2020 Annual Report

Anglo-Eastern Plantations Plc

Company Number: 1884630

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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 to a lesser extent rubber with plantations across Indonesia and Malaysia, amounting to some 128,000 ha.

Kalimantan mill at night

Immature oil palms

Water treatment plant

- 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 its operations in Indonesia and Malaysia.
- The Group is committed to responsible development and management of its plantations and facilities with particular attention to both the environment and society in which it operates. Oil palms yield five to ten times more than other vegetable oil crops enabling the Group to have more efficient use of land.
- Palm oil is an important commodity and the industry reportedly employs four 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 60,500 ha of mature oil palm in sixteen plantations across Indonesia, together with one plantation in Malaysia. The weighted average age of the trees in the Group is about 13 years. In Indonesia the trees averaged about 12 years old while in Malaysia the trees are older at 23 years.

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 a further five years. The Group has approximately 8,800 ha of immature plantations of which 2,190 ha were planted in 2020.

Palm Oil Mills

The Group operates six palm oil mills in Indonesia processing up to a combined 310 mt of fresh fruit bunches ("FFB") per hour. One of the mills has a biomass plant which processes empty fruit bunches ("EFB") into dried long fibres for export. The construction of its seventh mill in North Sumatera is delayed and upon completion by the year 2022 would increase processing capacity to 370 mt per hour.

Third Party Crop Purchases

In 2020 the Group purchased approximately 913,200 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 2020 was 1.97 million mt producing 406,100 mt of crude palm oil ("CPO"). The Group has the capacity to store up to 52,400 mt of CPO at its six mills.

Rubber Plantations

In 2020 the 262 ha of established rubber plantations produced 465 mt 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 13 years.

Biogas Plants

Four mills are equipped with biogas plants to capture the methane gas emission to generate electricity which is expected to be sold to the Indonesian state authorities. This reduces our reliance on fossil fuels and improves the Group's carbon footprint.

Financial Highlights

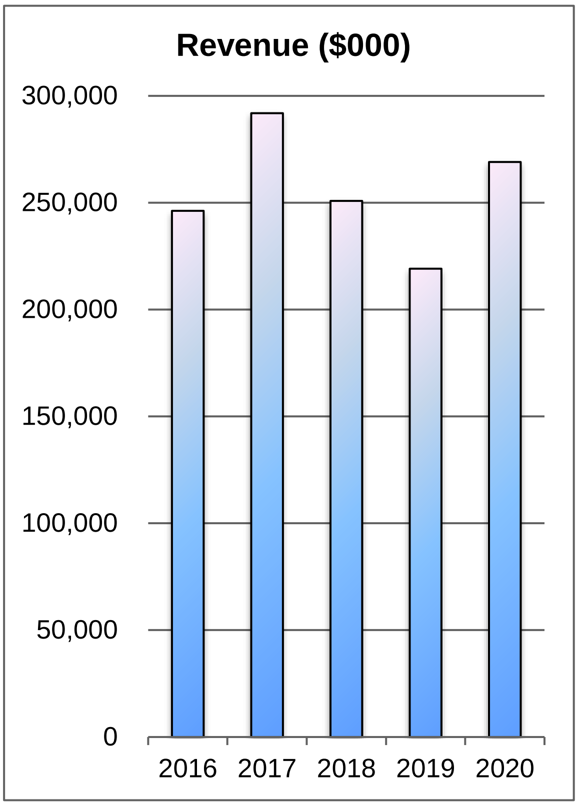
The Group key performance indicators ("KPI") as required in accordance with the requirement of S414C, Company Act 2006 are as follows:

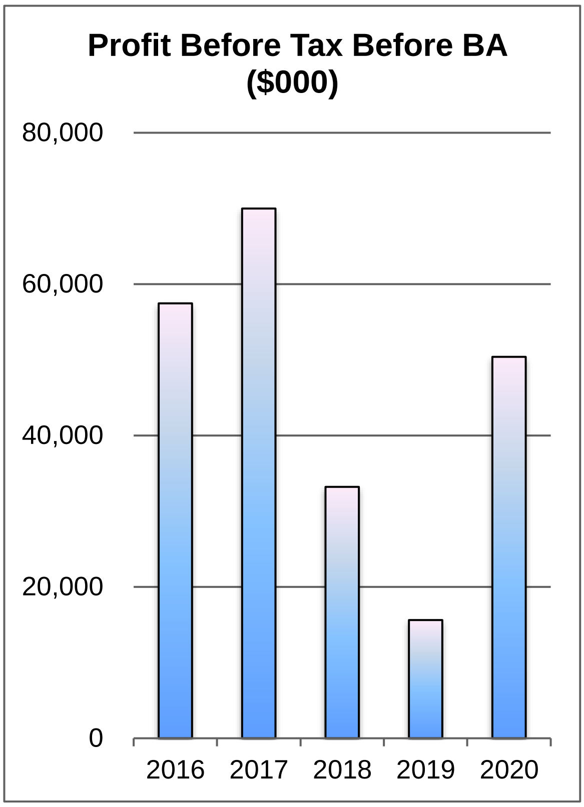
	2020	2019
	$m	$m
Revenue	**269.1**	219.1
Profit before tax:		
- before biological assets ("BA") movement	**50.4**	15.6
- after BA movement	**51.7**	18.9
Basic Earnings per ordinary share ("EPS"):		
- before BA movement	**77.67cts**	35.37cts
- after BA movement	**80.32cts**	40.61cts
Dividend (cents)	**1.0cts**	0.5cts

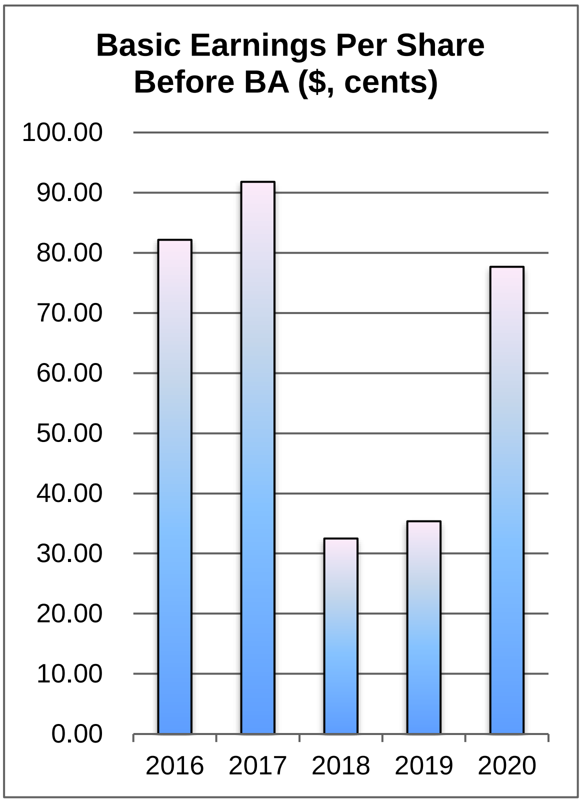
Anglo-Eastern Plantations Plc

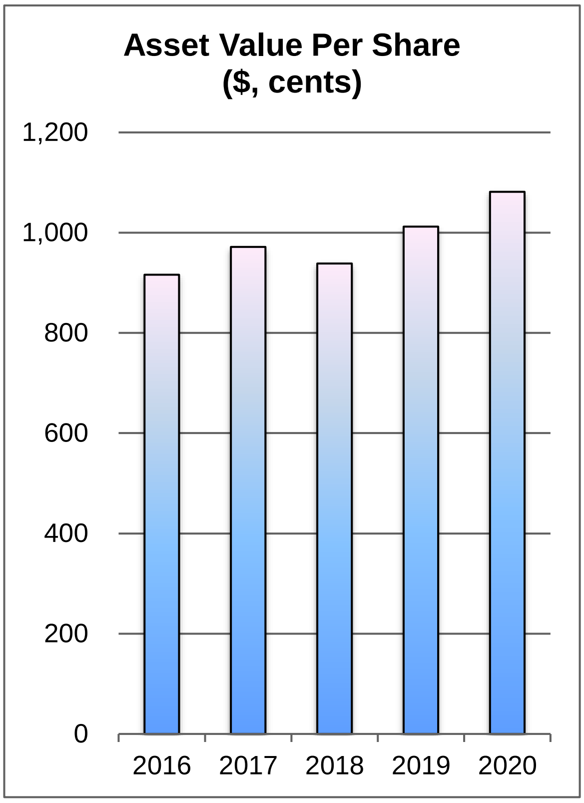
Source: Financial Times

Financial Highlights

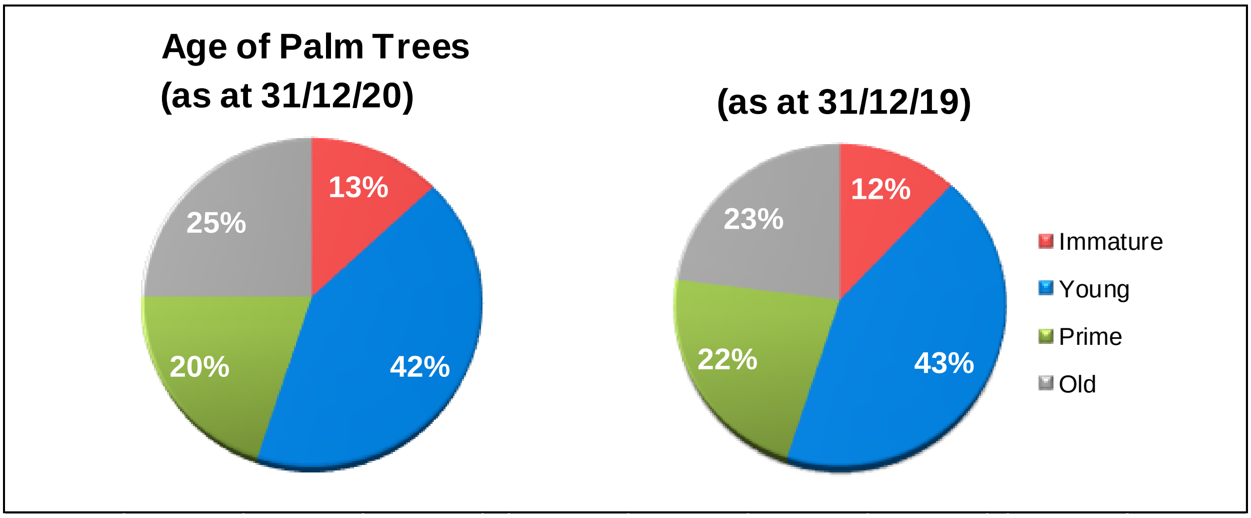


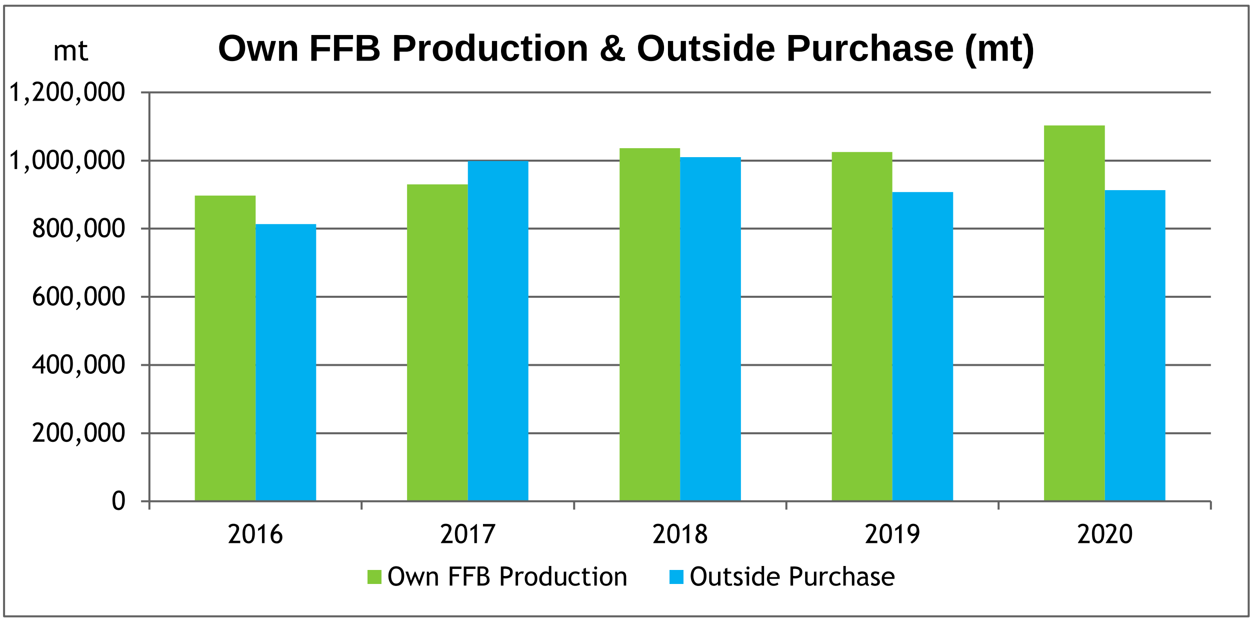


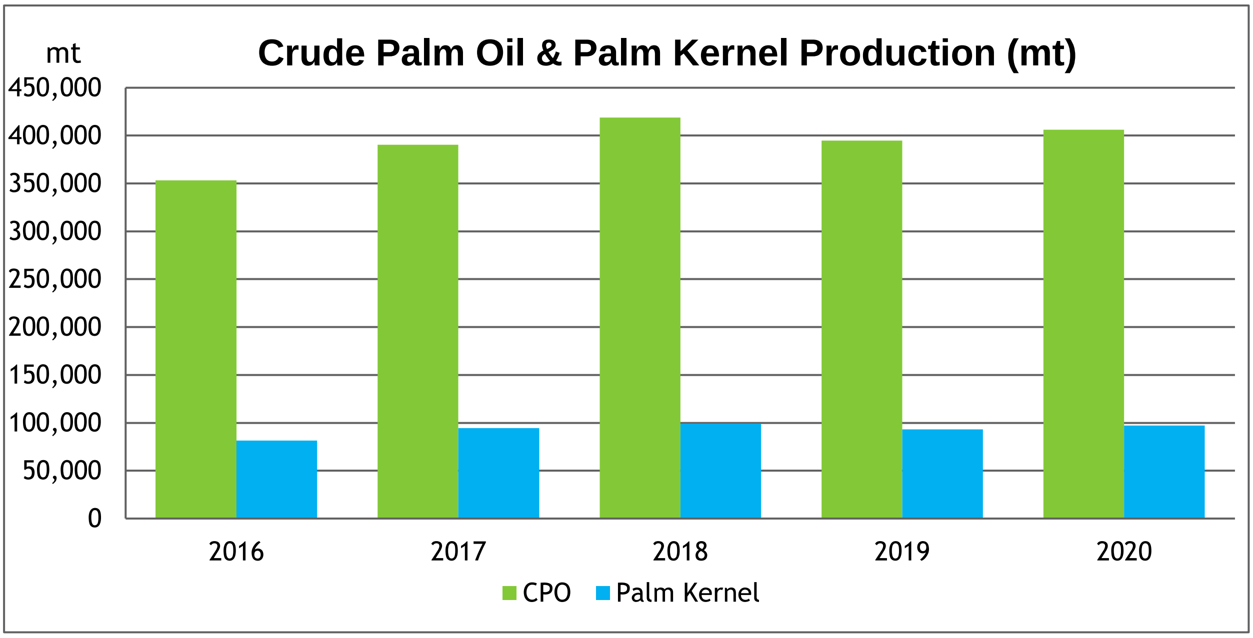




Key Information







Shareholder Information

Market capitalisation
The market capitalisation of Anglo-Eastern Plantations Plc in United Kingdom ("UK") at 31 December 2020 was £231 million, the ordinary share price at the close of business on 6 May 2021 was 649 pence giving a market capitalisation of £257 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 ("ESG") 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 shares can be directed to the Company's Registrar:

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/.

Shareholder Information

Annual General Meeting
The 36th 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, 28 June 2021 at 4.30 pm (Malaysia time). Notice of the meeting is set out at the end of this Annual Report on pages 131 to 134.

Although there has been some relaxation of international air travel and border controls because of the vaccination programmes in the UK and in Malaysia, it is by no means certain that the Directors, who are currently in Malaysia, can travel to the UK on 28 June 2021 without having to comply with self isolation or quarantine requirements which is currently the case. Given these circumstances, the Board has decided to hold the meeting in Kuala Lumpur, Malaysia for another year, so that the legal requirement that AEP's AGM be held by 30 June 2021 is complied with.

The Board anticipates that it is unlikely that shareholders will be attending the AGM due to travel restrictions and self isolation or quarantine requirements and, therefore, the AGM will be quorate by two Board members who are also proxy shareholders.

Please note that the format of this year's AGM will be similar as last year as follows:
i) No presentations will be made at the AGM itself.
ii) All shareholders are encouraged to submit their votes by proxy for Resolutions 1 to 13.
iii) Shareholders are welcomed to submit questions to the Board by email to datojohnlim@angloeastern.co.uk by 24 June 2021 and they will be answered after the AGM.

Shareholders are invited to attend a shareholder question and answer session by Zoom or at the AGM if they are in attendance. This session will be held shortly after the close of the AGM.

Any member wishing to join the question and answer session remotely should use the Zoom App or website at https://zoom.us. Use meeting ID: 986 0924 0807 and meeting passcode: 753309. Click on 'Join a Meeting' and enter the Meeting ID. The question and answer session is scheduled to commence at 5.00 pm (Malaysia time) on Monday 28 June 2021, or such later time as the AGM closes.

As in previous years, the results of the AGM will be announced by the close of business in the UK on 28 June 2021.

As it is unlikely that shareholders will make it to the AGM due to travel restrictions and quarantine requirements, we therefore strongly encourage shareholders to vote on all resolutions by completing the proxy appointment form (see further details below on how to access this form online) appointing the Chairman of the meeting as your proxy, to register any questions in advance.

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 is unlikely 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, if you appoint anyone other than the Chairman of the meeting as your proxy, to vote on your behalf, that person may not be able to attend the AGM and vote on your behalf because of travelling restrictions and quarantine requirements 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 24 June 2021.

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, if you appoint anyone other than the Chairman of the meeting as your proxy, that person may not be able to attend and vote on your behalf, as previously explained.

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 24 June 2021.

Submission of proxy voting
Shareholders will not receive a hard copy of the proxy form for the 2021 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 (please see their contact details below). Proxy votes must be received no later than 9.30 am (UK time) on Thursday, 24 June 2021. 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

The Covid-19 pandemic, as declared by the World Health Organisation in early 2020, escalated into a worldwide crisis which has upended many lives and businesses. At the time of writing, more than three million deaths and over approximately one hundred and fifty million infections were recorded worldwide. At the peak of the pandemic, economic activities almost grounded to a halt as many people were forced to stay at home under strict measures imposed to curb the spread of the virus. In some countries where restrictions were eased to allow people to work and travel, second and third waves of infections have soared. Countries in Europe and South East Asia, facing the next wave of infections were forced to reintroduce stringent controls including lockdowns to slow the spread which threaten to overload their hospitals. Masks and social distancing are now part of everyday life. In Indonesia where most of AEP plantations are based, the number of people infected has exceeded one million while in Malaysia, the number of infections is still low comparatively but infections have surged from the third quarter of 2020. The significant upsurge of cases and the high fatalities in India, reported as a crisis, is of grave concern as it has spilled into the neighbouring countries and Indonesia and Malaysia are not far off logistically. Vaccination programmes have started in many countries and it will take enormous efforts on all fronts to recover from this global calamity.

Most businesses across Indonesia and Malaysia were adversely affected by the pandemic in 2020 and the upsurge including emergence of new variants of coronaviruses at the start of 2021 of which our operations in Indonesia and Malaysia are no exception. Although currently, the affected numbers of staff and field workers are not alarming, it is prudent to continue imposing vigilant measures, especially in Indonesia where our plantations are located in scattered regions, provinces and islands.

The Group's FFB production in 2020 reached 1.10 million mt, 7% higher than last year of 1.03 million mt due to improved weather. Rainfalls were satisfactory in most of the regions that the Group operated other than the first three months of the year. A moderate La Nina weather phenomenon brought heavy rainfall to coastal estates in North Sumatera and Malaysia towards the end of the year causing flash floods and some landslides. With mostly favourable weather, all regions reported between 6% to 12% higher FFB production. Production in South Sumatera was the exception where harvest declined sharply by 13% due to poor rainfall distribution. FFB bought-in from surrounding smallholders and plasma was 913,200 mt (2019: 907,100 mt), marginally more than 2019. The mills processed 1.97 million mt of FFB, 5% more than last year of 1.87 million mt. CPO production, as a result, was 3% higher at 406,100 mt, compared to 394,700 mt in 2019.

CPO prices for the first half of the year were weak as expected due to the low economic activities during the pandemic which adversely affected demand. As the lockdown eased and international trade gradually resumed, prices rallied in the second half of the year. The export of Indonesian palm oil to the three key markets of India, China and European Union ("EU") in 2020 was reported to drop substantially during the pandemic. Despite the drop in international consumption, the strong rebound in prices was due to a combination of reasons. The continuation of Indonesian B30 biodiesel programme despite low crude oil prices, the low inventory caused by a lower FFB production and soaring soybean prices were the main contributors to the rally. A more detailed explanation is provided in the Strategic Report under Commodity Prices. The average CPO price ex-Rotterdam ended the year 28% higher at $723/mt, compared to $565/mt in 2019.

The higher FFB production and higher CPO prices meant that the Group's revenue was higher by 23% at $269.1 million, compared to $219.1 million achieved in 2019. The operating profit for the Group in 2020, before biological asset ("BA") movement almost quadrupled to $48.1 million, from $12.2 million reported in 2019. The earnings per share, before BA movement, increased by 120% to 77.67cts, from 35.37cts in 2019. The Group's operating profit after BA movement for 2020 was at $49.4 million after an upward BA movement of $1.3 million as compared to 2019 operating profit of $15.4 million after an upward BA movement of $3.3 million.

The Group's new planting for oil palm including plasma for 2020 totalled 2,190 ha compared to 1,757 ha last year. Please see page 22 under Corporate Social Responsibility for Plasma obligation of the Group. The new planting was mostly concentrated in the Bangka and Kalimantan regions where negotiations with owners over land compensation were concluded more efficiently. Another 785 ha was replanted in North Sumatera and Bengkulu during the year to replace trees with poor yield. In 2021, the Group plans to plant 3,800 ha of oil palm which includes replanting of 950 ha in Bengkulu.

The Group has four biogas plants with a combined capacity of slightly above five megawatts. The latest addition, Tasik Raja biogas plant, was commissioned in the fourth quarter of 2020. The Group generated 18,900 MWh of electricity in 2020 compared to 17,200 MWh last year. The revenue from the sale of surplus electricity was $970,000, 7% higher than last year of $908,000. The biogas operations were not spared by the pandemic as demand for power in Indonesia diminished with many businesses scaling or shutting down. They underperformed as the state owned company suspended the uptake of electricity from two of our plants while reducing the unit rate it purchased from another. The Group will continue the use of clean energy where possible to further reduce the mills' reliance on fossil fuels and to address growing calls to reduce greenhouse gas emissions which could threaten the long-term social acceptability and profitability of a palm oil company.

With many countries battling against the pandemic, headlines and attention have been drawn away from EU threat to reduce the use of palm oil for biofuel in 2024 and to completely phase it out by the year 2030. The adverse perception of palm oil as an environmentally unfriendly and non-renewable source particularly in the EU has continued to feature in recent years, touching on issues including deforestation, emission of greenhouse gases, planting on peatland and land rights. AEP remains committed to No Deforestation, No Peatland, No Exploitation ("NDPE") policies. All supplies of FFB to our mills are traceable to their origins of supply chains and are not linked to illegal deforestation. There is growing pressure from buyers to avoid CPO with NDPE and High Conservation Values ("HCV") issues.

A prolonged resurgence of the Covid-19 pandemic, especially with many countries already on recession watch, remains a potential major risk to palm oil demand in both the food and energy sectors. Despite the availability of vaccines, a slower than expected rollout or a reduction in the effectiveness of vaccines could weaken consumer and business confidence and dampen economic recovery resulting in weaker trade and commodity prices.

I have mentioned earlier that one of the main reasons for the high CPO prices was the high domestic demand in Indonesia created by the government B30 biodiesel programme whereby it uses 30% fatty acid methyl esters made from palm oil to blend with the traditional fossil fuel. The soaring CPO prices meant that the Indonesian government had to pay ballooning biodiesel subsidies. It was inevitable that in December 2020, the Indonesian government raised the exports levy and tax on CPO. The export levy for palm oil exports was revised from a fixed rate of $55/mt to progressive rates linked to CPO prices. Under the new structure, export levy is payable from a minimum of $55/mt to $255/mt when the CPO prices range from $670/mt to above $995/mt. On top of this, the government also collects export tax of $33/mt up from $3/mt previously. Without the revision, the long term economic viability of the biodiesel programme in Indonesia is questionable amidst the low crude oil prices. This new structure would, at the same time, cap the exponential growth of profit due to soaring CPO prices.

Brexit became a reality as the UK exited the EU single market with an EU tariff and quota-free trade deal sealed to avert potential business chaos and uncertainties in the immediate future, although it maybe unlikely that AEP's business will be significantly affected by this. At present, I believe that people are generally more concerned about the continuing Coronavirus pandemic which has claimed many lives and disrupted the economy and livelihood not just in the UK but across the globe. With the availability of vaccine some communities believe there is hope that the world can gradually combat Covid-19 and over time will bring back normality or close to normality to our lives. However, it is unknown when will be the time or year that the above will come into reality.

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 in order to expand and enhance shareholders' value but at the same time cognisant of shareholders' wishes to have dividends as a form of income. As with last year the Board continues to have the regulatory obligation to ensure that the Group has adequate funds to continue as a going concern for the foreseeable future in a near worst-case scenario because of the uncertainty due to Covid-19. As a result of the current crisis in India, as well as the precautionary measures in Indonesia, the Board is of the opinion that the pandemic is far from over in the region where the Group's operations are, due to the mutations and variants more infectious than the initial virus that the world has been combating. With this in mind the Board has adopted a prudent view for the time being and has declared a final dividend of 1.0cts per share, in line with our reporting currency, in respect of the year to 31 December 2020 (2019: 0.5cts). In the absence of any specific instructions up to the date of closing of the register on 11 June 2021, 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 16 July 2021 to those shareholders on the register on 11 June 2021.

This year’s AGM scheduled on 28 June 2021 will be held in Kuala Lumpur again because of practical reasons linked to this pandemic, as explained in more detail on page 8 and 9. Although shareholders are able to participate via Zoom, the Board is, nevertheless, conscious that shareholders would want to have personal interaction 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 extremely difficult and trying period. We would appreciate that they would continue to do so if local and global adversity were to 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 12 May 2021

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 the economic and business risks faced by 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 20,000 ha 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 22 mt/ha, minimum mill production efficiency of 110%, minimising production costs below $300/mt and streamline estate management. For the year under review, the Indonesian operations achieved a yield of 18.9 mt/ha, 133% mill efficiency and production cost of $280/mt. This compared favourably to 2019 where the Group achieved a yield of 18.1 mt/ha, 132% mill efficiency and production cost of $285/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. It is commonly accepted that failure to address growing calls to reduce greenhouse gas emissions could threaten the long-term social acceptability and profitability of a palm oil company. The Group, however, has to put on hold future biogas projects as the state authorities have suspended the uptake of electricity from two of our biogas plants and reduced the electricity rate for the purchase from another plant due to a drastic drop in demand during the pandemic.

The Group will continue to engage and offer competitive and fair compensation to the villagers so that land can be cleared and be planted.

Financial Review

Performance of the business during the year

For the year ended 31 December 2020, revenue for the Group was $269.1 million, 23% higher than $219.1 million reported in 2019 due primarily to the higher CPO prices and higher production.

The Group's operating profit for 2020, before biological asset movement, almost quadrupled to $48.1 million, from last year of $12.2 million.

FFB production for 2020 reached 1.10 million mt, 7% higher than the 1.03 million mt produced in 2019. The overall yield for the Indonesian plantations was higher at 18.9 mt/ha (2019: 18.1 mt/ha) due to more consistent and better rainfall throughout the year coupled with an increased in matured areas to harvest. La Nina weather patterns brought flash floods to many areas towards the end of the year but the permanent damage to the trees was minimal, while damages to infrastructure such as roads and bridges were manageable. Young matured oil palms in North Sumatera grew well and reported a 13% higher crop production. Bengkulu region, which suffered the most from the effect of drought last year, recovered partially with production up by 6%.

FFB bought-in from local smallholders and plasma in 2020 was 913,200 mt (2019: 907,100 mt), 0.7% more compared to 2019. The supply of external crops was affected by greater competition from new mills in North Sumatera and 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 a combined 1.97 million mt of FFB, 5% more than last year of 1.87 million mt. CPO production, as a result, was 3% higher at 406,100 mt, compared to 394,700 mt in 2019.

Profit before tax and after BA movement for the Group was $51.7 million, 174% higher compared to a profit of $18.9 million in 2019. The BA movement was a credit of $1.3 million, compared to a credit of $3.3 million in 2019. The BA movement was mainly due to a change in FFB price which was higher in 2020. The profit before tax was affected by reversal of impairment charge on land amounting to $2.0 million compared to a 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 in 2019. The profit before tax was also impacted by the expected credit loss from Plasma receivables amounting to $1.5 million in 2020 (2019: $6.1 million) attributed to the additional amounts allocated for plasma development during the year. Net finance income recognised in the income statement decreased from $3.2 million in 2019 to $2.6 million in 2020 due to lower interest rate. The tax expense increased from $2.7 million in 2019 to $13.7 million in 2020 mainly due to the increase in profit before tax. There was a loss of exchange in translation of foreign operations, recognised in other comprehensive income, totalling $5.5 million for 2020 against an exchange gain of $18.7 million in the previous year due to the slight weakening of Indonesian rupiah at the year end. The retirement benefits due to the employees at 31 December 2020, as calculated by a third party actuary, increased to $13.4 million from $11.3 million last year due to an increase in the number of full-time workers.

The average CPO price ex-Rotterdam for 2020 was $723/mt, 28% higher than 2019 of $565/mt.

Earnings per share before BA movement increased by 120% to 77.67cts compared to 35.37cts in 2019. Earnings per share after BA movement increased from 40.61cts to 80.32cts. Earnings per share have increased compared to 2019 due mainly to the increase in profit after tax.

Position of the business at the end of the year

The Group's balance sheet remains strong. As at 31 December 2020, the Group had cash and cash equivalents, net of borrowing of $115.2 million (2019: $76.6 million). The external bank borrowings as at the end of 2019 of $8.2 million were fully repaid in the year and the Group has no reliance on external financing. The net cash inflow from operating activities during the year was higher at $65.1 million by 346% compared to $14.6 million in 2019 due mainly to the more robust CPO prices and higher production. The net cash used in financing activities during the year was lower by 30% at $8.8 million compared to $12.5 million in 2019 due to the reduced level of borrowings at the beginning of the year to repay and the lesser amount of dividends paid. The cash position was higher in 2020 due to lower capex and development costs.

The lower additions to development costs for property, plant and equipment ("PPE") amounting to $21.1 million in 2020 (2019: $34.0 million) was due to reduced construction costs. The impairment reversal of $2.0 million in 2020 was related to land, whilst the impairment reversal in 2019 of $6.6 million was mainly related to the plantations. Amounts due from cooperatives under the Plasma scheme before expected credit loss was $24.6 million (2019: $19.1 million), an increase of 29% mainly due to the new planted area for Plasma during the year. Deferred tax assets reduced from $11.3 million in 2019 to $8.8 million and deferred tax liabilities reduced from $17.0 million in 2019 to $15.5 million mainly due to the reduction of tax rate from 25% to 22% in Indonesia. Inventories increased from $8.8 million in 2019 to $12.5 million in 2020 because of logistic problem in Bengkulu and Kalimantan which has since been resolved. Other working capital for trade and other receivables and payables increased by $10.5 million mainly due to more advances received from customers.

The tax recoverable for 2021 amounted to $51.7 million, 4% higher over the previous year of $49.5 million. The substantial tax recoverable is due to value added tax ("VAT") and corporate income tax ("CIT") paid which is refundable by the Indonesian tax authority after their tax audit. A detailed description is provided in note 8.

The Directors carried out assessments of our significant assets to determine whether such assets showed indicators of impairment as a result of the pandemic or wider climate change issues.

Viability Statement

The viability assessment considers solvency and liquidity over a longer period than for the purposes of the going concern assessment made on page 15. 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 various sections of this strategic report. In undertaking its review of the Group's performance in 2020, the Board considered the prospects of the Company, focusing on the strategy for growth via the expansion of its planted area in tandem with forecasting demand for CPO, over one and five-year periods. The process involved a detailed review of the 2021 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 believed that to project beyond five years has more elements of uncertainties and therefore less reliable for making informed decisions.

The Board also considered the five-year cash flow projection under various severe but plausible 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, as outlined on page 15 of the Strategic Report under Going Concern, 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 has a reasonable expectation that the Group has adequate resources to continue in operation and meet its liabilities over the five years from 2021 to 2025.

Going Concern

As the Group is still facing a period of uncertainty due to the Coronavirus pandemic, the Directors carried out stress tests as required, to ensure that the Group has adequate resources in a worst-case scenario to remain as a going concern for at least twelve months from the date of this report.

The Directors have a reasonable expectation, having made the appropriate enquiries, that the Group has control of the monthly cash flows and that the Group has sufficient cash resources to cover the fixed cash flows for a period of at least twelve months from the date of approval of these financial statements. 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 from three to twelve months if all the plantations are infected with Coronavirus as well as the impact on the demand for palm oil with decreases of 50% to 100%. Stress testing of other identified uncertainties and risks such as commodity prices and currency exchange rates were also undertaken.

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 354,900 mt in 2020 about 13% above last year (2019: 314,600 mt). The increase in matured areas to 16,238 ha from 15,025 ha contributed to this higher production. A more consistent rainfall pattern and better harvest from young matured palms in Tasik also improved the annual yield to 21.6 mt/ha from the previous year of 20.9 mt/ha.

Implementation of integrated pest management ("IPM") in largescale replanting has sharply reduced the number of incidents of Rhinoceros beetle or *Oryctes* damage in Tasik and Anak Tasik. It was also observed that the average bunch weight for 2020 was significantly higher than the prior year which correlates with having fewer parthenocarpic and abnormal bunches.

Higher production can be expected in coming years due to new planting and recently replanted areas of 1,808 ha maturing next year and starting to bear fruits. In HPP, oil palms continued to recover from the desiccation of fronds as the affected area has reduced significantly to 98 ha from about 185 ha due to improved rainfall. Water gates and canals also provide better water management. About 232 ha in CPA was replanted in 2020 with raised platforms in flood prone areas to improve growth and help in the evacuation of fruits.

In 2020, the two mills in North Sumatera produced 124,900 mt of CPO (2019:138,000 mt) from a throughput of 629,200 mt (2019: 680,900 mt). Tasik Raja mill broke its record by processing almost 10% higher FFB in 2020 at 455,000 mt (2019: 415,400 mt) due mainly to better internal crop production, raising the mill utilization to 158%. Oil Extraction Rate ("OER"), however, was lower at 20.02% (2019: 20.12%) possibly due to the dura contamination from external crops that made up 38% of the total crops processed. Dura crops with thinner mesocarp normally have an oil content of 18% or lower. The operation at this mill was briefly interrupted when two workers tested positive for Covid-19 which resulted in mass precautionary screening and a reduction in staffing levels. The Blankahan mill on the other hand had a bad year processing 34% less FFB at 174,200 mt (2019: 265,600 mt) due to lower external crop purchases reducing mill utilization from 138% to 91% this year. The emergence of new mills in the region posted intense competition. Outside crops that made up 73% of the total crops processed by the mill in the previous year dropped to 58% in 2020. Internal crop production was also lower as the average age of trees reached 26 years with replanting to be carried out soon. Replanting in Blankahan is delayed as the yield had been consistently high in the past years averaging 26 mt/ha due to good soil condition.

The two biogas plants in North Sumatera did not perform up to expectation in 2020. Blankahan biogas plant had a disappointing year. It sold about 2,500 MWh (2019: 2,200 MWh) of surplus electricity and generated $151,800 (2019: $140,800) in revenue before state authorities suspended the uptake of electricity from the middle of the second quarter of the year. Tasik biogas plant, which was commissioned in the fourth quarter of 2020, was unable to sell the surplus electricity as the national grid suspended the uptake following the shutdown of many economic activities during the Coronavirus pandemic.

The sales from the biomass plant were also lower in 2020 at $427,100 compared to $733,100 last year, as the plant exported 26% less dried long fibres at 4,930 mt compared to 6,690 mt last year. The drop in demand due to the pandemic had also dampened selling prices which had fallen by as much as 55%. Buyers also complained about higher shipment cost as containers were stuck at port due to shortage of manpower to clear them.

Bengkulu
FFB production in Bengkulu, which aggregates the estates of Puding Mas ("MPM") and Alno produced 304,000 mt (2019: 287,300 mt), 6% more than 2019. Production from Bengkulu region has improved by 6% as rainfall normalised to 4,000mm in 2020 (2019: 2,860mm) with higher yield at 18.2 mt/ha from 16.9 mt/ha last year.

MPM and Sumindo mills processed a combined 672,200 mt (2019: 587,000 mt) of FFB in 2020 due to higher internal crop production as well as higher external crop purchases. External crop purchases increased by 22% to 344,700 mt from 283,200 mt last year as production in the region recovered from moisture stress the previous year increasing mill utilization to 133% from 116% last year. CPO production for the year was 10% higher at 138,200 mt (2019: 125,300 mt) with OER for the two mills averaging 20.6%, lower from 21.4% last year. External crops made up 51% of the throughput compared to 48% in 2019.

About 1,000 ha of palms will be replanted from next year as the palms in Alno and MPM reached the average age of 18 and 21 years respectively. The replanting is also fast tracked 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 9,600 MWh (2019: 9,300 MWh) of surplus electricity, 3% higher and generated $444,300 in revenue (2019: $442,400). The biogas plant performed below its optimum two megawatt capacity due to frequent breakdowns in the old transmission lines and also lower demand. The authorities renewed the contract to purchase electricity from the biogas plant for another two years to 2023 with the same rate. It was due to expire in the first quarter of next year.

South Sumatera

FFB production in South Sumatera, which aggregates the estates of Karya Kencana (“KKST”), Empat Lawang (“ELAP”) and Riau Agrindo (“RAA”) produced 34,200 mt (2019: 39,400 mt), 13% lower than 2019. In South Sumatera, the drought unfortunately continued from last year. Annual rainfall in South ELAP was 1,530 mm (2019: 1,330 mm) which also experienced eight months where rainfall fell below the minimum of 150 mm per month for healthy crop production. The yield in South Sumatera reflected the dry conditions which diminished further to 6.3 mt/ha from 7.4 mt/ha the previous year.

During the year about 16,600 new palms were spot planted in South Sumatera boosting the stems per hectare to 101 trees from the target of 105 trees. It incurred higher planting cost as frequent resupply of young palms was needed due to damages by cattle owned by local villagers that roam the plantation freely for grazing. Trenching and fencing the plantation were explored but were deemed as not economical. Discussions with the local villagers were not productive and, as any strained relationship can be detrimental in the long run, the management decided instead to fence individual young plants to protect them. With higher CPO prices, more FFB thefts were reported in 2020 as the region faced high unemployment during the pandemic. The management has stepped up increased security patrols.

Riau

FFB production in the Riau region, comprising Bina Pitri estates, produced 133,200 mt in 2020 (2019: 129,400 mt), 3% higher than 2019. Rainfall was higher at 2,850 mm (2019: 2,649 mm). The yield for the year was slightly higher at 27.3 mt/ha from last year of 26.6 mt/ha. Over 2,800 ha would be replanted from 2023 to 2026 as 78% of the palms are between the ages of 23 to 26 years. Flash floods interrupted harvesting towards the end of the year as heavy rain burst the river banks.

Despite the 8% higher external crop purchase at the mill at 225,300 mt compared to 208,600 mt last year, the mill utilization rate dropped to 125% from 156% last year. The mill upgrade was finally completed in 2020 with the milling capacity improved to 60 mt/hr from 45 mt/hr previously. Overall CPO production was higher by 3% to 69,100 mt compared to 66,800 mt in 2019. Despite the high yield, the region is contaminated by dura palms which made up 63% of the crops processed by the mill. The mill therefore had a low OER of 19.3% compared to 19.8% in the previous year.

Bangka

FFB production in the Bangka region, comprising Bangka Malindo Lestari estates, produced 8,700 mt in 2020 (2019: 6,000 mt), 45% higher than 2019. Higher crop was due to a larger harvestable area and more palms having reached peak maturity. Yield improved from 11.2 mt/ha to 13.5 mt/ha in 2020. With new planting in 2020 totalling 706 ha (2019: 651 ha), the total planting including plasma in Bangka has reached 2,856 ha (2019: 1,994 ha).

Kalimantan

FFB production in Kalimantan which comprises of the Sawit Graha Manunggal (“SGM”) and Kahayan Agro Plantation (“KAP”) estates was 249,500 mt in 2020 (2019: 231,400 mt) 8% higher than 2019 as more palms matured and reached the peak production age. The average age of palms in SGM and KAP were nine and four years respectively. During the year 583 ha of palms matured in SGM and KAP leading to its first harvest. The yield in Kalimantan recovered to 18.6 mt/ha from a low of 18.0 mt/ha last year as rainfall was consistent throughout the year at 3,448 mm per annum an improvement from last year of 2,864 mm. Lower yield was experienced last year due to prolonged drought and haze in the region which shifted crop pattern especially on sandy soil dominated areas. SGM experienced several occasions of flash flood with no lasting damages as it cleared within days.

New planting in SGM and KAP is expected to reach 1,000 ha next year. The long-term prospect for Kalimantan remains bright.

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

The purchase of external and plasma crops in SGM reached 68,900 mt in 2020 which was higher by 41% compared to 49,000 mt last year. The total external and plasma crop at the SGM mill made up 22% of the total crops processed from 18% last year. With the throughput at the mill reaching 312,000 mt (2019: 268,700 mt), the mill utilization rate increased to 144% from 124% last year producing 73,900 mt of CPO, 14% more than 2019 of 64,600 mt. OER for the mill averaged 23.7% for the year compared to 24.1% last year and continue to outperform the rest of the mills in the Group. The lower OER for the year was likely due to parthenocarpic bunches and forced ripening of the fruits after long periods of hot weather followed by rain showers. Under such condition the mesocarp of the fruits turned yellow with lower oil content.

The SGM biogas plant generated 19% more electricity in 2020 at over 6,800 MWh (2019: 5,700 MWh) worth $373,700 (2019: $325,100). The contract to purchase electricity, which will expire in the first quarter of next year, was extended by the authorities to 2022 with the electricity rate reduced by 12% due to a drop in power demand in the region.

During the year, with international borders mostly closed to non-essential travelling, the Malaysian based agronomist could not make monthly field visits to underperforming estates in Indonesia to provide advice on optimizing field disciplines and improving crop yields. The Board believes that the closer monitoring of field performance once international travel restriction relax will result in improvements in the crop yield.

Overall bought-in crops for Indonesian operations including plasma were 0.7% higher at 913,200 mt for the year 2020 (2019: 907,100 mt). The average OER for our mills was marginally lower in 2020 at 20.6% in 2020 (2019: 21.1%).


Replanting in progress


FFB evacuation using MF tractor

Malaysia
FFB production in 2020 was 11% higher at 18,600 mt, compared to 16,700 mt in 2019. Several other plantations in East Malaysia had to stop operations temporarily as their workers tested positive for Covid-19 however we are pleased to say that our operation was not affected. The Malaysian government imposed a freeze on the intake of foreign workers from March 2020 to prevent the spread of the virus and to encourage displaced locals to fill vacancies in the plantation. The situation was exacerbated as foreign workers who returned home after their work contracts expired could not be replaced. Substantial shortage of workers hampered not only field maintenance and application of fertilisers but harvest resulting in crop losses. Towards the end of the year end, the La Nina weather pattern brought heavy rain resulting in massive flooding and landslides damaging roads and bridges which needed costly repairs. The

palms, with an average age of 23 years, faced declining yield as the fertiliser program was not followed. The Malaysian plantation in 2020 generated a profit before tax after BA movement of $0.1 million compared to loss before tax after BA movement of $0.9 million in 2019. The plantation obtained its Malaysian Sustainable Palm Oil ("MSPO") certification in January 2021.

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

Commodity Prices
The CPO ex-Rotterdam price started the year at $878/mt (2019: $517/mt) and trended downward for the first five months of the year as international borders were closed and Coronavirus induced lockdown of major economic activities spread across the world dampening demand. The price was lowest in May 2020 at $496/mt before a sharp turnaround as major economies reopened after the first wave of the pandemic. The price peaked in December 2020 at $1,029/mt before ending the year at $1,014/mt (2019: $856/mt), averaging $723/mt for the year, 28% higher than last year (2019: $565/mt). The strong rebound in prices was due to a combination of reasons. The Indonesian B30 biodiesel programme continues to be the main driver of CPO prices. The increase in domestic absorption of CPO through biodiesel mandate reduces global supply and eventually boosts prices. The pent up demand for palm products after the initial lockdown amidst an environment of lower crop production and lower CPO inventory also pushed prices higher. At the end of November 2020, the Indian government reduced temporarily the import duty on CPO by 10% which made palm oil more competitive against alternative soft oils. This was short lived as the government in February 2021 revamped its tax structure for import of major vegetable oils with additional tax of 5.5% imposed on palm oil which made it less competitive going forward. Stronger soy bean prices due to uncertain weather conditions in soybean producing countries also helped to lift CPO prices higher. The strong CPO prices are expected to last at least until the end of first quarter 2021 as potential pullback is expected from rising vegetable oil production. The high prices, however, could lower demand and encourages a shift to alternative vegetable oils. The Chairman's Statement earlier mentioned major changes made by the Indonesian government in CPO export tax levy and tax in December 2020. Palm oil's discount to its main rival, soybean oil, has contracted to the smallest margin in a decade for the major part of the year reducing its traditional appeal as a cheaper vegetable oil especially in price sensitive markets. The discount, however, widened in the first quarter of 2021 as soybean prices soar again. It has been reported that palm oil will face more headwinds in the coming year as China imports more soybean to power an aggressive expansion of the country's hog industry recently devastated by the African swine fever. The crushing of soybeans produces soybean oil and meals, the latter being used to feed the hogs.

Over a period of ten years, CPO price has touched a monthly average high of $1,284/mt in 2011 and a monthly average low of $472/mt in 2018. The monthly average price over the ten years is about $771/mt.

CPO CIF Rotterdam

Rubber prices averaged $1,356/mt for 2020 (2019: $1,272/mt). Our small area of 262 ha of mature rubber contributed a revenue of $0.6 million in 2020 (2019: $0.7 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. Production in the year was also affected by the uneven wintering which caused the under application of ethereal to simulate latex production.

Corporate Development

In 2020, the Group opened up new land and planted 2,190 ha (2019: 1,757 ha) of oil palm mainly in Kalimantan and Bangka, boosting planted area including the smallholder cooperative scheme, known as Plasma, by 3% to 73,600 ha (2019: 71,481 ha). Another 785 ha was replanted in North Sumatera and Bengkulu. In 2021, the Group plans to plant 3,800 ha of oil palm which includes replanting of 950 ha in Bengkulu. Opening of new land for planting can be cumbersome and requires written approval from local authorities, submission of environment impact assessments and meetings with local communities.

As mentioned in the Business Review, the fourth biogas plant in Rantau Prapat costing $3.8 million was commissioned in the fourth quarter of 2020. Unfortunately, it was unable to sell the surplus electricity as the national grid has suspended the uptake following the shutdown of many economic activities during the Coronavirus pandemic. An appeal, however, has been made to the ministry in charge of renewable energy. The management is exploring all opportunities to maximise the use of the biogas plant including bottling the BioCNG for Indonesian domestic consumption.

The civil and structural works for the seventh mill in North Sumatera costing $6.7 million has been awarded and mobilization work started towards the end of the year. The contractor has started to build a temporary jetty and housing at the site. Mechanical works estimated to cost another $6 million are expected to be tendered by early next year. The project is earmarked for completion by 2022.

The upgrade of the Bina Pitri mill was finally completed in 2020 improving its milling capacity from 45 mt/hr to 60 mt/hr at a cost of $2.3 million.

Our feasibility study concluded that it is more profitable to build a mill in KAP to support its operation due to high logistics costs. KAP is currently transporting the FFB some 600km to SGM mill or, when this becomes too arduous such as during the monsoon season, the fruits are sold locally to third parties. The Group plans to build a 45 mt/hr mill with two storage tanks of 5,000 mt each with minimum spare machineries costing an estimated $12 million.

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 sustainability policy and commitment to no deforestation and development on peat land, no open burning, no exploitation, no forced or child labour and other best management practices can be downloaded from the website under Corporate Governance. The Group also released a statement on the UK Modern Slavery Act 2015 for the financial year 2020 which is also published on the website under the same section.

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-seven 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 $248,100 (2019: $254,600) in 2020 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-nine schools which comprised of twenty-two pre-schools, eleven primary schools, five secondary schools and one high school were built with a combined enrolment of over 4,380 students. It currently employs one hundred and sixty-two teachers in the estates. The Group operated forty vehicles and spent some $691,000 (2019: $906,000) on running the schools and operating the buses in 2020.

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. One hundred and nineteen children of our employees were sponsored in 2020 at a cost of $139,600 (2019: $119,300) since its introduction in 1999, to study in various universities in Indonesia. The popular courses ranged from Engineering, Education, Economics to Agriculture. Sixty-two of them had successfully graduated from the universities with some of them now working for the Group.


Vaccination of children

Covid-19 safety regulations

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 16 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.

The world has been ravaged by the uncertainty brought about by the Covid-19 pandemic since the end of 2019. To prevent the spread of its infection within our operations, the Group has put into place stringent precautionary measures to protect all our personnel. Mass testing was, and continues to be, conducted at the Indonesian operations to check for infection. A Standard Operating Procedure was also established to dictate the day-to-day operations at the office which include temperature checks, social distancing measures and alternate working day arrangements. A specialist consultant was engaged to review safety measures in the office and plantations and put in place additional protocols to educate workers to combat the spread of the virus. Movements within the Group's estates have been tightly restricted and, unless in cases of emergency, access has been denied for external visitors. All our estates have appropriate plans to isolate and quarantine individuals, even whole divisions or estates, including stopping all field work if situations require it. Remote working arrangements are in place for all offices, and travel by the Group's staff has been reduced to essential travel only. Due to the large workforce employed in the plantations, routine retesting with rapid virus test-kits is conducted by qualified nurses for all the office and plantation workers to ensure early detection leading to isolation.

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 2020 were $1.5 million (2019: $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 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-six employees have participated in the programme since its inception in 1993 with 35% of participants still working for the Group. Over the years, one employee has successfully been promoted to General Manager level with another twenty-four 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 8,166 ha plasma commitment, the Group has planted oil palm in 4,004 ha. In 2020 the Group received 34,900 mt of FFB from Plasma schemes compared to 31,000 mt the previous year. Total revenue generated by Plasma cooperatives was $3.8 million in 2020 against $3.1 million in 2019.

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 1,431 ha were approved and certified in 2020.

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 202 km of external roads in 2020 at a cost of $5.0 million (2019: $5.2 million). 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.

The Group leased eight hectares of land just outside Kuala Lumpur, Malaysia and started to clear the land in 2020 to build greenhouses for organic farming. It aims to produce organic vegetables and fruits in an environmentally sustainable manner and make them available to consumers at affordable prices as part of its corporate social responsibility. Some of the production will also be earmarked for donation to orphanages and retirement homes.

Donation of organic vegetable to Medan Orphanage

Plasma planting


Bridge repair


Staff housing

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.

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 2020 the Ministry of Labour awarded seven of our 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. BML was awarded the ISPO certification in 2020. To-date twelve companies have been ISPO certified. The certification audits for the remaining four 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 2022. The Group intends to embark on full RSPO compliance once all the companies in the Group are ISPO compliant.

At the same time the Malaysian plantation has obtained its MSPO certification in January 2021.

Environmental, Social and Governance ("ESG") Practices
AEP believes that the responsible stewardship of our environment is critical in benefiting our consumers, employees, shareholders and society in general, thus maintaining the industry's long-term prospects. The Group has a dedicated sustainability manager based in Medan, Indonesia within an Environmental Health and Safety ("EHS") and sustainability department overseen by our Indonesian President Director. On the ground, the sustainability team is assisted by a team of staff in each of our estates. A group sustainability policy was published in 2019 to underline our

commitment to sustainable practices within our estates. This policy covers responsible development, environmental protection, conservation of biodiversity, workers' rights and safety, emissions and business ethics, among others. The group also participates in the Sustainable Palm Oil Transparency Toolkit ("SPOTT") assessment by the Zoological Society of London ("ZSL") that uses publicly available information to annually assess palm oil producers on the transparency of their commitments to environmental, social and governmental best practice.

The palm oil industry has continuously received close scrutiny in the media due to concerns on global warming and rainforest destruction. Realising this, the Group has adopted a zero deforestation, zero peat planting and zero burning policy throughout our group. When it comes to replanting, felled palm trunks are chipped, shredded and left to decompose on the site. This mitigates the release of greenhouse gases commonly associated with open burning through the traditional land-clearing method of slash-and-burn. Besides, smoke from open burning also poses a health hazard. Chipping and shredding palm trunks also enriches soil organic matter and recycles nutrients back onto the soil. Where land is sloping, terraces are built which helps to prevent landslides and soil erosion, conserve the water and nutrients and provide better accessibility for operations. Conservation pits and sumps are also constructed to harvest and contain rainwater. Legume cover crops are planted to minimise soil erosion, preserve the soil moisture and improve soil chemical and physical properties, thus reducing the use of chemical fertilisers. In mature areas, fronds and EFB are neatly stacked on the inter-rows to allow for the slow release of organic nutrients while minimising soil erosion. Estates with sandy areas use soft grass, *Nephrolepis biserrata* ferns and cut fronds to cover bare ground to increase soil moisture and improve organic matter contents.

The effluents discharged from our mills are fully treated in anaerobic lagoons and aerobic tanks to reduce its biological oxygen demand ("BOD"). The final discharge is applied to the estate's land as fertilisers and 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 four biogas plants further enhance the treatment of effluents in the mills and at the same time mitigate greenhouse emissions. The trapped biogas is used to generate and supply power to its biomass plant, as well as to the national grid to reduce dependency on fossil fuels. Similar undertakings for the Group's mills are planned and shall be implemented in stages. The Group intends to equip all our mills with biogas facilities and sell the surplus power generated from them.

The Group is committed to implementing good agricultural practices as spelt out in its standard operating procedures for all activities. An Integrated Pest Management system has been adopted to control the population of damaging pests and to improve biological balance while reducing dependency on chemical pesticides. Barn owls, which are natural predators, have been introduced to control the rat population, replacing the use of rat baits. Beneficial plants such as *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 a broader spectrum of environmentally friendly weed control herbicides.




Some of the flora and fauna in our estates

We are committed to minimize the usage of toxic pesticides and herbicides and will not hesitate to phase them out once suitable substitutes are available. Our sprayers are regularly trained in the safety and proper 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 enforces standard occupational safety measures like the use of protective suits and equipment when mixing, loading and applying pesticides which is mandatory by the Manpower and Transmigration Ministerial Decree No. 08/2010. Managers and employees risk being penalized and disciplined as safety standards compliance is 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 a standard operating procedure that requires the management to be informed of instances of pesticide poisoning among its pesticide applicators.

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 a dangerous level.

Monitoring hot spots from fire tower

Fire training

The Group continues to comply and preserve High Conservative Value ("HCV") areas recognised by the Department of Forestry. Every development has gone through the proper environmental impact analysis as mandated by the Indonesian government. All HCV areas were mapped with boundaries clearly marked 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 maintain regular monitoring and management plans to preserve the flora and fauna of these sensitive areas. The Group has identified about 7,831 ha as riparian reserves and another 5,105 ha as areas of HCV within its land. Natural vegetation on uncultivable lands such as deep peat, very steep areas and riparian zones along watercourses and mangroves are spared from planting in order to preserve biodiversity and wildlife corridors as well as to check erosion. Peatland is considered to be one of the most efficient carbon sinks and any burning or drying will release the sequestered carbon dioxide into the air contributing to global warming. Degradation of the mangroves on the other hand causes coastal erosion and harm biodiversity and economic losses for communities that depend on them for a living. Progress has been made in recent years to step up environmental protection in Indonesia, though implementation and monitoring is still weak.

In Indonesia where drought occurs regularly, an emergency response team is set up in every estate armed with the 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. Our estates have also invested in modern technology by utilising drones to pinpoint areas of fire outbreak whenever they are detected by the watchtowers. These drones are particularly useful in remote areas where accessibility is restricted. 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 year 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 the 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 and 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 of 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

A mill in Rantau Prapat together with its three estates were audited for ISCC certification in 2020. They are expected to obtain the certification by early next year.

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

We have continued to increase the traceability of our external FFB processed in our Group's mills, and have finally achieved 100% traceability to farm. The Group maintains a complete database of each and every one of our smallholders within our supply chain and know their precise locations, with each arrival to the Group's mills recorded and its origin verified. By keeping a close relationship with our suppliers, we are able to not only support them with technical and management expertise, but also to inculcate our sustainability policies in their practices.

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.

Management for Climate Risk

The Group has expanded its climate-related disclosures and is taking initial steps towards aligning with the recommendations of the Task Force on Climate-related Financial Disclosure ("TCFD"), for which disclosure will be required on a comply or explain basis in our Annual Report for the year ending 31 December 2021.

Identifying and assessing risk

Executive staff and Directors are responsible for implementation of control procedures and for identifying and managing business risks. The Executive Committee meets monthly to discuss the operation of the business and is chaired by the senior general manager from Malaysia. The EHS and Sustainability Department reports to the Executive Committee on material local risks, identified by representatives of the Department based at each of our estates.

In addition, in 2021 we consulted with our external sustainability Partners, Avieco, to identify and prioritise Group-level climate-related risks and opportunities. During this process, senior managers and Directors from across the business were surveyed to understand the relative materiality of a range of physical and transition risks. Materiality was defined by calculating a risk score based on the relative frequency or likelihood of a risk materialising in a 12-month period, and the potential magnitude of impact based on change in operating profit. The climate-related risks and opportunities assessed as being material to the Group are detailed in the table below. A workshop with senior managers and Directors was facilitated by Avieco to determine how the business expects these risks to change over time, and relevant risk mitigation/adaptation measures.

Influence of climate-related risks and opportunities on strategy

- *Products*
  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. AEP is committed to ensuring that our products are produced in a sustainable way. This is realised by not clearing forests (zero deforestation), not planting on peat (zero peat) going forward, respecting and protecting human rights, and committing towards the traceability of our products.

- *Supply chain*
  Severe adverse weather conditions, such as tropical storms, can result in extended business interruption through disruption to our supply chain and to local transportation services. For example, FFB produced in KAP are sold to local millers (rather than primary customers more than 600km away) during the wet season. 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 therefore conducting a feasibility study to build a 45 MT FFB/hr mill in KAP to reduce high logistic costs.

- *Operations*
  To progressively reduce the greenhouse gas emissions per metric ton of CPO produced in the next few years, the Group plans to construct biogas plants at our remaining palm oil mills, on top of our four existing biogas plants. Our plants will be used to trap the biogas from the anaerobic treatment of the palm oil mill effluent and generate electrical power.

In addition, the Group consistently practices 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 recycles nutrients back onto the soil.

Material Climate-Related Risks and Opportunities For AEP

Type	Primary risk/ opportunity driver	Rationale for inclusion as priority risk	Management approach
Key = Opportunity / Risk			
Policy & Legal	Compliance with changing regulations	Import tariffs and taxes and other import restrictions imposed by importing countries will affect the demand for CPO and its derivative products, and can encourage substitution by other vegetable oils. The ISPO certification, which requires producers to mitigate their environmental impacts, is legally mandatory for all plantations in Indonesia and therefore non-compliance presents a financial risk through fines. In addition, we expect additional climate-related disclosure, aligned with the recommendations of the TCFD, to be made mandatory for the Group in the UK by the end of 2022.	All of our Indonesian plantations are currently certified under ISPO, except those for which we are awaiting land titles. Our Malaysian plantation has also received the Malaysian Sustainable Palm Oil certification. Our mill in Alno has received The International Sustainability and Carbon Certification, and we are in the process of gaining ISO 14001 certification to improve our PROPER rating. Through this report we have also begun the process of aligning with the TCFD recommendations.

Type	Primary risk/ opportunity driver	Rationale for inclusion as priority risk	Management approach
Market & Reputation	Changes in buyer preferences / Difficulty accessing capital	Negative perceptions about palm oil and its links to deforestation can affect market access/demand and possibly lead to changes in international legislation or regulations. Many large buyers have targets to source a certain % of palm oil from RSPO certified producers. The loss of a major customer through a lack of RSPO certification may impact profitability. Access to capital, through banks and investors, is also increasingly tied to the ability to evidence the sustainability of palm oil products, with several large banks and investors RSPO members.	As tenders are performed on a weekly basis we do not find ourselves overly reliant on a single customer. We ensure transparency in our palm oil production practices through annual disclosure to Sustainability Policy Transparency Toolkit ("SPOTT") and certification as detailed above. We communicate regularly with buyers and capital providers, to understand their changing expectations, and are investigating the value of RSPO to the business. Our financial position also currently negates the need for financing through bank loans.
	Development of new products	Palm oil can be used to produce a range of products, including low-carbon alternative fuels and materials. The development of new products can provide both reputational and financial opportunities, despite in many instances being expensive to produce. For example, increasing demand for biodiesel in markets such as China offers additional sources of revenue. However, policies in the EU to reduce and phase out the use of palm oil in biodiesel by 2030 means that this opportunity may be limited.	One of our mills possesses a biomass plant which converts "empty fruit bunches" into dried long fibres to be exported to China for use in mattresses and products such as furniture. We are also exploring commercial avenues for bottled methane gas ("Bio-CNG"), which we can also use as a source of renewable fuel in boilers, or as a replacement for diesel fuel for our FFB carrying trucks within the estates. This can provide a reputational benefit, increased operational resilience, and new revenue streams.
Technology	Use of lower emission sources of energy	Palm oil mill effluent ("POME") is used as a feedstock in anaerobic digesters to produce biogas which contains about 60% methane. The biogas is purified and used as a fuel in biogas engines to generate electrical power which reduces our reliance on diesel.	Four of our mills are equipped with biogas plants to capture biogas and generate electricity for sale to the state authorities. This also reduces the need to purchase diesel for our estates, as they are instead supplied power by the grid, therefore reducing our emissions.

Type	Primary risk/ opportunity driver	Rationale for inclusion as priority risk	Management approach
Physical	Heavy rainfall & flooding	Excessive rainfall generally leads to poor pollination of palms and reduces the effectiveness of fertilisers. High levels of rainfall can also disrupt estate operations and result in harvesting delays with loss of FFB or deterioration in fruit quality. Where leading to a reduction in revenues, insurance cover may not be available or may be disproportionately expensive. Periods of more intense precipitation can also benefit AEP, by enabling the conservation of more water to mediate dry periods.	Where appropriate, bunding is built around flood prone areas and canals/drainage/retention ponds and water gates are constructed and adapted to evacuate surplus water. Riparian reserves are also protected to mitigate flood risks. Where the land is undulating, we build terraces for planting which helps to prevent landslides, ensures that water runs off into groundwater stores, conserves nutrients effectively, and provides better accessibility for operations. Where practical, natural disasters are also covered by insurance policies.
	Droughts	Dry periods affect palm oil yields in the short and medium term through moisture stress and can result in wildfires that may damage the palms. Drought events are localised to our Kalimantan and South Sumatera estates, where long droughts (>3 months) can affect soil quality and lead to a lower yield the following year (~10-15% decrease at most). Lower rainfall provides opportunities, however, to repair and realign roads to improve the transport of crops.	Legume cover crops are planted to minimise soil erosion, preserve 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. Conservation pits and sumps are constructed to harvest and contain rainwater, whilst the spreading of oil mill effluent in lines provides a water storage medium. 'Terracing' also ensures that water runs off into groundwater stores. We are also closely following developments of drought-resistant oil palm varieties.
	Fires	During drought season the risk of fire is present at several estates, especially where neighbouring land is burnt for crop cultivation by locals. El Nino weather events can indirectly drive widespread forest fires and haze, although the severity of El Nino events appears to be decreasing as a result of changing climatic conditions. The financial impact of fire damage is relatively low to the Group due to the diverse geographical spread of plantations.	Fire response crews are stationed in each estate, with regular training on firefighting techniques and safety provided by local fire departments. Ditches and boundaries are created to prevent the spread of fire, whilst watch towers have been built in every estate to pinpoint outbreaks of fire as soon as smoke is detected. The Group has also invested in drones to pinpoint outbreaks of fire where accessibility is restricted. Where practical, natural disasters are also covered by insurance policies.

Type	Primary risk/ opportunity driver	Rationale for inclusion as priority risk	Management approach
Physical	Pests & disease	Rhinoceros beetle or Oryctes damage has been observed in areas of large-scale replanting, whilst plantations have previously been detrimentally impacted by stem rot. More extreme fluctuations in precipitation may drive increased damage from bagworms and leaf beetles. There is evidence that pollinating weevils, which help to pollinate palm trees, are showing smaller flight capabilities and pollinating less because of changing climatic conditions.	Pest and disease events are localised, with early-warning provided by supervision and monitoring, and generally impact immature palms. Outbreaks are managed through biological controls, such as the planting of beneficial plants that host natural predators to divert bagworms from oil palms, and the introduction of barn owls to control rats. Individual estates have also been replanted with more resistant anti-*Ganoderma* material to reduce the threat of stem rot. A variety of planting materials are also being considered to provide variability and pollens, to mitigate changes to pollinating insects, and hand pollination can also be carried out where required.

The full climate risk report can be downloaded from the AEP website.

Carbon Reporting

AEP is committed to managing our impact on the environment through a robust sustainability reporting process. The Group has calculated and reported our greenhouse gas ("GHG") emissions each year since 2013, complying with the reporting requirements of the UK's Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 and following internationally recognised best practice in this area.

AEP recognises that our global operations have an environmental impact and we are committed to monitoring and reducing our emissions year-on-year. We are also aware of our reporting obligations under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. As such, this year we have upgraded our energy and carbon reporting to meet these new requirements and increase the transparency with which we communicate about our environmental impact to our stakeholders.

2020 Performance Summary

AEP's total carbon emissions have more than doubled in 2020 (+106%). This is primarily due to significant shifts in land use emissions, explained by the lack of amortisation, meaning that all emissions from land clearance are captured and reported in the year that the clearance occurs as there is currently no industry wide guidance on the time period over which clearance emissions may be distributed. There was a 92% increase in the area of land cleared in 2020 compared to 2019. All land cleared in 2020 was secondary regrowth or oil palm (e.g. clearing old oil palm nurseries).

Carbon sequestration does not face the same amortisation issues therefore the shift in land clearance is not balanced by any corresponding improvement in sequestration capacity. The sequestration capacity of oil palms varies by age, with old plants (28 years) and new plants (1 year) having similarly low sequestration capacity. Therefore, whilst much old oil palm was cleared in 2020, this was replaced with 1 year old plants who have not yet reached sequestering age.

Operational emissions have decreased by almost a third (31%) in 2020. This is driven by the reduction in POME treatment emissions, due to the switch from anaerobic lagoon to a new biogas plant at Tasik Mill. Over the course of 2020 fertiliser application has shifted based on recommendations from our agronomist. This has resulted in lower emissions due to fertiliser use, whilst ensuring that FFB production remains high.

Energy and Carbon Action
In the period covered by the report the Company has undertaken the following emissions and energy reduction initiatives:

- Switching POME treatment to biogas plants
  In Q1 2020 we began operation of our biogas plant at the Tasik Oil Mill. This resulted in all palm oil mill effluent (POME) being processed through this plant, reducing the need for anaerobic lagoons whilst simultaneously generating energy. This energy is partially used on site, and shall partially be exported back to the grid. The renewable energy is not captured within the Streamlined Energy and Carbon Reporting ("SECR") table as the energy is generated by AEP's own sites. Generally renewable energy is reported only where purchased separately. This is because AEP already report on the emissions from the biogas plant under POME treatment.

  We estimate that the operation of this biogas has resulted in the avoidance of 101,800 tCO_2e in 2020. This is the fourth of our six mills to have this technology operational. We aim to continue the roll out of biogas plants to the remaining mills in coming years.

2020 Results
Methodology
The methodology used to calculate the GHG emissions is in accordance with the requirements of the following standards:
- World Resources Institute ("WRI") GHG Protocol (revised version)
- Defra's Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements (March 2019).

Following an operational control approach to defining our organisational boundary, our calculated GHG emissions from business activities fall within the reporting period of 1st January 2020 to 31st December 2020 and using the comparable reporting period of 1 January 2019 to 31 December 2019 for comparison.

Note on agricultural emissions
Emissions from agricultural cultivation form the most significant part of our carbon footprint. As such we have assessed these emissions in line with the methodology developed by the RSPO. Version 4 of the RSPO's PalmGHG application has been used to source relevant emission factors and provide a sense check of calculations.

We include emissions from agricultural cultivation on our own estates within our direct scope 1 and estimate these agricultural emissions from any outgrower crops processed in our mills, included within our scope 3. This is consistent with previous years reporting and is aligned to the WRI reporting principles of completeness and relevance, whereby scope 1 are the direct emissions sources that we own and control. The WRI Greenhouse Gas Protocol is due to issue further guidance on carbon reporting within the agricultural sector in 2022. As draft guidance is made available we will review our reporting approach and make any changes to align as necessary.

Emissions from land clearance are only reported for the land clearance occurring during the reporting year in question due to lack of industry acknowledged guidance on amortisation (the period over which land clearance emissions should be distributed). We review industry guidance each year and update our methodology as appropriate. There has been no further guidance throughout 2020, thus the approach taken this year is in line with our previous years reporting.

Energy and carbon disclosures for reporting year

	Emissions Source	Global Emissions tCO_2e 2020	Global Emissions tCO_2e 2019	Variance	UK Emissions tCO_2e* 2020	UK Emissions tCO_2e* 2019	Variance
Scope 1	Fuels	19,613	18,650	+5%	0	0	0%
	Plantation vehicles	14,442	9,399	+54%	0	0	0%
	Fertiliser use	19,719	26,614	-26%	0	0	0%
	POME Treatment	124,429	212,215	-41%	0	0	0%
	Sequestration	(531,479)	(549,475)	+3%	0	0	0%
	Land clearance	617,678	322,182	+92%	0	0	0%
	Peat soil cultivation	488,858	488,823	+0.01%	0	0	0%
Total Scope 1		**753,260**	**528,408**	**+43%**	**0**	**0**	**0%**
Total Scope 2	**Electricity**	**2,657**	**1,984**	**+34%**	**0**	**0**	**0%**
Total Scope 1 & 2		**755,917**	**530,392**	**+43%**	**0**	**0**	**0%**
Scope 3	Electricity transmission and distribution	211	188	+12%	0	0	0%
	3rd party vehicles	8,317	7,367	+13%	0	0	0%
	Outgrower land clearance	510,467	285,094	+79%	0	0	0%
	Outgrower peat soil cultivation	51,241	54,790	-6%	0	0	0%
	Outgrower sequestration	(439,239)	(446,388)	+2%	0	0	0%
Total Scope 3		**130,997**	**(98,949)**	**-232%**	**0**	**0**	**0%**
Total (Location Based)		**886,914**	**431,443**	**+106%**	**0**	**0**	**0%**
Total Energy Usage (kWh)		**1,289,300,798**	**1,210,757,362**	**+6%**	**0**	**0**	**0%**
Intensity ratio	tCO_2e per hectare of planted area	12.7	6.4	+98%	0	0	0%
Intensity ratio	tCO_2e per tonne CPO production	2.2	1.1	+100%	0	0	0%
Intensity ratio	tCO_2e per tonne FFB production	0.8	0.4	+100%	0	0	0%

* Note AEP Plc is a UK registered company. However, the business does not have any physical presence within the UK, hence the 0% contribution of UK emissions. It is shown in the table for transparency.

AEP has not yet conducted a full assessment across all 15 categories of scope 3. However, we do incorporate an estimation of emissions from the cultivation of outgrower crops we procure for processing within our mills. We anticipate this to be the greatest impact area within our scope 3, given the materiality of the cultivation emissions within our own operations. We plan to conduct a full scope 3 screening to assess materiality and routes to measurement and reporting within the next two years. This forms part of our ongoing commitment to sustainability and improving the quality of information we can provide to our stakeholders.

This is the first year that AEP are required to report to the UK SECR regulations. As such, the format of the report has changed. To provide comparison with previous years the data is also provided in a similar format below.

2020 vs 2019 emissions comparison

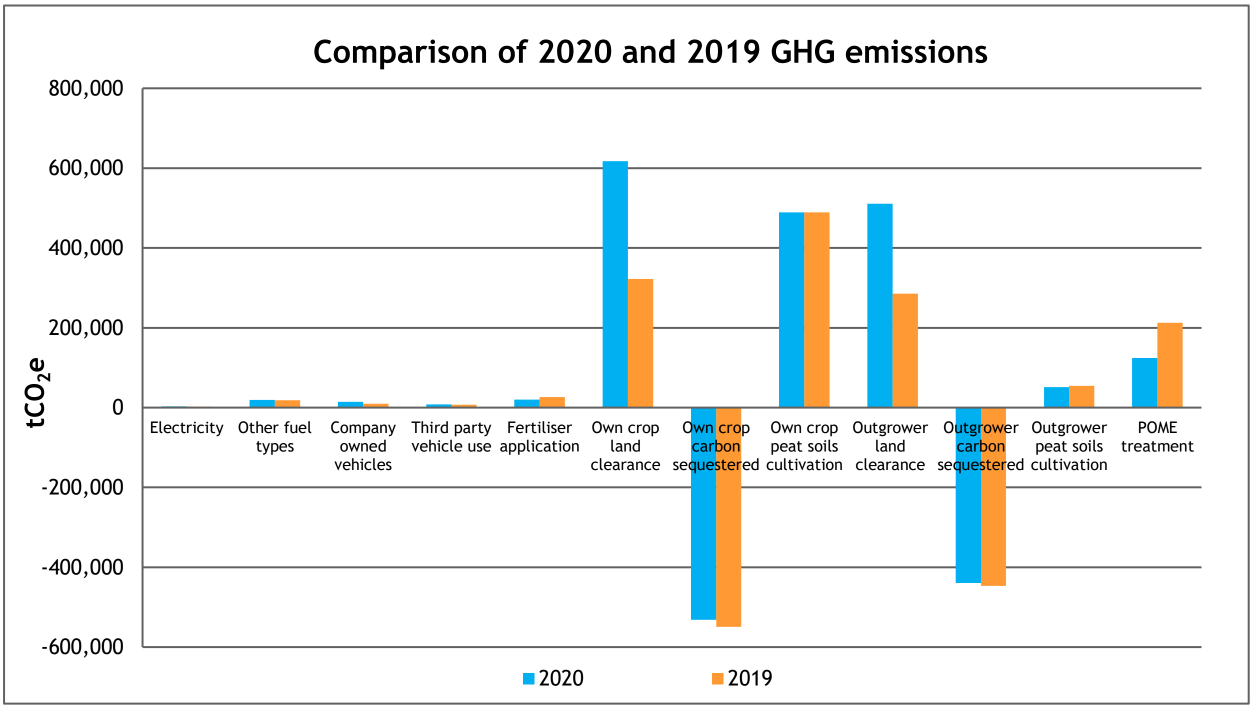
Emissions source	**2020 Emissions in tCO_2e**		2019 Emissions in tCO2e	
POME treatment	**124,429**		212,215	
Fertiliser application	**19,719**		26,614	
Fuel use	**19,613**		18,650	
Electricity consumption	**2,657**		1,984	
Electricity T&D	**211**		188	
Company owned vehicles	**14,442**		9,399	
Third party vehicle use	**8,317**		7,367	
Total operational emissions	**189,388**		276,417	
	Own crop	***Outgrower crop***	Own crop	Outgrower crop
Land clearance	**617,678**	**510,467**	322,182	285,094
Carbon sequestered	**(531,479)**	**(439,239)**	(549,475)	(446,388)
Peat soils cultivation	**488,858**	**51,241**	488,823	54,790
Total land use emissions	**697,526**		155,026	
Overall emissions	**886,914**		431,443	

The normaliser reported within the main report is calculated using total CO_2e emissions. In previous years the normaliser has been calculated on operational emissions only. This reduces the influence of the fluctuations in agricultural emissions. As such, the operational normalisers are also reported below.

2020 vs 2019 Operational emissions intensity (excluding land use change emissions) (tCO_2e)

Operational emissions reporting metric	**2020 in tCO_2e**	2019 in tCO_2e (restated)
Per hectare of planted area	**2.72**	4.07
Per tonne CPO production	**0.47**	0.70
Per tonne FFB production	**0.17**	0.27

AEP's operational emissions include POME treatment, which have decreased significantly in 2020 due to the change of treatment from anaerobic lagoons to a biogas plant. These process efficiencies are being realised even as production increases. The change in fertiliser application upon recommendation from AEP's agronomist is equally yielding higher production with lower carbon impact.

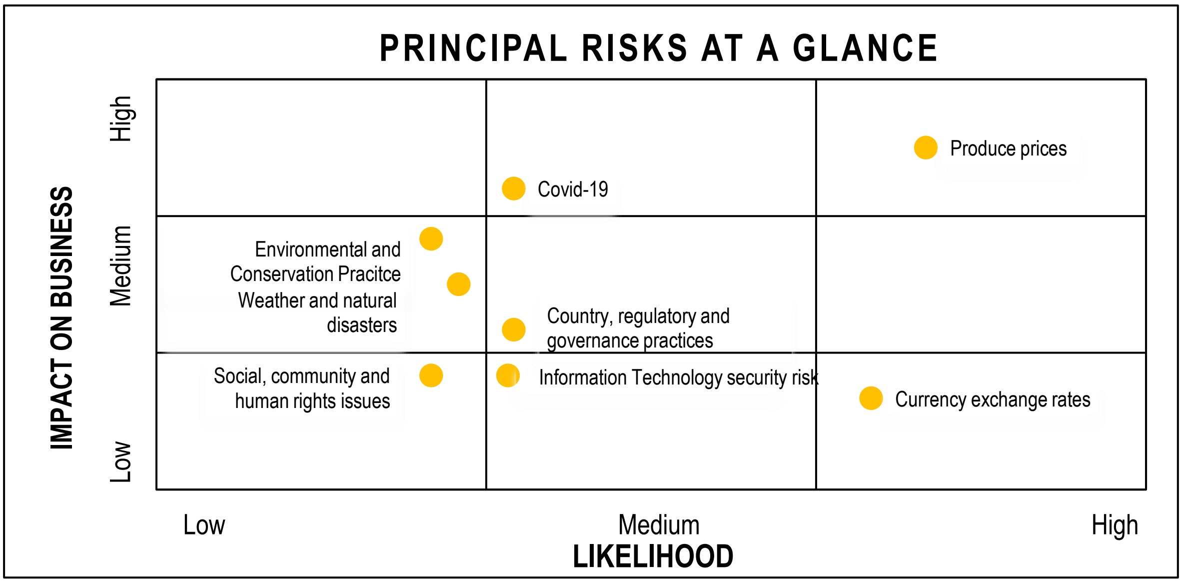


Principal and emerging risks and uncertainties

The Board members have sound knowledge of the palm oil industry, including sustainability, and are also aware of the politics and economics of the business world, especially in the countries where AEP operates.

The Board carried out a robust assessment of the principal and emerging risks facing the Group on an annual basis. A board paper on risk management, with contributions from Board members on emerging significant business risks, if any, is discussed at least once a year in conjunction with the risk register. Significant emerging business risks identified and actions agreed thereon, together with the management of other business risks will be monitored by the Executive Director who is regularly briefed by the senior management of the Group. The Executive Director in turn briefs the Audit Committee and the Board whenever they meet.

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.



There has been no changes since the prior year.

Nature of the risk and its origin	Circumstances under which the risk might be most relevant to the Company	Mitigating or other relevant considerations
Country, regulatory and governance practices		
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, loss of management control 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 the late 1990s, 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.
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 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 of 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. If there is a need for further divestment, the Group intends to approach the current minority shareholders to invest, failing which would approach other appropriate local partners.
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.

Nature of the risk and its origin	Circumstances under which the risk might be most relevant to the Company	Mitigating or other relevant considerations
Country, regulatory and governance practices - continued		
Imposition of import controls or taxes in consuming and exporting countries. Efforts by EU to restrict the use of palm oil and palm biodiesel either by trade barriers or increased tariffs including export levy and export tax.	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. Trade barriers and increased tariffs will make it 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. The export levy collected to fund local biodiesel subsidies is designed to support the CPO prices. Higher tariffs and trade barriers in EU will result in higher consumption of alternative vegetable oils despite CPO remaining amongst the cheapest source and most productive of vegetable oil in a growing population.
Currency 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 will increase operating costs and will have a negative effect on the profitability 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.
Produce prices		
CPO and palm kernel are primary commodities and is affected by the world economy, levels of inflation, and availability of alternative soft oils such as soybean oil. CPO price also moves historically 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 palm kernel and upon the Group's ability to sell CPO and palm kernel 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.

Nature of the risk and its origin	Circumstances under which the risk might be most relevant to the Company	Mitigating or other relevant considerations
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 through location permits granted by the Indonesian government 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 in estates and mills 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 including some land compensation matters. It develops a close relationship with villagers by improving local living standards through mutually beneficial economic and social interaction. 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 and Plasma schemes surrounding the operating estates. The returns from these plots are used to improve villages' community welfare.
Deterioration or disputes in relationships with the local shareholders in the Group's Indonesian subsidiaries.	Seek Indonesian courts for enforcement of shareholders' agreements and resolving disputes. Uncertainties over judicial process may result in financial loss to the Group.	The Group endeavours to maintain cordial relations with local shareholders by seeking their support for decisions affecting their interests and responding constructively to any concerns that they may have.

Nature of the risk and its origin	Circumstances under which the risk might be most relevant to the Company	Mitigating or other relevant considerations
Covid-19		
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 restrictions 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 quarantine upon return. All outside casual workers hired are assigned to different parts of the estates isolated and with minimum contact with our regular workers. Wearing a face mask is mandatory. Additional facilities are provided for workers 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 quarantined and undertake necessary tests conducted by qualified doctors to determine their condition. Medan administration and finance staff are divided into two teams with each team working from home on an alternative basis to reduce exposure to the virus and mitigate disruption. Routine retesting is conducted for all workers. 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 enforce a total lockdown requiring a total shutdown of the Group's operations.	The Group has budgeted cash requirements on a minimum spend basis that would sustain the continuity of the Group for at least twelve months.

Nature of the risk and its origin	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.	Bunding is built around flood prone areas. Canals/drainage/retention ponds are constructed and adapted either to evacuate surplus water or to maintain water levels in areas quick to dry out. Operations located in and near the tropic can expect adequate amount of sunshine regularly. Where practical, natural disasters are covered by insurance policies. Certain risks (including the risk of crop loss through fire, earthquake and flood 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. 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 material losses.
Environmental and conservation practices		
Failure to comply and observe environmental and conservation practices in its oil palm cultivation as detailed in the management for Climate Risk in the Directors' Report.	Reputational and financial damage through criticisms by conservation groups and boycott of the Group's produces.	The Group is committed to sustainable development of oil palm and maintains substantial conservation reserves to safeguard biodiversity. It has obtained ISPO and MSPO certifications for most of its operations. The Group funds independent environmental impact assessment studies and complies with its recommendation before any development begins.
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, Distributed denial-of-service ("DDOS") attacks protection and Firewalls.

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.

	2020 average employed during the year		
Group Headcount	**Women**	**Men**	**Total**
Board (Company and subsidiaries)	**3**	**14**	**17**
Senior Management (GM and above)	**-**	**5**	**5**
Managers & Executives	**33**	**412**	**445**
Full Time	**260**	**6,515**	**6,775**
Part-time Field Workers	**3,957**	**5,354**	**9,311**
Total	**4,253**	**12,300**	**16,553**
%	**26%**	**74%**	**100%**

	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%

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 0.3% from 3,969 to 3,957 in 2020. Overall, the number of female workers within the Group increased from 4,251 (26%) in 2019 to 4,253 (26%) in 2020.

The Board continues to monitor the structure and composition of the Group's management team linking it to the balance of age, social and ethnic backgrounds, together with relevant qualifications and experience. To date, the Board believes that the composition of the Group's management team is fairly balanced in respect of all the elements of diversity as mentioned above.

Employees

Oil palm cultivation is a labour-intensive industry. In 2020, the number of full-time workers averaged 7,242 (2019: 6,925) while the part-time labour averaged 9,311 (2019: 9,285). The total headcount in 2020 was higher by 2.1% due to additional matured and planted area requiring additional harvesting workforce. 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.

It was reported elsewhere that foreign workers are frequently subjected to high recruitment fees that kept them in debt bondage and are forced to work overtime and in dangerous conditions under the threat of penalties, namely withholding of salaries and identification documents and restricted movement. AEP adopts a zero cost recruitment policy towards all its local and foreign employees.

During the year all staff at its Indonesian office and plantations and mills were tested for Covid-19. Several staff tested positive and were subjected to strict quarantine and treatment. They had since recovered. Routine retesting was introduced to screen the workers for the virus. Staff were reminded to observe social distancing and personal hygiene. Administrative staff were further divided into two teams and rotated between working from home and office on alternative weeks to minimise disruption and the chances of catching the virus through travelling on public transport. More details are provided under CSR of the Strategic Report.

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 $26,000 on staff training and professional development in 2020 against $106,700 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, of which a full statement is provided on our website under Corporate Governance.

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 and a member of the Remuneration Committee 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 in 2019 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 2021 was 14% higher against the same period in 2020 mainly due to the increase in production from North Sumatera and Kalimantan regions. It is too early to forecast whether the production will be better for the rest of the year.

The CPO price ex-Rotterdam opened the year at $1,050/mt and averaged about $1,078/mt for the first three months of 2021. Despite the robust CPO prices, we expect lower prices in 2021 as tight supply normalises. We anticipated a stronger recovery of palm oil output in 2021. This will be aided by the recent good rainfall brought about by La Nina and a normalisation of fertiliser application encouraged by high CPO prices. The present high prices are unlikely to be sustainable when supply normalises.

In February 2021, the Indian government imposed additional tax on crude palm oil. With the hike, palm oil has lost a big advantage over other edible oils hurting its combativeness and continuing future import into price sensitive market like India.

A continual high spread between the CPO and gas oil prices may also reduce the discretionary usage for palm biodiesel as the cost of blending palm biodiesel is more expensive than the traditional fossil fuel. It was reported that in Indonesia alone, 14% of the palm oil supply was used as biodiesel feedstock in 2020.

Any potential rise in material costs and wages in Indonesia will increase the overall production costs in 2021.

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 2021.

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 2020.

- 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. The Group is looking forward to expanding its processing capacity of FFB in North Sumatera by the year 2022 after it has awarded civil and structural works of $6.7 million. Mechanical works estimated at $6 million will be awarded by early next year. The Board further plans to build a 45mt/hr mill in Kalimantan after a feasibility study concluded that it is more profitable to build a mill in KAP to support its plantation operations due to the high logistics cost, as detailed in the report on Corporate Development. The Board after consideration delayed the replanting of some old dura palms which have high yield but low OER to extract the maximum benefit from the prevailing high CPO prices which may not last.

- Our employees are fundamental to the delivery of our business goals. We aim to be a responsible employer in our approach to the wages 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, including establishing the standard operating procedures for its employees and management to deal with Covid-19 which is covered in the CSR and Employees sections of the Strategic Report. An online meeting with heads of employees' cooperatives was held as part of the engagement of workforce to ensure that the safety and welfare of the employees are not in any way compromised at the expense of profitability, the details of which are in the Remuneration Report. During the year the Board also published on its website a statement under the UK's Modern Slavery Act 2015 that sets forth the Group's commitment to ensure that modern slavery does not take place in the Group's operations in respect of, among others: child labour, involuntary labour, coercion, abuse and harassment, working hours and compensation and workers health and safety.

- 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. Separate Anti-Corruption and Bribery policies were introduced for its operations in the UK, Indonesia and Malaysia to comply with local laws as well as to make local directors responsible and accountable to policing any incidence of corruption or bribery locally.

- 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.

On behalf of the Board

Dato' John Lim Ewe Chuan
Executive Director, Corporate Finance and Corporate Affairs 12 May 2021

Financial Record

Income statement	2020 $000	2019 $000	2018 $000	2017 $000	2016 $000
Revenue	**269,060**	219,136	250,859	291,907	246,210
Operating profit before BA	**48,079**	12,178	30,928	66,676	52,480
Profit attributable to shareholders after BA	**31,835**	16,096	11,413	36,214	34,713
Dividend proposed for year	**(396)**	(198)	(1,189)	(1,585)	(1,463)
Financial position	**$000**	$000	$000	$000	$000
Non-current assets & long-term receivables	**387,589**	384,391	351,387	362,038	360,681
Cash net of short-term borrowings	**115,211**	76,643	101,134	130,895	111,973
Long-term loans and borrowings	**-**	-	(8,203)	(19,281)	(27,875)
Other working capital	**32,423**	40,580	29,156	16,320	17,094
Deferred tax	**(6,650)**	(5,796)	(8,893)	(13,081)	(16,612)
	528,573	495,818	464,581	476,891	445,261
Non-controlling interests	**(99,892)**	(94,661)	(92,601)	(91,799)	(82,150)
Net worth	**428,681**	401,157	371,980	385,092	363,111
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 reserves	**49,367**	48,413	51,308	51,288	61,038
Exchange reserves	**(233,534)**	(229,026)	(245,170)	(221,435)	(219,570)
Retained earnings	**573,493**	542,415	526,487	515,884	482,288
Equity attributable to shareholders' funds	**428,681**	401,157	371,980	385,092	363,111
Ordinary shares in issue ('000s)	**39,976**	39,976	39,976	39,976	39,976
Basic EPS before BA movement (US cents)	**77.67cts**	35.37cts	32.50cts	91.80cts	82.16cts
Basic EPS after BA movement (US cents)	**80.32cts**	40.61cts	28.79cts	91.37cts	87.58cts
Dividend per share for year (US cents)	**1.0cts**	0.5cts	3.0cts	4.0cts	3.8cts
Asset value per share (US cents)	**1,082cts**	1,012cts	938cts	972cts	916cts
Exchange rates - year end					
Rp : $	**14,105**	13,901	14,481	13,548	13,436
$: £	**1.36**	1.32	1.28	1.35	1.23
RM: $	**4.02**	4.09	4.13	4.05	4.49
Exchange rates - average					
Rp : $	**14,572**	14,146	14,246	13,383	13,307
$: £	**1.28**	1.28	1.33	1.29	1.35
RM: $	**4.20**	4.14	4.04	4.30	4.14

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	4	-	4	2	1	-	-	-	1
Combined Mills Capacities	**310 mt/h**		**310 mt/h**	**100 mt/h**	**105 mt/h**		**60 mt/h**		**45 mt/h**
Planted as at 31 Dec 2020	Ha	Ha	Ha	Ha	Ha	Ha	Ha	Ha	Ha
Oil Palm									
Mature	60,540	3,453	57,087	16,238	16,422	5,466	4,873	647	13,441
Immature	8,794	-	8,794	2,597	553	935	-	1,746	2,963
Total Oil Palm	**69,334**	**3,453**	**65,881**	**18,835**	**16,975**	**6,401**	**4,873**	**2,393**	**16,404**
Rubber									
Mature	262	-	262	262	-	-	-	-	-
Immature	-	-	-	-	-	-	-	-	-
Total Rubber	**262**	**-**	**262**	**262**	**-**		**-**	**-**	**-**
Plasma Mature	2,612	-	2,612	93	-	942	-	102	1,475
Plasma Immature	1,392	-	1,392	-	-	98	-	361	933
Total Plasma	**4,004**	**-**	**4,004**	**93**	**-**	**1,040**	**-**	**463**	**2,408**
Total Planted area	**73,600**	**3,453**	**70,147**	**19,190**	**16,975**	**7,441**	**4,873**	**2,856**	**18,812**
Others									
Plantable Reserve/Oil Palm	16,894	1,607	15,287	678	-	6,421	-	135	8,053
Unplantable Areas	34,289	1,236	33,053	1,491	961	23,315	84	5,244	1,958
Oil Palm Nursery/Mill/Infrastructure	3,240	72	3,168	1,040	589	123	75	19	1,322
Total Others	**54,423**	**2,915**	**51,508**	**3,209**	**1,550**	**29,859**	**159**	**5,398**	**11,333**
Total Land as at 31 Dec 2020	**128,023**	**6,368**	**121,655**	**22,399**	**18,525**	**37,300**	**5,032**	**8,254**	**30,145**

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 2020.

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 63 to 64.

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 2020 are set out on pages 82 to 130 The Group's profit for the year on ordinary activities before taxation was $51,669,000 (2019: profit $18,873,000) and the profit attributable to ordinary shareholders was $31,835,000 (2019: profit $16,096,000). No interim dividend was paid. The Directors recommend a final dividend of 1.0cts (2019: 0.5cts) to be paid to shareholders on 16 July 2021. Shareholders may elect to receive their dividend in Pounds Sterling as described on page 50.

Future developments
The future developments of the Group are reported on page 20 of the Strategic Report under corporate development.

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.

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 for its UK, Indonesian and Malaysian operations which may be viewed from the Company's website. The whistle-blowers and grievance mechanism policies which include reporting on corruption practices are also highlighted 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 for employees reporting 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 the reported issues appropriately and to take the necessarily actions, if relevant. The Group uses its best endeavour to ensure that its business partners are in compliance with the anti-bribery and anti-corruption regulations.

Carbon Reporting
A comprehensive carbon report is detailed as part of the Strategic Report on page 30 to page 34.

Principal risks
The material risks faced by the Group, including any climate change related risks, 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 53 of this Annual Report.

Substantial share interests
As at 30 April 2021 and 31 December 2020, the following interests had been notified to the Company in accordance with Chapter 5 of the Disclosure Rules and Transparency Rules of the Financial Conduct Authority, being interests in excess of 3% of the issued ordinary share capital of the Company:

	As at 30.4.2021		As at 31.12.2020	
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	7,015,000	17.70%	7,015,000	17.70%
Spencer Nicholas Roditi	1,366,900	3.45%	1,366,900	3.45%
KBC Securities NV	1,093,238	2.76%	1,539,184	3.88%

* Madam Lim Siew Kim is the controlling shareholder of Genton International Limited.

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 8 at the forthcoming annual general meeting.

Authority to allot shares
At the annual general meeting held on 29 June 2020 shareholders authorised the Board under the provisions of section 551 of the Companies Act 2006 to allot relevant securities within specified limits for a period of five years. Renewal of this authority is being sought under Resolution 10 at the forthcoming annual general meeting.

The aggregate nominal value which can be allotted under the authority set out in paragraph (i) of the resolution is limited to £3,303,031 (representing 13,212,124 ordinary shares of 25p each) which is approximately one third of the issued ordinary capital of the Company as at 12 May 2021 (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 12 May 2021. 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 2021, whichever is earlier. Renewal of this authority on similar terms is being sought under Resolution 11 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 12 May 2021, the Directors had remaining authority under the shareholders' resolution of 29 June 2020, to make purchases of 3,963,637 of the Company's ordinary shares. This authority expires on 30 June 2021. All such purchases will be market purchases made through the London Stock Exchange. Companies can hold their own shares which have been purchased in this way in treasury rather than having to cancel them. The Directors would, therefore, consider holding the Company's own shares which have been purchased by the Company as treasury shares as this would give the Company the flexibility of being able to sell such shares quickly and effectively where it considers it in the interests of shareholders to do so. Whilst any such shares are held in treasury, no dividends will be payable on them and they will not carry any voting rights.

Resolution 12 to be proposed at the forthcoming annual general meeting seeks renewed authority to purchase up to a maximum of 3,963,637 ordinary shares of 25p each on the London Stock Exchange, representing 10% of the Company's issued ordinary share capital. The minimum price which may be paid for an ordinary share is 25p. The maximum price which may be paid for an ordinary share on any exercise of the authority will be restricted to the highest of (i) an amount equal to 5% above the average middle market quotations for such shares as derived from the London Stock Exchange Daily Official List for the five business days before the purchase is made and (ii) the higher of price of the last independent trade and the highest current independent bid on the London Stock Exchange. The maximum number of shares and the price range are stated for the purpose of compliance with statutory requirements in seeking this authority and should not be taken as an indication of the level of purchases, or the prices thereof, that the Company would intend to make.

Dividends
The Board has declared a final dividend of 1.0cts per share (2019: 0.5cts), in line with our reporting currency, in respect of the year to 31 December 2020. Subject to shareholders approval of Resolution 3 at the annual general meeting, the final dividend will be paid on 16 July 2021 to those shareholders on the register on 11 June 2021.

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 11 June 2021, 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 15 June 2021, being the dividend record date. Based on the exchange rate at 5 May 2021 of $1.39 / £, the proposed dividend would be equivalent to 0.8p (2019: 0.4p). Shareholders are reminded that the last day to revoke a currency election is on 17 June 2021.

AEP operates a dividend reinvestment plan ("DRIP"). Holders of the shares may elect to reinvest their final dividend. The latest election date is 25 June 2021.

Please note, if a holder makes a partial DRIP election for shares, then the dividend for the remaining shares will be paid in Pound Sterling.

Liability insurance for Company officers

As permitted by the Companies Act 2006 the Company has maintained insurance cover for the Directors against liabilities in relation to the Company which remains in force at the date of this report.

On behalf of the Board

Dato’ John Lim Ewe Chuan
Executive Director, Corporate Finance and Corporate Affairs 12 May 2021

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 Accounting Standards ("IAS") in conformity with the requirements of the Companies Act 2006 and in accordance with International Financial Reporting Standards ("IFRSs") adopted pursuant to Regulation (EC) No 1606/2002 as it applies in 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 Directors' Report and Directors' 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 Disclosure and Transparency Rules 4 ("DTR4")
All of the Directors listed on page 53 confirm to the best of their knowledge:
- The Group financial statements have been prepared in accordance with IFRSs as adopted pursuant to Regulation (EC) No 1606/2002 as it applies in 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 12 May 2021

Directors

Madam Lim Siew Kim
(Non-Executive Chairman, age 72).

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 71).

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 66).

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 and his Audit and Advisory practice, Lim Tian Huat & Co. He is also the Managing Director of Andersen Corporate Restructuring Sdn. Bhd. He was previously a Partner at Arthur Andersen & Co Malaysia from 1990 to 2002 and a Partner at Ernst & Young Malaysia from 2002 to 2009.

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

Mr. Lim is a Non-Independent Non-Executive Director of Malaysia Building Society Berhad and is the Senior Independent Non-Executive Director of Majuperak Holdings 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.

Jonathan Law Ngee Song
(Independent Non-Executive Director, Chairman of Remuneration Committee, member of Audit and Nomination & Corporate Governance Committees, age 55).

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. He is also a Non-Independent and Non-Executive Director of Pimpinan Ehsan Berhad (appointed on 25 February 2021).

Statement on Corporate Governance

I am pleased to report on the activities of the Nomination and Corporate Governance Committee for the year ended 31 December 2020. This Statement on Corporate Governance forms part of the Directors' Report.

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. The following provisions of the Code were not met throughout the financial year ended 31 December 2020:

- Provision 19 relating to the Chairman in her role for more than nine years is fully explained on page 54;
- Provision 24 and 32 relating to the Executive Director of his inclusion as a member of the Audit and Remuneration Committees is fully explained on page 57.

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 2020 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 53). During 2020 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. The Executive Director in his capacity is the de-facto Chief Executive Officer ("CEO").

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. Although Madam Lim has been the Chairman for more than nine years which is not in compliance with Provision 19 of the Code, the Nomination and Corporate Governance Committee, however, is of the view that Madam Lim, who indirectly owns 52% of the Company's shares, together with her experience in the palm oil plantation business since 1993 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 Provision 11 of 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.

The Board ensures that the Company's purpose, values, strategy and culture are aligned to cater for the community at large, as fully explained in the CSR section of the Strategic Report.

The Nomination and Corporate Governance Committee will monitor continuously the future leader 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. The Chairman has a personal dialogue with individual directors at least once a year to discuss the business of the Group in general and their plans, if any, to facilitate succession planning.

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. The terms of reference are also available for download from the Company's website under Sustainability - Corporate Governance section.

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 2020 there were two formal 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 2020. Telephone discussions between the Chairman and the Non-Executive Directors also took place outside these meetings.

During 2020, 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 deliberated on the periodic results and measured its performance against other plantation companies. The annual budget for 2020 was tabled for the Board discussion and subsequent approval. The Executive Director received further monthly reports and minutes of the Executive Committee meetings in Indonesia chaired by the Group senior general manager from Malaysia and briefed the Board accordingly. Meetings were conducted online from late March 2020 as international borders were closed due to the Coronavirus pandemic. 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 President Director, the Chief Operating Officer, the Finance Director and the Engineering Director. The Senior Internal Audit Manager was regularly invited to attend and briefed the Executive Committee of significant audit findings and follow-up.

The Board again deliberated on the format and the venue for the forthcoming AGM on the 28 June 2021. The Board sought advice from its sponsor and legal advisor and discussed options including a hybrid meeting and a closed AGM. A hybrid AGM would involve two venues in Kuala Lumpur and London where the meeting is conducted simultaneously and broadcast online to the shareholders while in a closed meeting only the Chairman of AGM and another director will be given the proxy to attend so that the meeting is quorate, but it will not be broadcast online. A closed AGM in Kuala Lumpur again was ultimately decided as the Board noted the reservation of its legal advisor on the legality of an online video conference as it is not provided in the Company's articles and also because there is no certainty, as of now, that the Directors can be in the UK on 28 June 2021 because of the current travel restrictions and quarantine requirements. In a closed AGM the shareholders are required to vote on all resolutions by proxy. At this juncture, the Board decided to seek shareholders' approval at the forthcoming AGM to make relevant changes to AEP's articles to facilitate online meetings.

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.

In addition, the Board deliberated on the dividend rate for the year and raised the dividend to 1.0cts (2019: 0.5cts) in view of the better performance, together with an improved economic outlook for 2021. Last year the Board took the tough decision to reduce the dividend in order to preserve cash to ride out uncertainties during the pandemic.

The Board reviewed the risks management and noted the probability and financial impact of the Covid-19 pandemic on the operation of the Group should the risks materialise. The Board approved various standard operating procedures put in place in Indonesia and Malaysia to ensure the safety of workers including quarantine, restriction of movement in and out of estates and mills, alternate working days for administration staff, daily temperature taking, wearing of masks, social distancing, encouragement to wash hands and use sanitizers frequently, avoid crowded places, cancel all travel to Jakarta, switch to online meetings where possible, management approval for any travel, minimum contact between casual and full time workers housed in the estates and mills, reporting to health authorities if any staff is down with fever and virus symptoms and regular virus testing for operational workers. An external consultant was hired to make improvements to operating procedures to minimise the chances of contracting the virus through contact. Notices of safety procedures were also put up at strategic locations in the offices, estates and mills to remind employees to keep safe at all times.

The Board approved the budget for the development of an organic farm in Malaysia which started on an exploratory basis in 2019. The project involved planting organic fruits and vegetables on 8 hectares of land leased from the Chairman at open market value. The produce from the organic farm are to be sold in local supermarkets at affordable prices, as part of the Company's corporate social responsibility.

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 2020.

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 2020. Provision 24 and 32 of the UK Corporate Governance Code provide 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 and Corporate Governance Committee. 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 2020 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 2021 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 three meetings during 2020, attended by all members.

The policy on diversity is described on page 40 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. Whilst no formal training programme was arranged for the year, the Board received periodic briefings on legal, regulatory, operational and political developments affecting the Group. As in the past the Board will not hesitate to arrange training on specific matters where it is thought to be required.

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 2021 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.

In a typical year, the Executive Director would have contacted and met certain principal shareholders during the year to understand their concerns and at all times is pleased to speak to and meet any shareholder. The views of the shareholders are communicated to the Board to ensure that it is mindful of the shareholders' sentiment and issues arising at all times. It is the intention of the Board to engage with identifiable shareholders who have voted against Company's resolutions in the past. However, with the travel restriction and international borders remaining closed for almost ten months of the year, the Executive Director was not able to meet any of the principal shareholders other than via telephone calls and email correspondence.

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 latest Company announcements, information on the Company's share price, the price of crude palm oil, foreign currency movement of Indonesian Rupiah against US dollar and 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 and MSPO 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 12 May 2021

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 five external courses and seminars in 2020, three of which were organised by Malaysian Institute of Accountants. Topics covered were Anti-Money Laundering Act, business restructuring and rescue option under the Companies Act, adaptation of work norm and transformative technologies to build sustainable business for small and medium practices during time of pandemic, Inter-bank offered rates reform and Covid-19 impact on financial instruments.

Dato' John Lim attended five recorded webinars on the impact of Covid-19 on accounting and corporate financial reporting and resolving related governance, business disruption and financial solvency issues that arise, applying IFRS 9 under the pandemic and other corporate financial reporting updates.

Mr. Jonathan Law attended four trainings and webinars covering topics on Covid-19 on cross border transactions, corporate liability under the Malaysian Anti-Corruption Act, Sustainability – beyond reporting requirements and what need to be done under corporate liability.

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 limited 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 formal meetings and 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. Where necessary the Committee also seek independent advice from professionals and experts.

Overview
The Audit Committee met prior to the completion of the 2020 accounts and four times during 2020 with full attendance in all meetings.

During the year, the Committee reviewed and discussed the 2019 Annual Report, 2020 Interim Results, 1st Quarter and 3rd Quarter Trading Statement for 2020. The Committee also deliberated and recommended to the Board the dividend rate for the Company.

The Committee updated the risks register chart and deliberated on the probability of various material risks from occurring and the resulting financial impact should the risks materialise. The Committee concluded that produce prices are the biggest risks with high probability of occurring and with high financial impact, while Coronavirus and imposition of import controls and taxes are rated with medium chance of occurrence with medium to high financial impact. All other risks are generally low in financial impact.

The Committee deliberated extensively before recommending the 2020 Budget to the Board.

Following the advice of the Company legal advisor, the Audit Committee resolved to set up different and separate Anti-Corruption and Bribery policies for the UK, Indonesia and Malaysia operations to comply with local laws as well as to make local directors responsible and accountable to policing any incidence of corruption or bribery locally. Local compliance managers were nominated in line with this set up.

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 and discussed in detail in three of the Audit Committee meetings in 2020. The Senior Internal Audit Manager presented his audit findings and interacted with members of the Audit Committee in two of the meetings.

During the year Deloitte Risks Advisory in Kuala Lumpur presented its findings and recommendation to the Audit Committee following a Quality Assurance Review ("QAR") on the Internal Audit Department. The QAR encompassed the following:

- Assessed and provided recommendations of the Internal Audit activities' conformity with the Institute of Internal Auditors ("IIA") Standards, the Code of Ethics and the Definition of Internal Auditing and with applicable legislative and regulatory requirements and
- Assessed 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 and the Company's senior management

Deloitte reported that the Internal Audit activities partially conform with the IIA's Standards and Code of Ethics, as well as its Definition of Internal Auditing, Internal Audit Charter, Policies, Manual and Procedures. The Audit Committee discussed in detail the QAR scorecard and deficiency over priority areas like the IT risks assessment, mapping of company risks, documentation of Internal Audit methodology and technology, the quality of communications and reporting delivery to management that needed improvement.

External Audit

BDO LLP are the external auditors. The engagement Partner who has overall responsibility for the audit is Nigel Harker who is in the role for the first year. 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. It is our intention that the audit will be re-tendered in 2024 when BDO LLP are mandated to rotate after the audit of the Group's financial statements for the year ending 31 December 2023 under the independence rule.

The Committee met online with the external auditor twice in 2020 to discuss the audit findings and to plan the audit for 2020 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 valuation of estate land, impairment of bearer plants, recoverability of plasma scheme receivables, management override of controls, revenue recognition and completeness of related party transactions.

The valuation of estate land is considered a significant risk due to its size and the subjective judgements involved in the estimation, together with the volatility of land market prices within Indonesia in particular. The Group engaged a qualified valuer to value approximately half the estate to benchmark the valuation of the entire estate. The Audit Committee reviewed in detail the workings of the external valuer and the assumptions applied to satisfy themselves that the estate land are fairly stated. To provide indicative fair values and to support the valuation of the estate land, eight companies located across North Sumatera, Bengkulu, Riau and Kalimantan were valued by qualified valuers in 2020. The land held in the remaining companies, which was valued externally in the previous year, have been valued by the Directors by reference to the changes in value of externally valued estates, taking note of their geographical location and applying them as considered appropriate. 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 in note 11 of the consolidated financial statements.

The bearer plants are held as property, plant and equipment at depreciated cost (IAS16). The Group is required under IAS 36, to assess whether there is any indication that the bearer plants may have been impaired, or if a previously recognised impairment should be reversed at the end of each reporting period. Given the subjective nature and complexity of these calculations, there is an inherent risk that the valuations may be materially misstated. The Group engaged an external valuer to conduct the required impairment review based on the value in use of the bearer plants. The Audit Committee reviewed in detail the calculations of value in use and the assumptions applied to satisfy themselves that the bearer plants are fairly stated. Under IAS 36, an entity is required at the end of each reporting period to assess whether there is any indication that any bearer plant held as property, plant and equipment including plantations may be impaired. In 2020 the management took reasonable steps including external valuation of five companies to independently assess whether their bearer plants need to be impaired. 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 2020, there is no additional impairment loss of the plantations of the Group (2019: reversal of impairment loss of $7.6 million). The details of the calculation of the recoverable amount are disclosed in note 11 - Property, plant and equipment to the consolidated financial statements.

AEP has amounts due from cooperatives under the plasma programme on the balance sheet. The balances are repaid by the cooperatives if and when they manage to obtain bank financing, which would need to be secured by a guarantee from AEP, or via the sale of the FFB they produce to AEP. There is a risk that the receivables due from cooperatives may not be recoverable and where applicable the exposure of guarantees given to secure the cooperatives loans. Accordingly, the Audit Committee ensures that IFRS 9 has been appropriately applied and that any expected credit losses are recognised.

The risk of fraud due to management override of controls and revenue recognition due potentially to performance obligations linked to compensation or shareholders' expectations could be achieved by manipulating judgements and estimates or through the posting of journals. The above mentioned risks are mitigated through the internal audit function which reviews journals of material amounts and participate in period end cut-off to ensure that the proper procedures are adhered to. The internal audit function reports to the Audit Committee specifically on these two areas, in addition to other exception reports.

The Audit Committee ensured completeness of related party transactions by requiring all Directors and senior managers to disclose any transactions directly or indirectly with the Group via a signed prescribed form for this purpose. The Audit Committee may carry out third party search, if applicable.

Other risks rated as medium to low impact include valuation of biological assets, valuation of defined benefit obligation and recoverability of income tax receivables. The auditor continued to stress on the directors' responsibilities, the effects of coronavirus on year-end corporate reporting and auditing, definition and application of materiality and shared with the Committee new accounting and auditing standards and other financial reporting developments. Due to the travel restriction, the audit engagement team from BDO LLP, from the UK, used remote review to review the work of the component auditors.

Before finalizing the accounts, the Audit Committee conducted a stress test premise on stoppage of Group's estates and mills operation for a year as a result of Covid-19. Based on this scenario, the cash flow projections showed that the Group has sufficient resources to continue operating as a going concern for the next five years.

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 2019. The tenure of audit and extent of non-audit work that will affect the independence of the auditor were reviewed. During 2020, the non-audit work undertaken by BDO LLP (UK) was on the review of the interim report for compliance before the announcement. The Committee considered the nature, limited 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 LLP (UK) and the various Partners from BDO in Malaysia and Indonesia. New Audit Partners for the UK and Indonesia were assigned for the 2020 audit while in Malaysia, the same engagement Partner has been involved in the audit for the last two years. 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.

Audit Committee Report

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.

Lim Tian Huat
Chairman, Audit Committee

12 May 2021

Directors' Remuneration Report

Annual Statement
I am pleased to report on the activities of the Remuneration Committee for the year ended 31 December 2020. 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 SI 2008/410 Large and Medium-sized Companies and Groups (Accounts and reports) Regulations 2008.

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 reviewed the annual increment and bonus entitlement of senior management in Indonesia. In considering the bonus for 2019, the Committee took into account the achievement of the key performance criteria related to crop production, rate of new planting, oil extraction rates and implementation of cost reduction measures. The Committee also took into account the reduction and rotation of the administrative and supporting departments with half of the departments working from home to mitigate the risks of contracting Coronavirus. It also made an informal comparison with other plantation companies for bonus payment. In addition, the Committee deliberated and renewed the contracts of five senior management personnel and two directors. The Board of Directors decided to renew the contract of the Executive Director annually and in this instance his contract was extended to 31 August 2021 at a reduced fee of £63,000 per annum in line with reduced working days. The contract of the Chairman/Director was renewed with no change in remuneration. None of the directors were involved in deciding the renewal and the compensation of their own contract. Measures to avoid or manage conflicts of interest are in the declarations of all Directors and senior managers in respect of related party transactions as detailed on page 63. The Committee believes that the remuneration packages should continue to motivate and reward individual performance in a way consistent with the best interest of the Company and its stakeholders. The Committee also deliberated on the 2020 Remuneration Report and recommended to the Board for acceptance.

As part of the engagement of workforce, the Chairman of Remuneration Committee conducted an online meeting with heads of employees' cooperatives in North Sumatera and Kalimantan to discuss and obtain feedback on issues relating to their safety and welfare, working conditions, remuneration and ways to improve productivity. The meeting was productive and concluded that workers were generally happy and satisfied. There were however several minor requests that need to be addressed pertaining to additional replacement of worn out safety shoes, separate uniforms for supervisors for recognition and better bonuses.

The Committee would welcome your support for our Remuneration Report.

The Remuneration Policy was previously voted and approved by the shareholders at the 2020 AGM and shall be effective from 1 January 2020 for three years. There is no change in the policy since September 2014.

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 three meetings in 2020, attended by all members.

Voting at Annual General Meeting
There was no change in the Remuneration policy which was last voted and approved in 2020. In that meeting, the shareholders voted in the following manner:

	Shares For	Shares Against	% Shares For	% Shares Against
To approve Remuneration policy	23,029,499	703,113	97.0%	3.0%

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 29 June 2020. In the meeting, the shareholders voted in the following manner:

	Shares For	Shares Against	% Shares For	% Shares Against
To approve Directors' Remuneration Report	23,594,749	137,813	99.4%	0.6%

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.

The Listing Rules require 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	23,729,349	3,309	99.9%	0.1%
Re-election of Mr Jonathan Law Ngee Song	23,726,133	6,525	99.9%	0.1%

	Shares For	Shares Against	% Shares For	% Shares Against
By independent shareholders:				
Re-election of Mr. Lim Tian Huat	3,177,435	3,309	99.9%	0.1%
Re-election of Mr Jonathan Law Ngee Song	3,174,219	6,525	99.8%	0.2%

Policy 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 below will continue to be applied for any new appointment.

The table below summarises the key aspects of the Group's Remuneration Policy for the Executive Director since September 2014 and has remained unchanged since that date.

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, employee share option scheme or any other variable remuneration for the Executive Director.

The table below summarises the key aspects of the Group's Remuneration Policy for the Non-Executive Directors.

Type	Purpose	Maximum payment
Fees.	To attract and retain individuals with suitable knowledge and experience.	Determined by the Board within the limits set by the articles of association and by reference to comparable organisations and to the time commitment expected.

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 Non-Executive Directors receive no benefit such as share options or other performance-related elements.

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 however no bonus scheme for any of the Directors.

The operating units in Indonesia and Malaysia have in place a variable compensation policy which over the recent years rewarded senior executives and employees with bonuses ranging from one to seven months' pay based on the individual's and operating units' performance. The key criteria used in the determination of the variable compensation policy for the bonus was revised in 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.

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. The Company has not issued any share options to any Directors after 2004. No one in the Company has vested or unvested shares.

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.

Annual Report on Remuneration

Directors' remuneration (audited)
The following part provides details of the remuneration of all the Directors for the year ended 31 December 2020. 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 2020 Fixed Remuneration $000**	Total 2019 Fixed Remuneration $000
Name of Directors		
Executive:		
Dato' John Lim Ewe Chuan (1)	**103**	116
Non-Executive:		
Lim Siew Kim (2)	**55**	57
Lim Tian Huat (3)	**21**	21
Jonathan Law Ngee Song (4)	**21**	21
Total	**200**	215

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.

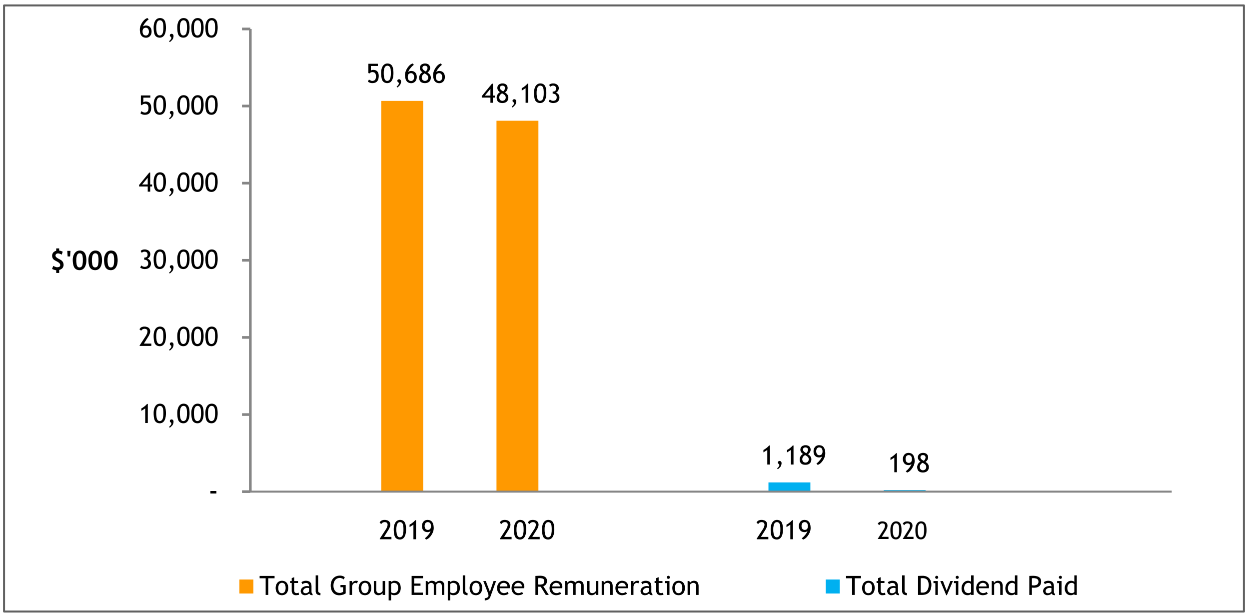
Executive Director's/de-facto CEO's Remuneration over 10 Years

Year ended 31 Dec	Salary	Benefit	Pension	Bonus	Total
2020	$103,000*	-	-	-	$103,000
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

* The Executive Director's basic salary on renewal of contract in September 2020 was revised from £7,500 per month (or £90,000 per annum) to £5,250 per month (or £63,000 per annum). The Executive Director's salary from 2015 to 2019 was £90,000 per annum. The fluctuations shown above during this period were the result of exchange translations.

Directors' Remuneration Report

Relative importance of spend on pay



Percentage annual change in Directors' remuneration and for employees as a whole over FY2020 (not subject to audit)

The Directors have service agreements with AEP Plc, the parent company. The Company has no employees other than the directors therefore voluntary disclosure has been given based on the Group's employee information.

The table below shows the annual change in the Directors' pay compared with the Group's average pay for an employee for 2019 to 2020.

2020	Annual change in pay for Directors compared with the Group's average employees				
	Executive Director	Non-Executive Directors			Group's Average Employees
	Dato' John Lim Ewe Chuan	Madam Lim Siew Kim	Lim Tian Huat	Jonathan Law Ngee Song	
Base Salary/fees	-11%	-4%	-	-	-6%
Benefits	-	-	-	-	+13%
Bonus	-	-	-	-	-13%

1. Directors' remuneration comprises of Directors' fees only.
2. All Directors fees are paid in other currencies and the annual amount remains unchanged in 2020.

Service contracts

All Directors, Executive and Non-Executive, have formal appointment letters. The Executive and Non-Executives are appointed normally on a one to two-year term 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.

The unexpired term of the retiring Directors are:

Madam Lim Siew Kim	Expiry 30 January 2023
Dato' John Lim Ewe Chuan	Expiry 31 August 2021
Lim Tian Huat	Expiry 7 May 2023
Jonathan Law Ngee Song	Expiry 3 July 2022

Directors’ Remuneration Report

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 2011 to 2020 (last ten years) to indicate the volatility and trend of the market generally. Except for two periods, our share price had underperformed 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:	**2020**	2019
	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 beneficial 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 change in the interests of the Directors in the securities of the Company between 31 December 2020 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.

Jonathan Law Ngee Song
Chairman, Remuneration Committee 12 May 2021

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

Opinion on the financial statements

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 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Group financial statements have been properly prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in 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.

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 2020 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company balance sheet, the company statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union., The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

Following the recommendation of the audit committee, we were appointed by the Board in 2001 to audit the financial statements for the year ended 31 December 2001 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 20 years, covering the years ended 31 December 2001 to 31 December 2020. We remain 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. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

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

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included:

- A review of management's assessment of going concern, including various stress test scenarios, challenge of the key assumptions used to make this assessment, such as Crude Palm Oil ('CPO') price and Fresh Fruit Bunch ('FFB') production tonnage, and the impact of a potential shut down of operations related to the Covid-19 pandemic. These were assessed by reference to external market forecasts, industry production trends and experience to date of the impact of Covid-19 on the Group's operations; and
- A review of the adequacy and consistency of disclosures in relation to going concern in the Group financial statements with reference to management's going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	100% (2019: 100%) of Group revenue 95% (2019: 88%) of Group total assets		
Key audit matters		**2020**	**2019**
	1. Valuation of estate land	✓	✓
	2. Impairment of plantations classified as PPE	✓	✓
	3. Recoverability of amounts due from cooperatives under Plasma scheme	✓	
	Recoverability of amounts due from cooperatives under Plasma scheme has been considered to be a key audit matter for the current period due to the increasing balance year on year and the judgement involved in determining any expected credit losses.		
Materiality	*Group financial statements as a whole* US$2.5m (2019: US$0.8m) based on 5% (2019: 5%) of profit before tax before biological asset movement.		

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

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

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.

Based on our risk assessment we identified six operating plantation companies which, in our view, are significant components and required a full scope 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. These audits were performed by BDO network firms in Indonesia and Malaysia which, 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.

The audits and specific audit procedures performed on each of the operating companies identified above were performed largely by BDO Malaysia and BDO Indonesia, with additional work on the specific risk areas identified as Key Audit Matters, together with audit procedures over the Group consolidation, performed by BDO UK. 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.

As part of the audit strategy, senior members of the Group audit team attended a number of meetings with management via videoconference.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. In light of the international travel restrictions imposed as a result of the Covid-19 pandemic, the Group audit team was unable to travel to Indonesia or Malaysia, however were able to communicate effectively with component auditors and local management remotely in order to direct the component auditor's work and review and evaluate the results of their work as necessary. Our involvement with component auditors included the following:

- As part of our audit planning, we held remote planning meetings via video conference with both the Indonesian and Malaysian component teams 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.

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

- We performed a remote review of the complete audit files for the six operating plantation companies in Indonesia considered to be significant by size and focused on the audit work in relation to the specific areas identified for the remaining eleven companies, in both Indonesia and Malaysia, considered to be significant due to their risk characteristics. Following the review, any further work required by the Group audit team was performed by the component auditors. The component auditors visit the plantation estates on a rotational basis so that each estate is visited at least once every three years and this was still permissible for the current year audit under local Covid-19 restrictions.
- At the completion stage, we 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.

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		**How the scope of our audit addressed the key audit matter**
Valuation of leasehold land (note 2(g) and note 11)	Leasehold land is carried at fair value, based on valuations performed rotationally by management’s external expert on an open market basis. Where land was not valued externally at the year end 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 leasehold land as a risk due to the subjective judgements involved in the estimation, the differing categories of land title that can be applied and the potential for management bias..	We assessed the independence, capabilities, objectivity and competence of management’s expert. We challenged the assumptions applied by management’s expert, verified, on a sample basis, input data relating to land area and title to title documentation and assessed the reasonableness of the movements in the valuation on an estate by estate basis in light of 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 management’s expert to the remaining estates, based on their geographical location.
Key observations: *Based on the procedures we performed, we identified no changes to key assumptions that would result in material changes to the valuation.*		

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

<table>
<tr><th colspan="2">Key audit matter</th><th>How the scope of our audit addressed the key audit matter</th></tr>
<tr><td>Impairment of plantations classified as PPE

(note 2(g) and note 11)</td><td>Plantations, or 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 two plantations and an indicator of impairment reversal on a further two plantations and having engaged an external expert, 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, considered to be CPO price and the discount rate, for which disclosure is given around their sensitivity.

We identified the impairment of plantations as a key audit matter due to the significant judgement and assumptions involved in its assessment.</td><td>We assessed the independence, capabilities, objectivity and competence of management’s expert.

We performed our own assessment for indicators of impairment across all plantations based on performance against production budget.

We challenged the assumptions in the underlying data made by the expert and management through discussions, corroboration to independent external data sources in respect of CPO price and FFB production and, where available, through corroboration to supporting documentation and historical trends.

With the use of our internal expert we recalculated the discount rate to determine an acceptable range which was compared to the rate calculated by management’s expert.

We performed sensitivity analysis on the CPO price assumption.

The calculations to support the disclosures given in respect of the sensitivity of CPO price, discount rate and inflation rate were re-performed.</td></tr>
<tr><td colspan="3">Key observations: Based on the procedures we performed, we found the key assumptions used by the Directors in assessing any impairment losses to be recognised or reversed to be appropriate.</td></tr>
</table>

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

Key audit matter		How the scope of our audit addressed the key audit matter
Recoverability of amounts due from cooperatives under Plasma scheme (note 2(l), note 12 and note 15)	In accordance with Indonesian Law, the Group is required to facilitate the development of community gardens, in this case palm oil plantations, in partnership with cooperatives under the Plasma scheme. The associated costs incurred by the Group in developing plantations on behalf of, and repayable by, the Plasma scheme are held as non-current receivables. In some instances, the Group will assist the Plasma cooperatives in obtaining a bank loan and will provide any necessary guarantee. Both the receivables themselves and the guarantees fall within the scope of IFRS 9 for assessment under the expected credit loss model. The Directors have measured the expected credit losses as the excess of the receivable above the fair value of the land and bearer plants operated by the Plasma cooperative, being the minimum recoverable amount. The greatest risk of expected credit loss is with those companies that have also recognised impairment on their own bearer plants due to underperformance. We identified the recoverability of amounts due from cooperatives under Plasma scheme as a key audit matter due to the significant judgement and assumptions involved in determining the expected credit losses.	We obtained direct confirmation from each of the respective cooperatives of the balance owing from them as at 31 December 2020. We checked the arithmetic accuracy of the model and verified the significant inputs, being the fair value of the land and bearer plants attributed to the Plasma area, which apply the same assumptions that have been tested in the other Key Audit Matters above. We discussed the reasonableness of other possible outcomes with management regarding the recoverability of the non-current receivables, including staged repayment through the purchase of the Plasma scheme’s FFB produce and full repayment through the Plasma cooperative obtaining a bank loan, with a probability weighting given to each.
Key observations: *Based on the procedures we performed, we identified no changes to probability weighted outcomes that would result in a material change to the expected credit losses recognised.*		

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.

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

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent Company financial statements	
	2020	**2019**	**2020**	**2019**
Materiality	US$2,500,000	US$800,000	US$1,200,000	US$720,000
Basis for determining materiality	5% of profit before tax before biological asset movement	5% of profit before tax before biological asset movement	2% of total assets	capped at 90% of Group materiality
Rationale for the benchmark applied	Profit before tax before biological asset movement was selected as the benchmark for determining materiality for the Group financial statements as it is considered to be the key indicator of the Group's financial performance.		Total assets was selected as the benchmark for determining materiality for the Parent Company's financial statements since it is held primarily for investment purposes.	Capped at 90% of Group materiality given the assessment of the components' aggregation risk
Performance materiality	US$1,900,000	US$600,000	US$900,000	US$540,000
Basis for determining performance materiality	75% of materiality having considered a number of aspects including the expected total value of known and likely misstatements based on previous assurance engagements and other factors.			

Component materiality

We set materiality for each component of the Group based on a percentage of between 0.16% and 88% (2019: 0.5% and 90%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from US$4,000 to US$2,200,000 (2019: US$4,000 to US$720,000). In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of US$50,000 (2019: US$16,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

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

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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 15; and • The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate set out on page 15.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 52; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 34; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 63 and 64; and • The section describing the work of the audit committee set out on pages 60 to 64.

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

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	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 • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and 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.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	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.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- 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 acts by the Group that were contrary to applicable laws and regulations, including fraud.
- We considered the Group's compliance with laws and regulations that have a direct impact on the 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, taxation laws in the UK, Indonesia and Malaysia, Indonesian land laws and the Indonesian Sustainable Palm Oil (ISPO) and Malaysian Sustainable Pail Oil (MSPO) certification schemes, and we considered the extent to which non-compliance might have a material effect on the Group financial statements.
- We designed audit procedures to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary. We reviewed internal audit reports and minutes of all Board and Committee meetings held throughout the year and subsequent to the year end for any indicators of non-compliance and made enquiries of management and of the Directors as to the risks of non-compliance and any instances thereof.
- We discussed among the engagement team and relevant internal technical experts how and where non-compliance with laws and regulations and fraud might occur in the financial statements and any potential indicators of fraud.
- We addressed the risk of management override of internal controls, considered to be in connection with the posting of inappropriate journals and bias in significant management estimates and judgements, through testing journal entries processed during the year and subsequent to the year end which met a specific criteria, particularly with regard to revenue postings with unusual account combinations and consolidation journals, and evaluating whether there was evidence of bias in setting significant estimates and judgements by the Directors that represented a risk of material misstatement due to fraud (refer to Key Audit Matter above).

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

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

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.

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

12 May 2021

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 2020

		2020			2019		
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	**269,060**	**-**	**269,060**	219,136	-	219,136
Cost of sales		**(213,370)**	**1,274**	**(212,096)**	(199,515)	3,255	(196,260)
Gross profit		**55,690**	**1,274**	**56,964**	19,621	3,255	22,876
Administration expenses		**(8,134)**	**-**	**(8,134)**	(8,068)	-	(8,068)
Reversal of impairment	11	**2,008**	**-**	**2,008**	6,590	-	6,590
Provision for expected credit loss	15	**(1,485)**	**-**	**(1,485)**	(5,965)	-	(5,965)
Operating profit		**48,079**	**1,274**	**49,353**	12,178	3,255	15,433
Exchange (losses) / gains		**(268)**	**-**	**(268)**	251	-	251
Finance income	4	**2,876**	**-**	**2,876**	4,169	-	4,169
Finance expense	4	**(292)**	**-**	**(292)**	(980)	-	(980)
Profit before tax	5	**50,395**	**1,274**	**51,669**	15,618	3,255	18,873
Tax expense	8	**(13,660)**	**(66)**	**(13,726)**	(1,885)	(814)	(2,699)
Profit for the year		**36,735**	**1,208**	**37,943**	13,733	2,441	16,174
Attributable to:							
- Owners of the parent		**30,784**	**1,051**	**31,835**	14,019	2,077	16,096
- Non-controlling interests		**5,951**	**157**	**6,108**	(286)	364	78
		36,735	**1,208**	**37,943**	13,733	2,441	16,174
Earnings per share for profit attributable to the owners of the parent during the year							
- basic	9			**80.32cts**			40.61cts
- diluted	9			**80.32cts**			40.61cts

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

* The total column represents the IFRS figures and the result before BA movement is an Alternative Performance Measure ("APM"). We have opted to additionally disclose this APM as the BA movement is considered to be a fair value calculation which does not appropriately represent the Group's result for the year.

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

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

	2020 $000	2019 $000
Profit for the year	**37,943**	16,174
Other comprehensive (expenses) / income:		
Items may be reclassified to profit or loss:		
(Loss) / Gain on exchange translation of foreign operations	**(5,490)**	18,680
Net other comprehensive (expenses) / income may be reclassified to profit or loss	**(5,490)**	18,680
Items not to be reclassified to profit or loss:		
Unrealised gain / (loss) on revaluation of leasehold land, net of tax	**1,309**	(1,715)
Remeasurement of retirement benefits plan, net of tax	**(649)**	(768)
Net other comprehensive income / (expenses) not being reclassified to profit or loss	**660**	(2,483)
Total other comprehensive (expenses) / income for the year, net of tax	**(4,830)**	16,197
Total comprehensive income for the year	**33,113**	**32,371**
Attributable to:		
- Owners of the parent	**27,722**	28,550
- Non-controlling interests	**5,391**	3,821
	33,113	32,371

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

Consolidated Statement of Financial Position
As at 31 December 2020

Company Number: 1884630

	Note	31.12.2020 $000	31.12.2019 $000
Non-current assets			
Property, plant and equipment	11	**365,353**	367,891
Receivables	12	**22,236**	16,500
Deferred tax assets	18	**8,817**	11,251
		396,406	395,642
Current assets			
Inventories	13	**12,541**	8,752
Income tax receivables	8	**10,071**	14,348
Other tax receivable	8	**41,618**	35,179
Biological assets	14	**8,783**	7,574
Trade and other receivables	15	**4,693**	5,774
Short-term investments		**1,957**	-
Cash and cash equivalents	28	**115,211**	84,846
		194,874	156,473
Current liabilities			
Loans and borrowings	16	**-**	(8,203)
Trade and other payables	17	**(26,310)**	(16,110)
Income tax liabilities	8	**(5,981)**	(1,512)
Other tax liabilities	8	**(1,089)**	(1,386)
Dividend payables		**(24)**	(23)
Lease liabilities	29	**(236)**	(222)
		(33,640)	(27,456)
Net current assets		**161,234**	129,017
Non-current liabilities			
Deferred tax liabilities	18	**(15,467)**	(17,047)
Retirement benefits - net liabilities	19	**(13,383)**	(11,338)
Lease liabilities	29	**(217)**	(456)
		(29,067)	(28,841)
Net assets		**528,573**	495,818
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		**49,367**	48,413
Exchange reserves		**(233,534)**	(229,026)
Retained earnings		**573,493**	542,415
		428,681	401,157
Non-controlling interests		**99,892**	94,661
Total equity		**528,573**	495,818

The financial statements were approved and authorised for issue by the Board of Directors on 12 May 2021 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 2020

	Note	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 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 (expenses) / income											
-Unrealised (loss) / gain on revaluation of leasehold land, net of tax	11	-	-	-	-	(3,040)	1,211	-	(1,829)	114	(1,715)
-Remeasurement of retirement benefit plan, net of tax	19	-	-	-	-	-	-	(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**
Items of other comprehensive income											
-Unrealised gain on revaluation of leasehold land, net of tax	**11**	**-**	**-**	**-**	**-**	**954**	**-**	**-**	**954**	**355**	**1,309**
-Remeasurement of retirement benefit plan, net of tax	**19**	**-**	**-**	**-**	**-**	**-**	**-**	**(559)**	**(559)**	**(90)**	**(649)**
-Loss on exchange translation of foreign operations		**-**	**-**	**-**	**-**	**-**	**(4,508)**	**-**	**(4,508)**	**(982)**	**(5,490)**
Total other comprehensive income / (expenses)		**-**	**-**	**-**	**-**	**954**	**(4,508)**	**(559)**	**(4,113)**	**(717)**	**(4,830)**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**-**	**31,835**	**31,835**	**6,108**	**37,943**
Total comprehensive income / (expenses) for the year		**-**	**-**	**-**	**-**	**954**	**(4,508)**	**31,276**	**27,722**	**5,391**	**33,113**
Dividends paid		**-**	**-**	**-**	**-**	**-**	**-**	**(198)**	**(198)**	**(160)**	**(358)**
Balance at 31 December 2020		**15,504**	**(1,171)**	**23,935**	**1,087**	**49,367**	**(233,534)**	**573,493**	**428,681**	**99,892**	**528,573**

Consolidated Statement of Cash Flows
For the year ended 31 December 2020

	2020 $000	2019 $000
Cash flows from operating activities		
Profit before tax	**51,669**	18,873
Adjustments for:		
BA movement	**(1,274)**	(3,255)
Gain on disposal of property, plant and equipment	**(2)**	(83)
Depreciation	**18,143**	18,590
Retirement benefit provisions	**1,793**	2,152
Net finance income	**(2,584)**	(3,189)
Unrealised loss / (gain) in foreign exchange	**268**	(251)
Property, plant and equipment written off	**587**	261
Reversal of impairment	**(2,008)**	(6,590)
Provision for expected credit loss	**1,485**	5,965
Operating cash flows before changes in working capital	**68,077**	32,473
(Increase) / Decrease in inventories	**(3,915)**	1,185
Increase in non-current, trade and other receivables	**(12)**	(1,586)
Increase / (Decrease) in trade and other payables	**10,554**	(4,629)
Cash inflows from operations	**74,704**	27,443
Interest paid	**(258)**	(939)
Retirement benefits paid	**(434)**	(475)
Overseas tax paid	**(8,917)**	(11,438)
Net cash flows from operating activities	**65,095**	14,591
Investing activities		
Property, plant and equipment		
- purchases	**(21,277)**	(33,169)
- sales	**83**	135
Interest received	**2,876**	4,169
Increase in receivables from cooperatives under plasma scheme	**(4,563)**	(5,116)
Placement of fixed deposits with original maturity of more than three months	**(1,957)**	-
Net cash used in investing activities	**(24,838)**	(33,981)

Consolidated Statement of Cash Flows
For the year ended 31 December 2020

	Note	**2020 $000**	2019 $000
Financing activities			
Dividends paid to the holders of the parent		**(197)**	(1,240)
Dividends paid to non-controlling interests		**(160)**	(457)
Issue of subsidiaries shares to non-controlling interests		**-**	512
Repayment of existing long-term loans		**(8,167)**	(11,078)
Repayment of lease liabilities - principal		**(223)**	(169)
Repayment of lease liabilities - interest		**(34)**	(41)
Net cash used in financing activities		**(8,781)**	(12,473)
Net increase / (decrease) in cash and cash equivalents		**31,476**	(31,863)
Cash and cash equivalents			
At beginning of year		**84,846**	112,212
Exchange (losses) / gains		**(1,111)**	4,497
At end of year		**115,211**	84,846
Comprising:			
Cash at end of year	28	**115,211**	84,846

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

AEP is a company incorporated in the UK 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, UK. The principal activity of the Group is plantation agriculture, mainly in the cultivation of oil palm in Indonesia and Malaysia, of which Indonesia is the principal place of business.

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 accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with International Financial Reporting Standards ("IFRSs") adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the EU.

The Directors have a reasonable expectation, having made the appropriate enquiries, that the Group has control of the monthly cash flows and that the Group has sufficient cash resources to cover the fixed cash flows for a period of at least twelve months from the date of approval of these financial statements. 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 from three to twelve months if all the plantations are infected with Coronavirus as well as the impact on the demand for palm oil with decreases of 50% to 100%. Stress testing of other identified uncertainties and risks such as commodity prices and currency exchange rates were also undertaken.

Changes in accounting standards
(a) New standards, interpretations and amendments effective in the current year

The following amendments are effective for the first time for accounting periods beginning on or after 1 January 2020 in these financial statements:
- Amendments to references in the conceptual framework in IFRS Standards
- IAS 1 and IAS 8 (amendments) Definition of material

These new and amended standards and Interpretations that apply for the first time in these financial statements have not significantly impacted the Group as they are either not relevant to the Group's current activities or require accounting which is consistent with the Group's existing accounting policies.

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

The following new standards, interpretations and amendments are effective for future periods (as indicated) and have not been applied in these financial statements:
- Annual improvements to IFRS Standards 2018-2020 (1 January 2022, not yet endorsed)
- IAS 1 (amendments) Classification of liabilities as current or non-current (1 January 2023, not yet endorsed)
- IAS 1 (amendments) and IFRS Practice Statement 2 Disclosure of Accounting Policies (1 January 2023, not yet endorsed)
- IAS 8 (amendments) Definition of Accounting Estimates (1 January 2023, not yet endorsed)

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.

(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.

2 Accounting policies - continued

(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), being the currency in which the majority of their transactions are denominated, 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 rubber slab 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) *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 of 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. 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. The leasehold land is recognised at cost initially and is not depreciated. Costs include the initial cost of obtaining the location permits and subsequent payments to compensate existing land owners plus any legal costs incurred to acquire the necessary land exploitation rights. Location permits are subsequently carried at fair value while the subsequent amounts are carried at cost until the exploitation rights have been awarded, at which point they will also be carried at fair value. Fair value is determined 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.

2 Accounting policies - continued

(g) Property, plant and equipment - continued

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

(h) 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.

(i) 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.

Lease payments included in the measurement of the lease liability comprise:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

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 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.

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 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.

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

2 Accounting policies - continued

(j) *Impairment*
An assessment of indicators of impairment over the Company's assets is 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 income statement, except to the extent they reverse gains previously recognised in other comprehensive income. Reversal on impairment loss would be recognised if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment test was carried out. Reversal on impairment losses will be immediately recognised in the income statement.

(k) *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.

(l) *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.

(m) *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.

(n) *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 to other comprehensive income, such as revaluations, in which case the deferred tax is also dealt with in other comprehensive income.

2 Accounting policies - continued

(o) *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
- Past service costs; less
- The effect of minimum funding requirements agreed with scheme trustees.

Remeasurements of the net defined benefit obligation are recognised in other comprehensive income. 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 other comprehensive income and include current and past service costs as well as gains and losses on curtailments.

Net interest expense / (income) is recognised in the income statement, 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 the income statement. Settlements of defined benefit schemes are recognised in the period in which the settlement occurs.

(p) *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.

(q) *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.

2 Accounting policies - continued

(r) Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Judgements
- Assessment of de-facto control of cooperatives under Plasma scheme (see note 2(a) and note 26)
- Classification of land as leasehold with no depreciation charged (see note 11)

Estimates and assumptions
- Impairment of plantation assets - estimate of future cash flows and determination of the discount rate and other assumptions (see note 11)
- Expected credit losses ("ECL") on amounts due from cooperatives under Plasma scheme - determination of possible outcomes and their weighted probability (see note 12)
- Carrying value of income tax receivables - determination of historic recovery rates (see note 8)
- Income taxes and deferred tax - provisions for income taxes in various jurisdictions (see note 8 and note 18)
- Recognition of deferred tax on losses - estimate of future profitability of respective entities (see note 18)
- Retirement benefits - actuarial assumptions (see note 19)
- 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)

  The Group measures the following assets at amortised cost, however disclosure of fair value is given in accordance with IFRS7 and IFRS 13:
  - Non-current receivables due from non-controlling interests (note 12)
  - Non-current receivables due from cooperatives under Plasma scheme (note 12)

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

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 2020	CPO, palm kernel and FFB $000	Rubber $000	Shell nut $000	Biomass products $000	Biogas products $000	Others $000	Total $000
Contract counterparties							
Government	**-**	**-**	**-**	**-**	**970**	**-**	**970**
Non-government							
- Wholesalers	**262,348**	**631**	**3,959**	**427**	**-**	**725**	**268,090**
	262,348	**631**	**3,959**	**427**	**970**	**725**	**269,060**
Timing of transfer of goods							
Delivery to customer premises	**5,613**	**631**	**-**	**-**	**-**	**-**	**6,244**
Delivery to port of departure	**-**	**-**	**-**	**427**	**-**	**-**	**427**
Customer collect from our mills / estates	**256,735**	**-**	**3,959**	**-**	**-**	**-**	**260,694**
Upon generation / others	**-**	**-**	**-**	**-**	**970**	**725**	**1,695**
	262,348	**631**	**3,959**	**427**	**970**	**725**	**269,060**

Year to 31 December 2019							
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

4 Finance income and expense

	2020 $000	2019 $000
Finance income		
Interest receivable on:		
Credit bank balances and time deposits	**2,876**	4,169
Finance expense		
Interest payable on:		
Development loans (note 16)	**(257)**	(939)
Interest expense on lease liabilities (note 29)	**(35)**	(41)
	(292)	(980)
Net finance income recognised in income statement	**2,584**	3,189

5 Profit before tax

	2020 $000	2019 $000
Profit before tax is stated after charging:		
Purchase of FFB	**110,225**	92,004
Depreciation (note 11)	**18,143**	18,590
Reversal of impairment (note 11)	**(2,196)**	(8,868)
Impairment losses (note 11)	**188**	2,278
Provision for expected credit loss (note 15)	**1,485**	5,965
Exchange losses / (gains)	**268**	(251)
Legal and professional fees	**834**	1,236
Staff costs (note 7)	**48,103**	50,686
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	**146**	140
- Audit of consolidated financial statements (prior year)	**-**	5
- Audit related assurance service	**6**	6
- Audit of UK subsidiaries	**13**	13
Total audit services	**170**	169
Audit of overseas subsidiaries		
- Malaysia	**21**	21
- Indonesia	**76**	78
Total audit services	**97**	99
Total auditor's remuneration	**267**	268

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 President Director, 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 before tax calculated in accordance with IFRS but excluding BA movement.

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
2020										
Total sales revenue (all external)										
- CPO, palm kernel and FFB	81,764	85,698	1,561	46,865	1,026	43,103	260,017	2,333	-	262,350
- Rubber	631	-	-	-	-	-	631	-	-	631
- Shell nut	1,232	956	-	1,587	-	185	3,960	-	-	3,960
- Biomass products	427	-	-	-	-	-	427	-	-	427
- Biogas products	152	444	-	-	-	374	970	-	-	970
- Others	60	105	176	-	16	355	712	3	7	722
Total revenue	84,266	87,203	1,737	48,452	1,042	44,017	266,717	2,336	7	269,060
Profit / (loss) before tax	18,915	16,809	(6,639)	12,341	(76)	11,174	52,524	(682)	(1,447)	50,395
BA movement	550	130	71	126	36	344	1,257	17	-	1,274
Profit / (loss) for the year before tax per consolidated income statement	19,465	16,939	(6,568)	12,467	(40)	11,518	53,781	(665)	(1,447)	51,669
Interest income	2,121	670	3	34	-	25	2,853	22	1	2,876
Interest expense	(25)	-	-	-	-	(257)	(282)	(10)	-	(292)
Depreciation	(4,741)	(4,253)	(2,090)	(886)	(308)	(5,387)	(17,665)	(478)	-	(18,143)
Reversal of impairment	-	-	31	-	-	2,165	2,196	-	-	2,196
Impairment losses	-	-	-	-	-	-	-	(188)	-	(188)
Reversal / (Provision) for expected credit loss	65	(1)	(1,383)	-	(1)	(167)	(1,487)	1	1	(1,485)
Inter-segment transactions	4,744	(1,966)	(741)	(564)	(195)	(1,913)	(635)	467	168	-
Inter-segmental revenue	27,668	3,293	3,505	-	-	4,167	38,633	-	-	38,633
Tax expense	(6,734)	(3,218)	1,361	(2,742)	25	(1,594)	(12,902)	(737)	(87)	(13,726)
Total assets	227,471	111,470	39,554	33,572	16,580	134,973	563,620	21,682	5,978	591,280
Non-current assets	111,483	70,332	30,320	17,543	14,713	104,295	348,686	16,667	-	365,353
Non-current assets - additions	4,582	2,413	2,319	342	4,474	6,868	20,998	127	-	21,125

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	113,064	72,886	31,824	18,166	13,200	101,807	350,947	16,944	-	367,891
Non-current assets - additions	10,342	3,950	2,919	333	4,265	11,881	33,690	351	-	34,041

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 2020, revenue from top 4 customers of the Indonesian segment represents approximately $130.8m (2019: $113.6m) of the Group's total revenue. Although Customer 1 and 2 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. Three 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
2020										
Customer 1	**819**	**22,558**	**-**	**7,164**	**-**	**23,075**	**53,616**	**-**	**-**	**53,616**
Customer 2	**31,556**	**-**	**-**	**-**	**-**	**-**	**31,556**	**-**	**-**	**31,556**
Customer 3	**-**	**-**	**-**	**25,042**	**-**	**-**	**25,042**	**-**	**-**	**25,042**
Customer 4	**-**	**15,977**	**-**	**-**	**-**	**4,584**	**20,561**	**-**	**-**	**20,561**
	32,375	**38,535**	**-**	**32,206**	**-**	**27,659**	**130,775**	**-**	**-**	**130,775**
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
	%	%	%	%	%	%	%	%	%	%
2020										
Customer 1	**0.3**	**8.4**	**-**	**2.7**	**-**	**8.6**	**20.0**	**-**	**-**	**20.0**
Customer 2	**11.7**	**-**	**-**	**-**	**-**	**-**	**11.7**	**-**	**-**	**11.7**
Customer 3	**-**	**-**	**-**	**9.3**	**-**	**-**	**9.3**	**-**	**-**	**9.3**
Customer 4	**-**	**5.9**	**-**	**-**	**-**	**1.7**	**7.6**	**-**	**-**	**7.6**
	12.0	**14.3**	**-**	**12.0**	**-**	**10.3**	**48.6**	**-**	**-**	**48.6**
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

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

	2020 Number	2019 Number
Average numbers employed (primarily overseas) during the year:		
- full-time	**7,242**	6,925
- part-time field workers	**9,311**	9,285
	16,553	16,210

	2020 $000	2019 $000
Staff costs (including Directors) comprise:		
Wages and salaries	**43,129**	45,756
Social security costs	**2,921**	2,090
Retirement benefit costs		
- United Kingdom	**-**	-
- Indonesia (note 19)	**2,003**	2,784
- Malaysia	**50**	56
	48,103	50,686

The information required by the Companies Act is contained in the Directors' remuneration report on pages 65 - 70 of which certain information on page 68 has been audited.

	2020 $000	2019 $000
Directors emoluments	**200**	215

	2020 $000	2019 $000
Remuneration expense for key management personnel comprise:		
Short-term employee benefits	**1,499**	1,742
Post-employment benefits	**-**	-
	1,499	1,742

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 68.

8 Tax expense

	2020 $000	2019 $000
Foreign corporation tax - current year	**9,920**	5,222
Foreign corporation tax - prior year	**287**	12
Deferred tax adjustment - origination and reversal of temporary differences (note 18)	**2,832**	(2,439)
Recognition of previously unrecognised deferred tax assets (note 18)	**687**	(96)
Total tax charge for year	**13,726**	2,699

Corporation tax rate in Indonesia is at 22% (2019: 25%) whereas Malaysia is at 24% (2019: 24%). The standard rate of corporation tax in the UK for the current year is 19% (2019: 19%). The Group's charge for the year differs from the standard Indonesian rate of corporation tax as explained below:

	2020 $000	2019 $000
Profit before tax	**51,669**	18,873
Profit before tax multiplied by standard rate of Indonesia corporation tax of 22% (2019: 25%)	**11,367**	4,718
Effects of:		
Rate adjustment relating to overseas profits	**(14)**	(24)
Group accounting adjustments not subject to tax	**(245)**	(2,116)
Expenses not allowable for tax	**613**	544
Deferred tax assets not recognised	**-**	48
Income not subject to tax	**(647)**	(1,223)
Under provision of prior year income tax	**287**	12
Utilisation of tax losses not previously recognised	**-**	836
Under / (Over) provision of prior year deferred tax assets	**687**	(96)
Change in tax rate	**1,678**	-
Total tax charge for year	**13,726**	2,699

8 Tax expense - continued

The above reconciliation has been prepared by reference to the Indonesian tax rate rather than the UK tax rate as, in accordance with IAS 12, this is the applicable tax rate that provides the most meaningful information, given this is the country in which the majority of tax arises. The reconciliation for the year ended 31 December 2019 has also been prepared on the same basis for comparative purposes.

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 whilst every effort is made to resolve this quickly, the process can sometimes take more than 12 months.

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

	31 December 2020 $000	31 December 2019* $000	1 January 2019* $000
Tax Receivables			
Income tax	**10,071**	14,348	7,110
Other taxes	**41,618**	35,179	37,200
	51,689	49,527	44,310
Tax Liabilities			
Income tax	**(5,981)**	(1,512)	(1,094)
Other taxes	**(1,089)**	(1,386)	(4,532)
	(7,070)	(2,898)	(5,626)

* In order to better represent these balances in accordance with IAS 1, the income tax and other tax balances have been shown separately on the Consolidated Statement of Financial Position. The impact on 1 January 2019 and 31 December 2019 is shown in the table above.

9 Earnings per ordinary share ("EPS")

	2020 $000	2019 $000
Profit for the year attributable to owners of the Company before BA movement	**30,784**	14,019
BA movement	**1,051**	2,077
Earnings used in basic and diluted EPS	**31,835**	16,096
	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	**77.67cts**	35.37cts
Basic and diluted EPS after BA movement	**80.32cts**	40.61cts

10 Dividends

	2020 $000	2019 $000
Paid during the year		
Final dividend of 0.5cts per ordinary share for the year ended 31 December 2019 (2018: 3.0cts)	**198**	1,189
Proposed final dividend of 1.0cts per ordinary share for the year ended 31 December 2020 (2019: 0.5cts)	**396**	198

The proposed dividend for 2020 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 2019	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
Disposal / 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**
Exchange translations	**(2,486)**	**(1,085)**	**(1,441)**	**(774)**	**(209)**	**5**	**(5)**	**(28)**	**(6,023)**
Reclassification	**-**	**70**	**-**	**2,572**	**-**	**-**	**-**	**(2,642)**	**-**
Revaluations	**-**	**-**	**(1,142)**	**-**	**-**	**-**	**-**	**-**	**(1,142)**
Additions	**167**	**1,946**	**3,821**	**496**	**816**	**109**	**-**	**2,263**	**9,618**
Development costs capitalised	**10,451**	**-**	**1,037**	**-**	**-**	**19**	**-**	**-**	**11,507**
Disposals / Written off	**(2,447)**	**(510)**	**(243)**	**(239)**	**(563)**	**(5)**	**-**	**(12)**	**(4,019)**
At 31 December 2020	**219,735**	**78,780**	**142,695**	**64,883**	**18,034**	**1,405**	**841**	**642**	**527,015**
Accumulated depreciation and impairment									
At 1 January 2019	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**
Exchange translations	**(639)**	**(272)**	**(112)**	**(165)**	**(122)**	**3**	**11**	**-**	**(1,296)**
Reclassification	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Charge for the year	**9,450**	**3,587**	**-**	**3,476**	**1,400**	**82**	**148**	**-**	**18,143**
(Reversal of impairment) / Impairment losses	**-**	**-**	**(2,196)**	**-**	**-**	**-**	**188**	**-**	**(2,008)**
Disposal / Written off	**(1,166)**	**(509)**	**-**	**(143)**	**(539)**	**(3)**	**-**	**-**	**(2,360)**
At 31 December 2020	**92,479**	**28,649**	**419**	**24,456**	**14,034**	**1,091**	**534**	**-**	**161,662**
Carrying amount									
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
At 31 December 2020	**127,256**	**50,131**	**142,276**	**40,427**	**4,000**	**314**	**307**	**642**	**365,353**

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 2020, valuations were undertaken on the land of eight subsidiaries in Indonesia. 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 2020. For the year ended 31 December 2019, independent land valuations were undertaken for nine subsidiary companies in Indonesia and Malaysia. The same methodology to fair value land has been applied each year. 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 $61,272,000 (2019: $56,978,000). Impairment of land if measured by comparing its historical cost with its fair value. The reversal of impairment loss of $2,196,000 recognised in 2020 (2019: impairment loss of $981,000) was due to a general increase in the fair value of land in Indonesia.

The reconciliation on the unreallised gain / (loss) on revaluation of leasehold land as shown below:

	2020 **$000**	2019 $000
Included in other comprehensive income:		
Unreallised gain on revaluation of leasehold land	**(1,142)**	(2,292)
Deferred tax on revaluation (note 18)	**2,451**	577
Unrealised gain / (loss) on revaluation of leasehold land, net of tax recognised in other comprehensive income	**1,309**	(1,715)

PT Simpang Ampat’s land was valued on the basis that its highest and best use is oil palm plantation. At present sections of 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
Land				
At 31 December 2020	**-**	**-**	**142,276**	**142,276**
At 31 December 2019	-	-	137,936	137,936

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 bare 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, other than PT Simpang Ampat as stated above.

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 8.6% (2019: 9.6%). The estates included $24,000 (2019: $96,000) of interest and $64,000 (2019: $74,000) of overheads capitalised during the year in respect of expenditure on estates under development.

11 Property, plant and equipment - continued

The Indonesian authorities have granted certain land exploitation rights and operating permits for the estates. In the case of established estates in North 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 2015 and 2020 and expire between 2023 and 2054. In Bangka, land titles were issued in 2018 and expire between 2021 and 2053. The rights and permits for South Sumatera were renewed in 2020.

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.

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 2020, no impairment loss or reversal of impairment loss had been recognised. The reversal of impairment loss of $7,571,000 recognised in 2019 was primarily due to the increase in CPO price, previously impaired amounts being reclassified to plasma receivables during the year and decreases in the pre-tax discount rates.

The recoverable amount of the Group's plantations in 2020 was based on value in use calculations, which due to the nature of the cashflows, will be higher than fair value less cost to sell. The total value of the Group's plantations carried at value in use which was lower than original cost was $33,429,000 (2019: $32,962,000).

The value in use, computed by the professional valuer MBPRU using a discounted cash flow ("DCF") model, is the net present value of the projected future cash flows over the expected 20-year economic life of the asset discounted at 16.0% (2019: 16.6%). Projected future cash flows are calculated based on historical data, industry performance, economic conditions and any other readily available information including the impact of climate change. The compliance with changing regulations, changes in buyer preferences, development of new products and use of lower emission sources of energy will affect the FFB production, CPO price and its growth. Heavy rainfall & flooding, droughts and fires will have an effect on company specific risk within the calculation of our discount rate as well as potential impacts on the ability of our plants to produce FFB. Pests & disease will impact the upkeeping cost.

The sensitivity analysis below had been performed for 1% changes in the key assumptions, chosen as being reasonably possible changes which will have a material impact on the impairment. The following table sets out the key assumptions in the valuation along with the impact on the impairment charge of a 1% change:

	2020		2019	
	Assumption applied	**Increase in impairment $000**	Assumption applied	Increase in impairment $000
CPO price - decrease of 1%	**$650/mt**	**-**	$635/mt	1,459
Pre-tax discount rate - increase by 100 bps	**15.98%**	**383**	16.51% - 16.60%	2,600
Inflation rate - increase by 100 bps	**3.12%**	**609**	3.38%	2,241

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

12 Receivables: non-current

	2020		2019	
	Book value $000	**Fair value $000**	Book value $000	Fair value $000
Due from non-controlling interests	**5,493**	**3,050**	3,571	1,994
Due from cooperatives under Plasma scheme	**16,743**	**14,857**	12,929	11,924
	22,236	**17,907**	16,500	13,918

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

Plasma scheme is an initiative by the Indonesian Government that mandated plantation owners to allocate a percentage of their land acquired to the surrounding community and to further provide financial and technical assistance to cultivate oil palm on that land to improve the income and welfare of the community or cooperatives. During the year, certain subsidiary companies have funded plasma with a cumulative gross amount before ECL for $24,632,000 (2019: $19,078,000) which is recoverable from the cooperatives, the details with ECL are disclosed in note 15.

12 Receivables: non-current - continued

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% (2019: 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 6.75% (2019: 6.78%).	Discount rate	The higher the discount rate, the lower the fair value.

13 Inventories

	2020 $000	2019 $000
Estate and mill consumables	**6,873**	5,332
Processed produce for sale	**5,668**	3,420
	12,541	8,752

14 Biological assets

	2020 $000	2019 $000
At 1 January	**7,574**	4,093
Fair value gain recognised in the income statement	**1,274**	3,255
Exchange translations	**(65)**	226
At 31 December	**8,783**	7,574

The valuation of the unharvested FFB was carried out internally for each plantation of the Group. 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 impacts of climate change on the weather will impact the levels and quality of production of FFB so this has been taken into consideration when determining the fair value of biological assets.

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

The key assumptions are considered to be FFB weight, selling price less harvesting costs and FFB production and a decrease of 1% in any of these would result in an $88,000 decrease in the valuation.

15 Trade and other receivables

	2020 $000	2019 $000
Trade receivables	**1,354**	1,775
Other receivables	**1,551**	2,935
Prepayments and accrued income	**1,788**	1,064
	4,693	5,774

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

Trade receivables
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 5-year period prior to the year end and forward-looking information on macroeconomic factors affecting the Group's customers. The ECL has been calculated at 1% on trade receivables balances.

Other receivables
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.

Due from cooperatives under Plasma scheme
The Group assesses the ECL on amounts due from cooperatives under Plasma scheme by considering various probability weighted outcomes. The three possible outcomes are considered to be:

- recovery is limited to the value of the land and bearer plants on which the plantation is situated;
- recovery is limited to the future cashflows of the cooperative, being the FFB revenue less development costs; and
- recovery in full via bank financing obtained by the cooperative.

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

	2020 $000	2019 $000
At 1 January	**6,273**	308
Loss provision during the year	**1,485**	5,965
Exchange difference	**253**	-
At 31 December	**8,011**	6,273

15 Trade and other receivables - continued

At 31 December 2020, the expected loss provision for receivables and financial guarantee contracts is as follows:

	Gross carrying amount $000	Loss provision $000	Net carrying amount $000
2020			
Trade receivable	**1,363**	**(9)**	**1,354**
Other receivables (note 15)	**1,566**	**(15)**	**1,551**
Receivables: non-current (note 12)			
- Due from non-controlling interests	**5,548**	**(55)**	**5,493**
- Due from cooperatives under Plasma scheme	**24,632**	**(7,889)**	**16,743**
	33,109	**(7,968)**	**25,141**
Financial guarantee contracts (note 24)	**-**	**(43)**	**(43)**
	33,109	**(8,011)**	**25,098**

	Gross carrying amount $000	Loss provision $000	Net carrying amount $000
2019			
Trade receivables	1,775	-	1,775
Other receivables (note 15)	2,979	(44)	2,935
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
	27,439	(6,229)	21,210
Financial guarantee contracts (note 24)	-	(44)	(44)
	27,439	(6,273)	21,166

16 Loans and borrowings

	2020		2019	
	Book value $000	**Fair value $000**	Book value $000	Fair value $000
Current				
Long-term loan	**-**	**-**	8,203	7,943
	-	**-**	8,203	7,943
Total loans and borrowings	**-**	**-**	8,203	7,943

A subsidiary company, PT Sawit Graha Manunggal, 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 was secured by the subsidiary company's land with a carrying amount of $6.7 million (2019: $5.8 million) measured at fair value and its plantation with a carrying amount of $21.4 million (2019: $23.0 million) as at 31 December 2020 and was guaranteed by the Company. This loan bore interest at a rate based on SIBOR + 4.5% + Liquidity Premium payable quarterly in arrears. Average interest rate in 2020 was about 6.75% (2019: 6.78%). The loan was fully paid in 2020 and all security and guarantee arrangements had been released.

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:

	2020		2019	
	Book value $000	**Fair value $000**	Book value $000	Fair value $000
Loans and borrowings	**-**	**-**	8,203	7,943

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

	2020 $000	2019 $000
Trade payables	**6,254**	5,028
Other payables	**1,387**	994
Advance receipts	**7,070**	119
Accruals	**11,599**	9,969
	26,310	16,110

The carrying amount of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value. Advance receipts from customers increased significantly due to logistic problem in Bengkulu and Kalimantan and it is expected to be recognised in full as revenue in the subsequent year.

18 Deferred tax

The movement on the deferred tax account as shown below:

	2020 $000	2019 $000
At 1 January	**(5,796)**	(8,893)
Recognised in income statement:		
Tax expense	**(2,975)**	3,220
BA movement	**(61)**	(930)
Revaluation of leasehold land	**(483)**	245
Recognised in other comprehensive income:		
Revaluation of leasehold land	**2,451**	577
Retirement benefits	**130**	256
Exchange differences	**84**	(271)
At 31 December	**(6,650)**	(5,796)

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
2020					
Revaluation surplus	**-**	**(20,164)**	**(20,164)**	**(483)**	**2,451**
Retirement benefits	**2,944**	**-**	**2,944**	**16**	**130**
BA movement	**-**	**(1,934)**	**(1,934)**	**(61)**	**-**
Unutilised tax losses	**11,360**	**-**	**11,360**	**(2,523)**	**-**
Unremitted earnings	**-**	**(345)**	**(345)**	**-**	**-**
Other temporary differences	**1,489**	**-**	**1,489**	**(468)**	**-**
Tax assets / (liabilities)	**15,793**	**(22,443)**	**(6,650)**	**(3,519)**	**2,581**
Set off of tax	**(6,976)**	**6,976**	**-**	**-**	**-**
Net tax assets / (liabilities)	**8,817**	**(15,467)**	**(6,650)**	**(3,519)**	**2,581**
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

18 Deferred tax - continued

	2020	2019
	$000	$000
A deferred tax asset has not been recognised for the following items:		
Unutilised tax losses	**15,532**	19,142

The Group had 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 tax laws in various countries. As of 31 December 2020, the relevant time limits are 5 years in Indonesia, 7 years in Malaysia and unlimited in UK. At 31 December 2020, all unutilised tax losses were recognised in Indonesia. The unutilised tax losses will expire as per below:

Year	$000
2021	-
2022	388
2023	2,324
2024	6,602
2025	2,046
	11,360

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 $671,431,000 (2019 - $635,809,000). 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. The deferred tax liability on unremitted earnings recognised at the balance sheet date was related to the estimated dividend declared for 2020 by the subsidiaries.

19 Retirement benefits

The Group provides Post-Employment Benefit plans to its employees in Indonesia in accordance with Indonesian Labour Law No. 13/2003 and Collective Labour Agreements. These are defined benefit plans and provide lump sum benefits to employees on retirement, death, disability and voluntary resignation. There is no requirement for the Group to advance fund these benefits.

The Group has set up a separate fund with PT Asuransi Allianz Life Indonesia to fund the Post-Employment Benefit plan obligation for Staff employees. The assets in the fund can only be used to pay the employees' benefits.

Up until 2020, the Non-Staff employees of five of the Group's subsidiaries in Indonesia participated in the SKU UKINDO Pension Fund, a defined benefit plan. On retirement, death, disability or voluntary resignation, participating employees would receive the higher of the benefit from the Pension Fund and the Post-Employment Benefit plan. In early 2020, the SKU UKINDO Pension Fund was liquidated. Its assets were transferred to a new defined contribution plan managed by Dana Pension Lembaga Keuangan AIA Financial ("DPLK AIAF") and allocated to the individual participants. From 2020 onwards, these employees will receive the higher of the benefit from DPLK AIAF and the Post-Employment Benefit plan. The liquidation of the SKU UKINDO Pension Fund led to a settlement gain of $930,000 in 2020. It also resulted in a past service cost of $569,000 in 2020 in the Post-Employment Benefit plan for Non-Staff employees, as the DPLK AIAF plan covers a smaller proportion of the overall Post-Employment Benefit obligation than was previously provided by the SKU UKINDO Pension Fund.

The Group provides other long-term employee benefits in the form of Long Service Awards for Staff and Non-Staff employees in Indonesia. The Long Service Awards are for amounts of up to 2 months of basic salary, paid on completion of 10 or 20 years' continuous service (Staff) and on completion of 25, 30, 35, and 40 years' continuous service (Non-Staff). These benefits are unfunded.

The defined benefit plans are valued by an actuary at the end of each financial year. The major assumptions used by the actuary were:

	2020	2019
Rate of increase in wages	**8.0%**	8.0%
Discount rate	**7.0%**	8.0%
Mortality rate*	**100% TMI4**	100% TMI3
Disability rate	**10% TMI4**	10% TMI3

	2020	2019
	$000	$000
Service cost		
Current service cost	**1,555**	1,597
Past service cost	**313**	427
Settlement (gain) / loss	**(930)**	-
Net interest expense	**825**	734
Actuarial (gain) / loss	**30**	31
Total employee benefits expense	**1,793**	2,789

The reconciliation on the remeasurement of retirement benefit plan as shown below:

	2020	2019
	$000	$000
Included in other comprehensive income:		
Remeasurement of retirement benefit plan	**(779)**	(1,024)
Deferred tax on retirement benefits	**130**	256
Remeasurement of retirement benefit plan, net of tax recognised in other comprehensive income	**(649)**	(768)

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 2019	(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 gain	-	(30)	(30)	-	-	-	-	(30)	(30)
Included in income statement	(1,725)	(1,444)	(3,169)	381	-	381	(1,344)	(1,444)	(2,788)
Remeasurement (loss) / gain									
Actuarial (loss) / gain from:									
Adjustments (experience)	(144)	40	(104)	-	-	-	(144)	40	(104)
Financial assumptions	(391)	(367)	(758)	-	-	-	(391)	(367)	(758)
Return on plan assets (exclude interest)	-	-	-	(162)	-	(162)	(162)	-	(162)
Included in other comprehensive income	(535)	(327)	(862)	(162)	-	(162)	(697)	(327)	(1,024)
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

(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 1 January 2020	(9,366)	(7,144)	(16,510)	5,172	-	5,172	(4,194)	(7,144)	(11,338)
Service cost - current	(393)	(1,162)	(1,555)	-	-	-	(393)	(1,162)	(1,555)
Service cost - past	256	(569)	(313)	-	-	-	256	(569)	(313)
Settlement gain	4,742	-	4,742	(3,812)	-	(3,812)	930	-	930
Interest (cost) / income	(307)	(609)	(916)	91	-	91	(216)	(609)	(825)
Actuarial loss	-	(30)	(30)	-	-	-	-	(30)	(30)
Included in income statement	4,298	(2,370)	1,928	(3,721)	-	(3,721)	577	(2,370)	(1,793)
Remeasurement (loss) / gain									
Actuarial (loss) / gain from:									
Adjustments (experience)	245	37	282	-	-	-	245	37	282
Demographic assumptions	89	207	296	-	-	-	89	207	296
Financial assumptions	(334)	(1,004)	(1,338)	-	-	-	(334)	(1,004)	(1,338)
Return on plan assets (exclude interest)	-	-	-	(19)	-	(19)	(19)	-	(19)
Included in other comprehensive income	-	(760)	(760)	(19)	-	(19)	(19)	(760)	(779)
Effect of movements in exchange rates	282	9	291	(198)	-	(198)	84	9	93
Employer contributions	-	-	-	-	-	-	-	-	-
Benefits paid	112	322	434	-	-	-	112	322	434
Other movements	394	331	725	(198)	-	(198)	196	331	527
At 31 December 2020	(4,674)	(9,943)	(14,617)	1,234	-	1,234	(3,440)	(9,943)	(13,383)

19 Retirement benefits - continued

(ii) Disaggregation of defined benefit scheme assets

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

	2020 $000	2019 $000
Bonds		
- Corporate bonds	**7**	24
- Mutual fund bonds	**282**	288
	289	312
Cash / deposits	**945**	4,860
	1,234	5,172

None of the plan assets are invested in the Group's own financial instruments, property or other assets used by the Group. All plan assets invested in bonds which have a quoted market price in an active market.

(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%)**	**(1,450)**	**1,686**
Growth in wages	**(+ / - 1%)**	**1,719**	**(1,504)**
Future mortality rate	**(+ / - 10%)**	**70**	**(70)**

The weighted average duration of the defined benefit obligation is 15.57 years (2019: 14.65 years).

The total contribution paid into the defined contribution plan in 2020 amounted to $209,000. The Group expects to pay contributions of $442,000 to the funded plans in 2021. For the unfunded plans, the Group pays the benefits directly to the individuals; the Group expects to make direct benefit payments of $250,000 for defined benefit plan and $246,000 for defined contribution plan in 2021.

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**

	2020 Number	2019 Number	Cost 2020 $'000	Cost 2019 $'000
Treasury shares:				
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)

	$'000
Market value of treasury shares:	
Beginning of year (574.0p/share)	2,577
End of year (583.0p/share)	**2,705**

No treasury share was purchased in 2020 (2019: 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 2020, Genton International Limited ("Genton"), a company registered in Hong Kong, held 20,247,814 (2019: 20,247,814) shares of the Company representing 51.1% (2019: 51.1%) of the issued share capital of the Company. Together with other deemed interested parties, 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.

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 $345,559 (2019: $352,845). There was no balance outstanding at the year end (2019: 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 $79,914 (2019: $33,871). There was no balance outstanding at the year end.

In 2020, the final dividend paid to Genton International Limited, a company controlled by Madam Lim Siew Kim, was $107,239 for the year ended 31 December 2019 (2019: $607,434 for the year ended 31 December 2018). The final dividend paid to other companies controlled by Madam Lim Siew Kim was $1,521 for the year ended 31 December 2019 (2019: $9,123 for the year ended 31 December 2018). 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

	2020	2019
	$000	$000
Capital commitments at 31 December		
Contracted but not provided - normal estate operations	**29**	14
Authorised but not contracted - plantation and mill development	**49,721**	13,073

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 ($16.0 million) (2019: Rp226.02 billion, $16.3 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 $10.5 million as at 31 December 2020 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.

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 2020 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 these financial guarantee contracts was $43,000 (2019: $44,000). 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 2020 and 2019 were:

	Amortised cost $000	**Financial liabilities at amortised cost $000**	**Total carrying value $000**
2020			
Non-current receivables	**22,236**	**-**	**22,236**
Trade and other receivables	**2,905**	**-**	**2,905**
Short-term investments	**1,957**	**-**	**1,957**
Cash and cash equivalent	**115,211**	**-**	**115,211**
Loans and borrowings due within one year	**-**	**-**	**-**
Trade and other payables	**-**	**(26,310)**	**(26,310)**
	142,309	**(26,310)**	**115,999**

	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	4,710	-	4,710
Short-term investments	-	-	-
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)
	106,056	(24,313)	81,743

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, borrowings due within one year and non-current receivables.

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. The non-current receivables were measured at cost less ECL however disclosure of fair value has been given in note 12 for comparison purposes.

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; and
- exchange movements;

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

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.

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 $54,573,000 (2019: $55,797,000), while the balance sheet value of the Group's share of underlying assets at 31 December 2020 amounted to $428,681,000 (2019: $401,157,000).

25 Disclosure of financial instruments and other risks - continued

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

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

All remaining borrowings of the Group's subsidiaries had been fully paid in 2020 and therefore there was no longer any currency risk for the Group in respect of this. The average interest rate on local currency deposits was 4.02% higher (2019: 4.44% higher) than on US Dollar deposits whereas interest rate for local currency borrowing was about 1.25% higher (2019: 2.72% higher) as compared to US Dollar borrowing. The unmatched balance at 31 December 2020 is represented by the $13,803,000 shown in the table below (2019: $5,910,000). If the Group's net cash position continues to improve, then US Dollar cash balances will continue to increase through 2021.

The table below shows the net monetary assets and liabilities of the Group as at 31 December 2020 and 2019 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**
2020			
Rupiah	**12,086**	**-**	**12,086**
US Dollar	**-**	**259**	**259**
Ringgit	**1,717**	**-**	**1,717**
Total	**13,803**	**259**	**14,062**
2019			
Rupiah	3,882	-	3,882
US Dollar	-	475	475
Ringgit	2,028	-	2,028
Total	5,910	475	6,385

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:

		2020			2019	
	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	**22,236**	**(1,522)**	**1,860**	16,500	(1,172)	1,432
Trade and other receivables	**2,905**	**(261)**	**319**	4,710	(243)	297
Short-term investments	**1,957**	**(178)**	**217**	-	-	-
Cash and cash equivalents	**115,211**	**(10,433)**	**12,752**	84,846	(7,651)	9,352
Financial Liabilities						
Borrowings due within one year	**-**	**-**	**-**	(8,203)	746	(911)
Trade and other payables	**(26,310)**	**2,279**	**(2,785)**	(16,110)	1,349	(1,649)
Total (decrease) / increase		**(10,115)**	**12,363**		(6,971)	8,521

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 2020, the Group had no external loans and facilities.

25 Disclosure of financial instruments and other risks - continued

Liquidity risk - continued

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

	2020 $000	2019 $000
Principal	**-**	8,203
Interest	**-**	278
Total	**-**	8,481
Amount repayable within one year	**-**	8,481
	-	8,481

All loans had been fully paid in 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.

The following table sets out the undiscounted contractual cashflows of financial liabilities:

	Less than 1 year $000	Between 1 and 2 years $000	Between 2 and 5 years $000	More than 5 years $000	Total $000
At 31 December 2020					
Trade and other payables	**(7,641)**	**-**	**-**	**-**	**(7,641)**
Lease liabilities	**(257)**	**(222)**	**-**	**-**	**(479)**
	(7,898)	**(222)**	**-**	**-**	**(8,120)**
Financial guarantee contracts provided to Plasma					
- loan repayment by Plasma	**(773)**	**(2,535)**	**(928)**	**(107)**	**(4,343)**
	(8,671)	**(2,757)**	**(928)**	**(107)**	**(12,463)**
At 31 December 2019					
Trade and other payables	(6,022)	-	-	-	(6,022)
Lease liabilities	(258)	(258)	(224)	-	(740)
	(6,280)	(258)	(224)	-	(6,762)
Financial guarantee contracts provided to Plasma					
- loan repayment by Plasma	(306)	(1,956)	(2,165)	(284)	(4,711)
	(6,586)	(2,214)	(2,389)	(284)	(11,473)

The figures for trade and other payables excludes accruals and advance receipts.

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

Interest rate risk

Both the Group's surplus cash and its borrowings are subject to variable interest rates. The Group had net cash throughout 2020, 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.

		2020			2019	
	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						
Short-term investments	**1,957**	**(18)**	**16**	-	-	-
Cash and cash equivalents	**115,211**	**(1,102)**	**1,118**	84,846	(810)	810
Financial Liabilities						
Borrowings due within one year	**-**	**-**	**-**	(8,203)	82	(82)
Total (decrease) / increase		**(1,120)**	**1,134**		(728)	728

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
2020				
Sterling	**259**	**-**	**21**	**238**
US Dollar	**17,805**	**5,493**	**8,782**	**3,530**
Rupiah	**119,483**	**-**	**101,089**	**18,394**
Ringgit	**4,762**	**-**	**3,546**	**1,216**
Total	**142,309**	**5,493**	**113,438**	**23,378**
2019				
Sterling	475	-	20	455
US Dollar	17,868	3,607	8,892	5,369
Rupiah	83,316	-	68,687	14,629
Ringgit	4,397	-	3,393	1,004
Total	106,056	3,607	80,992	21,457

Long-term receivables of $5,548,000 (2019: $3,607,000) 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 2020 was 1.75% (2019: 2.43%) and Rupiah deposit rate was 5.77% (2019: 6.86%).

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
2020				
Sterling	**-**	**-**	**-**	**-**
US Dollar	**(1,109)**	**-**	**-**	**(1,109)**
Rupiah	**(24,746)**	**-**	**-**	**(24,746)**
Ringgit	**(455)**	**-**	**-**	**(455)**
Total	**(26,310)**	**-**	**-**	**(26,310)**
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)

Weighted average interest rate on variable rate borrowings was 6.75% in 2020 (2019: 6.78%).

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
- Current and non-current receivables 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 2020 is disclosed in note 15. The ECL has been calculated at 1% on trade receivables balances while the remaining amount in which no ECL provision was recognised is deemed to be recoverable, with low probability of default. Default is defined by the management as the non-repayment of the balance.

(i) 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, except amount due from cooperatives under Plasma scheme are considered to have higher 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 where the ECL is largely calculated, having considered various probability weighted outcomes, as being the balance of the receivable in excess of the value of the associated land and plantation assets on which the Plasma land resides which effectively would be returned to the Company if the receivable is not repaid.

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.

(ii) 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. 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 $5,548,000 (2019: $3,607,000), 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.

25 Disclosure of financial instruments and other risks - continued

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

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

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 $428,681,000 at 31 December 2020 (2019: $401,157,000).

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 2020, the Group had no net borrowings (2019: Nil) but, depending on market conditions, the Board is prepared for the Group to have net borrowings.

Plantation industry risk
Please refer to pages 34 - 39.

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	
		2020	2019	**2020**	2019
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%**	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%**	78%	**22%**	22%
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%	**-**	-

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 and management company are incorporated in Malaysia and are direct subsidiaries of the Company. The Indonesian operating companies and management company 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	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	$000	$000	**$000**	$000	**$000**	$000	**$000**	$000	**$000**	$000
Revenue	**59,166**	45,786	**37,492**	27,121	**51,944**	40,403	**46,865**	36,060	**42,782**	32,022
Profit / (Loss) after tax	**8,554**	(31,473)	**5,236**	3,896	**6,381**	1,653	**9,162**	6,225	**6,394**	12,482
Other comprehensive (expense) / income	**(1,693)**	7,208	**(761)**	3,384	**(556)**	3,962	**(1,729)**	6,438	**232**	(21)
Total comprehensive income / (expense)	**6,861**	(24,265)	**4,475**	7,280	**5,825**	5,615	**7,433**	12,663	**6,626**	12,461
Profit / (Loss) allocated to NCI	**1,711**	(6,295)	**524**	390	**638**	165	**1,832**	1,245	**1,164**	2,272
Other comprehensive (expenses) / income allocated to NCI	**(339)**	1,442	**(76)**	338	**(56)**	396	**(346)**	1,288	**42**	(4)
Total comprehensive income / (expenses) allocated to NCI	**1,372**	(4,853)	**448**	728	**582**	561	**1,486**	2,533	**1,206**	2,268
Dividends paid to NCI	**3**	-	**35**	56	**2**	3	**24**	32	**-**	-
Summarised statement of financial position										
As at 31 December	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	$000	$000	**$000**	$000	**$000**	$000	**$000**	$000	**$000**	$000
Non-current assets	**116,199**	123,795	**77,561**	76,145	**70,280**	66,899	**136,076**	129,742	**81,483**	81,655
Current assets	**32,177**	15,948	**11,033**	7,158	**32,217**	25,386	**16,029**	12,927	**16,456**	14,941
Non-current liabilities	**(4,210)**	(4,686)	**(3,674)**	(3,807)	**(7,966)**	(8,088)	**(3,594)**	(3,561)	**(74,945)**	(77,001)
Current liabilities	**(5,395)**	(3,600)	**(4,801)**	(3,656)	**(7,670)**	(3,377)	**(5,593)**	(3,915)	**(7,896)**	(11,089)
Net assets	**138,771**	131,457	**80,119**	75,840	**86,861**	80,820	**142,918**	135,193	**15,098**	8,506
Accumulated NCI	**27,754**	26,291	**8,012**	7,584	**8,686**	8,082	**28,584**	27,039	**2,748**	1,548
Summarised cash flows										
For the year ended 31 December	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	$000	$000	**$000**	$000	**$000**	$000	**$000**	$000	**$000**	$000
Cash flows from / (used in) operating activities	**8,297**	(505)	**1,850**	(13,443)	**10,133**	9,688	**3,792**	4,158	**15,853**	15,404
Cash flows from / (used in) investing activities	**2,641**	103,978	**(996)**	(631)	**(2,559)**	(17,593)	**(344)**	(12,654)	**(4,145)**	(5,285)
Cash flows (used in) / from financing activities	**(13)**	(122,378)	**(343)**	(557)	**(483)**	(5)	**(33)**	(45)	**(11,297)**	(10,575)
Net cash inflows / (outflows)	**10,925**	(18,905)	**511**	(14,631)	**7,091**	(7,910)	**3,415**	(8,541)	**411**	(456)

28 Notes supporting statement of cash flows

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

	2020 $000	2019 $000
Cash at bank available on demand	**41,029**	29,443
Short-term deposits	**74,164**	55,381
Cash in hand	**18**	22
As reported in statement of financial position	**115,211**	84,846

Significant non-cash transactions from investing activities are as follows:	2020 $000	2019 $000
Property, plant and equipment purchased but not yet paid at year end	**160**	312
Repaid through purchase of FFB	**3,849**	2,728

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 2020	**-**	**(8,203)**	**(456)**	**(222)**	**(8,881)**
Cash Flows	**-**	**8,167**	**-**	**257**	**8,424**
Non-cash flows					
- Effect of foreign exchange	**-**	**36**	**3**	**-**	**39**
- New lease	**-**	**-**	**-**	**-**	**-**
- Lease liabilities classified as non-current at 31 December 2019 becoming current during 2020	**-**	**-**	**236**	**(236)**	**-**
- Interest accruing during the year	**-**	**-**	**-**	**(35)**	**(35)**
	-	**-**	**(217)**	**(236)**	**(453)**

	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)

29 Leases

	2020 $000	2019 $000
Lease liabilities analysed as:		
Non-current	**(217)**	(456)
Current	**(236)**	(222)
	(453)	(678)

The weighted average incremental borrowing rate per annum was 6.8% (2019: 6.8%).

Maturity analysis for the lease liabilities has been given in Note 25.

29 Leases - continued

Amounts recognised in income statement:

	2020 $000	2019 $000
Depreciation expense on right-of-use assets	(153)	(184)
Interest expense on lease liabilities	(35)	(41)
Expense relating to short-term leases	(386)	(403)
Expense relating to leases of low value assets	(6)	(6)
	(580)	(634)

At 31 December 2020, the Group is committed to $0.01 million (2019: $0.01 million) for short-term leases.

All the leases are fixed payments. The total cash outflow for leases amount to $0.65 million (2019: $0.61 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. (2019: 3 to 4 years). 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 2020	**193**	**466**	**659**
Additions	**-**	**-**	**-**
Amortisation	**-**	**(148)**	**(148)**
Impairment losses	**(188)**	**-**	**(188)**
Effect of foreign exchange	**(5)**	**(11)**	**(16)**
At 31 December 2020	**-**	**307**	**307**

	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 2020	**(196)**	**(482)**	**(678)**
Additions	**-**	**-**	**-**
Interest expense	**(10)**	**(25)**	**(35)**
Lease payments	**84**	**173**	**257**
Effect of foreign exchange	**(4)**	**7**	**3**
At 31 December 2020	**(126)**	**(327)**	**(453)**

	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)

The tables above do not include the leasehold land which is also classified as a right of use asset as this information is already presented in Note 11.

30 Event after reporting period

In November 2020, the President of Republic of Indonesia enacted a Job Creation Law that will have an impact on employee benefit obligations. As at 31 December 2020, the Group has calculated the employee benefit obligation based on the law that was in effect prior to this Job Creation Law, namely UU No. 13/2003, due to the fact that the basis of the calculation for employee benefit obligations is further regulated in an implementing regulation which was only enacted on 16 February 2021. Until the completion date of this report, the Group is still calculating the impact of the implementation of this regulation, and its effect on the Group's financial statements.

Company Balance Sheet
As at 31 December 2020

Company Number: 1884630

	Note	2020 $000	2019 $000
Non-current assets			
Investments in subsidiaries	4	**54,536**	49,973
		54,536	49,973
Current assets			
Receivables	5	**3,681**	3,381
Cash at bank and in hand		**448**	681
		4,129	4,062
Current liabilities			
Other payables	6	**(3,542)**	(3,567)
Net current assets		**587**	495
Net assets		**55,123**	50,468
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		**7,241**	16,192
Profit / (Loss) for the year		**4,853**	(7,762)
Dividends paid		**(198)**	(1,189)
Retained earnings		**11,896**	7,241
Shareholders' funds		**55,123**	50,468

The profit after tax for the year for the Company dealt with in the consolidated financial statements of the Company was $4,853,000 (2019: loss after tax $7,762,000).

The financial statements were approved and authorised for issue by the Board of Directors on 12 May 2021 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 2020

	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 2018	15,504	(1,171)	23,935	1,087	3,872	16,192	59,419
Comprehensive expense 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**
Comprehensive income for the year							
Profit for the year	**-**	**-**	**-**	**-**	**-**	**4,853**	**4,853**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**4,853**	**4,853**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**(198)**	**(198)**
Balance at 31 December 2020	**15,504**	**(1,171)**	**23,935**	**1,087**	**3,872**	**11,896**	**55,123**

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 to reflect the primary economic environment in which the Company operates. 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 impairment.

(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 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 $9.8m (2019: 13.7m) 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.

2 Accounting policies – continued

(i) Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

Recoverability of investments and ECL on intercompany balances - estimate of future cash flows and liquid assets (note 5)

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 profit before tax for the year for the Company dealt with in the consolidated financial statements of the Company was $4,855,000 (2019: loss before tax $7,761,000) and profit after tax for the year was $4,853,000 (2019: loss after tax $7,762,000).

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 2019	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**
Movements during the year:			
Repayment	**-**	**(1,224)**	**(1,224)**
Reversal of loss provision	**-**	**5,787**	**5,787**
At 31 December 2020	**12,253**	**42,283**	**54,536**

	2020 $000	2019 $000
Net carrying amount		
At 31 December	**54,536**	49,973

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

	2020 $000	2019 $000
Amounts owed by group undertakings:		
Anglo-Eastern Plantations Management Sdn Bhd	**2,612**	2,457
PT Hijau Pyran Perdana	**183**	183
PT Sawit Graha Manunggal	**831**	700
PT Anglo-Eastern Plantations Management Indonesia	**17**	-
	3,643	3,340
Other receivables	**38**	41
	3,681	3,381

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.

5 Receivables - continued

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.

The details of other receivables related to ECL were disclosed in note 15 and note 25 of the consolidated financial statements.

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

	2020	2019
	$000	$000
At 1 January	**6,649**	444
(Reversal of loss provision) / loss provision during the year	**(5,134)**	6,205
At 31 December	**1,515**	6,649

At 31 December 2020, the expected loss provision for receivables was as follows:

	Gross carrying amount	**Loss provision**	**Net carrying amount**
	$000	**$000**	**$000**
2020			
Amounts owed by group undertakings	**5,113**	**(1,470)**	**3,643**
Other receivables	**46**	**(8)**	**38**
Investments in subsidiaries (note 4)			
- Loans to subsidiaries undertakings	**42,320**	**(37)**	**42,283**
	47,479	**(1,515)**	**45,964**

	Gross carrying amount	Loss provision	Net carrying amount
	$000	$000	$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

6 Other payables

	2020	2019
	$000	$000
Amounts owed to group undertakings:		
Mergerset (1980) Limited	**2,163**	2,163
Musam Indonesia Limited	**246**	246
	2,409	2,409
Accruals	**1,133**	1,158
	3,542	3,567

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

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 $255,616 (2019: $260,971). There was no balance outstanding at the year end (2019: Nil). This has been classified as a short term lease and therefore lease payments have been recognised directly as an operating expense in the income statement.

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.

Transactions between the Company and its subsidiaries are disclosed below:

Nature of transactions	Name	**2020 $000**	2019 $000
Management fees from	Anglo-Eastern Plantations Malaysia Sdn Bhd	**20**	15
Commissioner services income	PT Anglo-Eastern Plantations Management Indonesia	**17**	-
Corporate guarantee fees from	PT Hijau Pryan Perdana	**-**	33
Corporate guarantee fees from	PT Sawit Graha Manunggal	**131**	175
Receivable from	Subsidiaries (note 5)	**5,113**	4,157
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

	2020 Number	2019 Number
Average numbers employed during the year		
- directors	**4**	4
- staff	**-**	-
	4	4

	2020 $000	2019 $000
Staff costs		
Wages and salaries	**-**	-
Social security costs	**-**	-
Retirement benefits	**-**	-
	-	-

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 65 - 70 of which certain information on page 68 has been audited.

	2020 $000	2019 $000
Directors' emoluments	**200**	215

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 nil guarantees for loans to subsidiaries (2019: $35,000,000) as set out in note 16 of the consolidated financial statements.

Notice of Annual General Meeting

Notice is hereby given that the thirty-sixth 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 28 June 2021 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 2020.

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 2020.

3 To declare a final dividend.

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

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

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

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

8 To re-appoint BDO LLP as auditor.

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

10 To consider the following resolution as an ordinary resolution:

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

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

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

provided that this authority shall expire on the date of the next annual general meeting after the passing of this resolution or 30 June 2022 whichever is earlier save that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if the authority conferred hereby had not expired.

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

11 To consider the following resolution as a special resolution:

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

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

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

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

and permitting the directors to impose any limit 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 10 and/or the sale of treasury shares for cash, to the allotment of equity shares or sale of treasury shares up to an aggregate nominal amount of £495,454.

Such power shall apply during the period expiring on the date of the next annual general meeting or on 30 June 2022 (whichever shall be earlier) but the directors may during such periods make offers or agreements which would or might require equity securities to be allotted (and treasury shares to be sold) after the expiry of such period.

12 To consider the following as a special resolution:

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

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

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

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

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

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

(d) the authority hereby conferred shall expire on 30 June 2022 or, if earlier, at the conclusion of the next annual general meeting of the Company save that the Company may before the expiry of this authority make a contract of purchase which will or may be executed wholly or partly after such expiry and may make a purchase of shares pursuant to any such contract.

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

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

By order of the Board
CETC (Nominees) Limited
Company Secretary
3 June 2021

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 24 June 2021 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 24 June 2021 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 20 May 2021 (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 20 May 2021 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.

4. The instrument appointing a proxy must be deposited at the office of the Registrar by 9.30 a.m. (UK time) on 24 June 2021 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 28 June 2021 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 Computershare Investor Services PLC [CREST ID: 3RA50] by 9.30 a.m. on 24 June 2021. 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 link https://www-uk.computershare.com/investor/. If not already registered, you will need your Shareholder Reference Number ("SRN") which is detailed on your share certificates.

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 24 June 2021 and they will be answered after the AGM or at the AGM for those shareholders who are in attendance. The Company must cause to be answered any such questions relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation of the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

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

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

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

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