2019 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.

Site of future biogas plant in North Sumatera

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.

Raw mill effluent treated in anaerobic ponds

- 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. Oil palms yield five to ten times more than other vegetable oil crops enabling more efficient use of land.
- Palm oil is an important commodity and the industry reportedly employs 4 million people directly and millions more indirectly in Indonesia alone. It is used extensively in food, cosmetics, other consumer products and biofuel.

About Anglo-Eastern Plantations

Oil Palm Plantations
The Group has developed over 59,100ha 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 8,600ha of recently planted immature plantations of which 1,377ha were planted in 2019.

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 construction of its seventh mill in North Sumatera is expected to be completed by the year 2021 topping processing capacity to 355mt per hour.

Third Party Crop Purchases
In 2019 the Group purchased approximately 0.91 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 2019 was 1.87 million mt producing 394,700 mt of crude palm oil ("CPO"). The Group has the capacity to store up to 52,400mt CPO at its 6 mills.

Rubber Plantations
In 2019 the 262ha of established rubber plantations produced 514mt of raw latex and rubber lumps. The size of rubber plantations will reduce further as the Group replaces ageing rubber trees with oil palm. The average age of the rubber trees is 12 years.

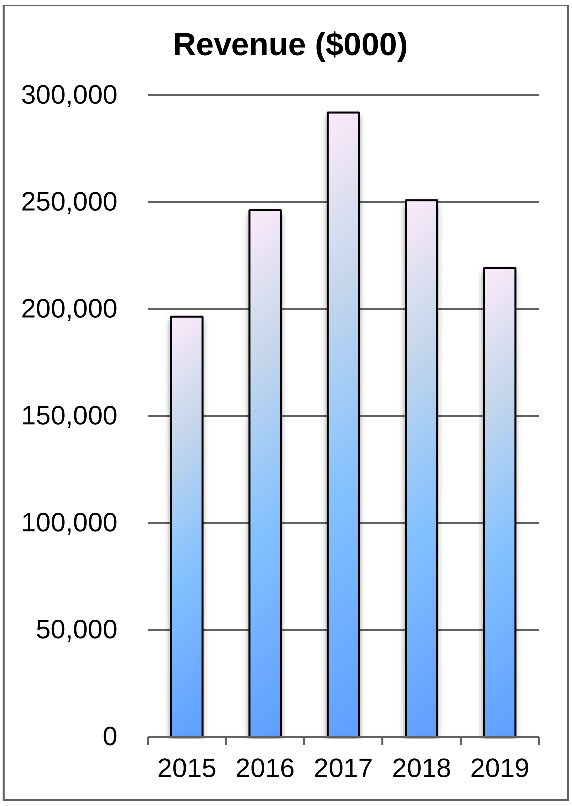
Biogas Plants
Three mills are equipped with biogas plants to capture the methane gas emission to generate electricity which is sold to the Indonesian state authorities. This reduces our reliance on fossil fuels and improves the Group's carbon footprint. A fourth biogas plant is expected to be commissioned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

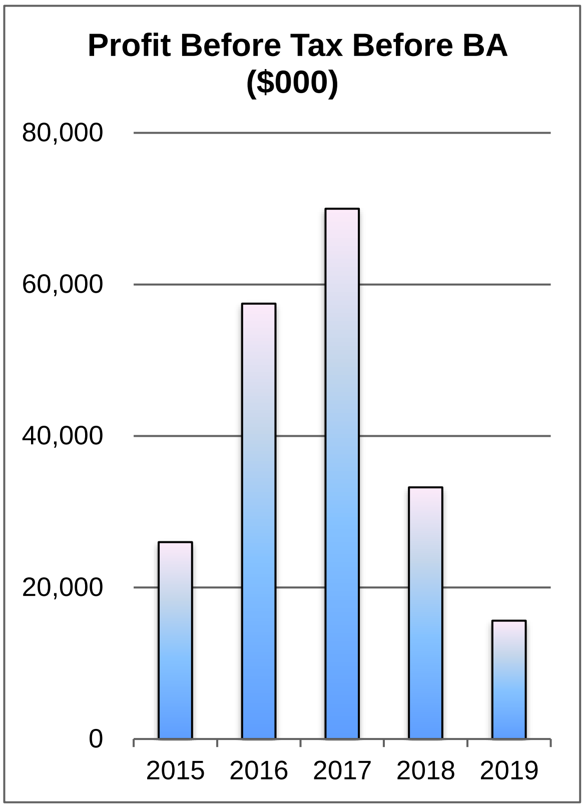
Financial Highlights

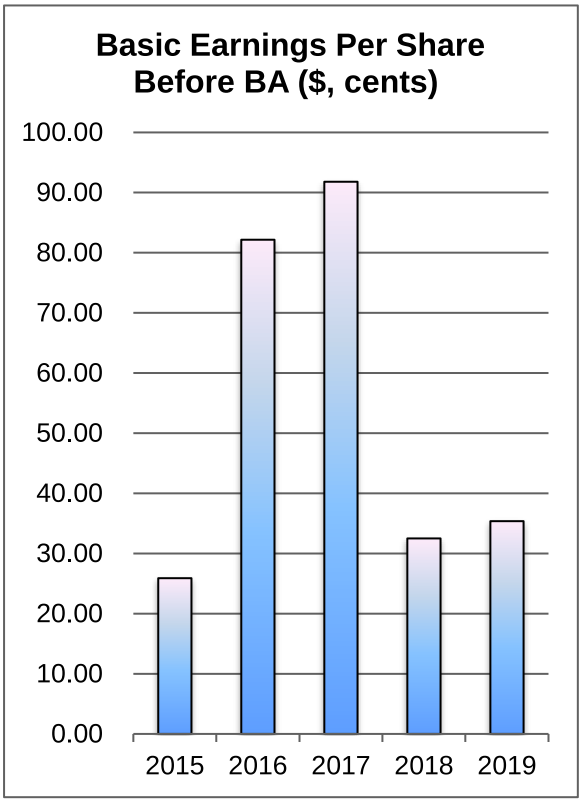
	2019 **$m**	2018 $m
Revenue	**219.1**	250.9
Profit before tax:		
- before biological assets ("BA") movement	**15.6**	33.2
- after BA movement	**18.9**	30.9
Basic Earnings per ordinary share ("EPS"):		
- before BA movement	**35.37cts**	32.50cts
- after BA movement	**40.61cts**	28.79cts
Dividend (cents)	**0.5cts**	3.0cts

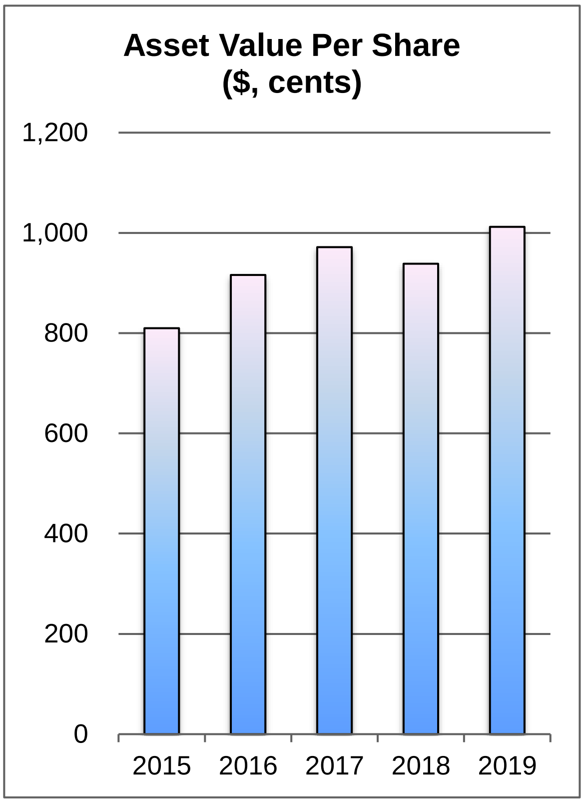
Anglo-Eastern Plantations Plc

Financial Highlights

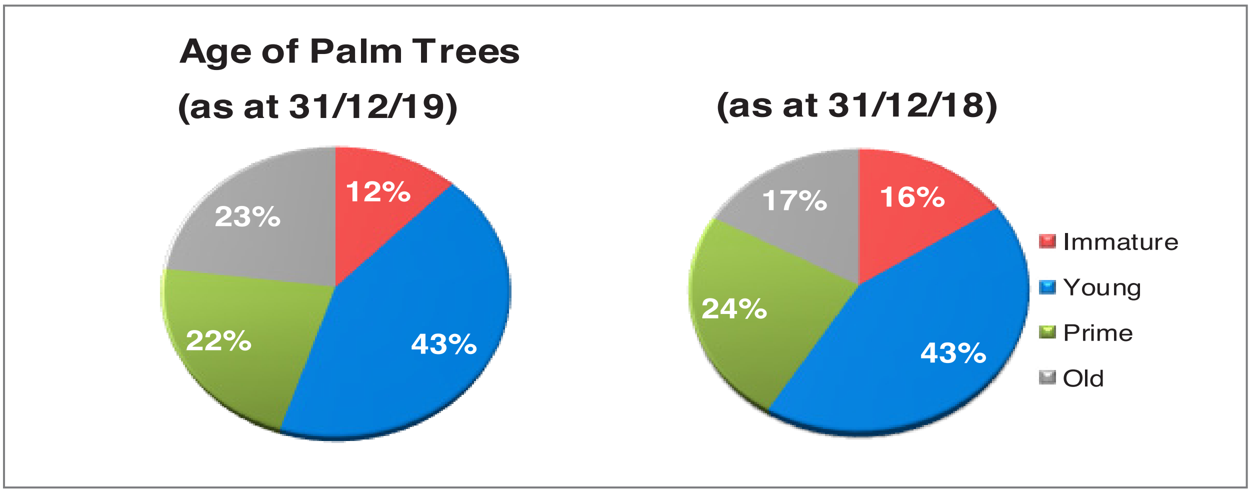


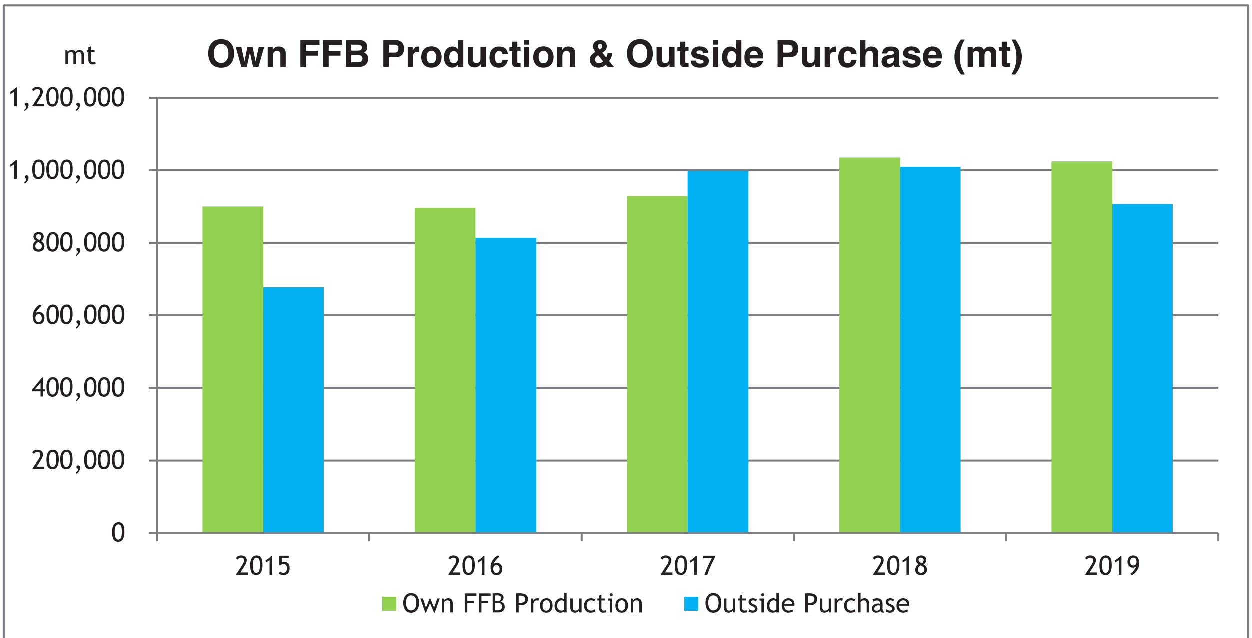


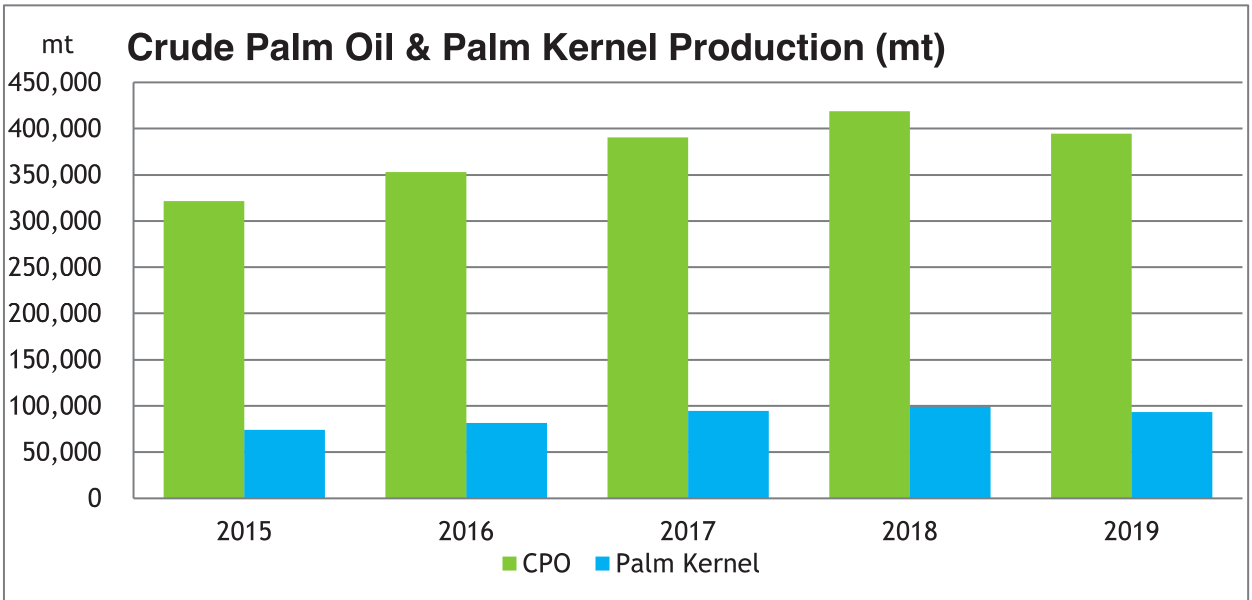




Key Information







Shareholder Information

Market capitalisation
The market capitalisation of Anglo-Eastern Plantations Plc at 31 December 2019 was £228 million, the ordinary share price at the close of business on 11 May 2020 was 482 pence giving a market capitalisation of £191 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 allows 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
Email: datojohnlim@angloeastern.co.uk

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

From 4 January 2020:
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZY
United Kingdom

Tel: +44 (0) 370 703 0164
Email: web.corres@computershare.co.uk

Shareholders can view and update their account details via the Computershare website, details of which can be found at https://www-uk.computershare.com/investor/.

Prior to 4 January 2020:
Links Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU
United Kingdom

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

Shareholder Information

Annual General Meeting
The 35th Annual General Meeting ("AGM") of the Company will be held at the Company's office in Malaysia at 7th Floor, Wisma Equity, 150 Jalan Ampang, 50450 Kuala Lumpur, Malaysia on Monday, 29 June 2020 at 4.30 pm (Malaysia time). Notice of the meeting is set out at the end of this Annual Report on pages 118 to 121.

With travelling restrictions and some quarantine requirements still in place in the UK and Malaysia, none of the Directors of Anglo-Eastern Plantations Plc, who are currently in Malaysia, will be able to be in the UK on 29 June 2020, if this year's AGM were to be held in London. However, these are unusual times because of COVID-19 and the Board has decided, given the circumstances of travelling restrictions and possibly quarantine requirements, that the practical option is to have the meeting in Kuala Lumpur, Malaysia, to comply with the legal requirement that AEP's AGM has to be held by 30 June 2020.

Furthermore, in accordance with the Malaysian Government's guidance on social distancing and travelling only for essential services, the Board has decided in such circumstances to have a closed AGM consisting of two Board members who are also proxy shareholders to quorate the AGM.

Please note that with the suggested format of this year's AGM:
i) No presentations will be made at the AGM itself.
ii) All shareholders should submit their votes by proxy for Resolutions 1 to 14.
iii) Shareholders are welcomed to submit questions to the Board by email to datojohnlim@angloeastern.co.uk by 25 June 2020 and they will be answered after the AGM.

As in previous years, the results of the AGM will be announced by the close of business in the UK on 29 June 2020.

Under the UK and Malaysian government's current prohibition on non-essential travel and public gatherings, it will not be possible for shareholders to attend the AGM in person. We therefore strongly encourage shareholders to vote on all resolutions by completing an online proxy appointment form appointing the Chairman of the meeting as your proxy, to register any questions in advance and not to attend the meeting in person.

Guidance on how to exercise your rights in light of the changes to the format of the AGM are set out below.

If you appoint another person as your proxy that person will not currently be permitted to attend the AGM and vote on your behalf and therefore you are strongly encouraged to appoint the Chairman of the meeting as your proxy.

How will my shares be voted if I appoint a proxy?
The person you name on your Proxy Form must vote in accordance with your instructions. If you do not give them any instructions, a proxy may vote or not vote as he or she sees fit on any business of the AGM. Please see the explanatory notes on the reverse of the Proxy Form.

Can I appoint anyone to be proxy?
You can appoint your own choice of proxy or you can appoint the Chairman of the meeting as your proxy (which we strongly encourage). Your proxy does not need to be a shareholder. However, under the current prohibition on attendance at public gatherings, if you appoint anyone other than the Chairman of the meeting as your proxy, to vote on your behalf, that person will not currently be permitted to attend the AGM and vote on your behalf and therefore you are strongly encouraged to appoint the Chairman of the meeting as your proxy. To be valid, proxy appointments must be received no later than 9.30 am (UK time) on 25 June 2020.

Can I appoint more than one proxy?
Yes. You may appoint more than one proxy, provided that each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to the same share. To appoint more than one proxy you should photocopy the Proxy Form and indicate in the relevant box that this is one of multiple instructions. However, under the current prohibition on attendance at public gatherings, if you appoint anyone other than the Chairman of the meeting as your proxy, that person will not be able to attend and vote on your behalf.

Shareholder Information

Can I change my mind once I have appointed a proxy?

Yes. If you change your mind, you can send a written statement to that effect to our Registrar, Computershare Investor Services PLC. The statement must arrive with Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol BS99 6ZY, United Kingdom by 9.30 am (UK time) on 25 June 2020.

Online Submission of Proxy Voting

Shareholders will not receive a hard copy of the proxy form for the 2020 AGM. Instead shareholders will be able to vote electronically using the link https://www-uk.computershare.com/investor/. Shareholders will need to log into their Investor Centre account, or register if shareholders have not previously done so. To register, shareholders will need their Shareholder Reference Number ("SRN") which is detailed on their share certificates. The SRN is also available from the Registrar, Computershare Investor Services PLC. Proxy votes must be received no later than 9.30 am (UK time) on Thursday, 25 June 2020. To be effective, all proxy appointments must be lodged with the Company's Registrars at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY.

Shareholders may request a hard copy of the proxy form directly from the Registrar, Computershare Investor Services PLC on Tel: +44 (0) 370 703 0164. 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 Dollars, 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 prevailing at the date of closing of the register.

Electronic communications

Computershare Investor Services PLC offers AEP shareholders the opportunity to manage their shareholding online, through the Investor Centre.

Registration is free and can be used to manage shareholdings quickly and securely. To register for this service, please go to https://www-uk.computershare.com/investor/ and follow the instructions.

Chairman's Statement

We are indeed facing unprecedented uncertainty as countries around the world are trying to stop the spread of Coronavirus. My Board and I would like to take this opportunity to show our appreciation in saying a big thank you to the health workers in the three countries we are in, i.e. the United Kingdom, Malaysia and Indonesia for their selfless endeavours to continue to care and to save lives during this pandemic. Our thoughts are also with those who are infected and those who have lost loved ones from the Coronavirus.

Although Malaysia and parts of Indonesia are in lockdown, our plantations and mills are operating close to normal, albeit our administration staff are working from home to comply with the Stay At Home measures. As most of our plantation staff are continuing working legitimately on sites, I would convey the Board's sentiment to stay safe and observe social distancing at all times. We also have precautionary measures in place to protect our staff and our business in the event of serious Coronavirus infections in any of our plantations.

The Group's FFB production in 2019 fell 1% to 1.03 million mt, from last year of 1.04 million mt due to generally dry weather. Rainfalls were particularly poor across all our plantations in Indonesia for a greater part of the year. A sharp 10% decline in production in Riau on the back of a record harvest last year also indicated that the palms were suffering from biological stress. While in Bengkulu production was lower by 11%. The lower crop appeared to be weather induced as a similar trend was experienced by other plantations in the region. FFB bought-in from surrounding smallholders was 0.91 million mt, 10% lower than 2018 of 1.01 million mt due to stiff competition from newly commissioned mills on the purchase of external crops. Smallholders which contributed the bulk of the Group's external crops also had to endure lower yield, the direct effect of reduced fertiliser application in the last two years due to low CPO prices. The mills, as a result, processed 7% less FFB with the CPO production down by 6% to 394,700 mt (2018: 418,800mt).

The CPO prices for the first half of the year were weak tumbling to a year low of $481/mt in July 2019. A turnaround in sentiment from the second half of the year saw the prices rallied to a high of $858/mt before the year end. The surge was in response to the slowing palm oil production as well as to optimism over pick-up in demand for palm in biodiesel and the increase in imports by China. A successful implementation of B20 and B30 biodiesel blending mandated in Malaysia and Indonesia respectively could drive demand which reportedly could consume up to 4 million mt of palm oil annually. Palm biodiesel after all is a renewable, biodegradable and environmentally friendly fuel when compared to fossil fuel. The average CPO price ex-Rotterdam in 2019 was nevertheless 5% lower at $565/mt, compared to $595/mt in 2018.

With lower production and CPO prices the Group's revenue was lower by 13% at $219.1 million, compared to $250.9 million achieved in 2018. The operating profit for the Group in 2019, before biological asset ("BA") movement was $12.2 million, 61% lower compared to $30.9 million achieved in 2018. However, earnings per share, before BA movement, increased by 9% to 35.37cts, from 32.50cts in 2018 due mainly to the impact of the write off of significant intercompany loans within operating subsidiaries which have non-controlling interest bearing part of this cost. The Group's operating profit after BA movement for 2019 was at $15.4 million after an upward BA movement of $3.3 million as compared to 2018 operating profit of $28.6 million after a downward BA movement of $2.3 million.

The Group's new planting including plasma for 2019 totalled 1,757ha compared to 1,563ha last year. The low rate of planting was due to protracted land compensation negotiations. New planting in Central Kalimantan was also delayed until the fourth quarter as the Group awaits results of a peer review of the high carbon stock sustainability study which will determine areas which cannot be planted with oil palm due to high conservation and high carbon stock values.

The three biogas plants with a combined capacity of four megawatts generated over 17,200MWh of electricity in 2019 compared to 13,800MWh last year. The revenue from the sale of surplus electricity to the national grid was $0.91 million, 6% higher than last year of $0.86 million, notwithstanding the long delay in signing the renewal of contract for the sale of electricity to the national grid by a plant in North Sumatera. The loss of revenue during the seven months delay was estimated at $200,000. The frequent breakdown and tripping in the state transmission lines also affected the uptake of electricity production from the Bengkulu plant. We expect there to be less disruption next year due to a major upgrade being underway as old transmission lines are being replaced. The Group's fourth biogas plant in North Sumatera costing $2.8 million is expected to be commissioned by the second quarter of 2020. The use of clean energy will further reduce the mills' reliance on fossil fuels and improve the Group's carbon footprint.

Chairman's Statement

As the El Nino weather phenomena returns, lower rainfall and soaring temperature were seen across Indonesia and Malaysia. It brought wide spread forest fires and resulting haze not seen in these regions since 2015. Several outbreaks of fire were reported in the Group's plantations which were quickly put out by our in-house fire team. It is not uncommon for economic-motivated fires to rage out of control in this dry condition. The Group does not practise open burning and it is inconceivable for a responsible planter to risk doing so with the Indonesian government imposing heavy fines, imprisonment and revocation of planting licenses. But despite these stiff penalties, some smallholders and farmers of cash crops continue to practise slash and burn given it is the fastest way to clear their land resulting in the dreadful haze. The pressure for palm oil companies to produce sustainably is only going to grow.

In early 2019 the European Union ("EU") adopted the Renewable Energy Directive II which classified palm oil as an unsustainable source of biofuel. If this initiative is agreed by the EU Parliament and the EU countries, the economic bloc will start to reduce the use of palm oil for biofuel in 2024 and will completely phase it out by the year 2030. The French government has started the initiative by removing the tax breaks for palm oil in biofuel from 2020. In addition, the EU also reintroduced tariffs on palm oil imports from the second half of this year. The adverse perception of palm oil as an environmentally unfriendly and non-renewable source, particularly in EU, continues to feature in recent years, touching on issues including deforestation, emission of greenhouse gases, planting on peatland and land rights.

As I mentioned earlier, we are in a period of unprecedented uncertainty caused by the Coronavirus pandemic. The prolonged lockdown of most countries will no doubt have an economic and social impact, possibly leading to a worldwide recession. It can take anything from a year or more for economies to adjust and to recover. The indications are, the Coronavirus pandemic is dragging the major economies of the world into high unemployment and low Gross Domestic Product ("GDP"), possibly trending towards a worldwide recession which could have an adverse impact on the consumption and usage of palm oil even when economic activities are on their way to normality or near normality.

In determining the amount of dividends to be paid to our shareholders, the Board in previous years had been consistent with a balanced approach to the requirement of funds in the Company to expand to enhance shareholders' value and at the same time cognisant of shareholders' wish to have dividends as a form of income. This year the Board has the added considerations of a period of unprecedented uncertainty ahead and an obligation to ensure that the Group has adequate funds to maintain it as a going concern for the foreseeable future in a near worse case scenario, not to mention the sentiments from some quarters that dividends should be withheld in the current climate. With all these in mind, the Board has declared a final dividend of 0.5cts per share, in line with our reporting currency, in respect of the year to 31 December 2019 (2018: 3.0cts). In the absence of any specific instructions up to the date of closing of the register on 12 June 2020, 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 AGM, the final dividend will be paid on 17 July 2020 to those shareholders on the register on 12 June 2020.

This year's AGM scheduled on 29 June 2020 will be held in Kuala Lumpur instead of it being in London because of practical reasons linked to this pandemic, as explained in more detail on page 8 and 9. The Board is conscious that shareholders would want to interact with Board members, normally at the AGM, and therefore a meeting will be organised in London when it is appropriate to do so, with less formality, for shareholders to meet with some of the Board members.

On behalf of the Board of Directors, I would like to convey our sincere thanks to our management and employees of the Group for their dedication, loyalty, resourcefulness, commitment and contribution to the preservation of the Group's operation as a going concern during this difficult and trying period. No doubt they would continue to do so if local and global adversity worsen.

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

19 May 2020

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. Soybean 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 10% of the total agricultural land but contributes more than 40% 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 18.1mt/ha, 132% mill efficiency and production cost of $285/mt on the Indonesian operations. This compared to 2018 where the Group achieved a yield of 19.3mt/ha, 143% mill efficiency and production cost of $284/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 2019, revenue for the Group was $219.1 million, 13% lower than $250.9 million reported in 2018 due primarily to the lower CPO prices and lower production.

The Group's operating profit for 2019, before biological asset movement, was $12.2 million, 61% less than $30.9 million in 2018.

FFB production for 2019 was 1.03 million mt, 1% lower than the 1.04 million mt produced in 2018. The overall yield for the Indonesian plantations was lower at 18.1mt/ha due to the dry weather which delayed the ripening of FFB bunches. In Riau palms suffered from biological stress after a bumper harvest last year. Bengkulu region appeared to suffer the most from the effect of dry weather as production was down 11%. FFB bought-in from local smallholders in 2019 was 0.91 million mt (2018: 1.01 million mt), 10% lower compared to 2018. The supply of external crops was affected by greater competition from new mills and also lower productivity amongst smaller plantations as they reduced the fertilizer application during the period of low CPO prices. During the year, the Group's mills processed 1.87 million mt of FFB, 7% lower than last year of 2.02 million mt. CPO production, as a result, was 6% lower at 394,700mt, compared to 418,800mt in 2018.

Profit before tax and after BA movement for the Group was $18.9 million, 39% lower compared to a profit of $30.9 million in 2018. The BA movement was a credit of $3.3 million, compared to a debit of $2.3 million in 2018. The BA movement was mainly due to a change in FFB price which was higher in 2019. The profit before tax was affected by reversal of impairment charge on the development cost of the plantation amounting to $7.6 million and impairment on land amounting to $1.0 million compared to an impairment charge amounting to $4.3 million in 2018. The profit before tax was also impacted by the expected credit loss from Plasma receivables amounting to $6.1 million in 2019 (2018: $0.1 million) attributed to the additional amounts allocated for plasma development during the year. There was a gain of exchange in translation of foreign operations totalling $18.7m for 2019 against an exchange loss of $29.5m in the previous year due to the strengthening of Indonesian rupiah at year end. The retirement benefits due to the employees for 2019 calculated by the actuary increased to $11.3m from $8.2m last year due to an increase in the number of full-time workers. The cash movement including loan of the Group for 2019 is covered under Going Concern in the Strategic Report.

The average CPO price ex-Rotterdam for 2019 was $565/mt, 5% lower than 2018 of $595/mt.

Earnings per share before BA movement increased by 9% to 35.37cts compared to 32.50cts in 2018. Earnings per share after BA movement increased from 28.79cts to 40.61cts. Earnings per share have increased notwithstanding the decrease in profit after tax as compared to 2018 due mainly to the impact of the write off of significant intercompany loans within operating subsidiaries which have non-controlling interest bearing part of this cost.

Going Concern

The Group's balance sheet remains strong. As at 31 December 2019, the Group had cash and cash equivalents of $84.8 million (2018: $112.2 million) and borrowings of $8.2 million (2018: $19.3 million), giving it a net cash position of $76.6 million, compared to $92.9 million in 2018. The net cash inflow from operating activities during the year was lower at $14.6 million by 26% compared to $19.8 million in 2018 due mainly to the lower CPO price and higher operating expenses. The cash position was also lower in 2019 due to capex, development costs and loan repayment exceeding profits during the year. The outstanding loan of $8.2 million is scheduled for full repayment in 2020 in line with the terms and conditions of the loan. As the result of the pandemic and the uncertainty it causes on demand for palm oil and CPO price, we do not expect a significant improved cash flow in 2020. The tax recoverable for 2020 amounted to $49.5 million, a 12% increase over the previous year of $44.3 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.

The Directors have a reasonable expectation, having made the appropriate enquiries, that the Group has control of the monthly cashflows and that the Group has sufficient cash resources to cover the fixed cashflows for a period of at least 12 months from the date of approval of these financial statements, including having to make full repayment of the bank loan. For these reasons, the Directors adopted a going concern basis in preparation of the financial statements. The Directors have made this assessment after consideration of the Group's budgeted cash flows and related assumptions including appropriate stress testing of identified uncertainties, specifically on the potential shut down of the entire operations if all the plantations are infected with Coronavirus as well as the impact on the demand for palm oil due to the Coronavirus pandemic. Stress testing of other identified uncertainties was undertaken on primarily commodity prices and currency exchange rates.

Business Review
Indonesia
The performance of the Indonesian operations is divided into five geographical regions.

North Sumatera
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 314,600mt in 2019 about 9% above last year (2018: 289,700mt). The increase in matured areas to 15,025ha from 13,469ha contributed to a higher production. The prolonged dry weather had affected the annual yield which dropped to 20.9mt/ha from previous high of 21.1mt/ha. Rainfall in CPA, one of the wettest parts in North Sumatera averaged 4,487mm, 11% lower than the previous year of 5,019mm. Despite the lower rainfall, occasional flash floods recurred due to a combination of seasonal monsoon rain and high tide.

Rainfall in Tasik has steadily declined from an average of 3,100mm per annum in 2013 to 2,263mm in the last six years. Male flowers were prevalent, an indication of moisture stress which is likely to affect yield in the short term.

Rhinoceros beetle or *Oryctes* damage was observed in Tasik Raja and Anak Tasik which is expected given the largescale replanting undertaken in the last two years. It was also observed that the average bunch weight for 2014 planting dropped due to relatively high number of parthenocarpic bunches in newly matured fields caused by poor pollination and fruit set. A variety of planting materials would be considered in future to provide variability and pollens. In the meantime, hand pollination was carried out to reduce abnormal bunches.

Higher production can be expected in coming years as new planting and replanted areas of 3,800 ha matured and bear fruits. The entire Anak Tasik estate was replanted with more resistant anti-*Ganoderma* material which hopefully would reduce the threat of the stem rot disease prevalent in this area. In HPP, oil palms are recovering from the desiccation of fronds as the affected area has reduced to 185ha from about 1,500ha as water gates and canals provide better water management. About 230ha of aged palms in CPA will be replanted next year with raised platforms in flood prone areas to improve growth and help in the evacuation of fruits.

The Blankahan biogas plant had a disappointing year. It sold about 2,200MWh (2018: 5,700MWh) of surplus electricity and generated $0.14 million in revenue, 67% lower than previous year of $0.42 million. It took seven months to conclude the renewal of contract for the sale of electricity due to the change in procedure which require approvals from various government departments from Jakarta and very often government officers were not available. The Indonesian Presidential election during the year further exacerbated the delay. In the coming months biogas production is likely to be affected as lower amount of FFB are processed in the mill due to intense competition for external crops from the two new surrounding mills. Outside crops currently made up about 73% of the total crops processed by the mill. The sales from the biomass plant were also lower in 2019 at $0.73 million compared to $0.91 million last year, as the plant exported 4% less dried long fibres at 6,689mt compared to 6,959mt last year due to the lower FFB processed and prices were also not favourable.

Bengkulu and South Sumatera
FFB production in Bengkulu and South Sumatera, which aggregates the estates of Puding Mas ("MPM"), Alno, Karya Kencana ("KKST"), Empat Lawang ("ELAP") and Riau Agrindo ("RAA") produced 326,700mt (2018: 358,400mt), 9% lower than 2018. Production was badly affected by lower rainfall. In Bengkulu rainfall was down 37% to 2,861mm from 4,550mm recorded last year. South Sumatera did not fare any better as rainfall was below the minimum 150mm per month for five months. The yield in Bengkulu as a result was lower at 16.9mt/ha from 19.1mt/ha last year while in South Sumatera the yield was 7.4mt/ha compared to the previous year of 6.7mt/ha.

During the year about 25,000 new palms were spot planted in South Sumatera which raised the stems count to 98 stems per hectare. The objective is to improve the density to 105 stems, highest possible under the steep terrain condition. The high gradient cannot support a higher number of trees as terraces need to be carved in the slopes.

Fire is common in the dry weather and fires from unknown sources in third quarter of the year destroyed 107 palms and damaged 715 palms in ELAP and KKST. Our in-house fire-fighting team put out the fires promptly and made police reports to facilitate investigations. It is not uncommon for smallholders and farmers to slash and burn and at times the fire may go out of control and spread cross the estate boundary. The Group continues to encourage and engage the smallholders to drive a change to sustainable practices and prevent wildfire.

Lower rainfall provided opportunities to repair and realign the roads to improve transport of crops. Good condition of main and collection roads allowed single handling and minimised overnight crops.

In the previous year the mills at MPM and Sumindo reported high free fatty acids ("FFA') in their CPO production due to transport and workforce problems resulting from late deliveries of FFB to the mills. With the implementation of a new system, the management is happy to report that the FFA at the two mills was kept below the 5% level for the whole year. With external crops making up about 47% of the crops processed by the two mills, they faced heated competition from new mill as external crops dropped by 13.2% to 283,200mt from 326,100mt in 2018.

About 550ha of palms will be replanted from next year as the palms in Alno and MPM reach the average age of 17 and 20 years respectively. The replanting is also fast track as the dura palms constituted a significant portion of the planted areas. Fruits from dura palms have thin mesocarp which ultimately produce less oil.

The MPM biogas plant sold over 9,300MWh (2018: 8,100MWh) of surplus electricity and generated $0.44million in revenue in 2019 similar to last year due to the lower electricity rate. The biogas plant performed below its optimum two megawatt capacity as frequent breakdowns in the old transmission lines disrupted the electricity uptake.

MPM and Alno received their International Sustainability and Carbon Certification ("ISCC") for its mill and three estates. There was however no price advantage as the mill was unable to sell its CPO at a premium due to the absence of buyers.

Riau

FFB production in the Riau region, comprising Bina Pitri estates, produced 129,400mt in 2019 (2018: 143,200mt), 10% lower than 2018. Although annual rainfall remained about the same as last year at 2,649mm, rainfalls for four months in particular were below the minimum level considered critical for fruits production. The yield for the year dropped to 26.6mt/ha as the palms also show sign of recovery following a record harvest last year at 29.4mt/ha. Replanting is planned for the coming years as 78% of the palms are between the age of 22 to 25 years.

External crop purchase at the mill was 7% lower at 208,600mt compared to 225,400mt last year. Overall CPO production was lower by 7% to 66,800mt compared to 72,100mt in 2018. Despite the high yield, the region is contaminated by dura palms which made up 62% of the crops processed by the mill. The mill therefore had a low Oil Extraction Rate ("OER") of 19.8% slightly above last year of 19.6%.

Bangka

FFB production in the Bangka region, comprising Bangka Malindo Lestari estates, produced 6,000mt in 2019 (2018: 3,300mt), 82% higher than 2018. Higher crop was due to larger area in harvesting and more palms reached peak maturity. Yield improved from 7.3mt/ha to 11.2mt/ha in 2019. Planting in Bangka including plasma expanded to 1,994ha from 1,227ha in 2018.

Kalimantan

FFB production in Kalimantan which comprises of the Sawit Graha Manunggal ("SGM") and Kahayan Agro Plantation ("KAP") estates was 231,400mt in 2019 (2018: 222,700mt) 4% higher than 2018 as more palms matured and reached the peak production age. The average age of palms in SGM and KAP were eight and four years respectively. During the year 860ha of palms matured in KAP leading to its first harvest. The yield in Kalimantan reached 18.0mt/ha compared to 19.2mt/ha in 2018. Rainfall was 16% lower than last year of 3,151mm and was below 90mm per month for three consecutive months in the third quarter of the year.

During the dry weather wildfire damaged 4ha of the plantation. Majority of the palms are however expected to recover.

SGM continued with its mechanization of infield collection of harvested crops by the purchase of light all-terrain vehicles called Quick which were cheaper and easier to maintain. Additional units will be added to the current fleet to help with the crops evacuation.

The purchase of external crops in SGM reached 49,000mt in 2019 which was lower by 11% compared to 55,000mt last year. The OER for the mill averaged 24.1% for the year compared to 23.6% last year and continue to outperform the rest of the mills in the Group.

The SGM biogas plant started commercial operation in February 2019 and generated over 5,700MWh of electricity worth $0.33 million.

Most of the Group's new planting will take place in SGM and KAP next year. The long-term prospect for Kalimantan remains bright.

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 10% lower at 0.91 million mt for the year 2019 (2018: 1.01 million mt). The average OER for our mills improved marginally to 21.1% in 2019 (2018: 20.7%).

Easier transport of FFB


Sweeping loose fruits into loading ramp

Malaysia
FFB production in 2019 was 8% lower at 17,000mt, compared to 18,500mt in 2018. Aside from some improvement lately, 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 fertilising, pruning, weeding and replanting. The shortage of labour is the biggest challenge the industry is facing in Malaysia. The palms with an average age of 22 years faced declining yield as fertiliser program was not followed. The Malaysian plantation in 2019 generated a loss before tax after BA movement of $0.9 million which included an impairment loss of $0.3 million compared to loss before tax after BA movement of $0.5 million in 2018. The plantation has begun the process of obtaining Malaysian Sustainable Palm Oil ("MSPO") certification. In order to ensure compliance to national sustainability standard, the Malaysian government from next year will impose fines and penalise estates of more than 100 acres including cancellation of license to operate if they are not MSPO certified.

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 at $517/mt (2018: $678/mt) and trended downwards for the first half of the year due to high inventory and subdued demand. The price was lowest in July 2019 at $481/mt before a sharp turnaround due to positive sentiments. The Chairman had explained in her statement the reasons for the price rally in the second half of the year. The price peaked towards the end of the year at $858/mt before ending the year at $856/mt

(2018: $506/mt), averaging $565/mt for the year, 5% lower than last year (2018: $595/mt). CPO prices continued to push higher at the start of year 2020 after India cut import duties on CPO and refined CPO. The Indian tax revision has made palm oil slightly more competitive against alternative soft oils like soybean and sunflower oil. Prices have since retracted because of the lockdown of major economies around the world due to the spread of Coronavirus. Palm oil meteoric price rally from the second half of the year will almost certainly come with a cost. Palm's discount to top rival soybean oil has contracted to the smallest margin in almost a decade reducing its traditional appeal as a cheaper vegetable oil especially in price sensitive markets like India.

Over a period of ten years, CPO price has touched a monthly average high of $1,284/mt and a monthly average low of $472/mt. The monthly average price over the ten years is about $790/mt. The price remains volatile due to discriminatory actions in EU to reduce and phase out the use of palm oil in biodiesel by 2030. EU's move and the potential weaker demand due to the global pandemic of Coronavirus would likely put downward pressure on prices.

CPO CIF Rotterdam

Rubber prices averaged $1,272/mt for 2019 (2018: $1,243/mt). Our small area of 262ha of mature rubber contributed a revenue of $0.7 million in 2019 (2018: $0.8 million). Rubber continues to struggle with low prices. Our rubber trees are also affected by fungus disease called *Pestalotiopasis sp* fungus which causes abnormal defoliation that severely lowers latex production.

Corporate Development

In 2019, the Group opened up new land and planted 1,757ha of oil palm mainly in Kalimantan, boosting planted area including the smallholder cooperative scheme, known as Plasma, by 2% to 71,481ha (2018: 69,792ha). The Group continues to face difficulties in concluding fair prices with some villagers over land compensation. Nevertheless the pace of compensation settlement had picked up in Bangka following positive feedback from the former land owners over the progress of plasma development. In 2020, the Group plans to plant 3,100ha of oil palm which includes replanting of 800ha in Alno and CPA.

The construction of the fourth biogas plant in Rantau Prapat costing $3.8 million was beset by delays following the collapse of the embankment of the anaerobic reactor lagoon on two occasions. The lagoon was finally relocated after a geotechnical study suggested a safer and more economical option. The biogas engine of 1.2MW capacity had since been installed with all buildings, electrical and piping works completed. Testing is expected to commerce early next year. The inspection and certification by local authorities may however take up to six months before the plant can upload the electricity onto the national grid.

The earthworks for the seventh mill in North Sumatera costing $19 million was completed after some setbacks due to inclement weather and numerous soil investigations. Due to the nature of the peat soil, concrete piles of up to 52-metre-long are now required to support and house building, storage tanks and critical machineries. It is currently evaluating the bids for civil and structural works including the design of effluents treatment plant for liquid and solid wastes to fully comply with environmental impact assessment. The project is earmarked for completion by 2021.

FFB production in KAP in Kalimantan where 4,887ha had so far been planted is projected to reach 33,000mt by next year and 190,000mt by the year 2030 as planting increases and more palms come of age. FFB are now sent to SGM mill which is about 600km away but during wet season, the FFB are instead sold to local millers. This is because transport time more than doubles as lorries are frequently stuck in mud as untarred public roads are easily damaged by incessant rain and floods. The Group is conducting a feasibility study to build a 45mt/hr mill in KAP to support its operation and to reduce the current high logistic cost.

In 2019 the three mills in MPM, Sumindo and SGM completed their expansion of storage facilities for palm kernels by constructing additional bulking silos at a cost of $800,000 to meet storage needs during peak harvest. A new boiler with a steaming capacity of 40 tph was added to the Sumindo mill at a cost of $800,000.

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 Group was awarded one of the best CSR providers in 2019 by the Regent of North Bengkulu in recognition of our significant contribution to road and bridge repairs and street light maintenance.

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 $254,600 in 2019 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 buying and running the school buses to transport employees' children 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 were built with a combined enrolment of over 4,300 students. It currently employs one hundred and fifty-six teachers in the estates. The Group operated forty vehicles and spent some $906,000 on running the schools and operating the buses in 2019.

Company run nursery for employees' children

Modern dental facilities in the estate

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 2019, over three hundred and seventy-eight scholarships had been awarded at a cost of $138,000. Similarly, one hundred and ten children of our employees were sponsored, which cost over $119,300 since its introduction in 1999, to study in various universities in Indonesia. The popular courses ranged from Engineering, Education, Economics to Agriculture. Fifty-three 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. The Group also operates 15 ambulances to support emergency transportation needs within the estates, mills and surrounding villages. 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 2019 were $884,000.

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 ninety employees have participated in the programme since its inception in 1993 with 33% of participants still working for the Group. Over the years, one employee has successfully been promoted to General Manager level with another twenty-one 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 7,479ha plasma commitment, the Group has planted oil palm in 3,561ha. In 2019 the Group received 31,000mt of FFB from Plasma schemes compared to 25,800mt the previous year. Total revenue generated by Plasma cooperatives was $3.1 million in 2019 against $2.4 million in 2018.

In order to aid the development of Plasma schemes, the Group provided corporate guarantees of over $17 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 rights certification from the local land office, in which 1,097ha were approved and certified in 2019.

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-three smallholder village schemes of oil palm across four companies.

In addition, the Group also develops infrastructure such as the construction and repair of bridges and maintained over 167km of external roads in 2019. The Group also provides initial aid and seed capital to villagers such as fruit seedlings, fish fry, cattle and ducks to start community sustainable programs.

The Group started a vegetable farm in a one-hectare site in North Sumatera in 2018 where it planted various organic vegetables. The produce was 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.

Donating fish fry

Scholarships awards

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 Roundtable on Sustainable Palm Oil ("RSPO") 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. It was reported that the Indonesia forest-clearing ban was made permanent in 2019.

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 2019 the Ministry of Labour awarded four operating companies the Zero Accident Awards in North Sumatera in recognition of the companies' effort to reduce accidents at workplaces. 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. SGM was awarded the ISPO certification in 2019. To-date eleven companies have been ISPO certified. The certification audits for the remaining five companies have started. The second stage of certification process however cannot proceed until the companies obtain their land titles or Hak Guna Usaha ("HGU"). 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.

At the same time the Malaysian plantation has also begun the process to obtain the MSPO certification which is expected to be completed 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, soil and water conservation and recycling of biomass. When it comes to replanting, the old palms felled are chipped and shredded 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 and recycled nutrients back onto 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 operations. Legume cover crops are planted to minimise soil erosion, preserve the soil moisture and improve soil chemical and physical properties. 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 and improve organic matter contents. Conservation pits and sumps 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 a zero-effluent policy whereby no by-products from the production of CPO is discharged 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 final 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 while reducing dependence on chemical pesticides. Barn owls, which are natural predators, were introduced to control the rat population. 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.



Some of the flora and fauna in our estates

We are committed to minimize 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 by using judicious dosages. The chemicals are kept in designated storage and examined at regular intervals. Employees who handle the use of chemicals are provided with convenient on-site washing facilities, and 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. Highly toxic pesticides such as Paraquat have been completely eliminated in our practice. Pesticides that fall under the WHO Class 1A and 1B classification, as well as those that fall under the Stockholm and Rotterdam Conventions are used only under exceptional circumstances and under strict supervision. In the meantime, different cocktails of safer pesticides are being evaluated as alternatives. The Group has in place standard operating procedure that required the management to be informed for instances of pesticides poisoning among its pesticide applicators.

Preserving nature

Forest conservation

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 patrols these protected areas to ensure no encroachment and committed to zero deforestation and to preserve the flora and fauna species in these areas. The Group has identified about 7,831ha as riparian reserves and another 4,955ha 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 every 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. The plantation had invested in modern technology like drones. They help to pinpoint areas of fire outbreak after security stationed at watchtowers detect smoke. The drones are particularly useful in remote areas where accessibility is restricted. In September 2019, HPP was awarded a certificate of appreciation by the local government for assistance to put out a fire outbreak in an adjacent estate. According to Indonesian Law No. 41/1999 on forestry, a deliberate act of forest burning could lead to 15 years imprisonment and a fine of up to Rp5 billion or about $350,000, while negligence act that leads to a forest fire is punishable by a 5 years imprisonment and a fine of up to Rp1.5 billion or $105,000 for environmental crime. The government is stepping up its enforcement.

All sacred and customary lands are set aside and 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. Five 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 one mill, it is in full compliance to the PROPER criteria.

The International Sustainability and Carbon Certification ("ISCC") 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

The mill in Alno together with its three estates were ISCC certified in 2019.

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

During the year the Group has formalised a policy which incorporates the requirement of sustainability standards and regulations to which the Group is already practicing and committed. More details may be obtained from the Company's website under our Sustainability dashboard which covers the Environment, CSR, Workers' rights and safety, Corporate Governance and Sustainability certification.

Principal and emerging 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 and emerging 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 - continued		
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. Efforts by 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 imminent ban on use of palm biodiesel in EU, CPO remains amongst the cheapest source and most productive of vegetable oil in a growing population.
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.

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 historically 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. In the short term, the prices and demand will be volatile due to the pandemic.
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
Social, community and human rights issues - continued		
The COVID-19 pandemic as we are experiencing has affected national and world economies. COVID-19 and similar pandemics could disrupt the Group's operation.	Our plantations and mills could be seriously infected which may require a total shut down of the infected part of our operations to contain and eradicate the infection.	The Group imposed travel restriction and strict movement on workers housed in our mills and estates. Workers leaving the housing and workplace must seek prior approval from management and will be subjected to 14-day quarantine upon return. All outside casual workers hired are assigned to different parts of the estates isolated and with no or minimum contact with our regular workers. Wearing a face mask is mandatory. To maintain the workers hygiene, additional areas are provided for them to wash their hands with soaps and apply sanitizers. Temperatures of all workers are taken daily before they start work. Workers with high temperature will be required to self quarantine and necessary tests conducted by qualified doctors to determine their condition. Administration and finance staff in Medan are divided into two teams with each team working from home on an alternative basis to reduce exposure to the virus and mitigate disruption. The Group also stock up on essential goods and spare parts to minimise disruption to estate and mills operation should the government order a lockdown or impose further movement control.
	The local governments where the Group operates could enforced a total lockdown requiring a total shutdown of the Group's operations.	The Group has budgeted cash requirement on a minimum spend basis that would sustained the continuity of the Group for at least twelve months.

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 of 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. It may result in wildfire that may damage and destroy the palms. 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, fires 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.
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 4.44% higher than on US Dollar deposits whereas the interest rate for Rupiah borrowings is about 2.72% higher compared to US Dollar borrowings.
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.

	2019 average employed during the year		
Group Headcount	**Women**	**Men**	**Total**
Board (Company and subsidiaries)	**3**	**12**	**15**
Senior Management (GM and above)	**-**	**5**	**5**
Managers & Executives	**34**	**426**	**460**
Full Time	**245**	**6,200**	**6,445**
Part-time Field Workers	**3,969**	**5,316**	**9,285**
Total	**4,251**	**11,959**	**16,210**
%	**26%**	**74%**	**100%**

	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%

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. The number of female part-time field workers decreased by 20% from 4,956 to 3,969 in 2019. Overall, the number of female workers within the Group decreased from 5,217 (30%) in 2018 to 4,251 (26%) in 2019. The reduction in female workers was mainly due to the termination of fertiliser program for plantations which are scheduled for replanting from 2020 to 2022.

Employees

Oil palm cultivation is a labour-intensive industry. In 2019, the number of full-time workers averaged 6,925 (2018: 6,324) while the part-time labour averaged 9,285 (2018: 10,859). The total headcount in 2019 was lower by 5.7% due to a reduction of part-time workers employed as explained above in the Gender diversity. 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 spent $106,700 on staff training and professional development in 2019 against $131,300 for the previous year.

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 benefits provided to them were extensively covered under CSR in the Strategic Report. 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 employees are covered by Governmental mandatory personal accident scheme with death benefits covering up to forty-eight months of workers' monthly salaries. The employees' spouses and children are also privately insured for death benefits by the Group.

The rights of employees and their extensive benefits covering every aspect of employment from salary review, allowance, bonus, housing, study and training for improvement, work safety and health and code of conduct are contained in the Company's handbook which is available and accessible to all employees.

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 was introduced this year to allow workforce to raise concerns in confidence and if they wish anonymously to the Board of the holding company for independent investigations and follow-up actions. The full details of the policy can be downloaded from the Company's website.

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 2020 was 3% higher against the same period in 2019 mainly due to the increase in production from Bengkulu region. 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 $878/mt and averaged about $725 for the first three months of 2020. CPO prices and export demand suffered temporary setback following the outbreak of Coronavirus in China which has since spread to many parts of the world. Depending on the length of economic lockdown amongst the major consumers of palm oil, the common consensus amongst the industrial experts is that CPO prices are expected to be fairly better for 2020 due to higher demand from palm biodiesel mandates in Indonesia and Malaysia, on top of a potential shortfall in FFB production due to the dry weather in 2019 and the lower application of fertiliser. New planting in palm oil industry has also slowed from 2015, partly due to a forest moratorium imposed by the Indonesian government that limits the conversion of forests and peat land for oil palm development which also help to cap supply.

The reported lower soybean output in United States in the coming year further reinforced the positive sentiment for palm oil price.

A rising CPO price may however discourage discretionary uptake as cost of blending palm biodiesel may be more expensive than the traditional fossil fuel. It is likely that at some point forward, some demand may shift back to soybean oil as China's relationship with United States improves and the demand of soybean meal picked up as it recovered from the culling of hog population due to the African swine flu.

The rising material costs and wages in Indonesia are expected to increase the overall production cost in 2020. The Indonesian government recently announced the 2020 national minimum wage increase averaging 8.5%. 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 2020.

Strategic Report

Statement by directors in performance of their statutory duties in accordance with Sec 172 (1) of the Companies Act 2006.

The Board of Directors of Anglo-Eastern Plantations Plc consider, both individually and collectively, that they have acted in good faith, in the way they consider would be most likely to promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in Sec 172 (1) (a) to (f) of the Act in decisions taken during the year ended 31 December 2019.

- Our business model and strategy as highlighted in the Strategic Report are designed to have a long-term beneficial impact on the Company and contribute to its success in delivering consistent and appropriate returns to the shareholders. We will continue to operate our business within tight budgetary controls and regulatory targets. To deliver these goals, the Company continues to work in close partnership with local communities to bring development and economic progress as well as generate goodwill in the localities in which it operates.

- Our employees are fundamental to the delivery of our business goals. We aim to be a responsible employer in our approach to the pay and benefits our employees receive. The health, safety and well-being of our employees is one of our primary considerations in the way we do business. Many of these continuing efforts are covered under CSR and Employees sections of the Strategic Report.

- We aim to act responsibly and fairly in how we engage with our suppliers, creditors and customers, all of whom are integral to the successful delivery of our business plan. The Company adopts a transparent approach in price negotiation, tenders and observe the credit terms. The Board provides a channel of communication and feedback from suppliers and customers to voice their concerns through the whistle-blowers policy which is displayed in the Company's website.

- Our business plan takes into account the impact of the Company's operations on the community and environment and our wider social responsibilities, and in particular how we impact the regions we operate. CSR is part of the Company's culture which includes responsibility to safeguard the environment and is highlighted in the Strategic Report. Several of our measures to deliver environmental improvements are covered in detail in the Sustainable Palm Oil Certification and Environmental Social and Governance Practices sections of the same report.

- As the Board of Directors, our intention is to behave responsibly and ensure that management operates the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours and in doing so, will contribute to the delivery of our business goals. See Corporate Governance and Audit Committee Report. The intention is to nurture our reputation that reflects our responsible behaviour.

- It is the intention of the Board of Directors, to behave responsibly toward our shareholders and treat them fairly and equally, so that they too may benefit from the successful delivery of our business plan.

Restructuring within the Group
During 2019 there was restructuring in the Group involving a few subsidiaries, principally relating to intercompany loans and interest charges so that more cash is retained in the Group. The exercise was diligently put together by the Group's senior management, having had consultations with a reputable firm of accountants in Jakarta, Indonesia. The proposal to restructure was then put forward to the Board to evaluate and approved. As the impact of the restructuring affected the non-controlling interests in those subsidiaries, a process of consultation with those non-controlling interests took place prior to restructuring.

On behalf of the Board

Dato' John Lim Ewe Chuan
Executive Director, Corporate Finance and Corporate Affairs 19 May 2020

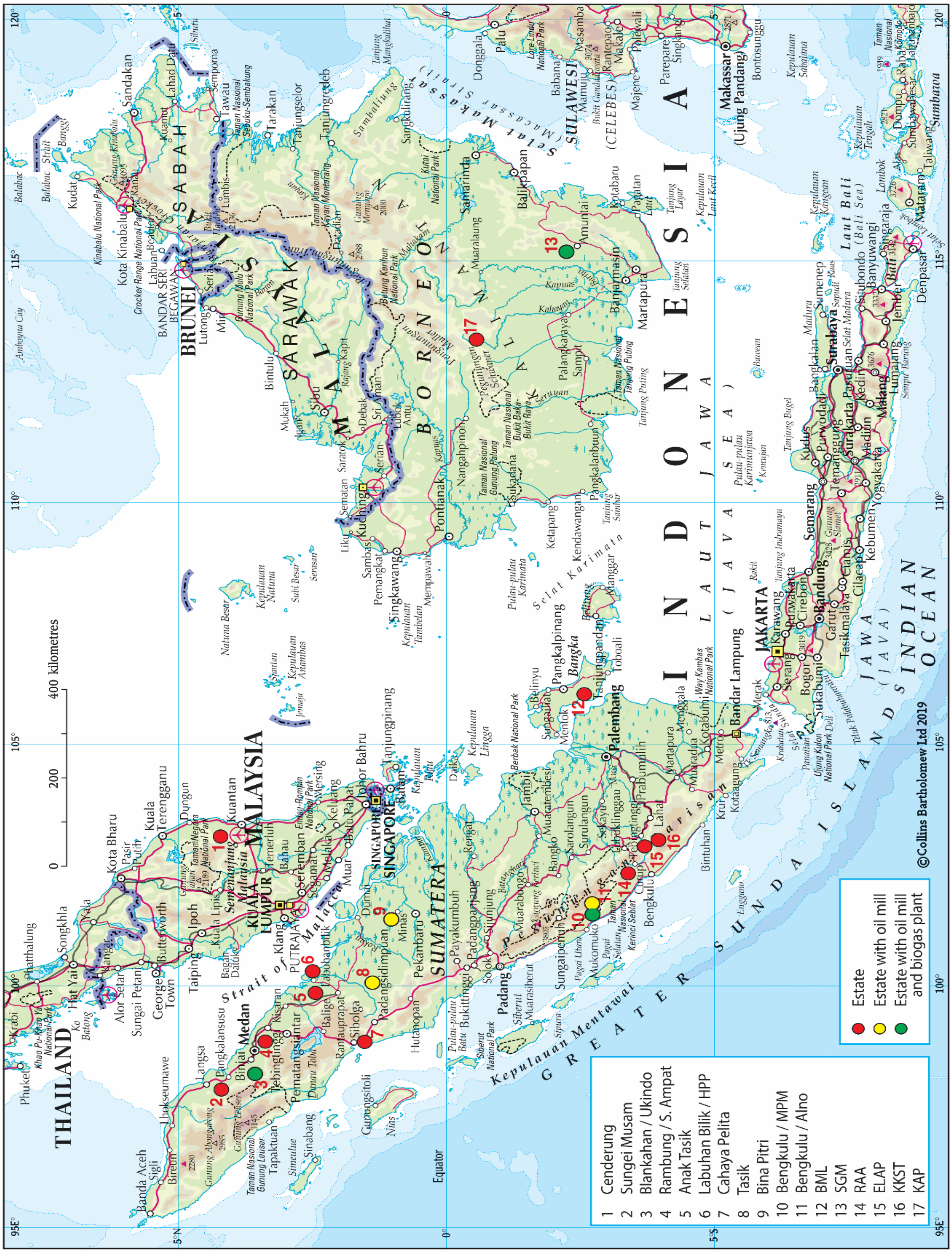
Financial Record

Income statement	2019 $000	2018 $000	2017 $000	2016 $000	2015 $000
Revenue	**219,136**	250,859	291,907	246,210	196,451
Operating profit before BA	**12,178**	30,928	66,676	52,480	23,667
Profit attributable to shareholders after BA	**16,096**	11,413	36,214	34,713	9,775
Dividend proposed for year	**(198)**	(1,189)	(1,585)	(1,463)	(1,028)
Financial position	**$000**	$000	$000	$000	$000
Non-current assets & long-term receivables	**384,391**	351,387	362,038	360,681	340,099
Cash net of short-term borrowings	**76,643**	101,134	130,895	111,973	102,864
Long-term loans and borrowings	**-**	(8,203)	(19,281)	(27,875)	(32,875)
Other working capital	**40,580**	29,156	16,320	17,094	3,898
Deferred tax	**(5,796)**	(8,893)	(13,081)	(16,612)	(19,373)
	495,818	464,581	476,891	445,261	394,613
Non-controlling interests	**(94,661)**	(92,601)	(91,799)	(82,150)	(73,598)
Net worth	**401,157**	371,980	385,092	363,111	321,015
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	**(180,613)**	(193,862)	(170,147)	(158,532)	(167,402)
Retained earnings	**542,415**	526,487	515,884	482,288	449,062
Equity attributable to shareholders' funds	**401,157**	371,980	385,092	363,111	321,015
Ordinary shares in issue ('000s)	**39,976**	39,976	39,976	39,976	39,976
Basic EPS before BA movement (US cents)	**35.37cts**	32.50cts	91.80cts	82.16cts	25.89cts
Basic EPS after BA movement (US cents)	**40.61cts**	28.79cts	91.37cts	87.58cts	24.66cts
Dividend per share for year (US cents)	**0.5cts**	3.0cts	4.0cts	3.8cts	2.5cts
Asset value per share (US cents)	**1,012cts**	938cts	972cts	916cts	810cts
Exchange rates - year end					
Rp : $	**13,901**	14,481	13,548	13,436	13,795
$: £	**1.32**	1.28	1.35	1.23	1.48
RM: $	**4.09**	4.13	4.05	4.49	4.29
Exchange rates - average					
Rp : $	**14,146**	14,246	13,383	13,307	13,392
$: £	**1.28**	1.33	1.29	1.35	1.53
RM: $	**4.14**	4.04	4.30	4.14	3.91

Estate Areas

	GROUP TOTAL	MALAYSIA	INDONESIA TOTAL	NORTH SUMATERA	BENGKULU	SOUTH SUMATERA	RIAU	BANGKA	KALIMANTAN
Mills / Biogas Plants									
Number of Mills	6	-	6	2	2	-	1	-	1
Number of Biogas Plants	3	-	3	1	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 2019	Ha	Ha	Ha	Ha	Ha	Ha	Ha	Ha	Ha
Oil Palm									
Mature	59,071	3,453	55,618	15,025	16,981	5,343	4,873	538	12,858
Immature	8,587	-	8,587	3,852	-	1,053	-	1,149	2,533
Total Oil Palm	**67,658**	**3,453**	**64,205**	**18,877**	**16,981**	**6,396**	**4,873**	**1,687**	**15,391**
Rubber									
Mature	262	-	262	262	-	-	-	-	-
Immature	-	-	-	-	-	-	-	-	-
Total Rubber	**262**	**-**	**262**	**262**	**-**	**-**	**-**	**-**	**-**
Plasma Mature	1,818	-	1,818	-	-	837	-	-	981
Plasma Immature	1,743	-	1,743	93	-	96	-	307	1,247
Total Plasma	**3,561**	**-**	**3,561**	**93**	**-**	**933**	**-**	**307**	**2,228**
Total Planted area	**71,481**	**3,453**	**68,028**	**19,232**	**16,981**	**7,329**	**4,873**	**1,994**	**17,619**
Others									
Plantable Reserve/Oil Palm	19,410	1,607	17,803	679	-	6,543	-	997	9,584
Unplantable Areas	34,187	1,236	32,951	1,405	955	23,305	84	5,244	1,958
Nursery/Mill/Infrastructure	3,135	72	3,063	1,050	589	123	75	19	1,207
Total Others	**56,732**	**2,915**	**53,817**	**3,134**	**1,544**	**29,971**	**159**	**6,260**	**12,749**
Total Land as at 31 Dec 2019	**128,213**	**6,368**	**121,845**	**22,366**	**18,525**	**37,300**	**5,032**	**8,254**	**30,368**

Location of Estates and Mills



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 2019.

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 55.

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 2019 are set out on pages 69 to 117. The Group's profit for the year on ordinary activities before taxation was $18,873,000 (2018: profit $30,929,000) and the profit attributable to ordinary shareholders was $16,096,000 (2018: profit $11,413,000). No interim dividend was paid. The Directors recommend a final dividend of 0.5cts (2018: 3.0cts) to be paid to shareholders on 17 July 2020. Shareholders may elect to receive their dividend in Pounds Sterling as described on page 44.

Significant event subsequent to the end of the reporting period
The World Health Organisation declared the 2019 Novel Coronavirus infection ("COVID-19") a pandemic on 11 March 2020. This is the first pandemic caused by a coronavirus.

Since these developments occurred subsequent to the end of the reporting period, the COVID-19 pandemic is treated as a non-adjusting event in accordance with IAS 10 Events after the Reporting Period. Consequently, the financial statements for the financial year ended 31 December 2019 do not reflect the effects arising from this non-adjusting event.

The effects of COVID-19 would potentially impact the judgements and assumptions used in the preparation of the financial statements for the financial year ending 31 December 2020, such as expected credit losses of financial assets.

The Group is in the process of assessing the financial reporting impact of COVID-19 pandemic since ongoing developments remain uncertain and cannot be reasonably predicted as at the date of authorisation of the financial statements.

The Group anticipates that any potential financial reporting impact of COVID-19 would be recognised in the financial statements of the Group during the financial year ending 31 December 2020.

Future developments
The future developments of the Group are reported on page 17 of the Strategic Report under corporate development.

Viability Statement
The viability assessment considers solvency and liquidity over a longer period than for the purposes of the going concern assessment made on pages 13 and 14. 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 2019, the Board considered the prospects of the Company over one and five-year periods. The process involved a detailed review of the 2020 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 financial impact on the Group due to partial or total shutdown of its operations and the contraction of demand for palm oil resulting from the Coronavirus pandemic and 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 2020 to 2024.

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
Nine companies located across North Sumatera, Bengkulu, South Sumatera, Riau, Kalimantan and Malaysia were valued by qualified valuers in 2019 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.

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. The whistle-blowers policies which include reporting on corruption practices are available on the Company's website and highlighted also in Company's handbook. 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. New employees are also briefed on anti-corruption practices during their orientation. The Group has in place a communication channel from employees to the Senior Independent Non-Executive Director on incidences of bribery and corruption on a strictly confidential basis. There are stipulated steps and procedures for the Senior Independent Non-Executive Director to address appropriately the reported issues and to take the necessarily actions, if relevant. 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
Introduction
AEP is committed to managing their impact on the environment through a robust sustainability reporting process. The Group has calculated and reported their greenhouse gas ("GHG") emissions each year since 2013, complying with the UK's Mandatory Greenhouse Gas regulations (Directors' Reports) and following internationally recognised best practice in this area.

A GHG emissions assessment quantifies the total greenhouse gases produced directly and indirectly from the Group's agricultural and business activities. The results of this assessment provide understanding of AEP's environmental impact, allowing the business to take a proactive management approach towards lowering emissions. A UK based climate consultancy firm known as Carbon Smart has worked with the team at AEP to ensure all relevant sources of GHG emissions are included, that data collected is accurate and that industry best practice is followed in all instances, with up to date emissions factors applied.

Methodology
The assessment has been performed in accordance with the World Business Council for Sustainable Development and World Resources Institute ("WBCSD/WRI") *Greenhouse Gas Protocol Corporate Accounting and Reporting Standard (Revised edition)* (2015). AEP operates twenty-six estates and six mills across Indonesia and Malaysia which are all considered in the scope. In addition, there are three offices globally in Indonesia, Malaysia and UK. Only the office in Medan, Indonesia is within scope for this assessment.

AEP has taken an operational control approach to determining the boundary for inclusion in this assessment. As such all scope 1 and 2 emissions sources from AEP's operations have been included, alongside the most material scope 3 emissions. Carbon Smart has aligned AEP's operational activities within scope 1, 2 and 3 as per table below. Scope 1 accounts for all direct GHG emissions from sources that AEP owns or controls, such as natural gas or fuel for company vehicles. Scope 2 refers to the indirect GHG emissions associated with the purchasing of electricity. Scope

3 is an optional category including all other indirect emissions arising from waste disposal, purchased goods and services, business travel and others.

Emission sources by scope

Emissions source	Scope
POME treatment	1
Fertiliser application	1
Premises fuel consumption	1
Electricity consumption	2
Electricity - Transmission & Distribution losses	3
Company owned vehicles	1
Employee mileage	3
Employee housing	2
Land clearance (AEP crop)	1
Carbon sequestration (AEP crop)	1
Peat soils cultivation (AEP crop)	1
Land clearance (outgrower crops)	3
Carbon sequestration (outgrower crops)	3
Peat soils cultivation (outgrower crops)	3

Agricultural emissions
Emissions from agricultural cultivation form the most significant part of AEP's carbon footprint. As such, Carbon Smart has assessed these emissions in line with the methodology developed by the Roundtable for Sustainable Palm Oil ("RSPO") (Chase et al, 2012). Version 4 of RSPO's PalmGHG application has been used to source relevant emission factors and provide a sense check of calculations (RSPO, 2018).

- *Emissions from land clearance*

As AEP expands into new planting area there is an associated change in land use and cover. AEP monitors the total hectares of oil palm planted on each of their estates for each year of an average crop cycle (28 years for AEP estates). The previous land use is also recorded, grouped according to categories provided within the PalmGHG application (see table below). AEP provided this data to Carbon Smart for each year 1991 - 2019. The GHG emissions associated with this planting activity are then calculated according to the change in the carbon stock of the land. The RSPO figures have been derived from a review of literature and satellite data on land use changes associated with oil palm plantations in Indonesia and Malaysia. These values have been used in the absence of estate-specific data. Emissions from land clearance are only reported for the land clearance occurring during the reporting year in question.

Carbon stock of previous land use (RSPO, 2018)

Previous land use	tC/ha
Primary forest	268
Logged forest	128
Grassland	5
Tree crops	75
Food crops	8.5
Secondary regrowth	68.25

- *Emissions from peat soil cultivation*

A small proportion of AEP's plantations cover peat soil areas. Cultivation of peat soils result in GHG emissions due to the oxidation of organic carbon. Carbon Smart has included an estimate of these emissions in alignment with the methodology used in the PalmGHG application. This is based on a report by Hooijer et al (2010) whereby CO2 emissions are factor of the drainage depth of the soil. AEP has confirmed that their peat soil estates are actively managed at a 55cm drainage depth.

- *Carbon sequestration from planted areas*

To provide a full overview of the carbon impact of AEP's operations the carbon sequestration of each estate has been estimated in line with the PalmGHG application methodology. The amount of carbon sequesters varies with age across the lifecycle of an oil palm plant. This assessment uses the carbon sequestration per hectare per age of plant values from the OPRODSIM and OPCABSIM vigorous growth models (Henson, 2005) referenced by RSPO. Applying these factors to the age profile of AEP's estates provides an estimate of the carbon impact. Whilst highly researched and referenced, these models cannot replace the accuracy of estate specific measurements.

- *Operational emissions*

Operational emissions from twenty-six estates, six mills and one office across Medan, Indonesia. AEP will endeavor to include emissions from Malaysia and UK offices in future for completeness although emissions from these premises are significantly lower than agricultural emissions. The key emission sources are included in this report:

- Electricity: premises and employee housing
- Biomass: for use in mill boilers
- Treatment of Palm Oil Mill Effluent (POME)
- Diesel for vehicles
- Fertiliser application

For each emission source AEP provided data which is converted using Defra 2019 conversion factors where appropriate, or PalmGHG approved factors for palm oil specific sources.

- *Outgrower emissions*

AEP mills process not only crop from their own estates, but oil palm crop sourced from a variety of outgrowers. This means that AEP's final product will include a proportion of emissions associated with the agricultural cultivation of outgrower crops. It has not been possible for AEP to collect specific information from outgrowers on their land clearance, planted area age profile or soil types. Therefore, an estimate has been developed based on the emissions from AEP's own estates. For land clearance emissions and carbon sequestration this has been estimated by calculating the carbon intensity of these emission sources per tonne of crop harvested in AEP's estate, and multiplying by the tonnes of outgrower crop used. Emissions from peat soil cultivation has one small methodological difference; these emissions have been scaled down to reflect the understood lower proportion of peat soil cultivation by outgrowers than by AEP. This is an estimate and should be revisited and revised in future years.

- *Methodological changes from 2018*

2019 is the first year that Carbon Smart has supported AEP's GHG Assessment. As part of a continuous improvement process there have been a number of methodological changes from the previous assessments. These all relate to updates to the previous carbon conversion factors, with use of most recent factors now adopted. This affects the following emission sources; methane GWP for POME treatment, diesel for company vehicles and biomass for mill boilers.

The most significant change has been an update to the carbon sequestration calculations. In previous years it is understood that an average carbon sequestration value was taken across a 28-year crop cycle, and the average applied to each age of oil palm plant. In order to better reflect the impact of AEP's specific plant age profile the specific carbon sequestration value for each age of plant is applied only to that age of plant. This will result in variations year on year; however, it also provides a more accurate and detailed view of AEP's impact.

Carbon Footprint

Due to the methodology changes implemented in 2019, AEP's 2018 carbon footprint has also been re-calculated to show these changes. This allows more accurate comparison year on year.

- *2019 results summary*

AEP's operational emissions are detailed in table below. For the first time in 2019 total operational emissions are greater than agricultural emissions. This is partly due to the change in methodology resulting in POME treatment emissions increasing in significance and greater carbon sequestration, reducing agricultural emissions.

AEP 2019 GHG emissions summary (excluding outgrowers)

Emissions source	**Results (tCO_2e)**
POME treatment	212,215
Fertiliser application	26,614
Premises energy consumption	19,781
Company owned vehicles	9,399
Third party vehicle use	7,367
Employee housing	1,041
Total operational emissions	**276,417**
Land clearance (AEP crop)	322,182
Carbon sequestered (AEP crop)	-549,475
Peat soils cultivation (AEP crop)	488,823
Total land use emissions	**261,530**
Overall emissions	**537,947**

- *2019 vs 2018 comparison*

AEP's GHG emissions had decreased by 31% in 2019, primarily due to a decrease in emissions associated with land clearance. Agricultural emissions have dropped by almost 50% since 2018, compared with a reduction in operational emissions of only 14%.

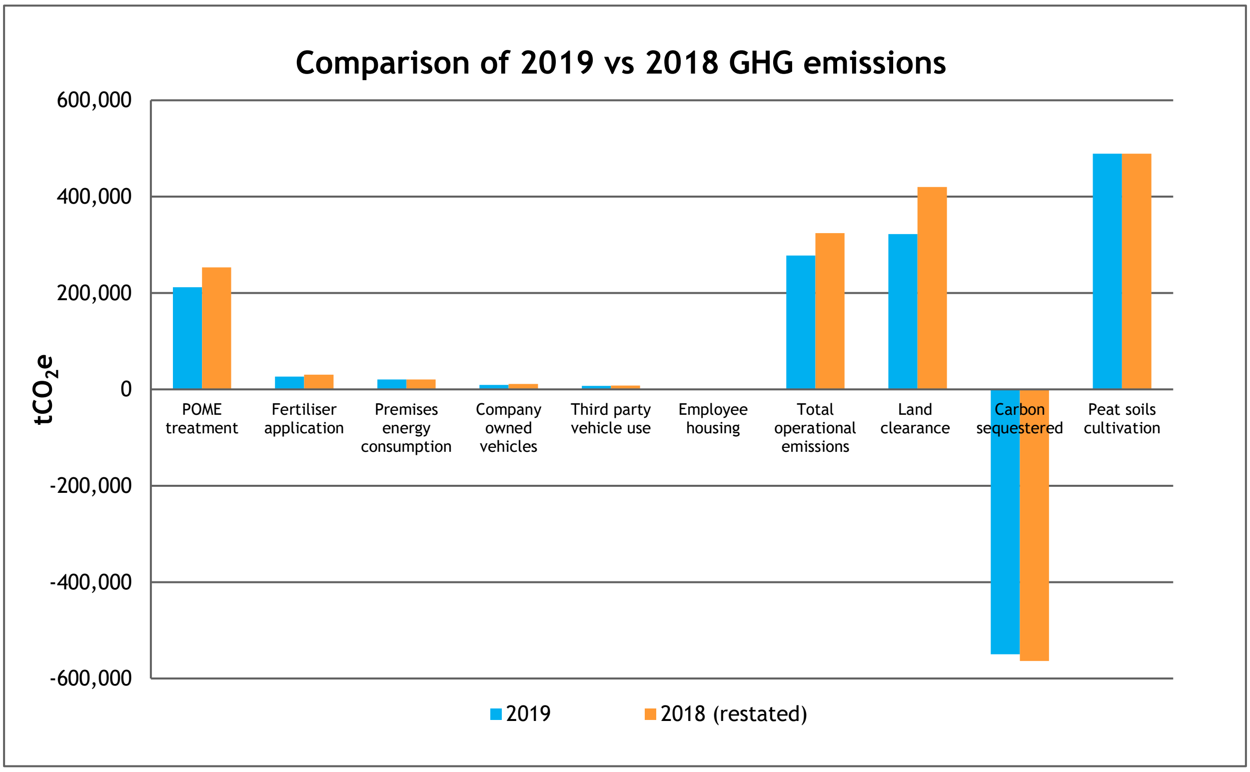
2019 vs 2018 emissions comparison

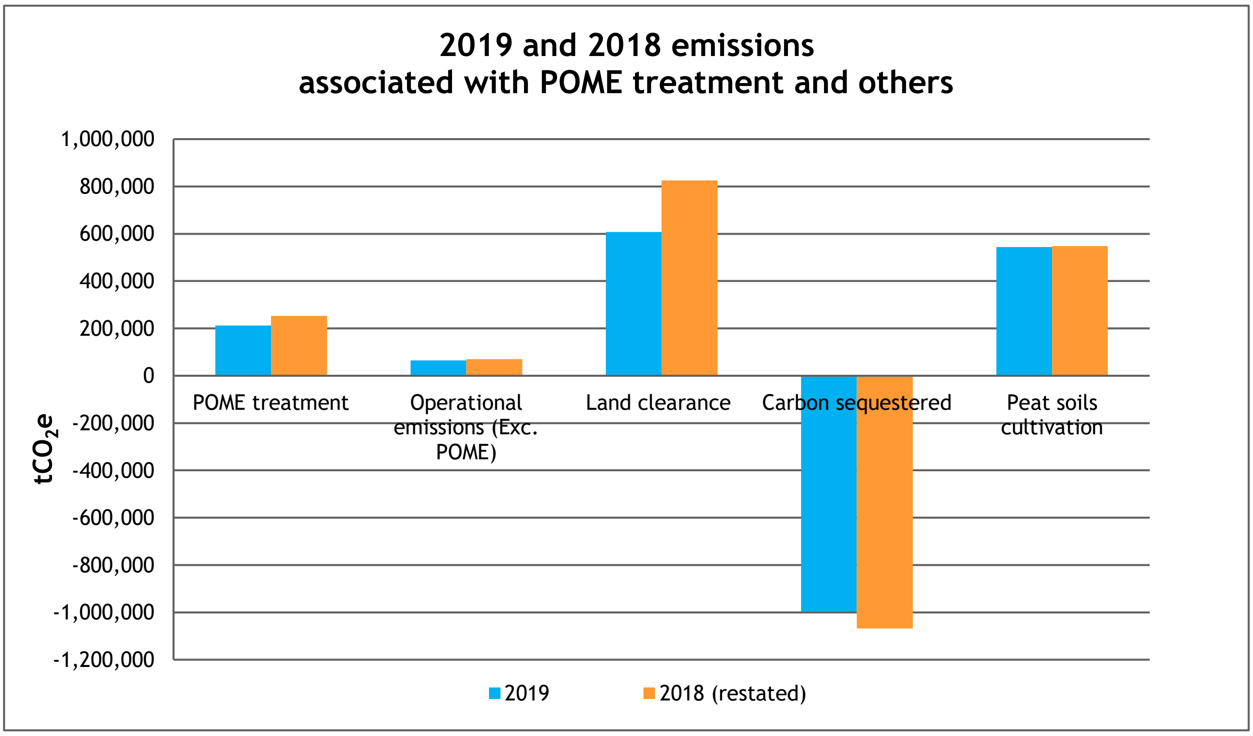
Emissions source	**2019 Emissions in tCO_2e**		2018 Emissions in tCO_2e (restated)	
POME treatment	**212,215**		253,421	
Fertiliser application	**26,614**		30,687	
Premises energy consumption	**19,781**		20,295	
Company owned vehicles	**9,399**		11,053	
Third party vehicle use	**7,367**		7,641	
Employee housing	**1,041**		1,068	
Total operational emissions	**276,417**		324,165	
	Own crop	***Outgrower crop***	*Own crop*	*Outgrower crop*
Land clearance	**322,182**	**285,094**	420,102	406,014
Carbon sequestered	**-549,475**	**-446,388**	-563,786	-504,285
Peat soils cultivation	**488,823**	**54,790**	488,843	59,844
Total land use emissions	**155,026**		306,732	
Overall emissions	**431,443**		630,897	

The significant reduction in the land clearance emissions was explained by the lack of amortisation, as the area of land cleared fluctuates significantly year on year. 22% less land was cleared in 2019 compared to 2018. In addition, all land cleared in 2019 was secondary regrowth, whereas in 2018 10% of land clearance was previously used for rubber, which has a carbon stock >10% higher than secondary regrowth. Carbon sequestration does not face the same amortisation issues. Therefore, these emissions do not change as significantly resulting in a greater decrease in emissions.

Emissions from outgrower crop land clearance had decreased by 30%, compared to a decrease of 23% in emissions from AEP's own crop. This is related to the reduced proportion of outgrower crop processed in 2019.

In operational emissions, POME treatment saw the most significant drop. The 16% drop in emissions was directly aligned to the lower tonnage of POME produced, in part due to lower CPO production in 2019.



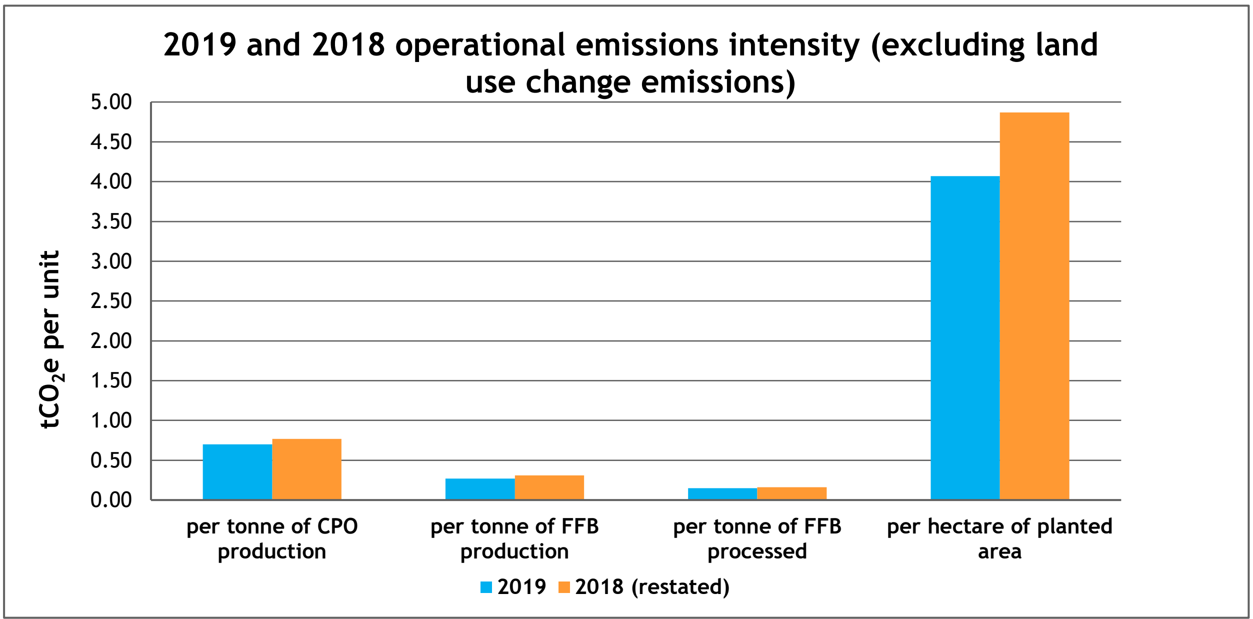


- *Intensity metrics*

In addition to absolute GHG emissions, AEP reports a series of intensity metrics to better allow for comparison of performance year on year.

2019 vs 2018 Operational emissions intensity (excluding land use change emissions) (tCO_2e)

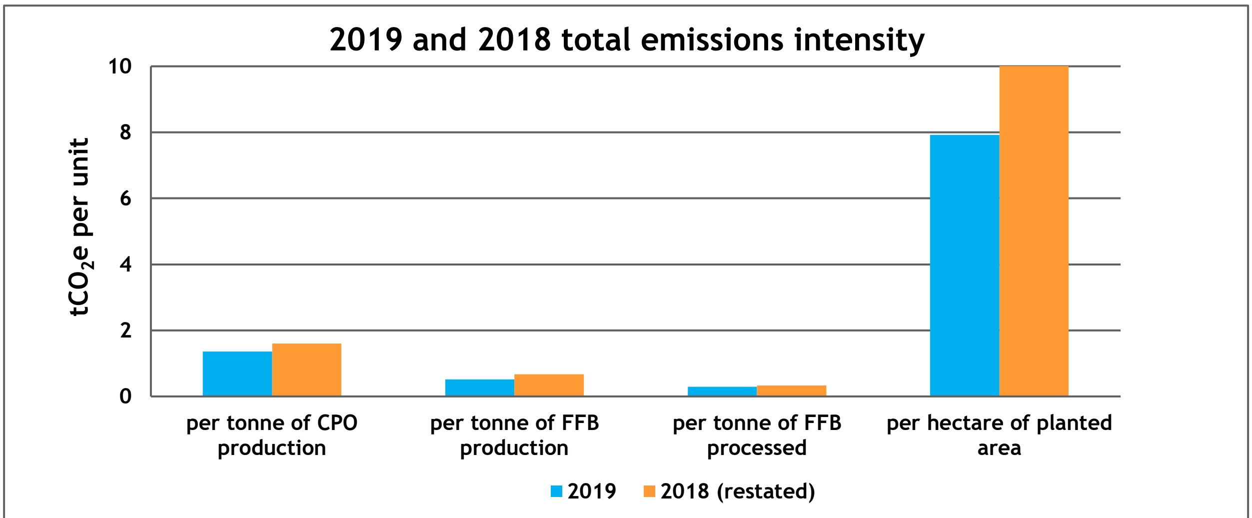
Operational emissions reporting metric	**2019 in tCO_2e**	2018 in tCO_2e (restated)
Per tonne of CPO production	**0.70**	0.77
Per tonne of FFB production	**0.27**	0.31
Per tonne of FFB processed	**0.15**	0.16
Per hectare of planted area	**4.07**	4.87



All intensity metrics have decreased in 2019 indicating improved environmental performance per tonne of input or output. The main driver behind this was the improved performance of AEPs mills, with a reduction in POME produced and the first full year operating with three biogas plants, resulting in an increase of emissions being captured and flared.

2019 vs 2018 Total emissions intensity (including land use change emissions) (tCO_2e)

Operational emissions reporting metric	**2019 in tCO_2e**	2018 in tCO_2e (restated)
Per tonne of CPO production	**1.36**	1.60
Per tonne of FFB production	**0.52**	0.65
Per tonne of FFB processed	**0.29**	0.33
Per hectare of planted area	**7.92**	10.05



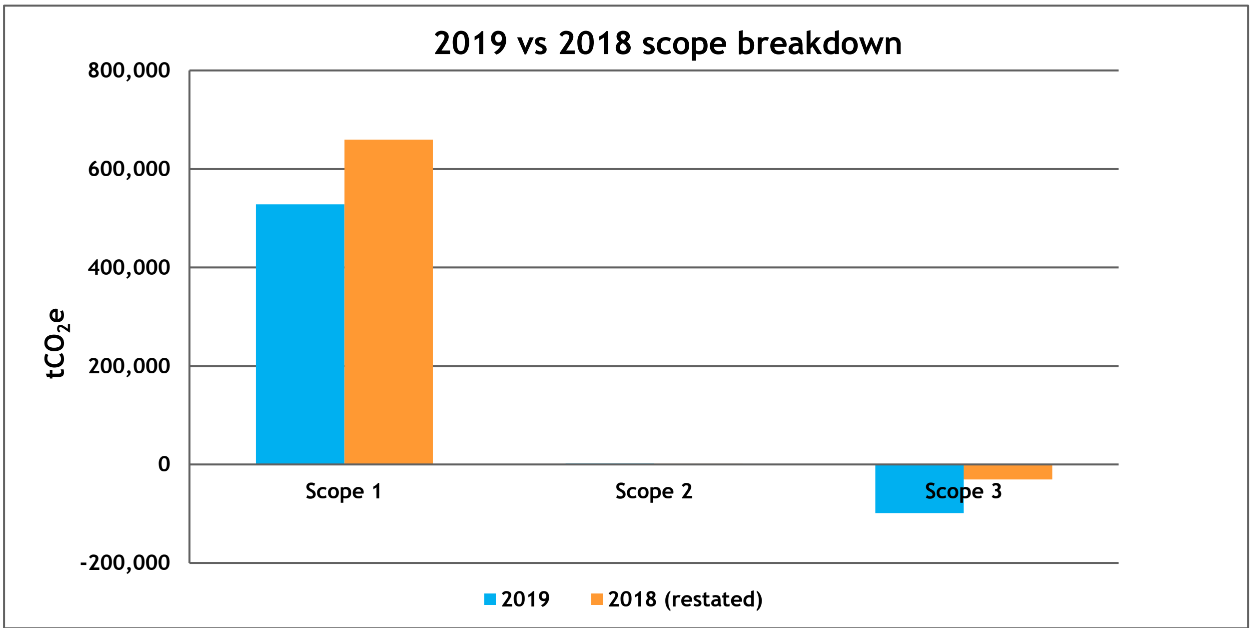
- *Scope breakdown*

The majority of AEP's emissions were direct emissions in scope 1. The impact of their purchased electricity (scope 2) is minimal and scope 3 reporting was currently restricted to outgrower crop emissions with a small contribution from transmission and distribution losses from electricity and low employee mileage.

The reduction in scope 1 emissions was primarily due to the decrease in agricultural and POME emissions previously discussed. Scope 2 emissions had increased slightly, due to a small increase in electricity consumed. Scope 3 emissions were dominated by the outgrower crop emissions, which show a significant decrease due to the reduction in outgrower crop processed by AEP during 2019. These scope 3 emissions were also impacted by the reduction in land clearance previously noted, due to the estimation methodology employed.

Emissions breakdown by scope

	2019	2018
Scope 1	**528,408**	659,848
Scope 2	**1,984**	1,677
Scope 3	**-98,949**	-30,628



The detailed report can be downloaded from the company's website.

Principal risks
The material risks faced by the Group and actions taken to mitigate those risks are set out in the Principal Risks and Uncertainties section of the Strategic Report.

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

Property, plant and equipment
Information relating to changes in property, plant and equipment and capitalised interest, as required pursuant to Listing Rule 9.8.4R, are 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 46 of this Annual Report.

Substantial share interests

As at 11 May 2020 and 31 December 2019, 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 11.5.2020		As at 31.12.2019	
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	1,565,810	3.95%	1,899,378	4.79%

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 have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed as Resolution 9 at the forthcoming annual general meeting.

Authority to allot shares

At the annual general meeting held on 24 June 2019 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 11 at the forthcoming annual general meeting.

The aggregate nominal value which can be allotted under the authority set out in paragraph (i) of the resolution is limited to £3,303,031 (representing 13,212,124 ordinary shares of 25p each) which is approximately one third of the issued ordinary capital of the Company as at 19 May 2020 (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 19 May 2020. 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 2020, whichever is earlier. Renewal of this authority on similar terms is being sought under Resolution 12 at the forthcoming annual general meeting. The Company does not intend to issue more than 7.5% of the issued share capital on a non pre-emptive basis in any three-year period.

Acquisition of the Company's own shares and authority to purchase own shares
At 19 May 2020, the Directors had remaining authority under the shareholders' resolution of 24 June 2019, to make purchases of 3,963,637 of the Company's ordinary shares. This authority expires on 30 June 2020. 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 13 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 0.5cts per share (2018: 3.0cts), in line with our reporting currency, in respect of the year to 31 December 2019. Subject to shareholders approval of Resolution 4 at the annual general meeting, the final dividend will be paid on 17 July 2020 to those shareholders on the register on 12 June 2020.

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 12 June 2020, 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 12 June 2020, being the dividend record date. Based on the exchange rate at 6 May 2020 of $1.24 / £, the proposed dividend would be equivalent to 0.4p (2018: 2.3p). Shareholders are reminded that the last day to revoke a currency election is on 17 June 2020.

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 2020.

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 19 May 2020

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 EU. 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 income statement 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 46 confirm to the best of their knowledge:

- The Group financial statements have been prepared in accordance with IFRSs as adopted by the EU and Article 4 of the IAS Regulation and give a true and fair view of the assets, liabilities, financial position and income statement 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 of 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 19 May 2020

Directors

Madam Lim Siew Kim
(Non-Executive Chairman, age 71).

Non-Executive Director since 29 November 1993 and was 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 70).

Appointed on 26 April 2008. On 1 September 2010 he was appointed as the Executive Director. Prior to 1 September 2010, Dato' John Lim was the Senior Independent Non-Executive Director.

Chartered Certified Accountant; Retired as a partner with UHY Hacker Young LLP, London on 30 April 2019 where he was a partner 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 65).

Appointed on 8 May 2015.

Fellow 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 the 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.

Mr. Lim is the Senior Independent Non-Executive Director of Malaysia Building Society Berhad and an Independent Non-Executive Director of UEM Sunrise Berhad, both are listed on Bursa Malaysia. He is also an Independent Non-Executive Director of PLUS Malaysia Berhad and Pacific & Orient Insurance Co. Berhad (appointed on 31 January 2020).

Jonathan Law Ngee Song
(Independent Non-Executive Director, Chairman of Remuneration Committee, member of Audit and Nomination & Corporate Governance Committees, age 54).

Appointed on 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 2019) and Allen & Gledhill (1991 to 1995).

Mr. Law is the Independent Non-Executive Chairman of Evergreen Fibreboard Berhad, listed on Bursa Malaysia. He is also the Chairman of the Remuneration Committee and a member of the Nomination Committee of Evergreen Fibreboard Berhad. In addition, Mr Law is an Independent Non- Executive Director of Kerex Berhad, listed on Bursa Malaysia.

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 2018 ('the Code'), which was published in July 2018 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 2019, the particular comment is made in the statements below and in the Directors' remuneration report on pages 56 to 60.

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 in 2019 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
The Board is responsible for the proper leadership of the Company for the long-term success of the Company and Group. 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.

AEP is led by a strong and experienced Board of Directors (see biographical details set out on page 46). During 2019 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 at least half the Board, excluding the Chair, should be Non-Executive Directors whom the Board considers to be independent.

Succession planning continues to be a priority for the Company and the Nomination and Corporate Governance Committee will monitor continuously the future leader pipeline and talents within the Group as well as outside the Group. This is essential to ensuring a continuous level of quality in management, in avoiding instability by helping to mitigate the risks which may be associated with unforeseen events, such as the departure of a key individual, and in promoting diversity and inclusion. The Company continues to have a systematic approach to succession planning for 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 additional remuneration from the Group apart from 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, provided a clear explanation is given.

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 2019 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 2019. Telephone discussions between the Chairman and the Non-Executive Directors also took place outside these meetings.

During 2019, the Board followed the Group results and the development of the activities of the various subsidiaries by means of monthly 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 is 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 from the Company's sponsor, including legal counsel at the Company's expense. The Company maintained Directors' and officers' liability insurance throughout 2019.

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. The re-election of the independent Non-Executive Directors has always been on the basis of gaining a majority of the independent shareholders vote in addition to the total shareholders vote since this requirement was first introduced.

Dato' John Lim, the only Executive Director on the Board, sits on the Audit, Nomination and Remuneration Committees for 2019. 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 2019 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 2020 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.

In connection with the statutory provisions regarding directors' conflict of interest, the Directors must avoid a situation in which the Directors have, or can have a direct or indirect interest that conflicts, or possibly may conflict with the interests of the Company. The duty is not infringed if the matter has been authorised by the Directors. Under the Articles, the Board has the power to authorise potential or actual conflict situations. The Board maintains effective procedures to enable the Directors to notify the Company of any actual or potential conflict situations and of those situations to be reviewed and, if appropriate, to be authorised by the Board. Directors conflicts situations are reviewed annually and authorisation is recorded in the Board minutes.

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 two meetings during 2019, attended by all members.

The policy on gender diversity is described on page 28 of the Strategic Report.

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 two directors. AEP provides continuing training to the Board. In 2019 it organised a video conference with its sponsor and legal advisors on the continuing obligations of the directors under the Corporate Governance Code. The panel updated the members on the importance of explaining to the shareholders, the Company's approach to engaging its workforce as part of the stakeholders in the company including suggested methods of engagement.

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 2020 AGM. Instead shareholders will be able to vote electronically using the link https://www-uk.computershare.com/investor/. For more details please refer to online submission of Proxy Voting on page 9 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 2020 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 are disclosed and updated in the company's website from time to time.

Lim Tian Huat
Chairman, Nomination and Corporate Governance Committee 19 May 2020

Audit Committee Report

Composition
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 seven external courses and seminars in 2019, two of which were organised by Malaysian Institute of Accountants and another two by Financial Institutions Directors' Education. Topics covered were megatrends, leadership and sound governance, fiduciary responsibilities of directors, strong risks control culture, capital management 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 two seminars covering topics on Raising Defence on Corporate Liabilities under Malaysian Anti-Corruption Act and Introduction to Valuation.

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

Roles of the Audit Committee
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, balanced and understandable for shareholders to assess the company's financial position and performance, business model and strategy;
- Monitoring and reviewing the effectiveness of internal financial controls, internal controls and risk management systems;
- 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 and objectivity of the external auditor and the effectiveness of the audit process;
- Developing and implementing policy on the engagement of the external auditor to supply non-audit services, ensuring there is prior approval of non-audit services, considering the impact this may have on independence, taking into account the relevant regulations and ethical guidance in this regard, and reporting to the Board on any improvement or action required;
- Reporting to the Board on how it has discharged its responsibilities;
- 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 monitors the engagement of the auditor to perform non-audit work. The ethical standard of International Standards on Auditing requires the external auditor to evaluate threats to independence and discuss this with the Audit Committee. The external auditor will be responsible for maintaining a record of all non-audit services undertaken and for ensuring that they do not undertake any of the prohibited services. To ensure that the external auditor satisfies these ethical standards on auditing, the Group decided not to engage the external auditor for non-audit services for the Company and its affiliates except for the review of the interim report for compliance before announcement. The Committee considered that the nature and scope of, and remuneration payable in respect of, this engagement was such that the independence and objectivity of the auditor were not impaired.

Audit Committee Report

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 two formal meetings in each year.

It 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.

Overview
The Audit Committee met prior to the completion of the 2019 accounts and six times during 2019 with full attendance in all meetings.

During the year, the Committee reviewed and discussed the 2018 Annual Report, Interim Results, 1st Quarter and 3rd Quarter Trading Statement for 2019. The Committee also deliberated and recommended to the Board the dividend rate for the Company and the Indonesian subsidiaries.

The Committee deliberated on the updated risks register chart which rate the probability of various material risks from happening and the resulting financial impact should the risks materialise. The Committee concluded that produce prices and exchange rates on loans are the biggest risks with medium to high probability of happening with medium financial impact. While imposition of import controls and taxes and hedging risks are rated with medium chance of occurrence with medium financial impact. All other risks are generally low in financial impact.

The Committee deliberated extensively before recommending the 2019 Budget to the Board.

In August 2019, the Audit Committee visited the Indonesian operations and met key managers. In the meeting, the whistle blowing policy which allows stakeholders to raise concerns, including acts of bribery and corruption were discussed. The policy was further reviewed by the company's lawyer to ensure its compliance with local laws. The policy was approved after comparison with similar policy of other listed companies to ensure completeness and consistency. This policy will allow the Group's workforce as well as suppliers and customers in Indonesia to raise concerns in confidence and if they wish anonymously to a designated Non-Executive Director. The Audit Committee have regular dialogues, both formal and informal with the senior management in Indonesia and Malaysia and the discussions are open and constructive.

The Internal Audit plan for the year was approved by the Committee. The internal audit reports were tabled twice at the Audit Committee meetings in 2019 and were discussed in detail. In the first half of the year, the management recruited a Senior Internal Audit Manager with 25 years of industry experience to strengthen the internal audit department. In October 2019, the Committee appointed Deloitte Risks Advisory in Kuala Lumpur to conduct a Quality Assurance Review ("QAR") on the Internal Audit Department. The scope of work was to achieve the following objectives:

- Assess and provide opinion on the internal audit activities' conformity with the Institute of Internal Auditors Standards, the Code of Ethics and the Definition of Internal Auditing and with applicable legislative and regulatory requirements;
- Evaluate and measure the internal audit activities' current maturity level comparing against the Internal Auditing Maturity Framework and provide the necessary recommendations with the aim to elevate the Internal Audit towards reaching the optimum level;
- Assess the internal audit activities' efficiency and effectiveness in meeting the objectives and mission as defined in the Charter, expressed in the expectations of the Audit Committee, the Company's senior management and benchmarking against the leading practices; and
- Recommend opportunities for improvement on the internal audit activities' work processes to enhance the quality of the internal audit activities to reach the same level as the leading practices and standards in internal auditing that will add value to the Group.

The results of the independent assessment were tabled for discussion. Several gaps were noted which require the urgent attention of the management.

The Committee engaged Jakarta based RSM Associates during the year to advise on restructuring the inter-company financing amongst its Indonesian operations so that it is more tax efficient.

The Committee met and sought the explanation from the in-house Agronomist on the underperforming plantations mainly in Bengkulu and South Sumatera. In addition, the Committee also appointed an external consultant to independently look into two of its mills to advise on the low oil extraction rates.

External Audit

The external auditor BDO LLP have been appointed as the Company's external auditors since the financial year ended 2001. In accordance with good governance, the audit services were competitively tendered in 2014, whereby BDO LLP was reappointed.

The Committee met with the external auditor twice in 2019 to discuss the audit findings and to plan the audit for 2019 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, impairment of bearer plants classified as Property Plant and Equipment, and completeness of related party transactions. Other risks rated as medium to low impact include recoverability of income tax receivables, recoverability of plasma scheme receivables and valuation of biological assets. The auditor continued to stress on the directors' responsibilities, definition and application of materiality and shared with the Committee soundbites on emissions and energy consumption disclosures and cybersecurity. During the year the audit engagement team from BDO LLP, from the UK, visited Indonesia and Malaysia to review the work of the component auditors.

In the 2019 Annual Report, the management took reasonable steps including external valuation to independently assess whether any of its assets need to be impaired, in particular, the plantations. Impairment for plantations is measured by calculating the value in use and comparing the carrying amount with their 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, 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 2019, the reversal of impairment loss of the plantations of the Group was $7.6 million (2018: impairment loss of $3.4 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, nine companies located across North Sumatera, Bengkulu, Riau, Kalimantan and Malaysia were valued by qualified valuers in 2019. 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 36.

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 2018. The tenure of audit and extent of non-audit work that will affect the independence of the auditor were reviewed. During 2019, 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. As required by good governance, the previous partner who has been the engagement partner for five years was replaced by another audit engagement partner from BDO (UK). New Audit Partners were similarly assigned for component audits in Malaysia and Indonesia. 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.

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 in-house 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.

In order to strengthen the current Internal Audit's capability, the Group is in the process of engaging Deloitte Indonesia, a third-party professional service firm to support the Internal Audit team based on a co-sourcing arrangement. Deloitte will oversee the internal audit of several subsidiaries, together with the in-house team. The co-sourcing arrangement will help mentor and transfer the latest audit techniques and knowledge to the in-house team.

Lim Tian Huat
Chairman, Audit Committee

19 May 2020

Directors' Remuneration Report

I am pleased to report on the activities of the Remuneration Committee for the year ended 31 December 2019. 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.

During the year the Remuneration Committee had reviewed the annual increment and bonus entitlement of senior management in Indonesia. It made the recommendation to the Board after making an informal comparison with other plantation companies. In addition, the Committee deliberated and renewed the contracts of three senior management personnel and two directors. No director was involved in deciding the renewal and the compensation of his contract. The Committee also deliberated on the 2019 Remuneration Report and recommended to the Board for acceptance.

The Committee would welcome your support for our Remuneration Report and the Policy statement, as detailed below, which will be subject to the shareholders vote at the 2020 AGM and shall be effective from 1 January 2020 for 3 years.

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

The Committee had two meetings in 2019, attended by all members.

Policy and Roles of the Remuneration Committee
The Committee sets the remuneration and benefits of the Executive Director. 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.

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.

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.

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

The Committee periodically assesses the remuneration of the Non-Executive Directors and submits a proposal to the Board. Non-Executive Directors' remuneration consists exclusively of a fixed payment. The remuneration was within the range based on a recent survey of remuneration of directors in Malaysian-listed plantation companies. The Non-Executive Directors receive no benefit such as share options or other performance-related elements.

Directors' Remuneration Report

The Committee makes recommendations on senior management pay and conditions, after consultation with the Chairman. In determining the remuneration policy of senior management, the Committee takes into account the need to attract, retain and motivate employees. To promote long-term sustainable success, the Committee makes external comparison with the current market trends and practices of equivalent roles taking into account the size, business complexity and relative performance. The following is a summary of the key components of remuneration packages of senior management:

Base salary
Base salaries of senior management are reviewed on an annual basis by the Remuneration Committee or when there is a change in the individual's responsibilities.

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.

The operating units in Indonesia and Malaysia have in place a variable compensation policy that rewards senior executives and employees with bonuses ranging from one 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.

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 any 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.

The Group does not seek the advice of an external consultant in determining the salaries of senior management and directors.

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.

Voting at Annual General Meeting
There was no change in Remuneration policy which was last voted and approved in 2017. In that meeting, the shareholders voted in the following manner:

	Shares For	Shares Against	% Shares For	% Shares Against
To approve Remuneration policy	22,222,181	237,277	98.9%	1.1%

It is the Company's policy to vote on the Remuneration policy once every three years or if there is a change in the policy within the three years.

Directors' Remuneration Report

The Director's Remuneration report was last approved at Company's AGM on 24 June 2019. In the meeting, the shareholders voted in the following manner:

	Shares For	Shares Against	% Shares For	% Shares Against
To approve Directors' Remuneration Report	23,642,759	67,735	99.7%	0.3%

The Company pays due attention to the results of voting. When there is substantial vote against any resolution in relation to Directors' Remuneration, the reasons for any such vote is sought and any action in response will be reported in the following year.

In accordance with Listing Rules which in May 2014 adopted the change requiring the re-election of independent directors in companies with a controlling shareholder to be voted separately by independent minority shareholders in addition to the approval of all shareholders. The results of the re-election of the independent directors in the last AGM were:

	Shares For	Shares Against	% Shares For	% Shares Against
By all shareholders:				
Re-election of Mr. Lim Tian Huat	23,708,525	2,416	99.9%	0.1%
Re-election of Mr Jonathan Law Ngee Song	23,705,311	5,630	99.9%	0.1%

	Shares For	Shares Against	% Shares For	% Shares Against
By independent shareholders:				
Re-election of Mr. Lim Tian Huat	3,156,611	2,416	99.9%	0.1%
Re-election of Mr Jonathan Law Ngee Song	3,153,397	5,630	99.8%	0.2%

Remuneration Policy Table for Executive Director

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

Executive Director's Remuneration over 10 Years

Year ended 31 Dec	Salary	Benefit	Pension	Bonus	Total
2019	$116,000*	-	-	-	$116,000
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

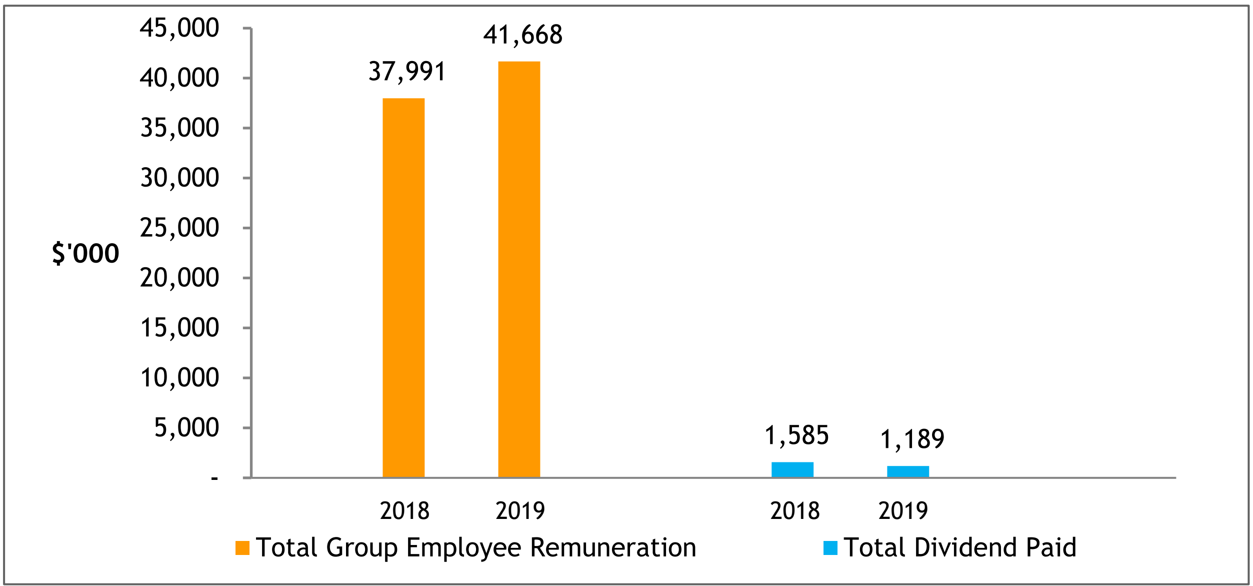
* The Executive Director's basic salary from 2015 to 2019 was £90,000 per annum. The fluctuations shown above during this period were the result of exchange translations.

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 2018 and 2019.

	2019	2018	Change
Percentage change in Executive Director's salary			
Salary	**$116,000**	$123,000	-5.7%
Percentage change in selected Group senior management salaries			
Salaries	**$1,527,000**	$1,446,000	+5.6%
Percentage change in total wages and salaries			
Total wages and salaries	**$36,986,000**	$34,846,000	+6.1%

Relative importance of spend on pay



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 2019, 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 2010 to 2019 (last ten years) to indicate the volatility and trend of the market generally. Except for two periods, our share price performance consistently outperformed the FTSE 100 index. 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:	**2019**	2018
	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 2019 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 (audited)
The following part provides details of the remuneration of all the Directors for the year ended 31 December 2019. 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 2019 Fees $000**	Total 2018 Fees $000
Name of Directors		
Executive:		
Dato' John Lim Ewe Chuan (1)	**116**	123
Non-Executive:		
Lim Siew Kim (2)	**57**	59
Lim Tian Huat (3)	**21**	22
Jonathan Law Ngee Song (4)	**21**	22
Total	**215**	226

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

19 May 2020

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 2019 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 their 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 2019 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 and the Parent Company 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 Directors' confirmation, set out on page 23 in the annual report, that they have carried out a robust assessment of the Group's emerging and principal risks and the disclosures in the annual report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated;
- the Directors' statement, set out on pages 13 and 14 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 pages 35 and 36 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 judgement, 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 including 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.

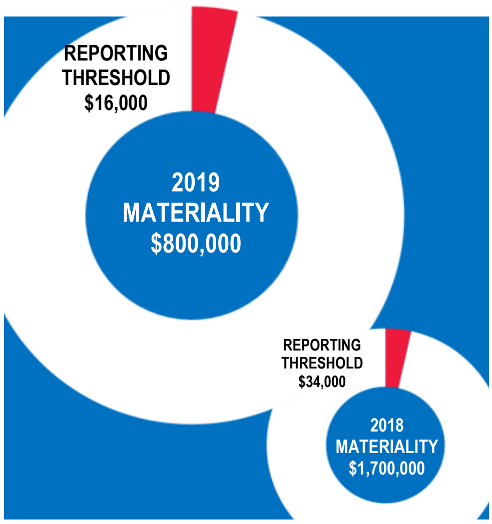
Key audit matter	Our response to the key audit matter identified
Valuation of estate land (note 2(h) and note 11)	
The Group's accounting policy in relation to estate land is included within note 2(h) and further explained in note 11. Estate land is carried at fair value, based on valuations performed rotationally by an independent professionally qualified valuer on an open market basis. Where land was not valued externally at the balance sheet date, the directors performed their own valuation by considering the movements on the independently valued land from the prior year and applying those same movements to land in the same geographical region. 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.	We assessed the capabilities, objectivity and competence of the independent valuer and considered them to be satisfactory. We challenged the assumptions applied by the independent 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. *Key observations: Based on the procedures we performed, we identified no changes to key assumptions that would result in material changes to the valuation.*
Impairment of bearer plants classified as PPE (note 2(h) and note 11)	
The Group's accounting policy in relation to bearer plants is included within note 2(h) and further explained in note 11.	We considered the various indicators of impairment and indicators of impairment reversal, 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 2019.

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

Key audit matter	Our response to the key audit matter identified
Impairment of bearer plants classified as PPE (note 2(h) and note 11) (continued)	
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, or whether there is an indication than a previously recognised impairment may be reversed. If any such indication exists, the directors shall estimate the recoverable amount of the asset. The directors have identified an indicator of impairment on eleven plantations and, having engaged an independent professionally qualified valuer, 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 for which disclosure is given around their sensitivity. We identified the impairment of bearer plants as a key audit matter due to the significant judgement and assumptions involved in the assessment of this.	We challenged the assumptions in the underlying data made by the valuer and management through discussions, independent external data sources and, where available, through corroboration to supporting documentation and historical trends. We calculated an acceptable range for the discount rate used in the impairment model based on supportable inputs and the rate used fell within this. We performed sensitivity analysis on the Crude Palm Oil (‘CPO’) price assumption and corroborated price forecasts to external sources. The calculations to support the disclosures given in respect of the sensitivity of CPO price, discount rate and inflation rate were re-performed. *Key observations: Based on the procedures we performed, we concur with key assumptions used by the directors in assessing the impairment losses recognised or reversed.*

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.



We determined materiality for the Group financial statements as a whole to be US$0.8 million (2018: US$1.7 million) which approximates 5.0% of profit before tax before biological asset movement (2018: 5.0%). 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 (2018: 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.

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

Where financial information from components was audited separately, component materiality levels were set for this purpose at lower levels up to a maximum of 90% (2018: 82%) of Group materiality, and ranged between US$4,000 and US$720,000, being 0.5% and 90% of Group materiality respectively. 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 them all individual audit differences identified during the course of our audit in excess of US$16,000 (2018: US$34,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

The materiality for the Parent Company financial statements, as a holding company, was set at 90% of Group materiality, being US$0.72m (2018: US$1.3m, based on 2% of total assets). Performance materiality was set at 75% (2018: 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

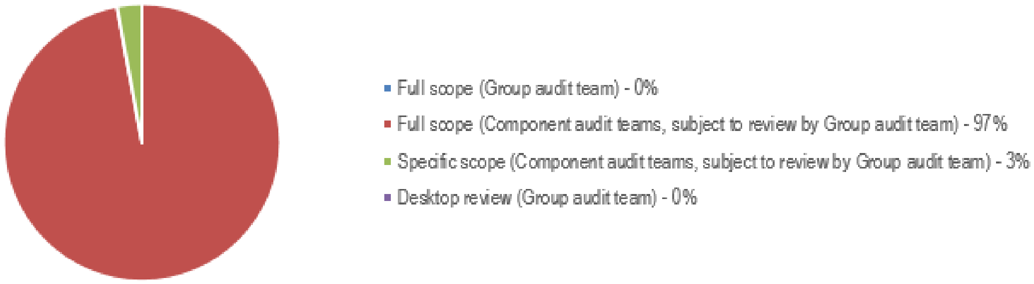
The Group financial statements are a consolidation of twenty seven companies made up of the Parent Company, a principal sub-holding company, three management companies, four dormant companies and eighteen operating companies. Sixteen of the trading companies are located in Indonesia and two in Malaysia. The head office and main accounting function is located in Kuala Lumpur, Malaysia, with a second accounting function located in Medan, Indonesia, both at separate locations from the plantations. Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, the performance and financial position of each component as a proportion of the total for the Group and assessing the risks of material misstatement at the Group level. 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.

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. The remaining components of the Group were not identified as being significant to the Group and these components were principally subject to analytical review procedures performed by the Group audit team.

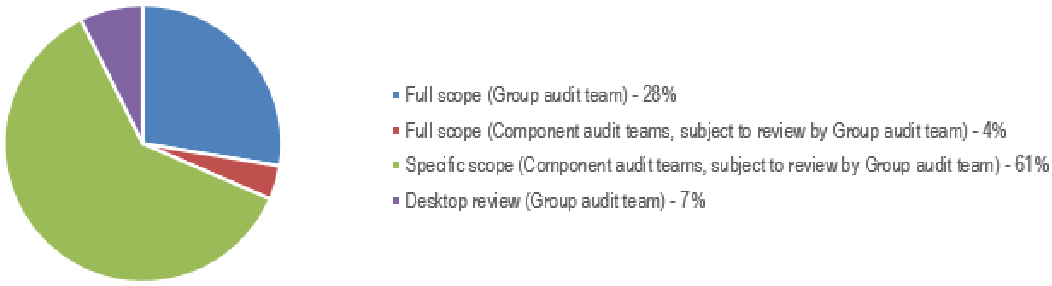
Components that were subject to full scope or specific scope audit procedures by the Group audit team, or by the component audit teams and subject to the review of the Group audit team, accounted for 100% of the Group's revenue, 93% of the Group's absolute profit before tax and 96% of the Group's total assets.

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

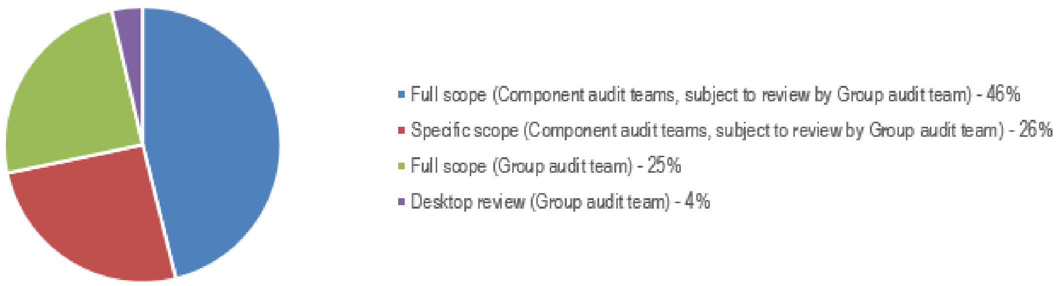
Revenue



Absolute profit before tax



Total assets



As part of our audit planning, the Senior Statutory Auditor and other senior members of the Group audit team held meetings with each of the component audit teams in Indonesia and Malaysia to discuss the group and local risks identified and to agree the testing approach and audit timelines. The planning documentation on the respective audit files was also reviewed.

Senior members of the Group audit team visited Malaysia and Indonesia to review 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.

At the completion stage, the Senior Statutory Auditor and other senior members of the Group audit team attended meetings with local audit teams and reviewed component audit teams’ reporting, addressing risks and specific procedures raised. Discussions were held with Group management to discuss the findings from our audit, including adjustments raised.

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 arising 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, certain requirements from the UK, Indonesia and Malaysia Finance Acts, the requirements of the Anti-Bribery and Corruption Acts in the UK, Indonesia and Malaysia and the Indonesian Sustainable Palm Oil (ISPO) and Malaysian Sustainable Pail Oil (MSPO) certification schemes. 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 further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely, as auditor of the financial statements, we would become aware of it. We also addressed the risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that might reasonably represent a risk of material misstatement due to fraud.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, 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 35 -** 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 position, performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- **Audit committee reporting, set out on pages 52 to 55 -** 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 47 -** 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.

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

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.

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 Guidance 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 44, 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 ending 31 December 2001 and subsequent financial periods. We were reappointed by the members to audit these financial statements at the AGM held on 24 June 2019. The period of total uninterrupted engagement, including previous renewals and reappointments, is 19 years, covering the years ending 31 December 2001 to 31 December 2019.

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.

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

19 May 2020

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 2019

			2019			2018	
Continuing operations	Note	**Result before BA movement**	**BA movement**	**Total**	Result before BA movement	BA movement	Total
		$000	**$000**	**$000**	$000	$000	$000
Revenue	3	**219,136**	**-**	**219,136**	250,859	-	250,859
Cost of sales		**(199,515)**	**3,255**	**(196,260)**	(206,224)	(2,286)	(208,510)
Gross profit		**19,621**	**3,255**	**22,876**	44,635	(2,286)	42,349
Administration expenses		**(8,068)**	**-**	**(8,068)**	(9,060)	-	(9,060)
Reversal of impairment / (Impairment losses)	11	**6,590**	**-**	**6,590**	(4,339)	-	(4,339)
Provision for expected credit loss	15	**(5,965)**	**-**	**(5,965)**	(308)	-	(308)
Operating profit		**12,178**	**3,255**	**15,433**	30,928	(2,286)	28,642
Exchange gains / (losses)		**251**	**-**	**251**	(1,250)	-	(1,250)
Finance income	4	**4,169**	**-**	**4,169**	5,048	-	5,048
Finance expense	4	**(980)**	**-**	**(980)**	(1,511)	-	(1,511)
Profit before tax	5	**15,618**	**3,255**	**18,873**	33,215	(2,286)	30,929
Tax (expense) / credit	8	**(1,885)**	**(814)**	**(2,699)**	(13,633)	571	(13,062)
Profit for the year		**13,733**	**2,441**	**16,174**	19,582	(1,715)	17,867
Attributable to:							
- Owners of the parent		**14,019**	**2,077**	**16,096**	12,882	(1,469)	11,413
- Non-controlling interests		**(286)**	**364**	**78**	6,700	(246)	6,454
		13,733	**2,441**	**16,174**	19,582	(1,715)	17,867
Earnings per share for profit attributable to the owners of the parent during the year							
- basic	9			**40.61cts**			28.79cts
- diluted	9			**40.61cts**			28.79cts

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 2019

	2019 $000	2018 $000
Profit for the year	**16,174**	17,867
Other comprehensive expenses:		
Items may be reclassified to profit or loss:		
Gain / (Loss) on exchange translation of foreign operations	**18,680**	(29,550)
Net other comprehensive income / (expenses) may be reclassified to profit or loss	**18,680**	(29,550)
Items not to be reclassified to profit or loss:		
Unrealised (loss) / gain on revaluation of leasehold land, net of tax	**(1,715)**	137
Remeasurement of retirement benefits plan, net of tax	**(768)**	894
Net other comprehensive (expenses) / income not being reclassified to profit or loss	**(2,483)**	1,031
Total other comprehensive income / (expenses) for the year, net of tax	**16,197**	(28,519)
Total comprehensive income / (expenses) for the year	**32,371**	(10,652)
Attributable to:		
- Owners of the parent	**28,550**	(11,527)
- Non-controlling interests	**3,821**	875
	32,371	(10,652)

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

Consolidated Statement of Financial Position

As at 31 December 2019

Company Number: 1884630

	Note	31.12.2019 $000	31.12.2018 $000
Non-current assets			
Property, plant and equipment	11	**367,891**	340,367
Receivables	12	**16,500**	11,020
Deferred tax assets	18	**11,251**	11,147
		395,642	362,534
Current assets			
Inventories	13	**8,752**	9,540
Tax receivables	8	**49,527**	44,310
Biological assets	14	**7,574**	4,093
Trade and other receivables	15	**5,774**	5,203
Cash and cash equivalents		**84,846**	112,212
		156,473	175,358
Current liabilities			
Loans and borrowings	16	**(8,203)**	(11,078)
Trade and other payables	17	**(16,110)**	(20,083)
Tax liabilities	8	**(2,898)**	(5,626)
Dividend payables		**(23)**	(37)
Lease liabilities	29	**(222)**	-
		(27,456)	(36,824)
Net current assets		**129,017**	138,534
Non-current liabilities			
Loans and borrowings	16	**-**	(8,203)
Deferred tax liabilities	18	**(17,047)**	(20,040)
Retirement benefits - net liabilities	19	**(11,338)**	(8,244)
Lease liabilities	29	**(456)**	-
		(28,841)	(36,487)
Net assets		**495,818**	464,581
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		**48,413**	51,308
Exchange reserves		**(229,026)**	(245,170)
Retained earnings		**542,415**	526,487
		401,157	371,980
Non-controlling interests		**94,661**	92,601
Total equity		**495,818**	464,581

The financial statements were approved and authorised for issue by the Board of Directors on 19 May 2020 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 statement of financial position.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	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 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**
Items of other comprehensive income										
-Unrealised (loss) / gain on revaluation of leasehold land, net of tax	**-**	**-**	**-**	**-**	**(3,040)**	**1,211**	**-**	**(1,829)**	**114**	**(1,715)**
-Remeasurement of retirement benefit plan, net of tax	**-**	**-**	**-**	**-**	**-**	**-**	**(650)**	**(650)**	**(118)**	**(768)**
-Gain on exchange translation of foreign operations	**-**	**-**	**-**	**-**	**-**	**14,933**	**-**	**14,933**	**3,747**	**18,680**
Total other comprehensive (expenses) / income	**-**	**-**	**-**	**-**	**(3,040)**	**16,144**	**(650)**	**12,454**	**3,743**	**16,197**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**16,096**	**16,096**	**78**	**16,174**
Total comprehensive (expenses) / income for the year	**-**	**-**	**-**	**-**	**(3,040)**	**16,144**	**15,446**	**28,550**	**3,821**	**32,371**
Issue of subsidiaries shares to non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**512**	**512**
Accretion from change in stake	**-**	**-**	**-**	**-**	**145**	**-**	**1,671**	**1,816**	**(1,816)**	**-**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**-**	**(1,189)**	**(1,189)**	**(457)**	**(1,646)**
Balance at 31 December 2019	**15,504**	**(1,171)**	**23,935**	**1,087**	**48,413**	**(229,026)**	**542,415**	**401,157**	**94,661**	**495,818**

Consolidated Statement of Cash Flows
For the year ended 31 December 2019

	2019 $000	2018 $000
Cash flows from operating activities		
Profit before tax	**18,873**	30,929
Adjustments for:		
BA movement	**(3,255)**	2,286
Gain on disposal of property, plant and equipment	**(83)**	(21)
Depreciation	**18,590**	16,752
Retirement benefit provisions	**2,152**	1,250
Net finance income	**(3,189)**	(3,537)
Unrealised (gain) / loss in foreign exchange	**(251)**	1,250
Property, plant and equipment written off	**261**	620
(Reversal of impairment) / Impairment losses	**(6,590)**	4,339
Provision for expected credit loss	**5,965**	308
Operating cash flows before changes in working capital	**32,473**	54,176
Decrease / (Increase) in inventories	**1,185**	(746)
(Increase) / Decrease in non-current, trade and other receivables	**(1,586)**	620*
(Decrease) / Increase in trade and other payables	**(4,629)**	3,986
Cash inflows from operations	**27,443**	58,036
Interest paid	**(939)**	(1,511)
Retirement benefits paid	**(475)**	(257)
Overseas tax paid	**(11,438)**	(36,508)
Net cash flows from operating activities	**14,591**	19,760
Investing activities		
Property, plant and equipment		
- purchases	**(33,169)**	(30,282)
- sales	**135**	42
Interest received	**4,169**	5,048
Increase in receivables from cooperatives under plasma scheme	**(5,116)**	(2,939)*
Net cash used in investing activities	**(33,981)**	(28,131)

* These amounts had been reclassified according to the nature of the transaction which were classified in the operating cashflow.

Consolidated Statement of Cash Flows
For the year ended 31 December 2019

	Note	2019 $000	2018 $000
Financing activities			
Dividends paid to the holders of the parent		(1,240)	(1,585)
Dividends paid to non-controlling interests		(457)	(73)
Issue of subsidiaries shares to non-controlling interests		512	-
Repayment of existing long-term loans		(11,078)	(8,594)
Repayment of lease liabilities - principal		(169)	-
Repayment of lease liabilities - interest		(41)	-
Net cash used in financing activities		**(12,473)**	(10,252)
Net decrease in cash and cash equivalents		**(31,863)**	(18,623)
Cash and cash equivalents			
At beginning of year		**112,212**	139,489
Exchange gain / (losses)		**4,497**	(8,654)
At end of year		**84,846**	112,212
Comprising:			
Cash at end of year	28	**84,846**	112,212

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

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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.

The Directors have a reasonable expectation, having made the appropriate enquiries, that the Group has control of the monthly cashflows and that the Group has sufficient cash resources to cover the fixed cashflows for a period of at least 12 months from the date of approval of these financial statements, including having to make full repayment of the bank loan. For these reasons, the Directors adopted a going concern basis in preparation of the financial statements. The Directors have made this assessment after consideration of the Group's budgeted cash flows and related assumptions including appropriate stress testing of identified uncertainties, specifically on the potential shut down of the entire operations if all the plantations are infected with Coronavirus as well as the impact on the demand for palm oil due to the Coronavirus pandemic. Stress testing of other identified uncertainties was undertaken on primarily commodity prices and currency exchange rates.

Changes in accounting standards

(a) The following amendments are effective for the first time for accounting periods beginning on or after 1 January 2019 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

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 16 Leases (see note 30).

(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 2020 and have not been applied in these financial statements:
- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3: Definition of a Business
- Amendments to IAS 1 and IAS 8: Definition of Material
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- 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. In respect of cooperatives under the Plasma scheme, the Group has not consolidated these results on the basis that the Company does not have control over those entities.

2 Accounting policies - continued

(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 linked 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 for CPO, palm kernel and shell nut are recorded net of sales and related taxes and levies, including export taxes and recognised when the delivery order is issued to a purchaser. The delivery order is not issued until goods are paid for. Revenue for FFB, biomass and biogas are recognised upon delivery. 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.

(e) *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.

(f) *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.

(g) *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.

2 Accounting policies - continued

(h) 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 CPO 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% per annum
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

(i) 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.

(j) Leased assets

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

2 Accounting policies - continued

(j) Leased assets - continued

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented together in the property, plant and equipment in the consolidated statement of financial position. The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy. Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in income statement (see Note 11). As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Land rights are held at fair value and revalued at the balance sheet date.

(k) 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.

(l) 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.

2 Accounting policies - continued

(m) 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. If the receivables are subsequently recovered, these are recognised in income statement.

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.

(n) 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.

(o) Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base except for differences in the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit.

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

Recognition of deferred tax assets is restricted to those instances where it is possible that taxable profit will be available against which the difference can be utilised.

Deferred tax is recognised on temporary differences arising 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.

(p) 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.

2 Accounting policies - continued

(p) *Retirement benefits - continued*
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.

(q) *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.

(r) *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, these are accounted for under IFRS 9. The details of financial guarantee contracts are disclosed in note 25.

(s) *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.

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 2019	CPO, palm kernel and FFB $000	Rubber $000	Shell nut $000	Biomass products $000	Biogas products $000	Others $000	Total $000
Contract counterparties							
Government	**-**	**-**	**-**	**-**	**908**	**-**	**908**
Non-government							
- Wholesalers	**214,416**	**653**	**2,224**	**733**	**-**	**202**	**218,228**
	214,416	**653**	**2,224**	**733**	**908**	**202**	**219,136**
Timing of transfer of goods							
Delivery to customer premises	**5,624**	**653**	**-**	**-**	**-**	**-**	**6,277**
Delivery to port of departure	**-**	**-**	**-**	**733**	**-**	**-**	**733**
Customer collect from our mills / estates	**208,792**	**-**	**2,224**	**-**	**-**	**-**	**211,016**
Upon generation / others	**-**	**-**	**-**	**-**	**908**	**202**	**1,110**
	214,416	**653**	**2,224**	**733**	**908**	**202**	**219,136**

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

4 Finance income and expense

	2019 $000	2018 $000
Finance income		
Interest receivable on:		
Credit bank balances and time deposits	**4,169**	5,048
Finance expense		
Interest payable on:		
Development loans (note 16)	**(939)**	(1,511)
Interest expense on lease liabilities (note 11)	**(41)**	-
	(980)	(1,511)
Net finance income recognised in income statement	**3,189**	3,537

5 Profit before tax

	2019 $000	2018 $000
Profit before tax is stated after charging		
Purchase of FFB	**92,004**	104,210
Depreciation (note 11)	**18,590**	16,752
Reversal of impairment (note 11)	**(8,868)**	-
Impairment losses (note 11)	**2,278**	4,339
Provision for expected credit loss (note 15)	**5,965**	308
Exchange (gains) / losses	**(251)**	1,250
Movement of inventories	**788**	(142)
Operating lease expense		
- Property	**409**	528
Legal and professional fees	**1,236**	1,422
Staff costs (note 7)	**41,668**	37,991
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	**140**	137
- Audit of consolidated financial statements (prior year)	**5**	(1)
- Audit related assurance service	**6**	6
- Audit of UK subsidiaries	**13**	13
Total audit services	**169**	160
Audit of overseas subsidiaries		
- Malaysia	**21**	19
- Indonesia	**78**	86
Total audit services	**99**	105
Total auditor's remuneration	**268**	265

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
2019										
Total sales revenue (all external)										
- CPO, palm kernel and FFB	75,933	65,102	2,487	36,060	513	32,679	212,774	1,642	-	214,416
- Rubber	653	-	-	-	-	-	653	-	-	653
- Shell nut	674	582	-	929	-	39	2,224	-	-	2,224
- Biomass products	733	-	-	-	-	-	733	-	-	733
- Biogas products	141	442	-	-	-	325	908	-	-	908
- Others	25	57	32	-	-	88	202	-	-	202
Total revenue	78,159	66,183	2,519	36,989	513	33,131	217,494	1,642	-	219,136
Profit / (loss) before tax	6,174	7,727	(8,933)	8,514	244	4,868	18,594	(1,264)	(1,712)	15,618
BA movement	927	1,086	108	307	23	806	3,257	(2)	-	3,255
Profit / (loss) for the year before tax per consolidated income statement	7,101	8,813	(8,825)	8,821	267	5,674	21,851	(1,266)	(1,712)	18,873
Interest income	1,921	1,789	3	299	-	29	4,041	124	4	4,169
Interest expense	(73)	-	-	-	-	(901)	(974)	(6)	-	(980)
Depreciation	(4,791)	(4,470)	(2,465)	(916)	(281)	(5,146)	(18,069)	(521)	-	(18,590)
Reversal of impairment	-	-	5,151	-	600	3,117	8,868	-	-	8,868
Impairment losses	-	-	(1,595)	-	-	(431)	(2,026)	(252)	-	(2,278)
(Provision) / Reversal for expected credit loss	(124)	4	(5,998)	-	4	163	(5,951)	-	(14)	(5,965)
Inter-segment transactions	(40,471)	(2,027)	25,745	(581)	1,198	15,760	(376)	153	223	-
Inter-segmental revenue	23,395	1,981	1,847	-	-	1,274	28,497	-	-	28,497
Tax expense	8,851	(995)	(3,418)	(2,009)	(234)	(4,884)	(2,689)	186	(196)	(2,699)
Total assets	206,764	104,756	39,151	31,083	14,667	127,746	524,167	21,678	6,270	552,115
Non-current assets	121,161	73,106	37,553	18,166	13,970	111,159	375,115	16,944	3,583	395,642
Non-current assets - additions	10,342	3,950	2,919	333	4,265	11,881	33,690	351	-	34,041

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
Interest expense	(141)	-	-	-	-	(1,370)	(1,511)	-	-	(1,511)
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)
Provision for expected credit loss	(10)	(13)	(24)	-	(4)	(206)	(257)	(1)	(50)	(308)
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

Below is an analysis of revenue from the Group's top 4 customers, incorporating all those contributing greater than 10% of the Group's external revenue in accordance with the requirements of IFRS 8. In year 2019, revenue from top 4 customers of the Indonesian segment represents approximately $113.6m (2018: $115.4m) of the Group's total revenue. Although Customer 1 to 4 made up over 10% of the Group's total revenue, there was no over reliance on these Customers as tenders were performed on a weekly basis. Two of the top four customers were 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
2019										
Customer 1	**3,107**	**20,376**	**-**	**6,091**	**-**	**13,228**	**42,802**	**-**	**-**	**42,802**
Customer 2	**27,751**	**-**	**-**	**-**	**-**	**-**	**27,751**	**-**	**-**	**27,751**
Customer 3	**9,657**	**8,345**	**-**	**4,965**	**-**	**-**	**22,967**	**-**	**-**	**22,967**
Customer 4	**-**	**-**	**-**	**20,036**	**-**	**-**	**20,036**	**-**	**-**	**20,036**
	40,515	**28,721**	**-**	**31,092**	**-**	**13,228**	**113,556**	**-**	**-**	**113,556**
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
	%	%	%	%	%	%	%	%	%	%
2019										
Customer 1	**1.4**	**9.3**	**-**	**2.8**	**-**	**6.0**	**19.5**	**-**	**-**	**19.5**
Customer 2	**12.7**	**-**	**-**	**-**	**-**	**-**	**12.7**	**-**	**-**	**12.7**
Customer 3	**4.4**	**3.8**	**-**	**2.3**	**-**	**-**	**10.5**	**-**	**-**	**10.5**
Customer 4	**-**	**-**	**-**	**9.1**	**-**	**-**	**9.1**	**-**	**-**	**9.1**
	18.5	**13.1**	**-**	**14.2**	**-**	**6.0**	**51.8**	**-**	**-**	**51.8**
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

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

	2019 Number	2018 Number
Average numbers employed (primarily overseas) during the year:		
- full-time	**6,925**	6,324
- part-time field workers	**9,285**	10,859
	16,210	17,183

	2019 $000	2018 $000
Staff costs (including Directors) comprise:		
Wages and salaries	**36,986**	34,846
Social security costs	**1,835**	1,399
Retirement benefit costs		
- United Kingdom	**-**	64
- Indonesia (note 19)	**2,791**	1,651
- Malaysia	**56**	31
	41,668	37,991

The information required by the Companies Act is contained in the Directors' remuneration report on pages 56 - 60 of which certain information on page 60 has been audited.

	2019 $000	2018 $000
Directors emoluments	**215**	226

	2019 $000	2018 $000
Remuneration expense for key management personnel comprise:		
Salaries	**1,742**	1,666
Social security costs	**-**	-
Retirement benefit costs	**-**	6
	1,742	1,672

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 60.

8 Tax expense

	2019 $000	2018 $000
Foreign corporation tax - current year	**5,222**	16,852
Foreign corporation tax - prior year	**12**	70
Deferred tax adjustment - origination and reversal of temporary differences (note 18)	**(2,535)**	(3,860)
Total tax charge for year	**2,699**	13,062

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:

	2019 $000	2018 $000
Profit before tax	**18,873**	30,929
Profit before tax multiplied by standard rate of UK corporation tax of 19% (2018: 19%)	**3,586**	5,877
Effects of:		
Rate adjustment relating to overseas profits	**1,108**	1,905
Group accounting adjustments not subject to tax	**(1,916)**	1,212
Expenses not allowable for tax	**344**	4,994
Deferred tax assets not recognised	**48**	-
Income not subject to tax	**(1,223)**	(1,260)
Under provision of prior year income tax	**12**	70
Utilisation of tax losses brought forward	**836**	90
(Over) / Under provision of prior year deferred tax assets	**(96)**	174
Total tax charge for year	**2,699**	13,062

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 may take up to 12 months or more.

The breakdown of the tax receivables and tax liabilities is as follows:

	2019 $000	2018 $000
Tax Receivables		
Income tax	**14,348**	7,110
Other taxes	**35,179**	37,200
	49,527	44,310
Tax Liabilities		
Income tax	**(1,512)**	(1,094)
Other taxes	**(1,386)**	(4,532)
	(2,898)	(5,626)

9 Earnings per ordinary share ("EPS")

	2019 $000	2018 $000
Profit for the year attributable to owners of the Company before BA movement	**14,019**	12,882
BA movement	**2,077**	(1,469)
Earnings used in basic and diluted EPS	**16,096**	11,413
	Number '000	Number '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	**-**	-
- used in diluted EPS	**39,636**	39,636
Basic and diluted EPS before BA movement	**35.37cts**	32.50cts
Basic and diluted EPS after BA movement	**40.61cts**	28.79cts

10 Dividends

	2019 $000	2018 $000
Paid during the year		
Final dividend of 3.0cts per ordinary share for the year ended 31 December 2018 (2017: 4.0cts)	**1,189**	1,585
Proposed final dividend of 0.5cts per ordinary share for the year ended 31 December 2019 (2018: 3.0cts)	**198**	1,189

The proposed dividend for 2019 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	Right-of-use assets $000	Construction in progress $000	Total $000
Cost or valuation									
At 1 January 2018	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
Disposal / 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**
Exchange translations	**8,110**	**2,970**	**5,135**	**2,307**	**669**	**34**	**14**	**83**	**19,322**
Reclassification	**-**	**143**	**-**	**7,557**	**26**	**(2)**	**-**	**(7,724)**	**-**
Revaluations	**-**	**-**	**(2,292)**	**-**	**-**	**-**	**-**	**-**	**(2,292)**
Additions	**411**	**7,732**	**5,861**	**45**	**1,562**	**193**	**832**	**5,971**	**22,607**
Development costs capitalised	**11,434**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**11,434**
Disposals / Written off	**(5,782)**	**(606)**	**(1,297)**	**(219)**	**(1,125)**	**(41)**	**-**	**-**	**(9,070)**
At 31 December 2019	**214,050**	**78,359**	**140,663**	**62,828**	**17,990**	**1,277**	**846**	**1,061**	**517,074**
Accumulated depreciation and impairment									
At 1 January 2018	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**
Exchange translations	**3,098**	**960**	**87**	**753**	**481**	**26**	**3**	**-**	**5,408**
Reclassification	**-**	**(15)**	**-**	**-**	**15**	**-**	**-**	**-**	**-**
Charge for the year	**9,646**	**3,850**	**-**	**3,222**	**1,625**	**63**	**184**	**-**	**18,590**
(Reversal of impairment) / Impairment losses	**(7,571)**	**-**	**981**	**-**	**-**	**-**	**-**	**-**	**(6,590)**
Disposal / Written off	**(1,121)**	**(590)**	**-**	**(123)**	**(1,075)**	**(22)**	**-**	**-**	**(2,931)**
At 31 December 2019	**84,834**	**25,843**	**2,727**	**21,288**	**13,295**	**1,009**	**187**	**-**	**149,183**
Carrying amount									
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
At 31 December 2019	**129,216**	**52,516**	**137,936**	**41,540**	**4,695**	**268**	**659**	**1,061**	**367,891**

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 2019, valuations were undertaken on the land of nine subsidiaries in Indonesia and Malaysia. 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 2019. For the year ended 31 December 2018, independent land valuations were undertaken for eight subsidiaries companies in Indonesia. The same methodology to fair value land was adopted to value the land of the remaining companies as at 31 December 2018. 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 $56,978,000 (2018: $50,571,000).

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 palm oil 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 2019	**-**	**-**	**137,936**	**137,936**
At 31 December 2018	-	-	131,597	131,597

There was no item classified under Level 1 and Level 2 and thus there was no transfer 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 was no change 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 was 9.6% (2018: 10.4%). The estates included $96,000 (2018: $160,000) of interest and $4,850,000 (2018: $4,245,000) 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 2023 and 2054 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 2016 and 2019 and expire between 2019 and 2054. 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.

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 2018, the impairment loss of $3,418,000 was due to the higher cost of new planting and the decrease in CPO price. The reversal of impairment loss of $7,571,000 recognised in 2019 was primarily due to the increase in CPO price, amounts being reclassified to plasma receivables during the year and decreases in the pre-tax discount rates.

Given the volatility of CPO prices, the recoverable amount of the Group's plantations in 2019 was based on value in use calculations and 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 $32,962,000 (2018: $21,514,000).

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 16.6% (2018: 18.7%). 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:

	2019		2018	
	Assumption applied	**Increase in impairment $000**	Assumption applied	Increase in impairment $000
CPO price - decrease of 1%	**$635/mt**	**1,459**	$600/mt	975
Pre-tax discount rate - increase by 1%	**16.51% - 16.60%**	**2,600**	18.7%	1,725
Inflation rate - increase by 1%	**3.38%**	**2,241**	4.66%	1,620

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

12 Receivables: non-current

	2019		2018	
	Book value $000	**Fair value $000**	Book value $000	Fair value $000
Due from non-controlling interests	**3,571**	**1,994**	2,965	1,833
Due from cooperatives under Plasma scheme	**12,929**	**11,924**	8,055	6,240
	16,500	**13,918**	11,020	8,073

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).

12 Receivables: non-current - continued

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 $19,078,000 (2018: $8,136,000) which is recoverable from the cooperatives, the details are disclosed in note 15.

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% (2018: 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 6.78% (2018: 6.58%).	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.

13 Inventories

	2019 $000	2018 $000
Estate and mill consumables	5,332	5,916
Processed produce for sale	3,420	3,624
	8,752	9,540

14 Biological assets

	2019 $000	2018 $000
At 1 January	4,093	6,772
Changes in fair value less cost to sell	89,706	92,758
Decreases due to harvest	(86,451)	(95,044)
Exchange translations	226	(393)
At 31 December	7,574	4,093

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 FFB selling price Harvesting cost	The higher the weight, the higher the fair value The higher the selling price, the higher the fair value The higher the harvesting cost, the lower the fair value

15 Trade and other receivables

	2019 $000	2018 $000
Trade receivables	**1,775**	1,123
Other receivables	**3,610**	3,638
Prepayments and accrued income	**389**	442
	5,774	5,203

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

As at 31 December 2019, trade receivables of $1,490,000 (2018: $860,000) were past due but not impaired. They were related to the customers with no default history and substantially secured by bank guarantee. The ageing analysis of trade receivables of the Group are as follows:

	2019 $000	2018 $000
Neither past due nor impaired	**285**	263
Past due but not impaired		
31 to 60 days	**1,091**	518
61 to 90 days	**258**	154
91 to 120 days	**141**	146
> 120 days	**-**	42
	1,490	860
	1,775	1,123

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 on any of the group's financial assets therefore 12-month ECL have continued to be recognised on all balances other than trade receivables which are discussed above.

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

	2019 $000	2018 $000
At 1 January	**308**	-
Loss provision during the year	**5,965**	308
At 31 December	**6,273**	308

15 Trade and other receivables – continued

At 31 December 2019, the expected loss provision for other receivables is as follows:

	Gross carrying amount $000	Loss provision $000	Net carrying amount $000
2019			
Other receivables (note 15)	**3,654**	**(44)**	**3,610**
Receivables: non-current (note 12)			
- Due from non-controlling interests	**3,607**	**(36)**	**3,571**
- Due from cooperatives under Plasma scheme	**19,078**	**(6,149)**	**12,929**
	26,339	**(6,229)**	**20,110**
Financial guarantee contracts (note 24)	**-**	**(44)**	**(44)**
	26,339	**(6,273)**	**20,066**

	Gross carrying amount $000	Loss provision $000	Net carrying amount $000
2018			
Other receivables (note 15)	3,673	(35)	3,638
Receivables: non-current (note 12)			
- Due from non-controlling interests	2,995	(30)	2,965
- Due from cooperatives under Plasma scheme	8,136	(81)	8,055
	14,804	(146)	14,658
Financial guarantee contracts (note 24)	-	(162)	(162)
	14,804	(308)	14,496

16 Loans and borrowings

	2019		2018	
	Book value $000	**Fair value $000**	Book value $000	Fair value $000
Non-current				
Long-term loan (b)	**-**	**-**	8,203	7,742
	-	**-**	8,203	7,742
Current				
Long-term loan (a)	**-**	**-**	1,312	1,312
Long-term loan (b)	**8,203**	**7,943**	9,766	9,766
	8,203	**7,943**	11,078	11,078
Total loans and borrowings	**8,203**	**7,943**	19,281	18,820
Amounts repayable after more than one year, as follows:				
in more than one year but not more than two years	**-**		8,203	
in more than two years but not more than five years	**-**		-	
	-		8,203	

(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 $6.3 million (2018: $5.9 million) measured at fair value and its plantation with a carrying amount of $6.3 million (2018: $6.6 million) as at 31 December 2019. 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 2019 was about 6.78% (2018: 6.48%). The loan was fully paid during the year.

16 Loans and borrowings - continued

(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 $5.8 million (2018: $5.3 million) measured at fair value and its plantation with a carrying amount of $23.0 million (2018: $23.4 million) as at 31 December 2019 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 2019 was about 6.78% (2018: 6.68%). 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:

	2019		2018	
	Book value $000	**Fair value $000**	Book value $000	Fair value $000
Loans and borrowings	**8,203**	**7,943**	19,281	18,820

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

	2019 $000	2018 $000
Trade payables	**5,028**	7,483
Other payables	**3,588**	4,724
Accruals	**7,494**	7,876
	16,110	20,083

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 as shown below:

	2019 $000	2018 $000
At 1 January	**(8,893)**	(13,081)
Recognised in income statement:		
Tax expense	**3,220**	3,059
BA movement	**(930)**	571
Revaluation of leasehold land	**245**	230
Recognised in other comprehensive income:		
Revaluation of leasehold land	**577**	(45)
Retirement benefits	**256**	(298)
Exchange differences	**(271)**	671
At 31 December	**(5,796)**	(8,893)

18 Deferred tax - continued

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

	Asset $000	Liability $000	Net $000	(Charged)/ credited to income statement $000	(Charged)/ credited to equity $000
2019					
Revaluation surplus	**-**	**(22,479)**	**(22,479)**	**245**	**577**
Retirement benefits	**2,834**	**-**	**2,834**	**420**	**256**
BA movement	**-**	**(2,010)**	**(2,010)**	**(930)**	**-**
Unutilised tax losses	**14,170**	**-**	**14,170**	**1,152**	**-**
Unremitted earnings	**-**	**(319)**	**(319)**	**-**	**-**
Other temporary differences	**2,008**	**-**	**2,008**	**1,648**	**-**
Tax assets / (liabilities)	**19,012**	**(24,808)**	**(5,796)**	**2,535**	**833**
Set off of tax	**(7,761)**	**7,761**	**-**	**-**	**-**
Net tax assets / (liabilities)	**11,251**	**(17,047)**	**(5,796)**	**2,535**	**833**
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)

	2019 $000	2018 $000
A deferred tax asset has not been recognised for the following items:		
Unutilised tax losses	**19,142**	17,228

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, due to their respective plantation assets becoming more mature and historically this resulting in the companies becoming profitable. 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. The time limit on utilisation of tax losses is subject to the agreement of the relevant tax authorities. As of 31 December 2019, the relevant time limits are 5 years in Indonesia, 7 years in Malaysia and unlimited in UK.

At the balance sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was $635,809,000 (2018 - $650,475,000). No liability has been recognised in respect of these differences because either the Group is in a position to control the timing of the reversal of the temporary differences, or such a reversal would not give rise to an additional tax liability.

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 mandatory 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:

	2019	2018
Rate of increase in wages	**8.0%**	8.0%
Rate of return on scheme assets	**8.5%**	8.5%
Discount rate	**8.0%**	8.5%
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.

	2019	2018
	$000	$000
Service cost		
Current service cost	**1,597**	1,538
Past service cost	**427**	(445)
Net interest expense	**734**	635
Actuarial gain / (loss)	**31**	(77)
Total employee benefits expense	**2,789**	1,651

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 2018	(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 gain	-	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

(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 2018	(7,246)	(5,321)	(12,567)	4,323	-	4,323	(2,923)	(5,321)	(8,244)
Service cost - current	(675)	(922)	(1,597)	-	-	-	(675)	(922)	(1,597)
Service cost - past	(420)	(7)	(427)	-	-	-	(420)	(7)	(427)
Interest (cost) / income	(630)	(485)	(1,115)	381	-	381	(249)	(485)	(734)
Actuarial loss	-	(31)	(31)	-	-	-	-	(31)	(31)
Included in comprehensive income	(1,725)	(1,445)	(3,170)	381	-	381	(1,344)	(1,445)	(2,789)
Remeasurement (loss) / gain									
Actuarial (loss) / gain from:									
Adjustments (experience)	(144)	41	(103)	-	-	-	(144)	41	(103)
Financial assumptions	(391)	(367)	(758)	-	-	-	(391)	(367)	(758)
Return on plan assets (exclude interest)	-	-	-	(162)	-	(162)	(162)	-	(162)
Included in other comprehensive income	(535)	(326)	(861)	(162)	-	(162)	(697)	(326)	(1,023)
Effect of movements in exchange rates	(335)	(250)	(585)	192	-	192	(143)	(250)	(393)
Employer contributions	-	-	-	637	-	637	637	-	637
Benefits paid	475	198	673	(199)	-	(199)	276	198	474
Other movements	140	(52)	88	630	-	630	770	(52)	718
At 31 December 2019	(9,366)	(7,144)	(16,510)	5,172	-	5,172	(4,194)	(7,144)	(11,338)

19 Retirement benefits - continued

(ii) Disaggregation of defined benefit scheme assets

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

	2019 $000	2018 $000
Bonds		
- Corporate bonds	**24**	-
- Government bonds	**-**	28
- Mutual fund bonds	**288**	214
	312	242
Mutual funds	**-**	351
Cash / deposits	**4,860**	3,730
	5,172	4,323

(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%)**	**(1,559)**	**1,723**
Growth in wages	**(+ / - 1%)**	**1,775**	**(1,629)**
Future mortality rate	**(+ / - 10%)**	**68**	**(74)**

The weighted average duration of the defined benefit obligation is 14.65 years (2018: 15.55 years).

The company expects to pay contributions of $620,000 to the funded plans in 2020. For the unfunded plans, the company pays the benefits directly to the individuals; the company expects to make direct benefit payments of $282,000 in 2020.

At 31 December 2019, the following benefits, which reflect expected future service as appropriate, are expected to be paid:

Year	$000
2020	902
2021 to 2024	5,061
2025 to 2029	12,868
after 2029	129,942
Total	148,773

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:	2019 Number	2018 Number	Cost 2019 $'000	Cost 2018 $'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 (568.0p/share)	2,465
End of year (574.0p/share)	**2,577**

No treasury share was purchased in 2019 (2018: 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 2019, Genton International Limited (“Genton”), a company registered in Hong Kong, held 20,247,814 (2018: 20,247,814) shares of the Company representing 51.1% (2018: 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 Siew Kim, 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 was a partner (until 30 April 2019), to provide company secretarial and taxation services for a fee of $25,229 (2018: $32,517). The services provided are on an arm’s length basis. The balance outstanding at the year end was $204 (2018: $6,999).

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 $352,845 (2018: $314,259). There was no balance outstanding at the year end (2018: Nil).

In 2019, a land lease agreement was entered with Kuang Rong Holdings Sdn Bhd, company controlled by Madam Lim Siew Kim. The rental paid during the year was $33,871. There was no balance outstanding at the year end.

In 2019, the final dividend paid to Genton International Limited, a company controlled by Madam Lim Siew Kim, was $607,434 for the year ended 31 December 2018 (2018: $809,913 for the year ended 31 December 2017). The final dividend paid to other companies controlled by Madam Lim Siew Kim was $9,123 for the year ended 31 December 2018 (2018: $12,164 for the year ended 31 December 2017). There was no balance outstanding at the year end.

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, net of tax.
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

	2019	2018
	$000	$000
Capital commitments at 31 December		
Contracted but not provided - normal estate operations	**14**	285
Authorised but not contracted - plantation and mill development	**13,073**	22,667

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 ($16.3 million) (2018: Rp226.02 billion, $15.6 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 $9.5 million as at 31 December 2019 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 also require KBSS to sell all its FFB produce to SGM and the plantation estate is to be managed by SGM. In view of these, the Group exposure to this contingent liability is minimised.

24 Guarantees and other financial commitments - continued

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 $0.7 million as at 31 December 2019 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 was $44,000 (2018: $162,000). The details of the ECL were disclosed in note 15.

25 Disclosure of financial instruments and other risks

The Group's principal financial instruments comprised 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 2019 and 2018 were:

	Amortised cost $000	**Financial liabilities at amortised cost $000**	**Total carrying value $000**
2019			
Non-current receivables	**16,500**	**-**	**16,500**
Trade and other receivables	**5,385**	**-**	**5,385**
Cash and cash equivalent	**84,846**	**-**	**84,846**
Loans and borrowings due within one year	**-**	**(8,203)**	**(8,203)**
Trade and other payables	**-**	**(16,110)**	**(16,110)**
	106,731	**(24,313)**	**82,418**

	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

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 or 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.

25 Disclosure of financial instruments and other risks - continued

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 $55,797,000 (2018: $57,989,000), while the balance sheet value of the Group's share of underlying assets at 31 December 2019 amounted to $401,157,000 (2018: $371,980,000).

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

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

The Group's subsidiaries which are borrowing in US 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 4.44% higher (2018: 4.85% higher) than on US Dollar deposits whereas interest rate for local currency borrowing was about 2.72% higher (2018: 4.09% higher) as compared to US Dollar borrowing. The unmatched balance at 31 December 2019 is represented by the $5,910,000 shown in the table below (2018: $806,000). If the Group's net cash position continues to improve then US Dollar cash balances will continue to increase through 2020.

The table below shows the net monetary assets and liabilities of the Group as at 31 December 2019 and 2018 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**
2019			
Rupiah	**3,882**	**-**	**3,882**
US Dollar	**-**	**475**	**475**
Ringgit	**2,028**	**-**	**2,028**
Total	**5,910**	**475**	**6,385**
2018			
Rupiah	(1,921)	-	(1,921)
US Dollar	-	991	991
Ringgit	1,115	-	1,115
Total	(806)	991	185

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:

		2019			2018	
	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	**16,500**	**(1,172)**	**1,432**	11,020	(730)	892
Trade and other receivables	**5,385**	**(305)**	**372**	4,761	(246)	301
Cash and cash equivalents	**84,846**	**(7,651)**	**9,352**	112,212	(10,093)	12,335
Financial Liabilities						
Borrowings due within one year	**(8,203)**	**746**	**(911)**	(11,078)	1,007	(1,231)
Trade and other payables	**(16,110)**	**1,349**	**(1,649)**	(20,083)	1,713	(2,094)
Borrowings due after one year	**-**	**-**	**-**	(8,203)	746	(911)
Total (decrease) / increase		**(7,033)**	**8,596**		(7,603)	9,292

25 Disclosure of financial instruments and other risks - continued

Liquidity risk
Profitability of new sizable plantations normally 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.

The Group's trade and tax payables are all due for settlement within a year. At 31 December 2019, the Group had the following loans and facilities:

	Borrowings $000	**Facilities $000**	**Repayable**
Indonesia:			
US Dollar denominated – long-term loan	8,203	35,000	2020 (note 16)

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

	2019 $000	2018 $000
Principal	**8,203**	19,281
Interest	**278**	1,275
Total	**8,481**	20,556
Amount repayable within one year	**8,481**	12,079
Amount repayable after one year but not more than two years	**-**	8,477
	8,481	20,556

Forecasts prepared in December 2019 indicate that the Group has sufficient funds to meet its development plans and financial commitments through 2020.

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 2019, 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.

		2019			2018	
	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	**84,846**	**(810)**	**810**	112,212	(1,053)	1,053
Financial Liabilities						
Borrowings due within one year	**(8,203)**	**82**	**(82)**	(11,078)	111	(111)
Borrowings due after one year	**-**	**-**	**-**	(8,203)	82	(82)
Total (decrease) / increase		**(728)**	**728**		(860)	860

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
2019				
Sterling	**475**	**-**	**20**	**455**
US Dollar	**17,868**	**3,607**	**8,892**	**5,369**
Rupiah	**83,991**	**-**	**68,687**	**15,304**
Ringgit	**4,397**	**-**	**3,393**	**1,004**
Total	**106,731**	**3,607**	**80,992**	**22,132**
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

Long-term receivables of $3,607,000 (2018: $2,995,000) 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 2019 was 2.43% (2018: 1.88%) and Rupiah deposit rate was 6.86% (2018: 6.73%).

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
2019				
Sterling	**-**	**-**	**-**	**-**
US Dollar	**(9,338)**	**-**	**(8,203)**	**(1,135)**
Rupiah	**(14,750)**	**-**	**-**	**(14,750)**
Ringgit	**(225)**	**-**	**-**	**(225)**
Total	**(24,313)**	**-**	**(8,203)**	**(16,110)**
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)

Weighted average interest rate on variable rate borrowings was 6.78% in 2019 (2018: 6.66%).

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.

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 2019 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 a 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. There has not been a significant increase in credit risk since initial recognition.

The 12-month ECL has been calculated at 1% on the majority of balances (unless it has been considered there to be no ECL), with the exception of amounts due from cooperatives under Plasma scheme which is calculated as the excess over the value of the associated land and plantation assets.

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 $3,607,000 (2018: $2,995,000), 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. The provision of ECL for amounts receivable due from cooperatives under Plasma scheme had been disclosed in note 15.

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.

25 Disclosure of financial instruments and other risks - continued

Credit risk – continued
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.

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 $401,157,000 at 31 December 2019 (2018: $371,980,000).

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 2019, the Group had no net borrowings (2018: Nil) but, depending on market conditions, the Board is prepared for the Group to have net borrowings.

Plantation industry risk
Please refer to pages 23 - 27.

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	
		2019	2018	**2019**	2018
Principal sub-holding company					
Anglo-Indonesian Oil Palms Limited	United Kingdom	**100%**	100%	**-**	-
Management company					
Indopalm Services Limited	United Kingdom	**100%**	100%	**-**	-
Anglo-Eastern Plantations Management Sdn Bhd	Malaysia	**100%**	100%	**-**	-
PT Anglo-Eastern Plantations Management Indonesia	Indonesia	**100%**	100%	**-**	-
Operating companies					
Anglo-Eastern Plantations (M) Sdn Bhd	Malaysia	**55%**	55%	**45%**	45%
All For You Sdn Bhd	Malaysia	**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	**78%**	95%	**22%**	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%
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%	**-**	-

* Following a restructure of the group's subsidiaries during the year, the Company's effective ownership was decreased for a number of entities however there was no loss of control. The resulting impact on the equity attributable to owners of the parent was an increase of $1,816,000.

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	**2019 $000**	2018 $000	**2019 $000**	2018 $000	**2019 $000**	2018 $000	**2019 $000**	2018 $000	**2019 $000**	2018 $000
Revenue	**45,786**	47,054	**27,121**	32,557	**40,403**	49,149	**36,060**	43,970	**32,022**	34,507
(Loss) / Profit after tax	**(31,473)**	12,043	**3,898**	6,689	**1,653**	5,632	**6,225**	16,158	**12,482**	(3,458)
Other comprehensive income / (expense)	**7,208**	(12,219)	**3,384**	(4,845)	**3,962**	(5,205)	**6,438**	(8,953)	**(21)**	203
Total comprehensive (expenses) / income	**(24,265)**	(176)	**7,280**	1,844	**5,615**	427	**12,663**	7,205	**12,461**	(3,255)
(Loss) / Profit allocated to NCI	**(6,295)**	2,409	**390**	669	**165**	563	**1,245**	3,232	**2,272**	(629)
Other comprehensive income / (expenses) allocated to NCI	**1,442**	(2,444)	**338**	(485)	**396**	(521)	**1,288**	(1,791)	**(4)**	37
Total comprehensive (expenses) / income allocated to NCI	**(4,853)**	(35)	**728**	184	**561**	42	**2,533**	1,441	**2,268**	(592)
Dividends paid to NCI	**-**	-	**56**	8	**3**	11	**32**	32	**-**	-
Summarised statement of financial position										
As at 31 December	**2019 $000**	2018 $000	**2019 $000**	2018 $000	**2019 $000**	2018 $000	**2019 $000**	2018 $000	**2019 $000**	2018 $000
Non-current assets	**123,795**	252,877	**76,145**	35,923	**66,899**	49,829	**129,742**	106,720	**81,655**	80,325
Current assets	**15,948**	40,901	**7,158**	41,094	**25,386**	36,560	**12,927**	25,233	**14,941**	40,137
Non-current liabilities	**(4,686)**	(123,803)	**(3,807)**	(3,332)	**(8,088)**	(7,069)	**(3,561)**	(3,209)	**(77,001)**	(82,382)
Current liabilities	**(3,600)**	(12,912)	**(3,656)**	(4,183)	**(3,377)**	(3,575)	**(3,915)**	(4,917)	**(11,089)**	(42,033)
Net assets	**131,457**	157,063	**75,840**	69,502	**80,820**	75,745	**135,193**	123,827	**8,506**	(3,953)
Accumulated NCI	**26,291**	31,413	**7,584**	6,950	**8,082**	7,575	**27,039**	24,765	**1,548**	(719)
Summarised cash flows										
For the year ended 31 December	**2019 $000**	2018 $000	**2019 $000**	2018 $000	**2019 $000**	2018 $000	**2019 $000**	2018 $000	**2019 $000**	2018 $000
Cash flows (used in) / from operating activities	**(505)**	16,548	**(13,443)**	(13,805)	**9,688**	(2,308)	**4,158**	16,591	**15,404**	(942)
Cash flows from / (used in) investing activities	**103,978**	(21,005)	**(631)**	(1,958)	**(17,593)**	(3,187)	**(12,654)**	(20,502)	**(5,285)**	(7,519)
Cash flows (used in) / from financing activities	**(122,378)**	25,697	**(557)**	(77)	**(5)**	(21)	**(45)**	(159)	**(10,575)**	9,247
Net cash (outflows) / inflows	**(18,905)**	21,240	**(14,631)**	(15,840)	**(7,910)**	(5,516)	**(8,541)**	(4,070)	**(456)**	786

28 Notes supporting statement of cash flows

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

	2019 $000	2018 $000
Cash at bank available on demand	**29,443**	28,485
Short-term deposits	**55,381**	83,707
Cash in hand	**22**	20
	84,846	112,212

Significant non-cash transactions from investing activities are as follows:	2019 $000	2018 $000
Property, plant and equipment purchased but not yet paid at year end	**312**	286

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	Non-current lease liabilities $000	Current lease liabilities $000	Total $000
At 1 January 2019	**(8,203)**	**(11,078)**	**-**	**-**	**(19,281)**
Cash Flows	**-**	**11,096**	**-**	**210**	**11,306**
Non-cash flows					
- Effect of foreign exchange	**(169)**	**151**	**(9)**	**(4)**	**(31)**
- New lease	**-**	**-**	**(474)**	**(464)**	**(938)**
- Loans and borrowings classified as non-current at 31 December 2018 becoming current during 2019	**8,372**	**(8,372)**	**-**	**-**	**-**
- Interest accruing during the year	**-**	**-**	**27**	**36**	**63**
	-	**(8,203)**	**(456)**	**(222)**	**(8,881)**

	Non-current loans and borrowings $000	Current loans and borrowings $000	Non-current lease liabilities $000	Current lease liabilities $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)
- Loans and borrowings classified as non-current at 31 December 2017 becoming current during 2018	11,078	(11,078)	-	-	-
	(8,203)	(11,078)	-	-	(19,281)

29 Leases

	2019 $000
Analysed as:	
Non-current	**(456)**
Current	**(222)**
	(678)

The following table sets out the carrying amounts, the weighted average incremental borrowing rate per annum is 6.8%.

	2019 $000
Maturity analysis	
Within one year	**(222)**
Later than one year but not more than two years	**(237)**
Later than two years but not more than five years	**(219)**
Later than five years	**-**
	(678)

The Group does not face a significant liquidity risk with regard to its lease liabilities.

29 Leases - continued

Amounts recognised in income statement:

	2019 $000
Depreciation expense on right-of-use assets	(184)
Interest expense on lease liabilities	(41)
Expense relating to short-term leases	(403)
Expense relating to leases of low value assets	(6)
	(634)

At 31 December 2019, the Group is committed to $0.01 million for short-term leases.

All the lease payment is fixed payments. The total cash outflow for leases amount to $0.21 million.

The Group leases a piece of land and office under the right-of-use assets. The lease term is between 3 to 4 years. (2018: 0 year). On expiry the Group has the options to renew based on mutually agreed future rental. The right-of-use assets is classified as part of property, plant and equipment in note 11.

Right-of-Use assets

	Land $000	Building $000	Total $000
At 1 January 2019	-	-	-
Additions	221	611	832
Amortisation	(31)	(153)	(184)
Effect of foreign exchange	3	8	11
At 31 December 2019	193	466	659

Lease liabilities

	Land $000	Building $000	Total $000
At 1 January 2019	-	-	-
Additions	(224)	(622)	(846)
Interest expense	(6)	(35)	(41)
Lease payments	34	176	210
Effect of foreign exchange	-	(1)	(1)
At 31 December 2019	(196)	(482)	(678)

30 First time adoption of IFRS 16

In the current year, the Group has applied IFRS 16 Leases (as issued by the IASB in January 2016) that is effective for annual periods that begin on or after 1 January 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 2. There is no impact of the adoption of IFRS 16 on the Group's consolidated financial statements during the date of initial application.

(a) Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to be applied to those leases entered or changed before 1 January 2019.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17 and IFRIC 4.

30 First time adoption of IFRS 16 - continued

(a) Impact of the new definition of a lease - continued

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract). In preparation for the first-time application of IFRS 16, the Group has carried out an implementation project. The project has shown that the new definition in IFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Group.

(b) Impact on Lessee Accounting

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off balance sheet.

Applying IFRS 16, for all leases (except as noted below), the Group:

a. Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with IFRS 16:C8(b)(ii)
b. Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated income statement;
c. Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

Lease incentives (e.g. rent free period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease incentive, amortised as a reduction of rental expenses on a straight line basis.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other expenses' in income statement.

31 Significant event subsequent to the end of the reporting period

The World Health Organisation declared the 2019 Novel Coronavirus infection ("COVID-19") a pandemic on 11 March 2020. This is the first pandemic caused by a coronavirus.

Since these developments occurred subsequent to the end of the reporting period, the COVID-19 pandemic is treated as a non-adjusting event in accordance with IAS 10 Events after the Reporting Period. Consequently, the financial statements for the financial year ended 31 December 2019 do not reflect the effects arising from this non-adjusting event.

The effects of COVID-19 would potentially impact the judgements and assumptions used in the preparation of the financial statements for the financial year ending 31 December 2020, such as expected credit losses of financial assets.

The Group is in the process of assessing the financial reporting impact of COVID-19 pandemic since ongoing developments remain uncertain and cannot be reasonably predicted as at the date of authorisation of the financial statements.

The Group anticipates that any potential financial reporting impact of COVID-19 would be recognised in the financial statements of the Group during the financial year ending 31 December 2020.

Company Balance Sheet
As at 31 December 2019

Company Number: 1884630

	Note	2019 $000	2018 $000
Non-current assets			
Property, plant & equipment		**-**	9
Investments in subsidiaries	4	**49,973**	57,943
		49,973	57,952
Current assets			
Receivables	5	**3,381**	3,822
Cash at bank and in hand		**681**	1,193
		4,062	5,015
Current liabilities			
Other payables	6	**(3,567)**	(3,548)
Net current assets / (liabilities)		**495**	1,467
Net assets		**50,468**	59,419
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		**16,192**	19,915
Loss for the year		**(7,762)**	(2,138)
Dividends paid		**(1,189)**	(1,585)
Retained earnings		**7,241**	16,192
Shareholders' funds		**50,468**	59,419

The loss after tax for the year for the Company dealt with in the consolidated financial statements of the Company was $7,762,000 (2018: $2,138,000).

The financial statements were approved and authorised for issue by the Board of Directors on 19 May 2020 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 2019

	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 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**
Comprehensive income for the year							
Loss for the year	**-**	**-**	**-**	**-**	**-**	**(7,762)**	**(7,762)**
Total comprehensive expense for the year	**-**	**-**	**-**	**-**	**-**	**(7,762)**	**(7,762)**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**(1,189)**	**(1,189)**
Balance at 31 December 2019	**15,504**	**(1,171)**	**23,935**	**1,087**	**3,872**	**7,241**	**50,468**

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 income statement. 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 income statement.

(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) *Deferred taxation*
A deferred tax asset has not been recognised in relation to brought forward tax losses of $13.7m (2018: 12.1m) because it is not certain those losses can be utilised in the foreseeable future.

(g) *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.

(h) *Financial guarantee contracts*
Where the Company enters into financial guarantee contracts and guarantees the indebtedness of other companies within the Group, these are accounted for under IFRS 9. The details of financial guarantee contracts are disclosed in note 25 of the consolidated financial statements.

3 Income statement

As permitted by section 408 of the Companies Act 2006, a separate income statement 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 $7,761,000 (2018: $2,133,000) and loss after tax for the year was $7,762,000 (2018: $2,138,000).

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 2018	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**
Movements during the year:			
Repayment	**-**	**(2,192)**	**(2,192)**
Loss provision	**-**	**(5,778)**	**(5,778)**
At 31 December 2019	**12,253**	**37,720**	**49,973**

	2019 $000	2018 $000
Net carrying amount		
At 31 December	**49,973**	57,943

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.

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

5 Receivables

	2019 $000	2018 $000
Amounts owed by group undertakings:		
Anglo-Eastern Plantations Management Sdn Bhd	**2,457**	3,090
PT Hijau Pyran Perdana	**183**	150
PT Sawit Graha Manunggal	**700**	525
	3,340	3,765
Other receivables	**41**	57
	3,381	3,822

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 and note 25 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.

5 Receivables - continued

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

	2019 $000	2018 $000
At 1 January	**444**	-
Loss provision during the year	**6,205**	444
At 31 December	**6,649**	444

At 31 December 2019, the expected loss provision for receivables was as follows:

	Gross carrying amount $000	Loss provision $000	Net carrying amount $000
2019			
Amounts owed by group undertakings	**4,157**	**(817)**	**3,340**
Other receivables	**49**	**(8)**	**41**
Investments in subsidiaries (note 4)			
- Loans to subsidiaries undertakings	**43,544**	**(5,824)**	**37,720**
	47,750	**(6,649)**	**41,101**

	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

	2019 $000	2018 $000
Amounts owed to group undertakings:		
Mergerset (1980) Limited	**2,163**	2,163
Musam Indonesia Limited	**246**	246
	2,409	2,409
Accruals	**1,158**	1,139
	3,567	3,548

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.

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 $260,971 (2018: $232,488). There was no balance outstanding at the year end (2018: Nil).

The details of the dividend payment to the related parties controlled by Madam Lim Siew Kim are disclosed in note 22 of the consolidated financial statements.

8 Related party transactions - continued

Transactions between the Company and its subsidiaries are disclosed below:

Nature of transactions	Name	**2019** **$000**	2018 $000
Management fees from	Anglo-Eastern Plantations Malaysia Sdn Bhd	**15**	49
Corporate guarantee fees from	PT Hijau Pryan Perdana	**33**	50
Corporate guarantee fees from	PT Sawit Graha Manunggal	**175**	175
Receivable from	Subsidiaries (note 5)	**4,157**	4,155
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

	2019 **Number**	2018 Number
Average numbers employed during the year		
- directors	**4**	4
- staff	**-**	-
	4	4

	2019 **$000**	2018 $000
Staff costs		
Wages and salaries	**-**	-
Social security costs	**-**	-
Retirement benefits	**-**	64
	-	64

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 56 - 60 of which certain information on page 60 has been audited.

	2019 **$000**	2018 $000
Directors' emoluments	**215**	226

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 $35,000,000 (2018: $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-fifth Annual General Meeting of Anglo-Eastern Plantations Plc will be held at the Company's office in Malaysia at 7th Floor, Wisma Equity, 150 Jalan Ampang, 50450 Kuala Lumpur, Malaysia on Monday 29 June 2020 at 4.30 pm (Malaysia time) 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 2019.

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 2019.

3 To approve the Directors' Remuneration Policy.

4 To declare a final dividend.

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

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

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

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

9 To re-appoint BDO LLP as auditor.

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

11 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 2021 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).

12 To consider the following resolution as a special resolution:

That subject to and conditional on the passing of Resolution 11, 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 11 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 11 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

(ii) in the case of the authority granted under paragraph (i) of Resolution 11 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 2021 (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.

13 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 2021 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.

14 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
3 June 2020

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 25 June 2020 shall be entitled to vote in respect of the number of shares registered in their name at that time. Changes to the register of members after 25 June 2020 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 vote at the meeting by proxy.

2. As at 21 May 2020 (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 21 May 2020 is 39,636,372.

3. A member of the Company may appoint one or more proxies to 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. Members are encouraged to appoint the Chairman of the meeting as their proxy and all Members should take note that these Notes should be read subject to the commentary regarding Covid-19 on page 8 and 9 of the Annual Report, and in particular the fact that the meeting will be a closed meeting.

4. The instrument appointing a proxy must be deposited at the office of the Registrar by 9.30 a.m. (UK time) on 25 June 2020 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 29 June 2020 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 9.30 a.m. on 25 June 2020. 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. Shareholders are welcomed to submit questions to the Board by email to datojohnlim@angloeastern.co.uk by 25 June 2020 and they will be answered after the AGM. 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 11 to 14 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. The documents can also be obtained by email to datojohnlim@angloeastern.co.uk if the registered office is not accessible because of COVID-19:

    (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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