay based on individual's and operating units' performance. The key criteria used in the determination of the variable compensation policy for the bonus was revised in May 2014 following discussion and consultation with the Company's Chairman.

There was no change in Remuneration policy which was last voted and approved in 2017. In the meeting, the shareholders voted in the following manner:

	For	Against	% For	% Against
To approve Remuneration policy	44	12	98.9%	1.1%

The Director's Remuneration report was last approved at Company's AGM on 25 June 2018. In the meeting, the shareholders voted in the following manner:

	For	Against	% For	% Against
To approve Directors' Remuneration Report	62	8	99.7%	0.3%

The Committee would welcome your support for our Remuneration Report. The report excluding the policy statement will be subject to the shareholders vote in 2019 AGM.

Remuneration Committee
The Remuneration Committee comprises of Mr. Jonathan Law Ngee Song (Chairman), Dato' John Lim Ewe Chuan and Mr. Lim Tian Huat.

The Committee had three meetings in 2018, attended by all members.

Besides formal meetings, it also has informal discussions and consultation with the Company's Chairman in relation to the variable bonuses for operational staff in Indonesia. During the year the Remuneration Committee reviewed the annual increment and bonus entitlement of senior management in Indonesia. It made the necessary recommendation to the Board after making an informal comparison with other plantation companies. The Committee also deliberated on the 2018 Remuneration Report and recommended to the Board for acceptance.

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 the Executive Director. It periodically assesses the remuneration of the Non-Executive Directors and submits a proposal to the Board. The Group does not seek the advice of an external consultant in determining the salaries of senior management and directors.

Directors' Remuneration Report

In determining the remuneration policy of senior management, the Committee takes into account the need to attract, retain and motivate employees. It also makes external comparison with the current market trends and practices of equivalent roles taking into account the size, business complexity and relative performance.

Non-Executive Directors' remuneration is considered by the Board and consists exclusively of a fixed payment. The remuneration is within the range based on a survey of remuneration of directors in Malaysian-listed plantation companies.

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 which is similar to the previous approved policy will continue to be consistently applied in the next financial year. This policy including capping the remuneration at £90,000 per annum as set out above will continue to be applied for any new appointment.

No employees or shareholders are specifically consulted on the remuneration policy of the Company. If a significant shareholder expresses a particular concern regarding any aspect of the policy, the views expressed would be carefully weighed.

Components

Base salary

Base salaries of senior management are reviewed on an annual basis by the Remuneration Committee or when an individual changes his 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 including crop production, external crop purchase, increases in planted area, efficiency of mill performance and overall profitability. There is no bonus scheme for all the Directors.

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 ten-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. The Company had not issued any share options to all Directors after 2004.

Individual grants vest over three years. The total grant to each holder is determined by seniority and total market value at the date of grant is normally limited to two times base salary. Exercise of options is only permitted three years after grant, provided that the holder remains an employee of the Group throughout the period. There are no other performance criteria for exercise of options granted so far.

Pensions

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

Remuneration Policy Table for Executive Director

The table below summarises the key aspects of the Group's Remuneration Policy for Executive Director effective 1 January 2015.

Type	Purpose	Maximum payment
Base salary - fixed pay.	To contain fixed costs.	Capped at £90,000. The cap is reviewed periodically. The policy permits the cap to be changed if this is deemed necessary to meet business, legislative or regulatory requirements.

Directors' Remuneration Report

There is no bonus, fringe benefits or employee share option scheme for the Executive Director.

Executive Director's Remuneration over 10 Years

Year ended 31 Dec	Salary	Benefit	Pension	Bonus	Total
2018	$123,000*	-	-	-	$123,000
2017	$113,000*	-	-	-	$113,000
2016	$127,000*	-	-	-	$127,000
2015	$137,000*	-	-	-	$137,000
2014	$133,000	-	-	-	$133,000
2013	$117,000	-	-	-	$117,000
2012	$105,000	-	-	-	$105,000
2011	$83,000	-	-	-	$83,000
2010	$114,000	-	-	-	$114,000
2009	$137,000	-	-	-	$137,000

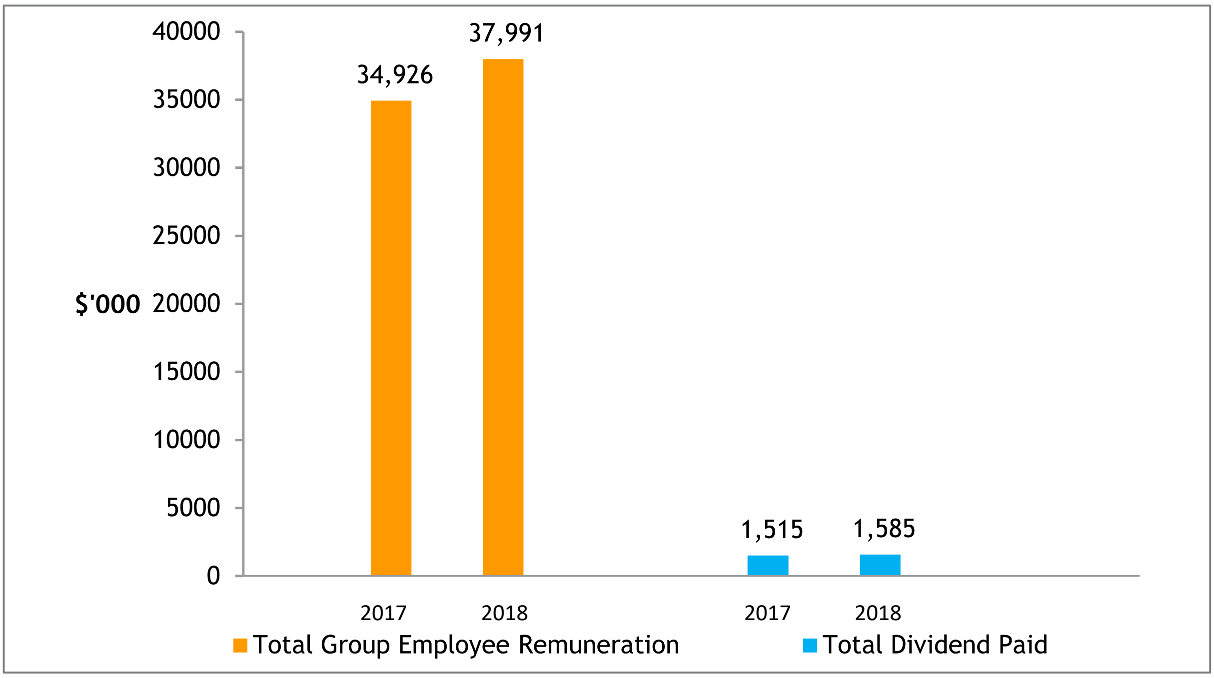
* The Executive Director's basic salary from 2015 to 2018 was £90,000 per annum. The fluctuations shown above during this period were the result of exchange translations.

Percentage change of remuneration

The following table shows a comparison of the percentage change in salaries of the Executive Director, senior management in Indonesia and total wages and salaries between 2017 and 2018.

	2018	2017	Change
Percentage change in Executive Director's salary			
Salary	**$123,000**	$113,000	8.8%
Percentage change in selected Group senior management salaries			
Salaries	**$1,446,000**	$1,587,000	-8.9%
Percentage change in total wages and salaries			
Total wages and salaries	**$34,846,000**	$31,608,000	+10.2%

Relative importance of spend on pay



Directors' Remuneration Report

Service contracts
All Directors, Executive and Non-Executive, have formal appointment letters. The Executive and Non-Executives are appointed normally on two-year terms with notice periods of one month to two months. The service contracts are kept at the registered office and may be inspected by shareholders on request. Notice periods for all other senior management are generally two months. Therefore, any remuneration payment for loss of office will be capped at a maximum of two months. It is not the Company policy to include provisions in directors' service contracts for compensation for early termination beyond providing for an entitlement to payment in lieu of notice if due notice is not given.

At 31 December 2018, the unexpired term of the retiring Directors are:

Madam Lim Siew Kim	Expiry 30 January 2021
Dato' John Lim Ewe Chuan	Expiry 31 August 2020
Lim Tian Huat	Expiry 7 May 2021
Jonathan Law Ngee Song	Expiry 3 July 2021

Performance Graph
The performance graph is set out on page 4 and shows the Company's share price performance compared to the FTSE 100 index for the period of 2009 to 2018 (last ten 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. The FTSE 100 index has been selected for this comparison as there is no index available that is specific to the activities of the Company.

Directors' interests (audited)
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:	**2018**	2017
	Ordinary shares	Ordinary shares
Madam Lim Siew Kim	**20,551,914**	20,551,914
Dato' John Lim Ewe Chuan	**-**	-
Lim Tian Huat	**-**	-
Jonathan Law Ngee Song	**-**	-

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 2018 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. There is no requirement for Directors to hold shares in the Company. Other than as set out in notes 7 and 22 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' Remuneration Report

Directors' remuneration (audited)
The following part provides details of the remuneration of all the Directors for the year ended 31 December 2018. 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	**Total 2018 Fees $000**	Total 2017 Fees $000
Name of Directors		
Executive:		
Dato' John Lim Ewe Chuan [(1)]	**123**	113
Non-Executive:		
Lim Siew Kim [(2)]	**59**	55
Lim Tian Huat [(3)]	**22**	20
Jonathan Law Ngee Song [(4)]	**22**	20
Total	**226**	208

Directors' remuneration comprises of directors' fees only.

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 8 May 2015.

[(4)] Appointed on 4 July 2013.

Jonathan Law Ngee Song
Chairman, Remuneration Committee

23 April 2019

Auditor's Report

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

Opinion

We have audited the financial statements of Anglo Eastern Plantations Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the Company balance sheet, the Company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. 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 respect of the parent company financial statements is applicable law and United Kingdom Accounting Standards including FRS 101 Reduced disclosure framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- The financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to principal risks, going concern and viability statement

We have nothing to report in respect of the following information in the annual report, in relation to which the ISAs (UK) require us to report to you whether we have anything material to add or draw attention to:

- the disclosures in the annual report set out on pages 21-25 that describe the principal risks and explain how they are being managed or mitigated;
- the directors' confirmation set out on page 21 in the annual report that they have carried out a robust assessment of the principal risks facing the group, including those that would threaten its business model, future performance, solvency or liquidity;
- the directors' statement set out on page 12 in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting in preparing the financial statements and the directors' identification of any material uncertainties to the group and the parent company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- whether the directors' statement relating to going concern required under the Listing Rules in accordance with Listing Rule 9.8.6R(3) is materially inconsistent with our knowledge obtained in the audit; or

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

- the directors' explanation set out on page 31 in the annual report as to how they have assessed the prospects of the group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	**Our response to the risks identified**
Valuation of biological assets	
The unharvested fresh fruit bunches (FFB) on the bearer plants at the year-end remain within the scope of IAS 41 Biological assets and are therefore held at fair value less costs to sell determined on the basis of the net present value of expected future cash flows arising in the production of FFB. Management exercise significant judgement in determining the underlying assumptions used in the calculation of fair value. These assumptions include the estimation of the weight of unharvested FFB at the balance sheet date, FFB production, FFB selling price and costs to sell. We identified this as a risk due to the inherent uncertainty around the future estimates.	The directors performed the valuation exercise internally which has been confirmed by an independent, professionally qualified valuer as appropriate. We challenged the assumptions in the underlying data input by the directors at the balance sheet date through discussions, comparisons to industry peers, independent external data sources and where available to corroboration with supporting documentation, published research and historical trends.
Valuation of estate land	
Estate land is carried at fair value, based on periodic valuations on an open market basis by an independent professionally qualified valuer. The directors obtain a professional valuation on land on a rotational basis and all land has been professionally valued at least once at the current or previous financial year end. We identified the valuation of estate land as a risk due to the subjective judgements involved in the estimation and the volatility of land market prices within Indonesia.	In the current year the directors engaged an independent valuer to perform a market-based valuation on all land that was not independently valued in the prior year ensuring geographical coverage of all areas in which they operate. The directors performed their own valuation on the remaining land by considering the movements on the valued land from the prior year and applying those same movements to the other land in the same geographical region. As there is only one estate in Malaysia, externally valued in the prior year, the directors have considered the movement in land values in Malaysia as a whole in the period and applied this to their land. We assessed the capabilities, objectivity and competence of the independent valuer

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

Key audit matter	Our response to the risks identified
Valuation of estate land (continued)	
	and considered them to be satisfactory. We challenged the assumptions applied by the valuer, verified the input data utilised and assessed the reasonableness of the movements in the valuation on an estate by estate basis in light of movements in plantation land area and market valuation trends. We challenged the assumptions applied by the directors in their own valuation, most notably their rationale for the application of the movements determined by the independent valuers to the remaining estates.
Impairment of bearer plants classified as PPE	
Bearer plants fall within the scope of IAS 16 – Property, Plant and Equipment and are therefore held at historical cost less depreciation. At the end of each reporting period, the directors are required to assess whether there is any indication that an asset may be impaired. If any such indication exists, the directors shall estimate the recoverable amount of the asset. The directors have identified an indicator of impairment on ten plantations and have carried out an impairment review for those plantations, calculating the recoverable amount to be the asset's value in use. The directors exercise significant judgement in determining the underlying assumptions used in this calculation.	We considered the various indicators of impairment listed in IAS 36 – Impairment of Assets to determine whether any additional plantations to those already identified by the directors should be reviewed for impairment at 31 December 2018. The directors engaged an independent valuer to determine the value in use for certain estates located in Indonesia using data provided by management. The directors prepared the value in use calculation for the Malaysia estate. We challenged the assumptions in the underlying data made by the valuer and management through discussions, comparisons to industry peers, independent external data sources and where available through corroboration to supporting documentation and historical trends. We performed sensitivity analysis on the key assumptions in the value in use calculation which were considered to be CPO price and discount rate.

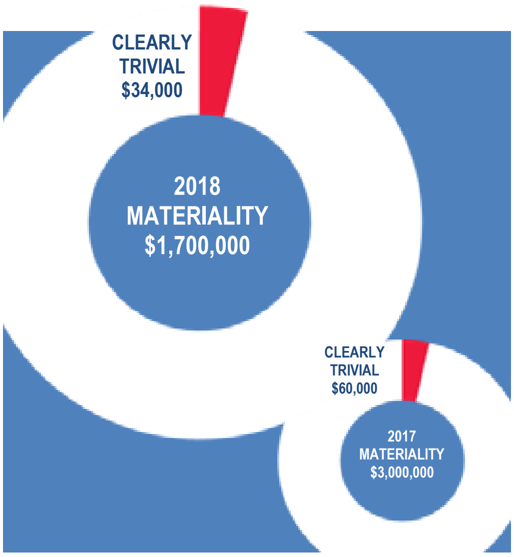
Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements. In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Auditor's Report

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

We determined materiality for the group financial statements as a whole to be US$1.7 million (2017: US$3.00 million) which approximates to 5.0% of profit before tax before biological asset movement (2017: 4.3%). We consider profit before tax before biological asset movement to be an appropriate basis for materiality as it is a key indicator of the Group's financial performance.



Performance materiality was set at 75% of the above materiality level (2017: 75%) taking into account various factors including the expected total value of known and likely misstatements, brought forward misstatements, management's attitude towards adjustments, the number of material estimates, how homogeneous processes are within the Group, and the expected use of sample testing.

Where financial information from components was audited separately, component materiality levels were set for this purpose at lower levels up to a maximum of 82% (2017: 50%) of group materiality. Materiality levels are lower than in previous years due to the decrease in results for the year.

We agreed with the Audit Committee that we would report to the Committee all individual audit differences identified during the course of our audit in excess of US$34,000 (2017: US$60,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

The materiality for the Parent financial statements, as a holding company, was based on 2% of total assets to be $1.3m (2017: $1.3m). Performance materiality was set at 75% (2017: 75%) of materiality taking into account various factors including the expected total value of known and likely misstatements, brought forward misstatements, management's attitude towards adjustments, and the number of material estimates.

An overview of the scope of our audit

The Group financial statements are a consolidation of twenty six companies made up of the parent company, four management companies, four dormant companies and seventeen trading companies, all of which now contain mature plantations. Sixteen of the plantations are located in Indonesia and one in Malaysia. The head office and main accounting location is located in Kuala Lumpur, Malaysia, at a separate location from the plantations. Our Group audit scope focused on the Group's principal operating companies and based on our risk assessment we identified six operating plantation companies which, in our view, required an audit of their complete financial information due to their size and a further eleven which required audit procedures on specific areas due to their risk characteristics. This, together with additional procedures performed at Group level in respect of leasehold land and the impairment reviews of bearer plants classified as property plant and equipment, gave us the evidence we needed to form our opinion on the Group financial statements as a whole.

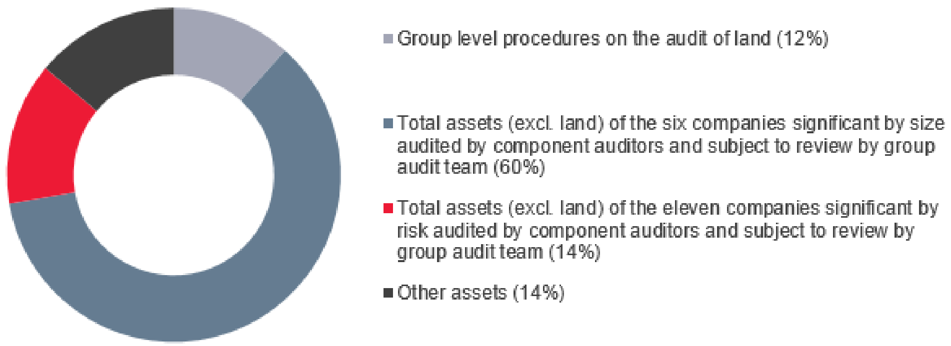
Auditor's Report

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

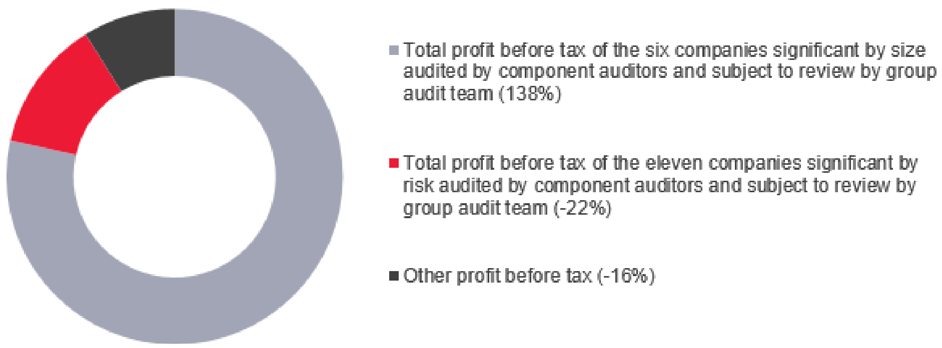
Audits of the subsidiary companies were performed at materiality levels lower than Group materiality and determined by us to be appropriate to the relative size of the company concerned. The audits of each of the operating companies were performed entirely in Malaysia and Indonesia. All audits were conducted by BDO network firms with teams drawn from the UK, Malaysia and Indonesia. As part of our audit strategy, the Senior Statutory Auditor and other senior members of the team between them visit Malaysia and Indonesia every year. During these visits the Group audit team reviewed the complete audit files for the six operating plantation companies considered to be significant by size and focused on the audit work in relation to the specific areas identified for the remaining eleven companies considered to be significant by risk. Following the review, any further work required by the Group audit team was performed by the component auditor. The component auditors visit the plantation estates on a rotational basis so that each estate is visited at least once every three years.

The remaining components of the Group include non-significant holding companies and these components were principally subject to analytical review procedures performed by the Group audit team.

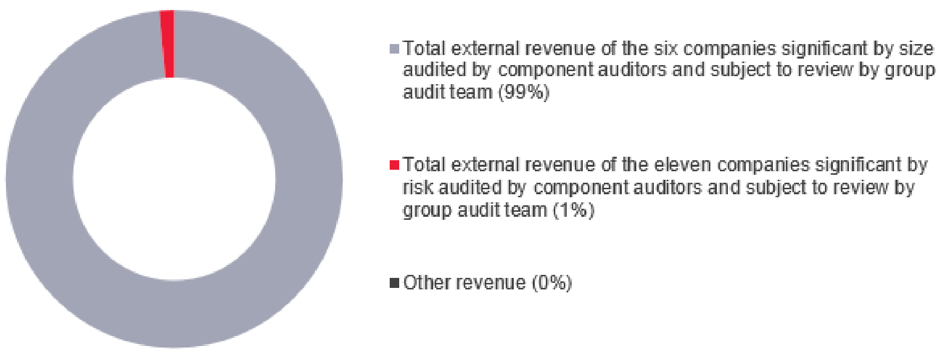
Total assets



Profit before tax



Revenue



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

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of non-compliance or fraud by the Group. We designed audit procedures at both the Group and Significant Component levels to detect material misstatements due to fraud and error. We note that it can be harder to detect those arsing due to fraud as they may involve deliberate concealment or collusion. We focused on laws and regulations that could give rise to a material misstatement in the Group and Parent company financial statements, including, but not limited to, the Companies Act 2006, the UK Listing Rules and certain requirements from UK, Indonesia and Malaysia legislation. Our tests included, but were not limited to, agreement of the financial statement disclosures to underlying supporting documentation, review of correspondence with regulators and legal advisors, enquiries of management, review of significant component auditors' working papers and review of internal audit reports. There are inherent limitations in the audit procedures described above and the more removed from the audited financial transactions, the less likely we would become aware of it.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, set out on pages 2 to 53, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

In this context, we also have nothing to report in regard to our responsibility to specifically address the following items in the other information and to report as uncorrected material misstatements of the other information where we conclude that those items meet the following conditions:

- Fair, balanced and understandable set out on page 39 – the statement given by the directors that they consider the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit committee reporting set out on pages 46 to 48 – the section describing the work of the audit committee does not appropriately address matters communicated by us to the audit committee; or
- Directors' statement of compliance with the UK Corporate Governance Code set out on page 41 – the parts of the directors' statement required under the Listing Rules relating to the company's compliance with the UK Corporate Governance Code containing provisions specified for review by the auditor in accordance with Listing Rule 9.8.10R(2) do not properly disclose a departure from a relevant provision of the UK Corporate Governance Code.

Opinions 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.

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements;
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 in the Disclosure Rules and Transparency Rules sourcebook made by the Financial Conduct Authority (the FCA Rules), is consistent with the financial statements and has been prepared in accordance with applicable legal requirements; and
- information about the company's corporate governance code and practices and about its administrative, management and supervisory bodies and their committees complies with rules 7.2.2, 7.2.3 and 7.2.7 of the FCA Rules.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in:

- the strategic report or the directors' report; or
- the information about internal control and risk management systems in relation to financial reporting processes and about share capital structures, given in compliance with rules 7.2.5 and 7.2.6 of the FCA Rules.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 39, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent company or to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Chairman in 2001 to audit the financial statements for the year ended 31 December 2001 and subsequent financial periods. In respect of the year ended 31 December 2018 we were re-appointed by the members of the company at the annual general meeting held on 25 June 2018. The period of total uninterrupted engagement is 18 years, covering the years ended 31 December 2001 to 31 December 2018.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the parent company and we remain independent of the Group and the parent company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the parent 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 parent 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Anna Draper (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

24 April 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Income Statement
For the year ended 31 December 2018

Continuing operations	Note	2018 Result before BA movement	2018 BA movement	2018 Total	2017 Result before BA movement	2017 BA movement	2017 Total
		$000	**$000**	**$000**	$000	$000	$000
Revenue	3	**250,859**	**-**	**250,859**	291,907	-	291,907
Cost of sales		**(206,224)**	**(2,286)**	**(208,510)**	(217,543)	(297)	(217,840)
Gross profit		**44,635**	**(2,286)**	**42,349**	74,364	(297)	74,067
Administration expenses		**(9,368)**	**-**	**(9,368)**	(8,611)	-	(8,611)
(Impairment losses) / reversal of impairment		**(4,339)**	**-**	**(4,339)**	923	-	923
Operating profit		**30,928**	**(2,286)**	**28,642**	66,676	(297)	66,379
Exchange losses		**(1,250)**	**-**	**(1,250)**	(272)	-	(272)
Finance income	4	**5,048**	**-**	**5,048**	5,337	-	5,337
Finance expense	4	**(1,511)**	**-**	**(1,511)**	(1,753)	-	(1,753)
Profit before tax	5	**33,215**	**(2,286)**	**30,929**	69,988	(297)	69,691
Tax expense	8	**(13,633)**	**571**	**(13,062)**	(23,451)	73	(23,378)
Profit for the year		**19,582**	**(1,715)**	**17,867**	46,537	(224)	46,313
Attributable to:							
- Owners of the parent		**12,882**	**(1,469)**	**11,413**	36,386	(172)	36,214
- Non-controlling interests		**6,700**	**(246)**	**6,454**	10,151	(52)	10,099
		19,582	**(1,715)**	**17,867**	46,537	(224)	46,313
Earnings per share for profit attributable to the owners of the parent during the year							
- basic	9			**28.79cts**			91.37cts
- diluted	9			**28.79cts**			91.29cts

Earnings per share before BA movement 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 2018

	2018 $000	2017 $000
Profit for the year	**17,867**	46,313
Other comprehensive expenses:		
Items may be reclassified to profit or loss:		
Loss on exchange translation of foreign operations	**(29,550)**	(1,718)
Net other comprehensive expenses may be reclassified to profit or loss	**(29,550)**	(1,718)
Items not to be reclassified to profit or loss:		
Unrealised gain / (loss) on revaluation of leasehold land, net of tax	**137**	(9,948)
Remeasurement of retirement benefits plan, net of tax	**894**	(1,271)
Net other comprehensive income / (expenses) not being reclassified to profit or loss	**1,031**	(11,219)
Total other comprehensive expenses for the year, net of tax	**(28,519)**	(12,937)
Total comprehensive (expenses) / income for the year	**(10,652)**	33,376
Attributable to:		
- Owners of the parent	**(11,527)**	23,496
- Non-controlling interests	**875**	9,880
	(10,652)	33,376

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

Consolidated Statement of Financial Position

As at 31 December 2018

Company Number: 1884630

	Note	**31.12.2018 $000**	31.12.2017 $000
Non-current assets			
Property, plant and equipment	11	**340,367**	353,680
Receivables	12	**11,020**	8,358
Deferred tax assets	18	**11,147**	9,309
		362,534	371,347
Current assets			
Inventories	13	**9,540**	9,398
Tax receivables	8	**44,310**	29,430
Biological assets	14	**4,093**	6,772
Trade and other receivables	15	**5,203**	5,184
Cash and cash equivalents		**112,212**	139,489
		175,358	190,273
Current liabilities			
Loans and borrowings	16	**(11,078)**	(8,594)
Trade and other payables	17	**(20,083)**	(16,805)
Tax liabilities		**(5,626)**	(8,637)
Dividend payables		**(37)**	-
		(36,824)	(34,036)
Net current assets		**138,534**	156,237
Non-current liabilities			
Loans and borrowings	16	**(8,203)**	(19,281)
Deferred tax liabilities	18	**(20,040)**	(22,390)
Retirement benefits - net liabilities	19	**(8,244)**	(9,022)
		(36,487)	(50,693)
Net assets		**464,581**	476,891
Issued capital and reserves attributable to owners of the parent			
Share capital	20	**15,504**	15,504
Treasury shares	20	**(1,171)**	(1,171)
Share premium		**23,935**	23,935
Capital redemption reserve		**1,087**	1,087
Revaluation reserves		**51,308**	51,288
Exchange reserves		**(245,170)**	(221,435)
Retained earnings		**526,487**	515,884
		371,980	385,092
Non-controlling interests		**92,601**	91,799
Total equity		**464,581**	476,891

The financial statements were approved and authorised for issue by the Board of Directors on 23 April 2019 and were signed on its behalf by:

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

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2018

	Share capital $000	Treasury shares $000	Share premium $000	Capital redemption reserve $000	Revaluation reserves $000	Exchange reserves $000	Retained earnings $000	Total $000	Non-controlling interests $000	Total equity $000
Balance at 31 December 2016	15,504	(1,171)	23,935	1,087	61,038	(219,570)	482,288	363,111	82,150	445,261
Items of other comprehensive income										
-Unrealised loss on revaluation of leasehold land, net of tax	-	-	-	-	(9,750)	-	-	(9,750)	(198)	(9,948)
-Remeasurement of retirement benefit plan, net of tax	-	-	-	-	-	-	(1,103)	(1,103)	(168)	(1,271)
-(Loss) / Gain on exchange translation of foreign operations	-	-	-	-	-	(1,865)	-	(1,865)	147	(1,718)
Total other comprehensive expenses	-	-	-	-	(9,750)	(1,865)	(1,103)	(12,718)	(219)	(12,937)
Profit for the year	-	-	-	-	-	-	36,214	36,214	10,099	46,313
Total comprehensive (expenses) / income for the year	-	-	-	-	(9,750)	(1,865)	35,111	23,496	9,880	33,376
Dividends paid	-	-	-	-	-	-	(1,515)	(1,515)	(231)	(1,746)
Balance at 31 December 2017	**15,504**	**(1,171)**	**23,935**	**1,087**	**51,288**	**(221,435)**	**515,884**	**385,092**	**91,799**	**476,891**
Items of other comprehensive income										
-Unrealised gain on revaluation of leasehold land, net of tax	**-**	**-**	**-**	**-**	**20**	**-**	**-**	**20**	**117**	**137**
-Remeasurement of retirement benefit plan, net of tax	**-**	**-**	**-**	**-**	**-**	**-**	**775**	**775**	**119**	**894**
-Loss on exchange translation of foreign operations	**-**	**-**	**-**	**-**	**-**	**(23,735)**	**-**	**(23,735)**	**(5,815)**	**(29,550)**
Total other comprehensive income / (expenses)	**-**	**-**	**-**	**-**	**20**	**(23,735)**	**775**	**(22,940)**	**(5,579)**	**(28,519)**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**11,413**	**11,413**	**6,454**	**17,867**
Total comprehensive income / (expenses) for the year	**-**	**-**	**-**	**-**	**20**	**(23,735)**	**12,188**	**(11,527)**	**875**	**(10,652)**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**(1,585)**	**(1,585)**	**(73)**	**(1,658)**
Balance at 31 December 2018	**15,504**	**(1,171)**	**23,935**	**1,087**	**51,308**	**(245,170)**	**526,487**	**371,980**	**92,601**	**464,581**

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

Consolidated Statement of Cash Flows

For the year ended 31 December 2018

	2018 $000	2017 $000
Cash flows from operating activities		
Profit before tax	**30,929**	69,691
Adjustments for:		
BA movement	**2,286**	297
Gain on disposal of property, plant and equipment	**(21)**	(18)
Depreciation	**16,752**	16,284
Retirement benefit provisions	**1,250**	1,520
Net finance income	**(3,537)**	(3,584)
Unrealised loss in foreign exchange	**1,250**	272
Property, plant and equipment written off	**620**	585
Impairment losses / (reversal of impairment)	**4,339**	(923)
Operating cash flows before changes in working capital	**53,868**	84,124
Increase in inventories	**(746)**	(252)
Increase in non-current, trade and other receivables	**(2,173)**	(4,413)
Increase in trade and other payables	**4,148**	837
Cash inflows from operations	**55,097**	80,296
Interest paid	**(1,511)**	(1,753)
Retirement benefits paid	**(257)**	(774)
Overseas tax paid	**(36,508)**	(26,412)
Net cash flows from operating activities	**16,821**	51,357
Investing activities		
Property, plant and equipment		
- purchases	**(30,282)**	(27,192)
- sales	**42**	267
Interest received	**5,048**	5,337
Net cash used in investing activities	**(25,192)**	(21,588)

Consolidated Statement of Cash Flows
For the year ended 31 December 2018

	Note	**2018 $000**	2017 $000
Financing activities			
Dividends paid to the holders of the parent		**(1,585)**	(1,515)
Dividends paid to non-controlling interests		**(73)**	(231)
Drawdown of long-term loans		**-**	-
Repayment of existing long-term loans		**(8,594)**	(6,197)
Net cash used in financing activities		**(10,252)**	(7,943)
Net (decrease) / increase in cash and cash equivalents		**(18,623)**	21,826
Cash and cash equivalents			
At beginning of year		**139,489**	118,176
Exchange losses		**(8,654)**	(513)
At end of year		**112,212**	139,489
Comprising:			
Cash at end of year	28	**112,212**	139,489

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

Notes to the Consolidated Financial Statements

1 Basis of preparation

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, mainly in the cultivation of oil palm.

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, except as detailed in the following paragraph.

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 European Union ("EU") and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRS as adopted by the EU.

Changes in accounting standards
(a) The following amendments are effective for the first time for accounting periods beginning on or after 1 January 2018 in these financial statements:
- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- Classifications to IFRS 15 revenue from Contracts with Customers
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions
- Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts
- Annual Improvements to IFRSs (2014 – 2016 Cycle)
- IFRIC 22 Foreign Currency Transactions and Advance Consideration

All the new and amended standards and Interpretations listed above that will apply for the first time in these financial statements are not expected to impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies except IFRS 9 Financial Instruments (see note 15).

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

Except for IFRS 17, the following new standards, interpretations and amendments are effective for periods beginning on 1 January 2019 and have not been applied in these financial statements:
- IFRS 16 Leases
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS 9 Prepayment Features with Negative Compensation
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures
- Annual Improvements to IFRSs 2015-2017 Cycle (IFRS 3 Business Combinations and IFRS 11 Joint Arrangements, IAS 12 Income Taxes, and IAS 23 Borrowing Costs)
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- IFRS 17 Insurance Contracts (effective 1 January 2021)

None of the above new standards, interpretations and amendments are expected to have a material effect on the Group's future financial statements.

2 Accounting policies

(a) *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. The Company controls a subsidiary if all three of the following elements are present; power over the subsidiary, exposure to variable returns from the subsidiary, and the ability of the investor to use its power to affect those variable returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases.

(b) *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.

(c) *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 Dollar. The presentation currency for the consolidated financial statements is also US Dollar, 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 Dollar 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 "exchange reserves"). 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 exchange reserves 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 exchange reserves relating to that operation up to the date of disposal are transferred to the income statement as part of the profit or loss on disposal.

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

(d) *Revenue recognition*
The Group derives its revenue from the sale of CPO, palm kernel, FFB, shell nut, biomass products, biogas products and rubber slab. Revenue is recorded net of sales related taxes and levies, including export taxes and recognised when goods are delivered to a purchaser. Delivery does not take place until goods are paid for. Sales of latex are recognised on signing of the sales contract, this being the point at which control is transferred to the buyer.

The transacted price for each product is based on the market price or predetermined monthly contract value. There is no right of return nor warranty provided to the customers on the sale of products and services rendered.

The Group has adopted IFRS 15 using the full retrospective method, there was no adjustment required to either year presented on transition as there is no impact in terms of revenue recognition.

(e) *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.

(f) *Tax*
UK and foreign corporation tax are 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.

The directors consider that the carrying amount of tax receivables approximates its fair value.

2 Accounting policies - continued

(g) *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 annual general meeting.

(h) *Fair value measurement*

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - unobservable inputs for the asset or liability.

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures the following assets at fair value:

- Revalued land - Property, plant and equipment (note 11)
- Biological assets (note 14)

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

(i) *Property, plant and equipment*

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.

Plantations comprise of the 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. Oil palm plantations are considered mature within three to four years after planting and generating average annual FFB of four to six metric tons per hectare. Immature plantations are not depreciated.

The Indonesian authorities have granted certain land exploitation rights and operating permits for the estates. The land rights are usually renewed without significant cost subject to compliance with the laws and regulations of Indonesia. Therefore, the Group has classified the land rights as leasehold land and accounted for as an indefinite finance lease. The leasehold land is recognised at cost initially and is not depreciated. The 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.

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.

Plantations, 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:

Plantations - 5%
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

2 Accounting policies - continued

(j) Biological assets
Biological assets comprise an estimation of the fair value less costs to sell of unharvested FFB at balance sheet date. Changes in the fair value of biological assets are charged or credited to the income statement within the cost of sales.

(k) 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 for those held at cost. Land rights are held at fair value and revalued at the balance sheet date. 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. All other leases are treated as operating leases. Their annual rentals are charged to the income statement on a straight line basis over the term of the lease.

(l) Impairment
Impairment tests on property, plant and equipment 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.

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

(n) Financial assets
The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position. All the Group's receivables and loans are non-derivative financial assets with cash flows that are solely payments of principal and interest. They are recognised at fair value at inception and subsequently at amortised cost as this is what the Group considers to be most representative of the business model for these assets.

Cash and cash equivalents consist of cash in hand and short-term deposits at banks with an original maturity not exceeding three months. Bank overdrafts are shown within loans and borrowings under current liabilities on the balance sheet.

The Group considers a trade receivable or other receivable as credit impaired when one or more events that have a detrimental impact on the estimated cash flow have occurred. Trade and other receivables are written off when there is no expectation of recovery based on the assessment performed. Where the receivables are written off, the Group continues to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

The Group use three categories for those receivables which reflect their credit risk and how the loss provision is determined for those categories. These include trade receivables using the simplified approach and debt instruments at amortised costs other than trade receivables and financial guarantee contracts using the three-stage approach.

(o) 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 in the property, plant and equipment policy.

Trade and other payables are shown at fair value at recognition and subsequently at amortised cost.

(p) 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.

2 Accounting policies - continued

(p) Deferred tax - continued

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

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 other comprehensive income; in this case assets and liabilities are offset.

(q) Retirement benefits

Defined contribution schemes

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

Defined benefit schemes

The Group operates a number of defined benefit schemes in respect of its Indonesian operations. These schemes' surpluses and deficits are measured at:

- The fair value of plan assets at the reporting date; less
- Plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities; plus
- Unrecognised past service costs; less
- The effect of minimum funding requirements agreed with scheme trustees.

Remeasurements of the net defined obligation are recognised directly within equity. The remeasurements include:

- Actuarial gains and losses;
- Return on plan assets (interest exclusive); and
- Any asset ceiling effects (interest inclusive).

Service costs are recognised in comprehensive income and include current and past service costs as well as gains and losses on curtailments.

Net interest expense / (income) is recognised in comprehensive income, and is calculated by applying the discount rate used to measure the defined benefit obligation / (asset) at the beginning of the annual period to the balance of the net defined benefit obligation / (asset), considering the effects of contributions and benefit payments during the period.

Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in comprehensive income. Settlements of defined benefit schemes are recognised in the period in which the settlement occurs.

(r) 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 shares. 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.

(s) Financial guarantee contracts

Where the Company and its subsidiaries enter into financial guarantee contracts and guarantee the indebtedness of other companies within the Group and/or third party entities, the Group considers these to be insurance arrangements and accounts for them as such. The details of financial guarantee contracts are disclosed in note 25.

(t) 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 the 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 property, plant and equipment and biological assets are set out in note 11 and note 14 respectively. The Group's policy with regard to impairment of such assets is set out above.

Details on deferred tax are given in note 18 and retirement benefits in note 19.

Notes to the Consolidated Financial Statements

3 Revenue

Disaggregation of Revenue

The Group has disaggregated revenue into various categories in the following table which is intended to:

- Depict how the nature, amount and uncertainty of revenue and cash flows are affected by timing of revenue recognition; and
- Enable users to understand the relationship with revenue segment information provided in note 6.

There is no right of return and warranty provided to the customers on the sale of products and services rendered.

Year to 31 December 2018	CPO, palm kernel and FFB $000	Rubber $000	Shell nut $000	Biomass products $000	Biogas products $000	Others $000	Total $000
Contract counterparties							
Government	-	-	-	-	863	-	863
Non-government							
- Wholesalers	245,595	792	2,047	914	-	648	249,996
	245,595	**792**	**2,047**	**914**	**863**	**648**	**250,859**
Timing of transfer of goods							
Delivery to customer premises	2,696	792	-	-	-	-	3,488
Delivery to port of departure	-	-	-	914	-	-	914
Customer collect from our mills / estates	242,899	-	2,047	-	-	-	244,946
Upon generation / others	-	-	-	-	863	648	1,511
	245,595	**792**	**2,047**	**914**	**863**	**648**	**250,859**
Year to 31 December 2017							
Contract counterparties							
Government	-	-	-	-	865	-	865
Non-government							
- Wholesalers	286,164	1,305	2,214	644	-	715	291,042
	286,164	1,305	2,214	644	865	715	291,907
Timing of transfer of goods							
Delivery to customer premises	3,306	1,305	-	-	-	-	4,611
Delivery to port of departure	-	-	-	644	-	-	644
Customer collect from our mills / estates	282,858	-	2,214	-	-	-	285,072
Upon generation / others	-	-	-	-	865	715	1,580
	286,164	1,305	2,214	644	865	715	291,907

4 Finance income and expense

	2018 $000	2017 $000
Finance income		
Interest receivable on:		
Credit bank balances and time deposits	**5,048**	5,337
Finance expense		
Interest payable on:		
Development loans - (note 16)	**(1,511)**	(1,753)
Net finance income recognised in income statement	**3,537**	3,584

Notes to the Consolidated Financial Statements

5 Profit before tax

	2018 $000	2017 $000
Profit before tax is stated after charging		
Purchase of FFB	**104,210**	127,795
Depreciation (note 11)	**16,752**	16,284
Impairment losses / (Reversal of impairment) (note 11)	**4,339**	(923)
Exchange losses	**1,250**	272
Movement of inventories	**(142)**	(179)
Operating lease expense		
- Property	**528**	496
Professional fees	**1,422**	1,211
Staff costs (note 7)	**37,991**	34,926
Remuneration received by the Group's auditor or associates of the Group's auditor:		
- Audit of parent company	**5**	5
- Audit of consolidated financial statements	**137**	118
- Audit of consolidated financial statements (prior year)	**(1)**	13
- Audit related assurance service	**6**	6
- Audit of UK subsidiaries	**13**	13
Total audit services	**160**	155
Audit of overseas subsidiaries		
- Malaysia	**19**	17
- Indonesia	**86**	83
Total audit services	**105**	100
Total auditor's remuneration	**265**	255

6 Segment information

Description of the types of products and services from which each reportable segment derives its revenues
In the opinion of the Directors, the operations of the Group comprise one class of business which is the cultivation of plantation in Indonesia and Malaysia. From the cultivation of plantation, the Group produced the crude palm oil and associated products such as palm kernel, shell nut, biomass products, biogas products and rubber.

Factors that management used to identify reportable segments in the Group
The reportable segments in the Group are strategic business units based on the geographical spread. Operating segments are consistent with the internal reporting provided to the Board of Directors. The Board of Directors is responsible for allocating resources and assessing the performance of the operating segments. The Board decision is implemented by the Executive Committee, that is made up of a Senior General Manager in Malaysia, the Chief Executive Officer, the Chief Operating Officer, Finance Director and the Engineering Director.

Measurement of operating segment profit or loss, assets and liabilities
The Group evaluates segmental performance on the basis of profit or loss from operations calculated in accordance with IFRS but excluding non-recurring losses, such as share based payments.

Inter-segment transactions are made based on terms mutually agreed by the parties to maximise the utilisation of Group's resources at a rate acceptable to local tax authorities. This policy was applied consistently throughout the current and prior period.

The Group's assets are allocated to segments based on geographical location.

6 Segment information - continued

	North Sumatera $000	Bengkulu $000	South Sumatera $000	Riau $000	Bangka $000	Kalimantan $000	Total Indonesia $000	Malaysia $000	UK $000	Total $000
2018										
Total sales revenue (all external)										
- CPO, palm kernel and FFB	84,771	79,652	1	43,970	261	34,848	243,503	2,092	-	245,595
- Rubber	792	-	-	-	-	-	792	-	-	792
- Shell nut	651	432	-	930	-	34	2,047	-	-	2,047
- Biomass products	914	-	-	-	-	-	914	-	-	914
- Biogas products	417	446	-	-	-	-	863	-	-	863
- Others	519	38	18	-	-	73	648	-	-	648
Total revenue	88,064	80,568	19	44,900	261	34,955	248,767	2,092	-	250,859
Profit / (loss) before tax	12,993	18,753	(7,445)	13,112	(531)	(557)	36,325	(894)	(2,216)	33,215
BA movement	(296)	(1,074)	(93)	(272)	(4)	(479)	(2,218)	(68)	-	(2,286)
Profit / (loss) for the year before tax per consolidated income statement	12,697	17,679	(7,538)	12,840	(535)	(1,036)	34,107	(962)	(2,216)	30,929
Interest income	1,594	2,978	3	318	-	20	4,913	133	2	5,048
Depreciation	(4,031)	(4,120)	(2,530)	(900)	(234)	(4,425)	(16,240)	(512)	-	(16,752)
Impairment losses	-	-	(914)	-	-	(3,425)	(4,339)	-	-	(4,339)
Inter-segment transactions	4,887	(2,021)	(700)	(579)	(94)	(1,870)	(377)	103	274	-
Inter-segmental revenue	24,409	1,608	3,710	-	-	1,049	30,776	-	-	30,776
Tax expense	(7,872)	(2,994)	1,862	(5,351)	151	1,154	(13,050)	19	(31)	(13,062)
Total assets	188,266	118,098	41,074	36,900	11,815	113,186	509,339	22,347	6,206	537,892
Non-current assets	103,648	70,237	39,672	17,884	11,588	99,738	342,767	16,783	2,984	362,534
Non-current assets - additions	8,578	4,460	3,753	472	1,647	11,355	30,265	110	-	30,375

6 Segment information - continued

	North Sumatera $000	Bengkulu $000	South Sumatera $000	Riau $000	Bangka $000	Kalimantan $000	Total Indonesia $000	Malaysia $000	UK $000	Total $000
2017										
Total sales revenue (all external)										
- CPO, palm kernel and FFB	98,290	98,666	-	54,074	147	31,828	283,005	3,159	-	286,164
- Rubber	1,305	-	-	-	-	-	1,305	-	-	1,305
- Shell nut	729	559	-	897	-	29	2,214	-	-	2,214
- Biomass products	644	-	-	-	-	-	644	-	-	644
- Biogas products	527	338	-	-	-	-	865	-	-	865
- Others	632	63	4	-	-	-	699	-	16	715
Total revenue	102,127	99,626	4	54,971	147	31,857	288,732	3,159	16	291,907
Profit / (loss) before tax	24,778	28,952	(4,284)	15,795	(317)	6,552	71,476	103	(1,591)	69,988
BA movement	(478)	(114)	(14)	(91)	12	472	(213)	(84)	-	(297)
Profit / (loss) for the year before tax per consolidated income statement	24,300	28,838	(4,298)	15,704	(305)	7,024	71,263	19	(1,591)	69,691
Interest income	2,073	2,607	3	500	-	26	5,209	127	1	5,337
Depreciation	(3,955)	(4,114)	(2,730)	(940)	(159)	(3,825)	(15,723)	(561)	-	(16,284)
Reversal of impairment / (impairment losses)	-	-	1,112	-	-	(189)	923	-	-	923
Inter-segment transactions	5,083	(2,123)	(806)	(610)	(80)	(1,845)	(381)	112	269	-
Inter-segmental revenue	31,496	1,469	3,643	-	-	721	37,329	-	-	37,329
Tax expense	(11,210)	(6,124)	(69)	(5,564)	89	(203)	(23,081)	(155)	(142)	(23,378)
Total assets	178,841	146,741	40,479	41,544	11,814	110,692	530,111	24,464	7,045	561,620
Non-current assets	105,243	73,888	39,222	19,258	11,587	100,990	350,188	17,986	3,173	371,347
Non-current assets - additions	8,609	2,959	2,383	554	1,030	11,779	27,314	58	13	27,385

6 Segment information - continued

In year 2018, revenue from top 4 customers of the Indonesian segment represents approximately $115.4m (2017: $131.0m) of the Group's total revenue. An analysis of this revenue is provided below. Although Customer 1 to 4 made up over 10% of the Group's total revenue, there is no over reliance on these Customers as tenders are performed on a monthly basis. Two of the top four customers are the same as in the prior year.

	North Sumatera $000	Bengkulu $000	South Sumatera $000	Riau $000	Bangka $000	Kalimantan $000	Total Indonesia $000	Malaysia $000	UK $000	Total $000
2018										
Customer 1	**1,909**	**17,768**	**-**	**6,613**	**-**	**10,806**	**37,096**	**-**	**-**	**37,096**
Customer 2	**-**	**29,604**	**-**	**-**	**-**	**-**	**29,604**	**-**	**-**	**29,604**
Customer 3	**24,933**	**-**	**-**	**-**	**-**	**-**	**24,933**	**-**	**-**	**24,933**
Customer 4	**21,042**	**-**	**-**	**-**	**-**	**2,735**	**23,777**	**-**	**-**	**23,777**
	47,884	**47,372**	**-**	**6,613**	**-**	**13,541**	**115,410**	**-**	**-**	**115,410**
2017										
Customer 1	-	44,936	-	-	-	-	44,936	-	-	44,936
Customer 2	2,689	21,565	-	2,207	-	4,075	30,536	-	-	30,536
Customer 3	27,101	-	-	-	-	1,455	28,556	-	-	28,556
Customer 4	26,998	-	-	-	-	-	26,998	-	-	26,998
	56,788	66,501	-	2,207	-	5,530	131,026	-	-	131,026
	%	%	%	%	%	%	%	%	%	%
2018										
Customer 1	**0.8**	**7.1**	**-**	**2.6**	**-**	**4.3**	**14.8**	**-**	**-**	**14.8**
Customer 2	**-**	**11.8**	**-**	**-**	**-**	**-**	**11.8**	**-**	**-**	**11.8**
Customer 3	**9.9**	**-**	**-**	**-**	**-**	**-**	**9.9**	**-**	**-**	**9.9**
Customer 4	**8.4**	**-**	**-**	**-**	**-**	**1.1**	**9.5**	**-**	**-**	**9.5**
	19.1	**18.9**	**-**	**2.6**	**-**	**5.4**	**46.0**	**-**	**-**	**46.0**
2017										
Customer 1	-	15.4	-	-	-	-	15.4	-	-	15.4
Customer 2	0.9	7.4	-	0.8	-	1.4	10.5	-	-	10.5
Customer 3	9.3	-	-	-	-	0.5	9.8	-	-	9.8
Customer 4	9.2	-	-	-	-	-	9.2	-	-	9.2
	19.4	22.8	-	0.8	-	1.9	44.9	-	-	44.9

Save for a small amount of rubber, all the Group's operations are devoted to oil palm. The Group's report is by geographical area, as each area tends to have different agricultural conditions.

7 Employees' and Directors' remuneration

	2018 Number	2017 Number
Average numbers employed (primarily overseas) during the year:		
- full-time	**6,324**	5,694
- part-time field workers	**10,859**	9,997
	17,183	15,691

	2018 $000	2017 $000
Staff costs (including Directors) comprise:		
Wages and salaries	**34,846**	31,608
Social security costs	**1,399**	1,282
Retirement benefit costs		
- United Kingdom	**64**	62
- Indonesia (note 19)	**1,651**	1,922
- Malaysia	**31**	52
	37,991	34,926

The information required by the Companies Act and the Listing Rules of the Financial Conduct Authority are contained in the Directors' remuneration report on pages 49 - 53 of which certain information on page 53 has been audited.

	2018 $000	2017 $000
Directors emoluments	**226**	208

	2018 $000	2017 $000
Remuneration expense for key management personnel comprise:		
Salaries	**1,666**	1,790
Social security costs	**-**	-
Retirement benefit costs	**6**	5
	1,672	1,795

The Executive Director, Non-Executive Directors and senior management (general managers and above) are considered to be the key management personnel. The remuneration of Executive Director and Non-Executive Directors is shown on page 53.

8 Tax expense

	2018 $000	2017 $000
Foreign corporation tax - current year	**16,852**	22,796
Foreign corporation tax - prior year	**70**	365
Deferred tax adjustment - origination and reversal of temporary differences (note 18)	**(3,860)**	217
Total tax charge for year	**13,062**	23,378

Corporation tax rate in Indonesia is at 25% whereas Malaysia is at 24%. The standard rate of corporation tax in the UK for the current year is 19%. The Group's charge for the year differs from the standard UK rate of corporation tax as explained below:

	2018 $000	2017 $000
Profit before tax	**30,929**	69,691
Profit before tax multiplied by standard rate of UK corporation tax of 19% (2017: 19%)	**5,877**	13,241
Effects of:		
Rate adjustment relating to overseas profits	**1,905**	4,093
Group accounting adjustments not subject to tax	**1,212**	167
Expenses not allowable for tax	**4,994**	4,474
Income not subject to tax	**(1,260)**	(1,473)
Under provision of prior year income tax	**70**	365
Utilisation of tax losses brought forward	**90**	36
Under provision of prior year deferred tax assets	**174**	2,475
Total tax charge for year	**13,062**	23,378

Notes to the Consolidated Financial Statements

8 Tax expense - continued

The tax receivables represent the corporate income tax ("CIT") and value added tax ("VAT") that have yet to be refunded by the Indonesia tax authority. The tax receivables relating to CIT arose due to over payment of tax. The tax receivables relating to VAT arose because the majority of the Groups' CPO was sold to bonded zones which do not attract output VAT and thus the input VAT incurred is claimable. Upon submission of a tax return (for CIT) or a request letter (for VAT refund), a tax audit will be conducted by the tax authority and the refund process takes up to 12 months or more.

9 Earnings per ordinary share ("EPS")

	2018	2017
	\$000	\$000
Profit for the year attributable to owners of the Company before BA movement	**12,882**	36,386
BA movement	**(1,469)**	(172)
Earnings used in basic and diluted EPS	**11,413**	36,214
	Number	Number
	'000	'000
Weighted average number of shares in issue in the year		
- used in basic EPS	**39,636**	39,636
- dilutive effect of outstanding share options	**-**	33
- used in diluted EPS	**39,636**	39,669
Basic EPS before BA movement	**32.50cts**	91.80cts
Basic EPS after BA movement	**28.79cts**	91.37cts
Dilutive EPS before BA movement	**32.50cts**	91.72cts
Dilutive EPS after BA movement	**28.79cts**	91.29cts

10 Dividends

	2018	2017
	\$000	\$000
Paid during the year		
Final dividend of 4.0cts per ordinary share for the year ended 31 December 2017 (2016: 3.8cts equivalent)	**1,585**	1,515
Proposed final dividend of 3.0cts per ordinary share for the year ended 31 December 2018 (2017: 4.0cts)	**1,189**	1,585

The proposed dividend for 2018 is subject to shareholders' approval at the forthcoming annual general meeting and has not been included as a liability in these financial statements.

11 Property, plant and equipment

	Plantations $000	Mill $000	Leasehold land $000	Buildings $000	Estate plant, equipment & vehicle $000	Office plant, equipment & vehicle $000	Construction in progress $000	Total $000
Cost or valuation								
At 1 January 2017	187,043	66,793	148,577	47,244	14,828	983	1,475	466,943
Exchange translations	(516)	(580)	459	(306)	8	36	(9)	(908)
Reclassification	-	-	-	4,681	1	-	(4,682)	-
Revaluations	-	-	(13,273)	-	-	-	-	(13,273)
Additions	31	3,486	2,585	62	1,100	85	4,395	11,744
Development costs capitalised	15,641	-	-	-	-	-	-	15,641
Disposal / Written off	(1,102)	(1,293)	-	(297)	(401)	(16)	-	(3,109)
At 31 December 2017	**201,097**	**68,406**	**138,348**	**51,384**	**15,536**	**1,088**	**1,179**	**477,038**
Exchange translations	**(12,641)**	**(4,475)**	**(8,308)**	**(3,336)**	**(981)**	**(51)**	**(102)**	**(29,894)**
Reclassification	**138**	**-**	**(138)**	**5,180**	**27**	**-**	**(5,207)**	**-**
Revaluations	**-**	**-**	**182**	**-**	**-**	**-**	**-**	**182**
Additions	**29**	**5,467**	**3,172**	**30**	**2,686**	**57**	**6,861**	**18,302**
Development costs capitalised	**12,073**	**-**	**-**	**-**	**-**	**-**	**-**	**12,073**
Disposals / Written off	**(819)**	**(1,278)**	**-**	**(120)**	**(410)**	**(1)**	**-**	**(2,628)**
At 31 December 2018	**199,877**	**68,120**	**133,256**	**53,138**	**16,858**	**1,093**	**2,731**	**475,073**
Accumulated depreciation and impairment								
At 1 January 2017	66,658	18,558	-	12,953	11,154	830	-	110,153
Exchange translations	289	(183)	(10)	(44)	32	35	-	119
Charge for the year	8,734	3,462	-	2,854	1,168	66	-	16,284
(Reversal of impairment) / impairment losses	(1,738)	-	815	-	-	-	-	(923)
Disposal / Written off	(666)	(1,062)	-	(182)	(354)	(11)	-	(2,275)
At 31 December 2017	**73,277**	**20,775**	**805**	**15,581**	**12,000**	**920**	**-**	**123,358**
Exchange translations	**(4,531)**	**(1,374)**	**(67)**	**(1,010)**	**(733)**	**(41)**	**-**	**(7,756)**
Charge for the year	**8,926**	**3,462**	**-**	**2,939**	**1,361**	**64**	**-**	**16,752**
Impairment losses	**3,418**	**-**	**921**	**-**	**-**	**-**	**-**	**4,339**
Disposal / Written off	**(308)**	**(1,225)**	**-**	**(74)**	**(379)**	**(1)**	**-**	**(1,987)**
At 31 December 2018	**80,782**	**21,638**	**1,659**	**17,436**	**12,249**	**942**	**-**	**134,706**
Carrying amount								
At 31 December 2016	120,385	48,235	148,577	34,291	3,674	153	1,475	356,790
At 31 December 2017	127,820	47,631	137,543	35,803	3,536	168	1,179	353,680
At 31 December 2018	**119,095**	**46,482**	**131,597**	**35,702**	**4,609**	**151**	**2,731**	**340,367**

11 Property, plant and equipment - continued

The Group engaged Muttaqin Bambang Purwanto Rozak Uswatun & Rekan (MBPRU) with its head office located in Jakarta, Indonesia to undertake the land valuation for the Group. The valuation was carried out independently by MBPRU who has the appropriate professional qualifications and recent experience in the location and category of the properties being valued. Further information of MBPRU can be obtained from 'www.kjpp-mbpru.com'. For the year ended 31 December 2018, valuations were undertaken on the land of eight subsidiaries. The quantum per hectare derived from the current valuation was then applied to the land value of the remaining companies in the same geographical location to derive the fair value of land as at 31 December 2018. For the year ended 31 December 2017, independent land valuations were undertaken for twelve subsidiary companies in Indonesia and Malaysia. The same methodology to fair value land was adopted to value the land of the remaining companies as at 31 December 2017. Unplantable land was excluded in this exercise since it has zero value. Land is valued on a rotational basis and all the land is valued by qualified valuers every two years. Had the revalued land been measured on a historical cost basis, their net book value would have been $50,571,000 (2017: $50,336,000).

PT Simpang Ampat's land was valued on the basis that its highest and best use is oil palm plantation. At present the land is planted with rubber trees, however, the Group has the intention to replace the ageing rubber trees with oil palm trees.

Details of the information about the fair value hierarchy in relation to land at 31 December are as follows:

	Level 1 $000	Level 2 $000	Level 3 $000	Fair value $000
<u>Land</u>				
At 31 December 2018	-	-	131,597	131,597
At 31 December 2017	-	-	137,543	137,543

There were no items classified under Level 1 and Level 2 and thus there were no transfers between Level 1 and Level 2 during the year.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of land and the inter-relationship between key unobservable inputs and fair value are set out in the table below:

Item	Valuation approach	Inputs used	Inter-relationship between key unobservable inputs and fair value
Land	Selling prices of comparable land in similar location adjusted for differences in key attributes. The valuation model is based on price per hectare.	Selling prices of comparable land. Location, legal title, land area, land type and topography.	The higher the selling price, the higher the fair value. These are qualitative inputs which require significant judgement by professional valuer, MBPRU.

There were no changes to the valuation techniques during the year.

The fair value measurement is based on the above items' highest and best use, which does not differ from their actual use.

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is based on the percentage of immature area of each estate against total planted area in the estate. The average capitalisation rate is 10.4% (2017: 13.2%). The estates include $160,000 (2017: $235,000) of interest and $4,245,000 (2017: $3,727,000) of overheads capitalised during the year in respect of expenditure on estates under development.

The Indonesian authorities have granted certain land exploitation rights and operating permits for the estates. In the case of established estates in North Sumatera, these rights and permits expire between 2010 and 2044 with rights of renewal thereafter. As of estates in Bengkulu land titles were issued between 1994 and 2016 and the titles expire between 2028 and 2051 with rights of renewal thereafter for two consecutive periods of 25 and 35 years respectively. In Riau, land titles were issued in 2003 and expire in 2033. In Kalimantan, land titles were issued between 2014 and 2017 and expire between 2019 and 2049. In Bangka, land titles were issued in 2018 and expire between 2021 and 2053. The land title for South Sumatera were issued between 2011 and 2015.

Subject to compliance with the laws and regulations of Indonesia, land rights are usually renewed. The cost of renewing the land rights is not significant. On the basis that the Group has an indefinite right to renew, leasehold land is not depreciated.

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

Notes to the Consolidated Financial Statements

11 Property, plant and equipment - continued

Impairment for plantations is measured by comparing its carrying amount with its recoverable amount, which is the higher of the fair value less cost to sell and its value in use. The impairment assessment is based on each cash generating unit ("CGU") which is defined as each estate. In 2017, the impairment surplus of $1,738,000 was due to the increase in CPO price. The impairment loss of $3,418,000 recognised in 2018 was primarily due to the higher cost of new planting and the decrease in CPO price.

Given the nature of the business, the recoverable amount of the Group's plantations in 2018 was based on value in use calculations on the basis that it will be higher than fair value less cost to sell. The recoverable amount of the Group's plantations carried at value in use was $21,514,000 (2017: $27,224,000).

The value in use is the net present value of the projected future cash flows over the expected 20-year economic life of the asset discounted at 18.7% (2017: 17.4%). Projected future cash flows are calculated based on historical data, industry performance, economic conditions and any other readily available information.

The value in use is computed by the professional valuer, MBPRU using discounted cash flow ("DCF") over the expected 20-year economic life of the asset. The following table sets out the key assumptions in the valuation along with the impact on the impairment charge of a 1% change:

	2018		2017	
	Assumption applied	**Increase in impairment $000**	Assumption applied	Increase in impairment $000
CPO price - decrease of 1%	**$600/mt**	**975**	$725/mt	305
Pre-tax discount rate - increase by 1%	**18.7%**	**1,725**	17.4%	877
Inflation rate - increase by 1%	**4.66%**	**1,620**	5.41%	518

The plantations carried at value in use are classified as Level 3 in the fair value hierarchy.

12 Receivables: non-current

	2018		2017	
	Book value $000	**Fair value $000**	Book value $000	Fair value $000
Due from non-controlling interests	**2,965**	**1,833**	3,161	1,882
Due from cooperatives under Plasma scheme	**8,055**	**6,240**	5,197	4,621
	11,020	**8,073**	8,358	6,503

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). In 2017, there was a change in the ownership of the non-controlling interests in PT Sawit Graha Manunggal, PT Karya Kencana Sentosa Tiga, PT Riau Agrindo Agung and PT Empat Lawang Agro Plantation which was similarly acquired on deferred terms (see note 25, Credit risk).

Plasma scheme is an initiative by the Indonesian Government that mandated plantation owners to allocate a percentage of their land acquired to the surrounding community and to further provide financial and technical assistance to cultivate oil palm on that land to improve the income and welfare of the community or cooperatives. During the year, certain subsidiary companies have funded plasma of $8,136,000 (2017: $5,197,000) which is recoverable from the cooperatives.

The fair values disclosed above are for disclosure purposes and all non-current receivables are classified as Level 3 in the fair value hierarchy.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of non-current receivables, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below:

Item	**Valuation approach**	**Inputs used**	**Inter-relationship between key unobservable inputs and fair value**
Due from non-controlling interests	Based on cash flows discounted using current lending rate of 6% (2017: 6%).	Discount rate	The higher the discount rate, the lower the fair value.
Due from cooperatives under Plasma scheme	Based on cash flows discounted using an estimated current lending rate of 6.58% (2017: 6.05%).	Discount rate	The higher the discount rate, the lower the fair value.

The details of the expected credit losses {"ECL"} are disclosed in note 15.

Notes to the Consolidated Financial Statements

13 Inventories

	2018 $000	2017 $000
Estate and mill consumables	**5,916**	4,252
Processed produce for sale	**3,624**	5,146
	9,540	9,398

14 Biological assets

	2018 $000	2017 $000
At 1 January	**6,772**	7,107
Changes in fair value less cost to sell	**92,758**	111,419
Decreases due to harvest	**(95,044)**	(111,716)
Exchange translations	**(393)**	(38)
At 31 December	**4,093**	6,772

The valuation of the unharvested FFB was carried out internally for each plantation of the Group and confirmed by external valuers. It involved an estimation of the weight of unharvested FFB at balance sheet date multiplied by the sum of average FFB selling price less average harvesting cost of the last month prior to the balance sheet date. The weight was derived from the computation of the percentage of growth based on the data extracted from the research reference "The Reflection of Moisture Content on Palm Oil Development during the Ripening Process of Fresh Fruits" multiplied with the estimated FFB harvested two months' post balance sheet date.

The fair value of biological assets is classified as Level 3 in the fair value hierarchy.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of biological assets, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below:

Item	Valuation approach	Inputs used	Inter-relationship between key unobservable inputs and fair value
Biological assets - Unharvested produce	Based on FFB weight multiplied by the sum of FFB selling price less harvesting cost	FFB weight	The higher the weight, the higher the fair value
		FFB selling price	The higher the selling price, the higher the fair value
		Harvesting cost	The higher the harvesting cost, the lower the fair value

15 Trade and other receivables

	2018 $000	2017 $000
Trade receivables	**1,123**	1,574
Other receivables	**3,638**	3,308
Prepayments and accrued income	**442**	302
	5,203	5,184

The carrying amount of trade and other receivables classified as amortised cost approximates fair value.

As at 31 December 2018, trade receivables of $860,000 (2017: $637,000) were past due but not impaired. They were related to the customers with no default history and partially secured by bank guarantee. The ageing analysis of trade receivables of the Group are as follows:

	2018 $000	2017 $000
Neither past due nor impaired	**263**	937
Past due but not impaired		
31 to 60 days	**518**	378
61 to 90 days	**154**	259
91 to 120 days	**146**	-
> 120 days	**42**	-
	860	637
	1,123	1,574

15 Trade and other receivables - continued

The Group applies the IFRS 9 simplified approach to measure ECL using a lifetime ECL provision for trade receivables. To measure ECL on a collective basis, trade receivables are grouped based on similar credit risk and age.

The expected loss rate is based on a combination of the Group's historical credit losses experienced over the 10-year period prior to the year end and forward-looking information on macroeconomic factors affecting the Group's customers. The historical loss rate for trade receivables is considered to be 0% hence no ECL have been recognised.

The Group assesses the ECL associated with its debt instruments carried at amortised cost on a forward-looking basis using the three stage approach. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group considers the probability of default upon initial recognition of an asset and whether there has been significant increase in credit risk on an on-going basis at each reporting date. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Group considers available, reasonable and supportable forward-looking information, such as:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligation;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; or
- significant changes in the expected performance or behaviour of the debtor, including changes in the payment status of the debtor.

There has not been a significant increase in credit risk since initial recognition therefore 12-month ECL have been recognised at 1% on the majority of balances, unless it has been considered there to be no ECL.

Movements on the Group's loss provision on current and non-current other receivables and financial guarantee contracts are as follows:

	2018 $000	2017 $000
At 1 January	**-**	-
Loss provision during the year	**308**	-
At 31 December	**308**	-

At 31 December 2018, the expected loss provision for other receivables is as follows:

	Expected credit losses rate	Gross carrying amount $000	Loss provision $000	Net carrying amount $000
2018				
Other receivables	1%	3,673	(35)	3,638
Receivables: non-current (note 12)				
- Due from non-controlling interests	1%	2,995	(30)	2,965
- Due from cooperatives under Plasma scheme	1%	8,136	(81)	8,055
		14,804	(146)	14,658
Financial guarantee contracts (note 24)	1%	-	(162)	-
		14,804	(308)	14,658

16 Loans and borrowings

	2018		2017	
	Book value $000	**Fair value $000**	Book value $000	Fair value $000
Non-current				
Long-term loan (a)	**-**	**-**	1,312	1,233
Long-term loan (b)	**8,203**	**7,742**	17,969	17,428
	8,203	**7,742**	19,281	18,661
Current				
Long-term loan (a)	**1,312**	**1,312**	1,563	1,563
Long-term loan (b)	**9,766**	**9,766**	7,031	7,031
	11,078	**11,078**	8,594	8,594
Total loans and borrowings	**19,281**	**18,820**	27,875	27,255
Amounts repayable after more than one year, as follows:				
in more than one year but not more than two years	**8,203**		11,078	
in more than two years but not more than five years	**-**		8,203	
	8,203		19,281	

(a) A subsidiary company, PT Hijau Pryan Perdana, has obtained a long-term loan of $10 million for a period of seven years (including two years grace repayment period) to support the capital expenditure requirement for planting, development and maintenance of oil palm estate and to finance mill construction and other property, plant and equipment owned by the subsidiary company as well as to utilise for repayment of amount due to related parties. It is secured by the subsidiary company's land with a carrying amount of $5.9 million measured at fair value and its plantation with a carrying amount of $6.6 million as at 31 December 2018. The loan is also guaranteed by PT Tasik Raja and by the Company. This loan bears interest at a rate based on Base Lending Rate which is payable quarterly in arrears. Average interest rate in 2018 was about 6.48% (2017: 5.91%). The loan is repayable from 30 November 2014 to 30 August 2019.

(b) Another subsidiary company, PT Sawit Graha Manunggal, has obtained a long-term loan of $35 million for a period of eight years (including four years grace repayment period) to support the capital expenditure requirement for planting, development and maintenance of oil palm estate and to finance oil mill construction and other property, plant and equipment owned by the subsidiary company. It is secured by the subsidiary company's land with a carrying amount of $5.3 million measured at fair value and its plantation with a carrying amount of $23.4 million as at 31 December 2018 and is guaranteed by the Company. This loan bears interest at a rate based on SIBOR + 4.5% + Liquidity Premium which is payable quarterly in arrears. Average interest rate in 2018 was about 6.68% (2017: 6.18%). The loan is repayable from 30 December 2016 to 30 September 2020.

All the loans and borrowings are denominated in USD. The effect of changes in foreign exchange rates is disclosed in note 25.

The fair value of the items classified as loans and borrowings is disclosed below and is classified as Level 3 in the fair value hierarchy:

	2018		2017	
	Book value $000	**Fair value $000**	Book value $000	Fair value $000
Loans and borrowings	**19,281**	**18,820**	27,875	27,255

The fair value for disclosure purposes has been determined using discounted cash flows. Significant inputs include the discount rate used to reflect the credit risk associated with the Group. The fair value reduces as higher discount rate being used.

17 Trade and other payables

	2018 $000	2017 $000
Trade payables	**7,483**	6,028
Other payables	**4,724**	3,443
Accruals	**7,876**	7,334
	20,083	16,805

The carrying amount of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value.

18 Deferred tax

The movement on the deferred tax account is as shown below:

	2018 $000	2017 $000
At 1 January	**(13,081)**	(16,612)
Recognised in profit and loss:		
Tax expense	**3,059**	(494)
BA movement	**571**	73
Revaluation of leasehold land	**230**	204
Recognised in other comprehensive income:		
Revaluation of leasehold land	**(45)**	3,325
Retirement benefits	**(298)**	424
Exchange differences	**671**	(1)
At 31 December	**(8,893)**	(13,081)

The deferred tax asset and liability, together with the amounts recognised in profit or loss and other comprehensive income are detailed as follows:

	Asset $000	Liability $000	Net $000	(Charged)/ credited to profit or loss $000	(Charged)/ credited to equity $000
2018					
Revaluation surplus	**-**	**(22,316)**	**(22,316)**	**230**	**(45)**
Retirement benefits	**2,056**	**-**	**2,056**	**248**	**(298)**
BA movement	**-**	**(1,022)**	**(1,022)**	**571**	**-**
Unutilised tax losses	**12,459**	**-**	**12,459**	**2,656**	**-**
Unremitted earnings	**-**	**(292)**	**(292)**	**-**	**-**
Other temporary differences	**111**	**111**	**222**	**155**	**-**
Tax assets / (liabilities)	**14,626**	**(23,519)**	**(8,893)**	**3,860**	**(343)**
Set off of tax	**(3,479)**	**3,479**	**-**	**-**	**-**
Net tax assets / (liabilities)	**11,147**	**(20,040)**	**(8,893)**	**3,860**	**(343)**
2017					
Revaluation surplus	-	(23,953)	(23,953)	204	3,325
Retirement benefits	2,250	-	2,250	187	424
BA movement	-	(1,692)	(1,692)	73	-
Unutilised tax losses	10,524	-	10,524	(950)	-
Unremitted earnings	-	(403)	(403)	-	-
Other temporary differences	194	(1)	193	269	-
Tax assets / (liabilities)	12,968	(26,049)	(13,081)	(217)	3,749
Set off of tax	(3,659)	3,659	-	-	-
Net tax assets / (liabilities)	9,309	(22,390)	(13,081)	(217)	3,749

	2018 $000	2017 $000
A deferred tax asset has not been recognised for the following items:		
Unutilised tax losses	**17,228**	15,511

The Groups recognised tax assets arising from the unutilised tax losses of certain subsidiaries as the Group believes that the tax assets of these subsidiaries can be realised in the future periods based on their budget. However, the Group does not recognise the tax losses in certain companies within the Group as tax assets as the future recoverability of losses of these companies cannot be certain.

19 Retirement benefits

The Group operates two defined benefit schemes in respect of its Indonesian operations in accordance with Indonesia Labour Law No. 13/2003 ("the Law") dated 25 March 2003. The law does not impose funding requirements on the Company to create a fund asset to pay the defined benefit obligations.

The first scheme is a defined benefit pension scheme offered to certain employees. This scheme is funded and managed by SKU UKINDO Pension Fund authorised by the Ministry of Finance of the Republic of Indonesia. When an employee reaches the normal retirement age, dies or becomes disabled, the Group shall pay the higher of the benefit from the pension scheme and the benefit calculated under the Law. The asset value of the pension scheme is adequate to fund the annual payment of benefits.

The Group also established a funding programme through a savings plan managed by PT Asuransi Allianz Life Indonesia for the payment of severance / pension for eligible staff. The assets of the fund are to be used only to settle defined benefit obligations. The asset value of the funding programme is adequate to fund the annual payment of benefits.

The scheme is valued by an actuary at the end of each financial year. The major assumptions used by the actuary were:

	2018	2017
Rate of increase in wages	**8.0%**	8.0%
Rate of return on scheme assets	**8.5%**	8.5%
Discount rate	**8.5%**	7.5%
Mortality rate*	**100% TMI3**	100% TMI3
Disability rate	**10% TMI3**	10% TMI3

* Mortality rate was derived from observation of Indonesian life insurance policyholders released in 2011 and load 10% to allow for disability.

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 benefits are accrued by the Group and charged in the income statement based on individual employee's service up to the end of the financial year.

The Group provides other long-term employee benefits in the form of Long Service Award. Employees who have 10, 20 or 25 years of continuous service will receive Long Service Award amounting up to 2 months of basic salary.

	2018 $000	2017 $000
Service cost		
Current service cost	**1,538**	1,339
Past service cost	**(445)**	(71)
Net interest expense	**635**	587
Actuarial (loss) / gain	**(77)**	67
Total employee benefits expense	**1,651**	1,922

19 Retirement benefits - continued

(i) Reconciliation of defined benefit obligation and fair value of scheme assets

	Defined benefit obligation			Fair value of scheme assets			Net defined scheme liability		
	Funded scheme $000	Unfunded scheme $000	Total $000	Funded scheme $000	Unfunded scheme $000	Total $000	Funded scheme $000	Unfunded scheme $000	Total $000
At 1 January 2017	(6,871)	(3,806)	(10,677)	4,011	-	4,011	(2,860)	(3,806)	(6,666)
Service cost – current	(599)	(740)	(1,339)	-	-	-	(599)	(740)	(1,339)
Service cost - past	53	18	71	-	-	-	53	18	71
Interest (cost) / income	(587)	(347)	(934)	347	-	347	(240)	(347)	(587)
Actuarial gain	-	(67)	(67)	-	-	-	-	(67)	(67)
Included in comprehensive income	(1,133)	(1,136)	(2,269)	347	-	347	(786)	(1,136)	(1,922)
Remeasurement (loss) / gain									
Actuarial (loss) / gain from:									
Adjustments (experience)	(229)	(77)	(306)	-	-	-	(229)	(77)	(306)
Financial assumptions	(676)	(595)	(1,271)	-	-	-	(676)	(595)	(1,271)
Return on plan assets (exclude interest)	-	-	-	(118)	-	(118)	(118)	-	(118)
Included in other comprehensive income	(905)	(672)	(1,577)	(118)	-	(118)	(1,023)	(672)	(1,695)
Effect of movements in exchange rates	71	51	122	(37)	-	(37)	34	51	85
Employer contributions	-	-	-	402	-	402	402	-	402
Benefits paid	881	184	1,065	(291)	-	(291)	590	184	774
Other movements	952	235	1,187	74	-	74	1,026	235	1,261
At 31 December 2017	(7,957)	(5,379)	(13,336)	4,314	-	4,314	(3,643)	(5,379)	(9,022)

19 Retirement benefits - continued

(i) Reconciliation of defined benefit obligation and fair value of scheme assets (continued)

	Defined benefit obligation			Fair value of scheme assets			Net defined scheme liability		
	Funded scheme $000	Unfunded scheme $000	Total $000	Funded scheme $000	Unfunded scheme $000	Total $000	Funded scheme $000	Unfunded scheme $000	Total $000
At 31 December 2017	(7,957)	(5,379)	(13,336)	4,314	-	4,314	(3,643)	(5,379)	(9,022)
Service cost - current	(629)	(909)	(1,538)	-	-	-	(629)	(909)	(1,538)
Service cost - past	268	177	445	-	-	-	268	177	445
Interest (cost) / income	(545)	(402)	(947)	312	-	312	(233)	(402)	(635)
Actuarial loss	-	77	77	-	-	-	-	77	77
Included in comprehensive income	(906)	(1,057)	(1,963)	312	-	312	(594)	(1,057)	(1,651)
Remeasurement gain / (loss)									
Actuarial gain / (loss) from:									
Adjustments (experience)	106	(27)	79	-	-	-	106	(27)	79
Financial assumptions	655	648	1,303	-	-	-	655	648	1,303
Return on plan assets (exclude interest)	-	-	-	(190)	-	(190)	(190)	-	(190)
Included in other comprehensive income	761	621	1,382	(190)	-	(190)	571	621	1,192
Effect of movements in exchange rates	510	352	862	(283)	-	(283)	227	352	579
Employer contributions	-	-	-	401	-	401	401	-	401
Benefits paid	346	142	488	(231)	-	(231)	115	142	257
Other movements	856	494	1,350	(113)	-	(113)	743	494	1,237
At 31 December 2018	(7,246)	(5,321)	(12,567)	4,323	-	4,323	(2,923)	(5,321)	(8,244)

19 Retirement benefits - continued

(ii) Disaggregation of defined benefit scheme assets

The fair value of the funded assets is analysed as follows:

	2018 **$000**	2017 $000
Bonds		
- Corporate bonds	**-**	108
- Government bonds	**28**	80
- Mutual fund bonds	**214**	233
	242	421
Mutual funds	**351**	-
Cash / deposits	**3,730**	3,893
	4,323	4,314

(iii) Defined benefit obligation - sensitivity analysis

The following table exhibits the sensitivity of the Group's retirement benefits to the fluctuation in the discount rate, wages and mortality rate:

	Reasonably Possible Change	**Defined benefit obligation Increase $000**	**Decrease $000**
Discount rate	**(+ / - 1.00%)**	**(1,178)**	**1,312**
Growth in wages	**(+ / - 1.00%)**	**1,360**	**(1,237)**
Future mortality rate	**(+ / - 10.00%)**	**52**	**(56)**

The weighted average duration of the defined benefit obligation is 15.55 years (2017: 15.54 years). The following contributions, which reflect expected future service, as appropriate are expected to be paid:

Year	$000
2019	470
2020 to 2023	7,226
2024 to 2028	9,777
after 2028	104,703
Total	122,176

20 Share capital and treasury shares

	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:	**2018 Number**	2017 Number	**Cost 2018 $'000**	Cost 2017 $'000
Beginning of year	**339,900**	339,900	**(1,171)**	(1,171)
Share options exercised	**-**	-	**-**	-
End of year	**339,900**	339,900	**(1,171)**	(1,171)

Market value of treasury shares:	$'000
Beginning of year (769.0p/share)	3,531
End of year (568.0p/share)	**2,465**

No treasury share was purchased in 2018 (2017: Nil).

All fully paid ordinary shares have full voting rights, as well as to receive the distribution of dividends and repayment of capital upon winding up of company.

21 Ultimate controlling shareholder

At 31 December 2018, Genton International Limited ("Genton"), a company registered in Hong Kong, held 20,247,814 (2017: 20,247,814) shares of the Company representing 51.1% (2017: 51.1%) of the issued share capital of the Company. Together with other deemed interested parties, the Genton's shareholding totals 20,551,914 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

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

During the year the Company engaged UHY Hacker Young LLP, an accounting firm of which Dato' John Lim Ewe Chuan is a partner, to provide company secretarial and taxation services for a fee of $32,517 (2017: $34,809). The services provided are on an arm's length basis. The balance outstanding at the year end was $6,999 (2017: Nil).

An office premises lease agreement was entered with Infra Sari Sdn Bhd, a company controlled by Madam Lim Siew Kim. The rental paid during the year was $314,259 (2017: $281,664). There was no balance outstanding at the year end (2017: Nil).

23 Reserves

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 reserves	Gains/losses arising on the revaluation of the Group's property.
Exchange reserves	Gains/losses arising from translating the net assets of overseas operations into US Dollar.
Retained earnings	Cumulative net gains and losses recognised in the consolidated income statement.

24 Guarantees and other financial commitments

	2018	2017
	$000	$000
Capital commitments at 31 December		
Contracted but not provided - normal estate operations	**285**	183
Authorised but not contracted - plantation and mill development	**22,667**	41,583

A subsidiary company, PT Sawit Graha Manunggal ("SGM") has provided a corporate guarantee to Koperasi Bartim Sawit Sejahtera ("KBSS"), a party under Plasma scheme as disclosed in note 12, in relation to a loan taken by KBSS from PT Bank Mandiri (Persero) Tbk. of Rp226.02 billion ($15.6 million) (2017: Rp226.02 billion, $16.7 million). The corporate guarantee remains until the loan is fully settled by 23 December 2027. The HGU (land right) that belongs to the Plasma scheme is currently held under SGM's master title. An application to separate the HGU was submitted to the Land Office and the land and its plantation with a total carrying amount of $12.6 million as at 31 December 2018 will be pledged to the bank as security once the title separation approval is obtained. In addition, the terms and conditions of the loan agreement require KBSS to sell all the FFB produce to SGM and its plantation estate is to be managed by SGM. In view of these, the Group exposure to this contingent liability is minimised.

On 3 February 2017, a subsidiary company, PT Alno Agro Utama and Koperasi Perkebunan Plasma Maju Sejahtera ("KPPM") signed a Refinancing Agreement with PT Bank Syariah Mandiri ("BSM") to fund its plasma development. The Agreement provides a loan of Rp 8.75 billion ($0.6 million), with 10 (Ten) years maturity period effective from 24 July 2017 with an interest rate of 13.25% per annum. KPPM pledges its 147.04 hectares oil palm plantation located in Desa Serami Baru, Kecamatan Malin Deman, Kabupaten Mukomuko, Bengkulu and its plantation with a carrying amount of $0.8 million as at 31 December 2018 as security under the agreement while the Company provides corporate guarantee amounting to Rp 8.75 billion ($0.6 million).

The Group's loss provision on financial guarantee is $162,000. The details of the ECL are disclosed in note 15.

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 2018 and 2017 were:

	Amortised cost $000	**Financial liabilities at amortised cost $000**	**Total carrying value $000**
2018			
Non-current receivables	**11,020**	**-**	**11,020**
Trade and other receivables	**4,761**	**-**	**4,761**
Cash and cash equivalent	**112,212**	**-**	**112,212**
Loans and borrowings due within one year	**-**	**(11,078)**	**(11,078)**
Trade and other payables	**-**	**(20,083)**	**(20,083)**
Loans and borrowings due after one year	**-**	**(8,203)**	**(8,203)**
	127,993	**(39,364)**	**88,629**

	Amortised cost $000	Financial liabilities at amortised cost $000	Total carrying value $000
2017			
Non-current receivables	8,358	-	8,358
Trade and other receivables	4,882	-	4,882
Cash and cash equivalent	139,489	-	139,489
Loans and borrowings due within one year	-	(8,594)	(8,594)
Trade and other payables	-	(16,805)	(16,805)
Loans and borrowings due after one year	-	(19,281)	(19,281)
	152,729	(44,680)	108,049

Financial instruments not measured at fair value
Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables, and borrowings due within one year.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates their fair value.

Please refer to the applicable notes for details of the fair value hierarchy, valuation techniques, and significant unobservable inputs related to determining the fair value of the following items:
- Non-current receivables (note 12); and
- Loans and borrowings (note 16).

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 Dollar 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 historical cost of investment (including intercompany loans) by the parent in its subsidiaries amounted to $57,989,000 (2017: $61,876,000), while the balance sheet value of the Group's share of underlying assets at 31 December 2018 amounted to $371,980,000 (2017: $385,092,000).

25 Disclosure of financial instruments and other risks - continued

Currency risk - continued
All the Group's sales are made in local currency and any trade receivables are therefore denominated in local currency. No hedging is therefore necessary.

Selling prices of the Group's produce are directly related to the US Dollar denominated world prices. Appreciation of local currencies, therefore, reduces profits and cash flow of the Indonesian and Malaysian subsidiaries in US Dollar terms and vice versa.

The Group's subsidiaries which are borrowing in US Dollar, 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 US Dollar denominated cash balances in those subsidiaries. The Company will continue to partially match US Dollar cash balances with US Dollar financial liabilities. The average interest rate on local currency deposits was 4.85% higher than on US Dollar deposits whereas interest rate for local currency borrowing was about 4.09% higher as compared to US Dollar borrowing. The unmatched balance at 31 December 2018 is represented by the $806,000 shown in the table below (2017: $11,815,000). If the Group's net cash position continues to improve then US Dollar cash balances will continue to increase through 2019.

The table below shows the net monetary assets and liabilities of the Group as at 31 December 2018 and 2017 that were not denominated in the operating or functional currency of the operating unit involved.

	Net foreign currency assets/(liabilities)		
	US Dollar	**Sterling**	**Total**
Functional currency of Group operation	**$000**	**$000**	**$000**
2018			
Rupiah	**(1,921)**	**-**	**(1,921)**
US Dollar	**-**	**991**	**991**
Ringgit	**1,115**	**-**	**1,115**
Total	**(806)**	**991**	**185**
2017			
Rupiah	(13,032)	-	(13,032)
US Dollar	-	1,663	1,663
Ringgit	1,217	-	1,217
Total	(11,815)	1,663	(10,152)

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 Dollar is:

		2018			2017	
	Carrying Amount US$ $000	**-10% in Rp : $ and RM : $ $000**	**+10% in Rp : $ and RM : $ $000**	Carrying Amount US$ $000	-10% in Rp : $ and RM : $ $000	+10% in Rp : $ and RM : $ $000
Financial Assets						
Non-current receivables	**11,020**	**(730)**	**892**	8,358	(472)	577
Trade and other receivables	**4,761**	**(246)**	**301**	4,882	(261)	319
Cash and cash equivalents	**112,212**	**(10,093)**	**12,335**	139,489	(12,512)	15,292
Financial Liabilities						
Borrowings due within one year	**(11,078)**	**1,007**	**(1,231)**	(8,594)	781	(955)
Trade and other payables	**(20,083)**	**1,713**	**(2,094)**	(16,805)	1,425	(1,742)
Borrowings due after one year	**(8,203)**	**746**	**(911)**	(19,281)	1,753	(2,142)
Total (decrease) / increase		**(7,603)**	**9,292**		(9,286)	11,349

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 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 required to bring existing immature plantings to maturity.

Notes to the Consolidated Financial Statements

25 Disclosure of financial instruments and other risks - continued

Liquidity risk - continued
The Group's trade and tax payables are all due for settlement within a year. At 31 December 2018, the Group had the following loans and facilities.

	Borrowings $000	Facilities $000	Repayable
Indonesia:			
US Dollar denominated – long-term loan	19,281	45,000	2019 - 2020 (note 16)

The total loan borrowings together with interest at current rates are as follows:

	2018 $000	2017 $000
Principal	**19,281**	27,875
Interest	**1,275**	2,710
Total	**20,556**	30,585
Amount repayable within one year	**12,079**	10,124
Amount repayable after one year but not more than two years	**8,477**	12,004
Amount repayable after two years but not more than five years	**-**	8,457
Amount repayable after five years	**-**	-
	20,556	30,585

Forecasts prepared in December 2018 indicate that the Group has sufficient funds to meet its development plans and financial commitments through 2019.

All the long-term loans include varying covenants covering minimum net worth and cash balances, dividend and interest cover and debt service ratios. The subsidiary companies concerned have complied with the covenants as stated in the loan agreement.

Interest rate risk
Both the Group's surplus cash and its borrowings are subject to variable interest rates. The Group had net cash throughout 2018, 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 the table below. The rates on borrowings are set out in note 16.

		2018			2017	
	Carrying amount $000	**-1% in interest rate $000**	**+1% in interest rate $000**	Carrying amount $000	-1% in interest rate $000	+1% in interest rate $000
Financial Assets						
Cash and cash equivalents	**112,212**	**(1,053)**	**1,053**	139,489	(1,046)	1,046
Financial Liabilities						
Borrowings due within one year	**(11,078)**	**111**	**(111)**	(8,594)	86	(86)
Borrowings due after one year	**(8,203)**	**82**	**(82)**	(19,281)	193	(193)
Total (decrease) / increase		**(860)**	**860**		(767)	767

There is no policy to hedge interest rates, partly because of the net cash position and the net interest income position of the Group.

25 Disclosure of financial instruments and other risks - continued

Interest rate risk - continued
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
2018				
Sterling	**991**	**-**	**19**	**972**
US Dollar	**22,556**	**2,995**	**11,660**	**7,901**
Rupiah	**99,286**	**-**	**89,368**	**9,918**
Ringgit	**5,160**	**-**	**4,292**	**868**
Total	**127,993**	**2,995**	**105,339**	**19,659**
2017				
Sterling	1,663	-	20	1,643
US Dollar	20,214	3,161	6,042	11,011
Rupiah	124,648	-	93,698	30,950
Ringgit	6,204	-	4,867	1,337
Total	152,729	3,161	104,627	44,941

Long-term receivables of $2,995,000 (2017: $3,161,000) comprise US Dollar denominated amounts due from non-controlling interests as described in note 12 on which interest is due at a fixed rate of 6%.

Average US Dollar deposit rate in 2018 was 1.88% (2017: 1.25%) and Rupiah deposit rate was 6.73% (2017: 4.56%).

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

	Total $000	Fixed rate $000	Variable rate $000	No interest $000
2018				
Sterling	**-**	**-**	**-**	**-**
US Dollar	**(20,383)**	**-**	**(19,281)**	**(1,102)**
Rupiah	**(18,620)**	**-**	**-**	**(18,620)**
Ringgit	**(361)**	**-**	**-**	**(361)**
Total	**(39,364)**	**-**	**(19,281)**	**(20,083)**
2017				
Sterling	-	-	-	-
US Dollar	(28,869)	-	(27,875)	(994)
Rupiah	(15,470)	-	-	(15,470)
Ringgit	(341)	-	-	(341)
Total	(44,680)	-	(27,875)	(16,805)

Weighted average interest rate on variable rate borrowings was 6.66% in 2018 (2017: 6.16%).

Credit risk
The Group has two types of financial assets that are subject to the ECL model:
- Trade receivables for sales of goods and services; and
- Debt instruments carried at amortised cost.

The Group also has financial guarantee contracts for which the ECL model is also applicable.

While cash and cash equivalents are also subject to the impairment requirements as set out in IFRS 9, there is no impairment loss identified given the financial strength of the financial institutions in which the Group have a relationship with. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. The Group has taken necessary steps and precautions in minimising the credit risk by lodging cash and cash equivalents only with reputable licensed banks, and particularly in Indonesia, independently rated banks with a minimum rating of "A". The cash and cash equivalents are in US dollars, Rupiah, Ringgit and Sterling according to the requirements of the Group. The list of the principal banks used by the Group is given on the inside of the back cover of this report.

Notes to the Consolidated Financial Statements

25 Disclosure of financial instruments and other risks - continued

Credit risk – continued

The Group use three categories for those receivables which reflect their credit risk and how the loss provision is determined for those categories.

(i) Trade receivables using the simplified approach

The Group applies the simplified approach under IFRS 9 to measure ECL, which uses a lifetime expected loss provision for all trade receivables. To measure the expected losses, trade receivables have been grouped based on shared credit risk characteristics and days past due.

The expected loss rates are based on historical payment profiles of sales and the corresponding historical credit losses experienced during these periods. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors (such as palm product prices and crude oil price) affecting the ability of the customers to settle the receivables. The historical loss rates will be adjusted based on the expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

In determining the expected loss rates, the Group also takes into consideration the collateral or payments received in advance, as set out below:

Receivables are generally collected within the credit term and therefore there is minimal exposure to doubtful debts. Upfront payments are also collected for certain sales made by the Group's subsidiaries in Indonesia.

The Group's maximum exposure to credit risk and loss provision recognised as at 31 December 2018 is disclosed in note 15. The remaining amount in which no ECL provision was recognised is deemed to be recoverable, with low probability of default.

In respect of the previous financial years, the impairment of trade receivables was assessed based on the incurred loss model. Individual receivables were assessed to determine whether there was objective evidence that a loss event had occurred and an provision for impairment was recognised accordingly when the loss event occurred. Information in respect of the provision for impairment loss in the prior financial year is disclosed in note 15.

(ii) Debt instruments at amortised costs other than trade receivables using the three-stage approach

All of the Group's debt instruments at amortised costs other than trade receivables are considered to have a low credit risk, as these were considered to be performing, have low risks of default and historically there were minimal instances where contractual cash flow obligations have not been met.

The maximum exposure to credit risks for debt instruments at amortised cost other than trade receivables are represented by the carrying amounts recognised in the statements of financial position.

(iii) Financial guarantee contracts using the three-stage approach

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly,12-month ECL have been recognised at 1% on the financial guarantee contracts and disclosed in note 24.

Information regarding other non-current assets and trade and other receivables that are neither past due nor impaired is disclosed in notes 12 and 15 respectively. Amounts receivable from local partners, amounting to $2,995,000 (2017: $3,161,000), 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 receivable due from cooperatives under Plasma scheme, as disclosed in note 12, are unsecured and are to be repaid from FFB supplied by the cooperatives.

Deposits with banks and other financial institutions, investment securities and derivatives that are neither past due nor impaired are placed with, or entered into, with reputable financial institutions or companies with high credit ratings and no history of default.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instrument is the carrying amount presented on the statement of financial position, except in the case of the financial guarantee contracts offered by two subsidiaries to cooperatives in order for them to obtain bank loans in 2013 and 2017, which are not held on the statement of financial position of the Group. See note 24.

25 Disclosure of financial instruments and other risks - continued

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 $371,980,000 at 31 December 2018 (2017: $385,092,000).

Group policy presently attempts to fund development from self-generated funds and loans and not from the issue of new share capital. At 31 December 2018, the Group had no net borrowings (2017: Nil) but, depending on market conditions, the Board is prepared for the Group to have net borrowings.

Plantation industry risk
Please refer to pages 21 - 25.

26 Subsidiary companies

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

Name	Country of incorporation and principal place of business	Proportion of ownership interest at 31 December		Non-controlling interests ownership / voting interest at 31 December	
		2018	2017	**2018**	2017
Principal sub-holding company					
Anglo-Indonesian Oil Palms Limited	United Kingdom	**100%**	100%	**-**	-
Management company					
Indopalm Services Limited	United Kingdom	**100%**	100%	**-**	-
Operating companies					
Anglo-Eastern Plantations (M) Sdn Bhd	Malaysia	**55%**	55%	**45%**	45%
Anglo-Eastern Plantations Management Sdn Bhd	Malaysia	**100%**	100%	**-**	-
PT Alno Agro Utama	Indonesia	**90%**	90%	**10%**	10%
PT Anak Tasik	Indonesia	**100%**	100%	**-**	-
PT Bangka Malindo Lestari	Indonesia	**95%**	95%	**5%**	5%
PT Bina Pitri Jaya	Indonesia	**80%**	80%	**20%**	20%
PT Cahaya Pelita Andhika	Indonesia	**90%**	90%	**10%**	10%
PT Empat Lawang Agro Perkasa	Indonesia	**95%**	95%	**5%**	5%
PT Hijau Pryan Perdana	Indonesia	**80%**	80%	**20%**	20%
PT Kahayan Agro Plantation	Indonesia	**95%**	95%	**5%**	5%
PT Karya Kencana Sentosa Tiga	Indonesia	**95%**	95%	**5%**	5%
PT Mitra Puding Mas	Indonesia	**90%**	90%	**10%**	10%
PT Musam Utjing	Indonesia	**75%**	75%	**25%**	25%
PT Riau Agrindo Agung	Indonesia	**95%**	95%	**5%**	5%
PT Sawit Graha Manunggal	Indonesia	**82%**	82%	**18%**	18%
PT Simpang Ampat	Indonesia	**100%**	100%	**-**	-
PT Tasik Raja	Indonesia	**80%**	80%	**20%**	20%
PT United Kingdom Indonesia Plantations	Indonesia	**75%**	75%	**25%**	25%
PT Anglo-Eastern Plantations Management Indonesia	Indonesia	**100%**	100%	**-**	-
Dormant companies					
The Ampat (Sumatra) Rubber Estate (1913) Limited	United Kingdom	**100%**	100%	**-**	-
Gadek Indonesia (1975) Limited	United Kingdom	**100%**	100%	**-**	-
Mergerset (1980) Limited	United Kingdom	**100%**	100%	**-**	-
Musam Indonesia Limited	United Kingdom	**100%**	100%	**-**	-

The principal United Kingdom sub-holding company, UK management company and UK dormant companies are registered in England and Wales and are direct subsidiaries of the Company. The Malaysian operating companies are incorporated in Malaysia and are direct subsidiaries of the Company. The Indonesian operating companies are incorporated in Indonesia and are direct subsidiaries of the principal sub-holding company. The principal activity of the operating companies is plantation agriculture. The registered office of the principal subsidiaries are disclosed below:

Subsidiaries by country	**Registered address**
UK registered subsidiaries	Quadrant House, 6th Floor 4 Thomas More Square London E1W 1YW United Kingdom
Malaysia registered subsidiaries	7th Floor, Wisma Equity 150 Jalan Ampang 50450 Kuala Lumpur Malaysia
Indonesia registered subsidiaries	3rd Floor, Wisma HSBC, Jalan Diponegoro, Kav 11 Medan 20152 North Sumatera Indonesia

27 Non-controlling interests

The Group identified subsidiaries with material non-controlling interests ("NCI") based on the total assets in relation to the Group. A subsidiary's NCI is material if the subsidiary contributed more than 10% of the Group's total assets. The subsidiaries identified and their summarised financial information, before intra-group eliminations, are presented below:

Entity	PT Tasik Raja		PT Mitra Puding Mas		PT Alno Agro Utama		PT Bina Pitri Jaya		PT Sawit Graha Manunggal	
NCI percentage	20%		10%		10%		20%		18%	
Summarised income statement										
For the year ended 31 December	**2018 $000**	2017 $000	**2018 $000**	2017 $000	**2018 $000**	2017 $000	**2018 $000**	2017 $000	**2018 $000**	2017 $000
Revenue	**47,054**	53,895	**32,557**	38,798	**49,149**	61,675	**43,970**	54,074	**34,507**	31,828
Profit / (Loss) after tax	**12,043**	13,228	**6,689**	8,218	**5,632**	12,086	**16,158**	17,158	**(3,458)**	(273)
Other comprehensive (expenses) / income	**(12,219)**	(1,727)	**(4,845)**	(572)	**(5,205)**	(640)	**(8,953)**	(1,033)	**203**	(491)
Total comprehensive (expenses) / income	**(176)**	11,501	**1,844**	7,646	**427**	11,446	**7,205**	16,125	**(3,255)**	(764)
Profit / (Loss) allocated to NCI	**2,409**	2,646	**669**	822	**563**	1,209	**3,232**	3,432	**(629)**	(50)
Other comprehensive (expenses) / income allocated to NCI	**(2,444)**	(345)	**(485)**	(57)	**(521)**	(64)	**(1,791)**	(207)	**37**	(89)
Total comprehensive (expenses) / income allocated to NCI	**(35)**	2,301	**185**	765	**43**	1,145	**1,441**	3,225	**(592)**	(139)
Dividends paid to NCI	**-**	-	**8**	50	**11**	50	**32**	95	**-**	-
Summarised statement of financial position										
As at 31 December	**2018 $000**	2017 $000	**2018 $000**	2017 $000	**2018 $000**	2017 $000	**2018 $000**	2017 $000	**2018 $000**	2017 $000
Non-current assets	**252,877**	249,215	**35,923**	38,294	**49,829**	52,586	**106,720**	93,291	**80,325**	81,651
Current assets	**40,901**	15,899	**41,094**	38,087	**36,560**	35,275	**25,233**	28,929	**40,137**	8,141
Non-current liabilities	**(123,803)**	(105,371)	**(3,332)**	(3,768)	**(7,069)**	(8,023)	**(3,209)**	(3,600)	**(82,382)**	(80,517)
Current liabilities	**(12,912)**	(4,771)	**(4,183)**	(5,455)	**(3,575)**	(5,210)	**(4,917)**	(3,505)	**(42,033)**	(9,951)
Net assets	**157,063**	154,972	**69,502**	67,158	**75,745**	74,628	**123,827**	115,115	**(3,953)**	(676)
Accumulated NCI	**31,413**	30,994	**6,950**	6,716	**7,575**	7,463	**24,765**	23,023	**(719)**	(123)
Summarised cash flows										
For the year ended 31 December	**2018 $000**	2017 $000	**2018 $000**	2017 $000	**2018 $000**	2017 $000	**2018 $000**	2017 $000	**2018 $000**	2017 $000
Cash flows from / (used in) operating activities	**16,548**	12,287	**(13,805)**	8,001	**(2,308)**	16,380	**16,591**	18,482	**(942)**	2,535
Cash flows (used in) / from investing activities	**(21,005)**	(6,447)	**(1,958)**	(1,052)	**(3,187)**	(1,872)	**(20,502)**	194	**(7,519)**	(7,450)
Cash flows from / (used in) financing activities	**25,697**	(8,356)	**(77)**	2,894	**(21)**	(1,539)	**(159)**	(17,223)	**9,247**	4,324
Net cash inflows / (outflows)	**21,240**	(2,516)	**(15,840)**	9,843	**(5,516)**	12,969	**(4,070)**	1,453	**786**	(591)

28 Notes supporting statement of cash flows

Cash and cash equivalents for purposes of the statement of cash flows comprises:

	2018 $000	2017 $000
Cash at bank available on demand	**28,485**	26,533
Short-term deposits	**83,707**	112,937
Cash in hand	**20**	19
	112,212	139,489

Significant non-cash transactions from investing activities are as follows:

	2018 $000	2017 $000
Property, plant and equipment purchased but not yet paid at year end	**286**	193

Non-cash transactions from financing activities are shown in the reconciliation of liabilities from financing transactions as follows:

	Non-current loans and borrowings $000	**Current loans and borrowings $000**	**Total $000**
At 1 January 2018	**(19,281)**	**(8,594)**	**(27,875)**
Cash Flows	**-**	**8,735**	**8,735**
Non-cash flows			
- Effect of foreign exchange	**-**	**(141)**	**(141)**
- New finance lease	**-**	**-**	**-**
- Loans and borrowings classified as non-current at 31 December 2017 becoming current during 2018	**11,078**	**(11,078)**	**-**
-Interest accruing during the year	**-**	**-**	**-**
	(8,203)	**(11,078)**	**(19,281)**

	Non-current loans and borrowings $000	Current loans and borrowings $000	Total $000
At 1 January 2017	(27,875)	(6,203)	(34,078)
Cash Flows	-	6,197	6,197
Non-cash flows			
- Effect of foreign exchange	-	6	6
- New finance lease	-	-	-
- Loans and borrowings classified as non-current at 31 December 2016 becoming current during 2017	8,594	(8,594)	-
-Interest accruing during the year	-	-	-
	(19,281)	(8,594)	(27,875)

29 Leases

Operating leases - lessee

The Group leases various offices and staff houses under operating leases expiring within 1 to 2 years. The leases have varying terms, escalation clauses and no option for renewal. The total future value of minimum lease payments is due as follows:

	2018 $000	2017 $000
Within one year	**401**	384
Later than one year but not more than two years	**1**	13
Later than two years but not more than five years	**-**	-
Later than five years	**-**	-
	402	397

Notes to the Consolidated Financial Statements

30 First time adoption of IFRS 9 and IFRS15

(a) Adoption of IFRS 9 "Financial Instruments"

(i) Classification and measurement

Under IFRS 9, financial assets are classified according to their cash flow characteristics and the business model which they are managed. The Group has categorised its financial assets as financial assets measured at amortised cost.

The financial assets held by the Group include trade and other receivables and other non-current receivables currently accounted for at amortised cost will continue to meet the conditions for classification as amortised cost under IFRS 9.

There is no impact on the Group for financial liabilities as the new requirements only affect the accounting for financial liabilities that are designated at FVTPL and the Group does not have such liabilities.

(ii) Impairment

IFRS 9 changes the recognition of impairment provision for financial assets by introducing an ECL model. Upon the adoption of IFRS 9, the Group has revised its impairment methodology which depends on whether there has been a significant increase in credit risk. The Group assesses possible increase in credit risk for financial assets measured at amortised cost and contract assets at the end of each reporting period. The impairment provision is estimated at an amount equal to a 12-month ECL at the current reporting date if there has not been a significant increase in credit risk. Based on the assessment undertaken, there is no significant increase in credit risk to the Group as a result of the adoption of the ECL model.

(b) Adoption of IFRS 15 "Revenue from Contracts with Customers"

With the adoption of IFRS 15, revenue is recognised by reference to each distinct performance obligation in the contract with a customer. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group has applied this standard retrospectively and there is no impact to the Group other than the disclosure requirements in note 3.

Company Balance Sheet
As at 31 December 2018

Company Number: 1884630

	Note	2018 $000	2017 $000
Non-current assets			
Property, plant & equipment		**9**	12
Investments in subsidiaries	4	**57,943**	61,876
		57,952	61,888
Current assets			
Receivables	5	**3,822**	2,797
Cash at bank and in hand		**1,193**	1,860
		5,015	4,657
Current liabilities			
Other payables	6	**(3,548)**	(3,403)
Net current assets / (liabilities)		**1,467**	1,254
Net assets		**59,419**	63,142
Capital and reserves			
Share capital	7	**15,504**	15,504
Treasury shares	7	**(1,171)**	(1,171)
Share premium		**23,935**	23,935
Capital redemption reserve		**1,087**	1,087
Exchange reserves		**3,872**	3,872
Retained earnings at 1 January		**19,915**	22,605
Loss for the year		**(2,138)**	(1,175)
Dividends paid		**(1,585)**	(1,515)
Retained earnings		**16,192**	19,915
Shareholders' funds		**59,419**	63,142

The loss after tax for the year for the Company dealt with in the consolidated financial statements of the Company was $2,138,000 (2017: $1,175,000).

The financial statements were approved and authorised for issue by the Board of Directors on 23 April 2019 and were signed on its behalf by:

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

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

Company Statement of Changes in Equity

For the year ended 31 December 2018

	Share capital $000	Treasury shares $000	Share premium $000	Capital redemption reserve $000	Exchange reserves $000	Retained earnings $000	Total $000
Balance at 31 December 2016	15,504	(1,171)	23,935	1,087	3,872	22,605	65,832
Comprehensive income for the year							
Loss for the year	-	-	-	-	-	(1,175)	(1,175)
Total comprehensive expense for the year	-	-	-	-	-	(1,175)	(1,175)
Dividends paid	-	-	-	-	-	(1,515)	(1,515)
Balance at 31 December 2017	**15,504**	**(1,171)**	**23,935**	**1,087**	**3,872**	**19,915**	**63,142**
Comprehensive income for the year							
Loss for the year	**-**	**-**	**-**	**-**	**-**	**(2,138)**	**(2,138)**
Total comprehensive expense for the year	**-**	**-**	**-**	**-**	**-**	**(2,138)**	**(2,138)**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**(1,585)**	**(1,585)**
Balance at 31 December 2018	**15,504**	**(1,171)**	**23,935**	**1,087**	**3,872**	**16,192**	**59,419**

The accompanying notes are an integral part of this statement of changes in equity.

Notes to the Company Financial Statements

1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 *Application of Financial Reporting Requirements* ("FRS 100") and Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

Disclosure exemptions adopted
In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of Anglo-Eastern Plantations Plc group of companies.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the Company's consolidated financial statements. These financial statements do not include certain disclosures in respect of:

- Share based payments;
- Financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value); or
- Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value).

2 Accounting policies

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

(a) 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 cost convention. The presentation currency used is US Dollar and amounts have been presented in round thousands ("$000"). The principal accounting policies are summarised below.

(b) Foreign currency
The functional currency of the Company is US Dollar, chosen because the prices of the bulk of the Group's products are ultimately denominated in US Dollar. Transactions in sterling are translated to US Dollar at the actual exchange rate and exchange losses recognised in profit and loss. Sterling denominated assets and liabilities are converted to US Dollar at the rate ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss.

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

(d) Property, plant and equipment
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.

Office plant and equipment is depreciated using the straight-line method. The yearly rate of depreciation is as follows:
Office plant, equipment & vehicle - 20% per annum

(e) 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 annual general meeting.

(f) Share based payments
As set out under Group accounting policies on page 69.

(g) Deferred taxation
A deferred tax asset has not been recognised in relation to brought forward tax losses of $12.1m (2017: 10.7m) because it is not certain those losses can be utilised in the foreseeable future.

(h) 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 shares. Any excess of the consideration received on the sale of treasury shares over the weighted average cost of shares sold is taken to the share premium account. Any shares held in treasury are treated as cancelled for the purpose of calculating earnings per share.

Notes to the Company Financial Statements

2 Accounting policies - continued

(i) *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. The details of financial guarantee contracts are disclosed in note 25 of the consolidated financial statements.

3 Profit and loss account

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 for the year for the Company dealt with in the consolidated financial statements of the Company was $2,133,000 (2017: $1,172,000) and loss after tax for the year was $2,138,000 (2017: $1,175,000).

The remuneration of the directors of the Company is disclosed in note 7 to the consolidated financial statements. Auditor's remuneration is disclosed in note 5 to the consolidated financial statements.

4 Investments in subsidiaries

	Investments in subsidiaries undertakings $000	Loans to subsidiaries undertakings $000	Total $000
At 1 January 2017	14,188	52,783	66,971
Movements during the year			
Repayment	-	(5,095)	(5,095)
At 31 December 2017	**14,188**	**47,688**	**61,876**
Movements during the year:			
Repayment	**(1,935)**	**(1,952)**	**(3,887)**
Loss provision	**-**	**(46)**	**(46)**
At 31 December 2018	**12,253**	**45,690**	**57,943**

	2018 $000	2017 $000
Net carrying amount		
At 31 December	**57,943**	61,876

Loans to 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 as investments in subsidiaries. The details of the ECL is disclosed in note 5.

On 11 April 2018, Anglo-Eastern Plantations (M) Sdn Bhd, had fully redeemed the 8.4% Cumulative Preference Shares of 7,356,000 issued to Anglo-Eastern Plantation Plc for $1.874 million.

The details of the subsidiaries are disclosed in note 26 of the consolidated financial statements.

5 Receivables

	2018 $000	2017 $000
Amounts owed by group undertakings:		
Anglo-Eastern Plantations Management Sdn Bhd	**3,090**	2,319
PT Hijau Pyran Perdana	**150**	100
PT Sawit Graha Manunggal	**525**	350
	3,765	2,769
Other receivables	**57**	28
	3,822	2,797

The amounts owed by group undertakings arise as a result of advances to subsidiary companies and expenses paid on their behalf. The amounts are unsecured, interest free and do not have fixed repayment terms.

The details of other receivables related to ECL are disclosed in note 15, note 25 and note 30 of the consolidated financial statements. For intercompany balances that are repayable on demand, the Company's ECL is based on the following assumptions:

- If the borrower has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, the ECL is likely to be immaterial.
- If the borrower could not repay the loan if demanded at the reporting date, the Company considers the expected manner of recovery to measure the ECL. The recovery manner could be either through 'repayment over time' or a fire sale of less liquid assets by the borrower.
- If the recovery strategies indicate that the Company would fully recover the outstanding balance of the loan, the ECL would be limited to the effect of the discounting of the amount due on the loan, at the loan's effective interest rates, over the period until the amount is fully recovered.

Movements on the Company's loss provision on both current and non-current other receivables are as follows:

	2018 $000	2017 $000
At 1 January	**-**	-
Loss provision during the year	**444**	-
At 31 December	**444**	**-**

At 31 December 2018, the expected loss provision for receivables is as follows:

	Gross carrying amount $000	Loss provision $000	Net carrying amount $000
2018			
Amounts owed by group undertakings	4,155	(390)	3,765
Other receivables	65	(8)	57
Investments in subsidiaries (note 4)			
- Loans to subsidiaries undertakings	45,736	(46)	45,690
	49,956	(444)	49,512

6 Other payables

	2018 $000	2017 $000
Amounts owed to group undertakings		
Mergerset (1980) Limited	**2,163**	2,163
Musam Indonesia Limited	**246**	246
	2,409	2,409
Accruals	**1,139**	994
	3,548	3,403

The amounts owed to group undertakings arise as a result of advances from subsidiary companies and expenses paid on our behalf. The amounts are unsecured, interest free and do not have fixed repayment terms.

7 Share capital and treasury shares

The details of the share capital and treasury shares are disclosed in note 20 of the consolidated financial statements.

Notes to the Company Financial Statements

8 Related party transactions

The details of the related party transactions for UHY Hacker Young LLP are disclosed in note 22 of the consolidated financial statements.

An office premises lease agreement was entered with Infra Sari Sdn Bhd, a company controlled by Madam Lim Siew Kim. The rental paid during the year was $232,488 (2017: $210,264). There was no balance outstanding at the year end (2017: Nil).

Transactions between the Company and its subsidiaries are disclosed below:

Nature of transactions	Name	**2018 $000**	2017 $000
Management fees from	Anglo-Eastern Plantations Malaysia Sdn Bhd	**49**	44
Corporate guarantee fees from	PT Hijau Pryan Perdana	**50**	50
Corporate guarantee fees from	PT Sawit Graha Manunggal	**175**	175
Receivable from	Subsidiaries (note 5)	**4,155**	2,769
Payable to	Subsidiaries (note 6)	**2,409**	2,409

The details of the intercompany receivables and payables are disclosed in note 5 and note 6 of the Company financial statements respectively.

9 Employees' and Directors' remuneration

	2018 Number	2017 Number
Average numbers employed during the year		
- directors	**4**	4
- staff	**-**	-
	4	4

	2018 $000	2017 $000
Staff costs		
Wages and salaries	**-**	-
Social security costs	**-**	-
Retirement benefits	**64**	62
	64	62

The information required by the Companies Act and the Listing Rules of the Financial Conduct Authority are contained in the Directors' remuneration report on pages 49 - 53 of which certain information on page 53 has been audited.

	2018 $000	2017 $000
Directors' emoluments	**226**	208

10 Dividends

The details of the dividends are disclosed in note 10 of the consolidated financial statements.

11 Guarantees and other financial commitments

The Company has provided guarantees for loans to subsidiaries totalling $45,000,000 (2017: $45,000,000) as set out in note 16 of the consolidated financial statements.

Notice of Annual General Meeting

Notice is hereby given that the thirty-fourth Annual General Meeting of Anglo-Eastern Plantations Plc will be held at the offices of UHY Hacker Young LLP, Quadrant House, Floor 6, 4 Thomas More Square, London E1W 1YW on Monday 24 June 2019 at 11.00 a.m. for the following purposes:

1 To receive and consider the accounts and the reports of the directors and auditor thereon for the year ended 31 December 2018.

2 To approve the Directors' Remuneration Report (excluding the part containing the remuneration policy) as set out in the Company's annual report and accounts for the year ended 31 December 2018.

3 To declare a final dividend.

4 To re-elect Madam Lim Siew Kim, a Non-Executive Director, who has served more than nine years.

5 To re-elect Dato' John Lim Ewe Chuan as a director.

6 To re-elect Mr Lim Tian Huat as a Non-Executive Director.

7 To re-elect Mr Jonathan Law Ngee Song as a Non-Executive Director

8 To re-appoint BDO LLP as auditor.

9 To authorise the directors to fix the remuneration of the auditor.

10 To consider the following resolution as an ordinary resolution:

That the directors be generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006, in substitution for all existing authorities to the extent unused, to exercise all the powers of the Company to allot:

(i) shares in the Company up to an aggregate nominal amount of £3,303,031 (representing 13,212,124 ordinary shares of 25p each) which is equal to one third of the issued ordinary share capital (excluding treasury shares) at the date of this resolution: and in addition

(ii) equity securities of the Company (within the meaning of section 560(1) of the Companies Act 2006) in connection with an offer of such securities by way of a rights issue up to an aggregate nominal amount of £3,303,031

provided that this authority shall expire on the date of the next annual general meeting after the passing of this resolution or 30 June 2020 whichever is earlier save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

"rights issue" means an offer of equity securities open for acceptance for a period fixed by the directors to holders of equity securities (other than the Company) on the register on a fixed record date in proportion to their respective holdings of such securities or in accordance with the rights attached thereto (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory).

11 To consider the following resolution as a special resolution:

That subject to and conditional on the passing of Resolution 10, the directors be empowered pursuant to section 570 of the Companies Act 2006) to allot equity securities (within the meaning of section 560 of that Act) for cash pursuant to the authority conferred by Resolution 10 and/or by way of sale of treasury shares as if section 561(1) of that Act did not apply to any such allotment or sale, provided that this authorisation shall be limited to:

(i) the allotment of equity securities and sale of treasury shares for cash in connection with an offer or issue of, or invitation to apply for, equity securities made to (but in the case of the authority granted under paragraph (ii) of Resolution 10 by way of a rights issue only);

(a) ordinary shareholders in proportion (as nearly may be practicable) to their existing holdings: and

(b) holders of other equity securities, as required by the rights of those securities, or as the directors otherwise consider necessary,

and permitting the directors to impose any limited or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlement, record dates, legal regulatory or practical problems in, or under, the laws of any territory, or any other matter; and

Notice of Annual General Meeting

(ii) in the case of the authority granted under paragraph (i) of Resolution 10 and/or the sale of treasury shares for cash, to the allotment of equity shares or sale of treasury shares up to an aggregate nominal amount of £495,454.

Such power shall apply during the period expiring on the date of the next annual general meeting or on 30 June 2020 (whichever shall be earlier) but the directors may during such periods make offers or agreements which would or might require equity securities to be allotted (and treasury shares to be sold) after the expiry of such period.

12 To consider the following as a special resolution:

That the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of ordinary shares of 25p each in the capital of the Company on such terms as the directors think fit, provided that:

(a) the maximum number of ordinary shares hereby authorised to be purchased is 3,963,637 (representing 10% of the issued ordinary share capital);

(b) the minimum price (exclusive of expenses) which may be paid for each ordinary share is 25p;

(c) the maximum price (exclusive of expenses) which may be paid for each ordinary share is the higher of:

(i) an amount equal to 105% of the average of the middle market quotations for such share as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the date of purchase; and

(ii) the price of the last independent trade and the highest current independent bid on the London Stock Exchange; and

(d) the authority hereby conferred shall expire on 30 June 2020 or, if earlier, at the conclusion of the next annual general meeting of the Company save that the Company may before the expiry of this authority make a contract of purchase which will or may be executed wholly or partly after such expiry and may make a purchase of shares pursuant to any such contract.

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

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

By order of the Board
CETC (Nominees) Limited
Company Secretary
16 May 2019

Notice of Annual General Meeting

Notes:

1. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders on the register of members of the Company at close of business on 20 June 2019 shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the register of members after 20 June 2019 or, if the meeting is adjourned, in the register of members at close of business on the date which is two days before the day of the adjourned meeting shall be disregarded in determining the rights of any person to attend and vote at the meeting.

2. As at 16 May 2019 (being the latest practicable date prior to the publication of this notice), the Company's issued share capital comprised 39,976,272 Ordinary Shares of 25p each. Each share carries one vote except 339,900 shares held as treasury shares and therefore the total number of voting rights in the Company as at 9.00 am on 16 May 2019 is 39,636,372.

3. A member of the Company entitled to attend and vote at the meeting may appoint one or more proxies to attend, speak and vote at the meeting. Where more than one proxy is appointed in relation to the meeting, each proxy must be appointed to exercise rights attaching to a different share or shares. You may not appoint more than one proxy to exercise rights attached to any one share. A proxy need not be a member of the Company.

4. The instrument appointing a proxy must be deposited at the office of the Registrar by 11.00 a.m. on 20 June 2019 not less than forty-eight hours before the time appointed for holding the meeting (or any adjournment thereof).

5. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

6. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the annual general meeting to be held on 24 June 2019 and any adjournment thereof by using the procedures described in the CREST Manual on the Euroclear website (www.euroclear.com/CREST). CREST personal members or other CREST sponsored members and those CREST members who have appointed a voting service provider should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. All messages relating to the appointment of a proxy or an instruction to a previously appointed proxy must be transmitted so as to be received by Link Asset Services [CREST ID: RA10] by 11.00 a.m. on 20 June 2019. It is the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

7. You may submit your proxy electronically using The Share Portal service at www.signalshares.com. If not already registered for The Share Portal you will need your Investor Code which can be found on your share certificate.

8. The statement of the rights of shareholders in relation to the appointment of proxies does not apply to a person who receives this notice of general meeting as a person nominated to enjoy "information rights" under section 146 of the Companies Act 2006. If you have been sent this notice of meeting because you are such a nominated person the following statements apply: (i) you may have a right under an agreement between you and the registered shareholder by whom you were nominated to be appointed (or to have someone else appointed) as a proxy for this general meeting and (ii) if you have no such a right, or do not wish to exercise it, you may have a right under such an agreement to give instructions to that registered shareholder as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.

9. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the meeting. In accordance with the provisions of the Companies Act 2006, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.

10. Members satisfying the requirements of section 527 of the Companies Act 2006 may require the Company to publish on a website a statement by them (at the Company's cost) relating to the audit of the Company's accounts which are being laid before this meeting (including the auditor's report and the conduct of the audit) or, where applicable, any circumstances connected with an auditor of the Company ceasing to hold office since the previous general meeting at which accounts were laid. Should such a statement be received, it will be published on the Company's website at https://www.angloeastern.co.uk/. In those circumstances the Company would be under an obligation to forward a copy of the statement to the auditor forthwith and the statement would form part of the business which may be dealt with at this meeting.

11. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such questions relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation of the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

12. A copy of this notice and the other information required by section 311A of the Companies Act 2006 can be found at https://www.angloeastern.co.uk/.

13. If you are in any doubt as to any aspect of Resolutions 10 to 13 or as to the action you should take, you should immediately take your own advice from a stockbroker, solicitor, accountant or other independent financial advisor authorised under the Financial Services and Markets Act 2000. The Board believes that these Resolutions are in the best interests of the Company and shareholders as a whole.

14. If you have sold or otherwise transferred all your shares in the Company, please hand this document and the accompanying form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you sell or have sold or otherwise transferred only part of your holding of existing shares please consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

15. The following documents are available for inspection by members at the registered office of the Company during normal business hours (except Bank Holidays) and at the place of the meeting not less than 15 minutes prior to and during the meeting:

    (a) a copy of the Executive Director's service agreement;
    (b) copies of Non-Executive Directors' letters of appointment;
    (c) relationship agreement with the majority shareholder; and
    (d) a copy of the Company's Articles of Association.

Company addresses

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