2021 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.

Biogas plant in North Sumatera

Collection of fresh fruit bunches ("FFB")

Matured plantation

- AEP has a Premium Listing on the London Stock Exchange. The Company was listed in 1985.
- Primary activities are the crop production and processing of palm oil and some rubber.
- Palm oil is an important commodity and the industry reportedly employs millions of workers directly and indirectly across Indonesia and Malaysia. It is used extensively in food, cosmetics, other consumer products and biofuel.
- The Group is committed to the responsible development of its plantations and facilities with particular attention to both the environment and society in which it operates.
- AEP mitigates the impact on the environment by capturing methane gas emissions from its mills and generating renewable energy though its biogas plants. It also operates a biomass plant which converts empty fruit bunches ("EFB") to dried long fibres.

About Anglo-Eastern Plantations

Oil Palm Plantations
The Group has developed over 62,600 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 24 years. The Group's FFB production in 2021 reached 1.19 million mt.

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 7,900 ha of immature plantations of which 1,701 ha were planted in 2021.

Palm Oil Mills
The Group operates six palm oil mills processing up to a combined 310 mt of FFB per hour. One of the mills has a biomass plant which processes EFB into dried long fibres for export. The construction of the seventh mill in North Sumatera is in progress with completion delayed due to the pandemic. Completion is scheduled for the latter part of 2022, which together with the upgrade of two other mills would increase the Group's processing capacity to 400 mt per hour. Combined oil extraction rate ("OER") averaged 20.5% in 2021.

Third Party Crop Purchases
In 2021 the Group purchased approximately 1.14 million mt of FFB from third party producers, comprising small plantations and local farmers, for processing through its mills. The total FFB throughput at the Group's mills in 2021 was 2.31 million mt producing 473,200 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 2021 the 262 ha of established rubber plantations produced 425 mt of raw latex and rubber lumps. The size of the rubber plantations will reduce in the coming years as the Group replaces ageing rubber trees with oil palm. The average age of the rubber trees is 14 years. The yield in 2021 was 1.62 mt/ha.

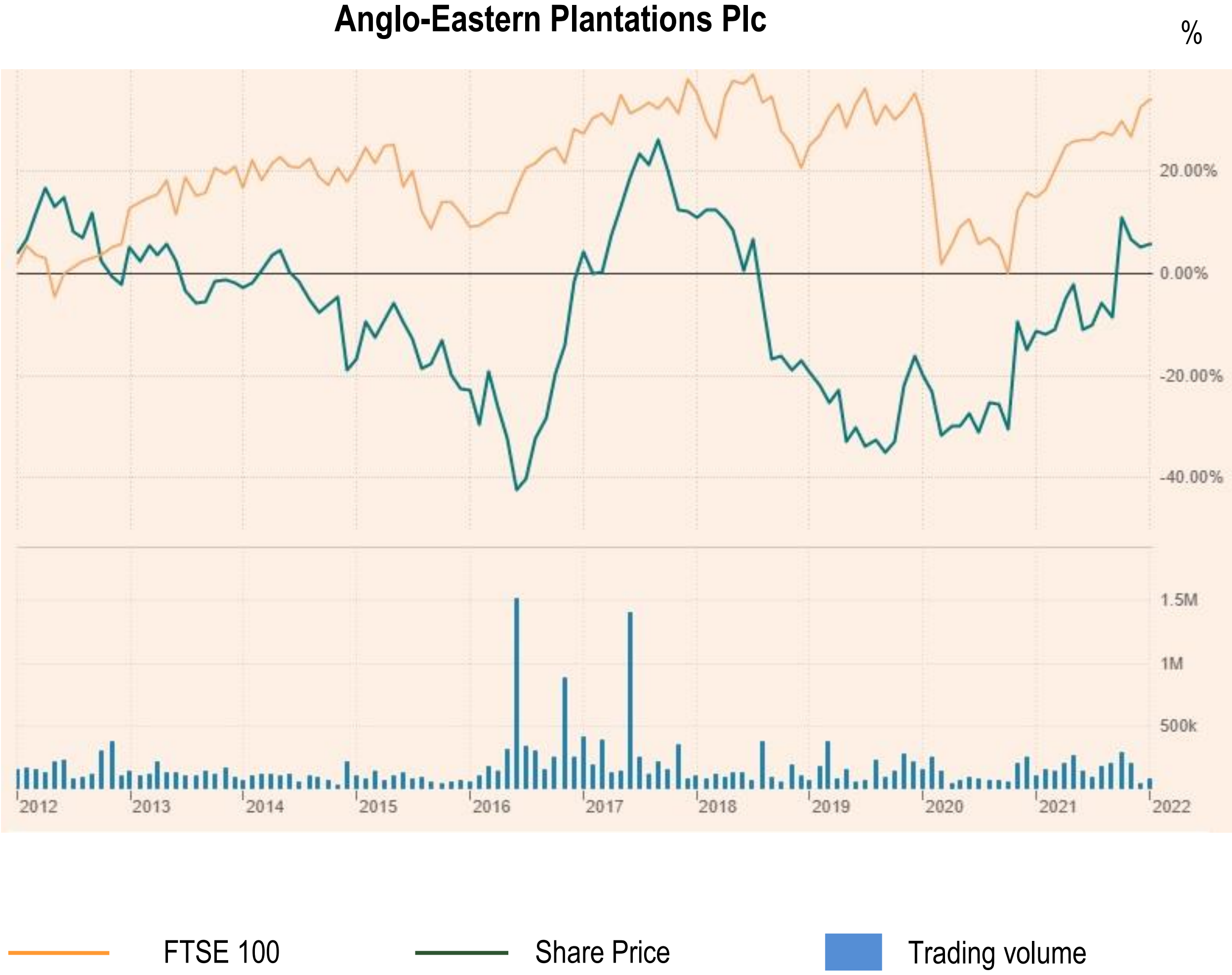
Biogas Plants
Four mills are equipped with biogas plants to capture the methane gas emission to generate electricity for its own consumption, with the surplus being sold to the Indonesian state authorities. This reduces the mills' our reliance on fossil fuels and improves the Group's carbon footprint. The Group sold 20,300 MWh of surplus electricity in 2021.

Financial Highlights

The Group key performance indicators ("KPI") as required in accordance with the requirements of s414C, Companies Act 2006 are as follows:

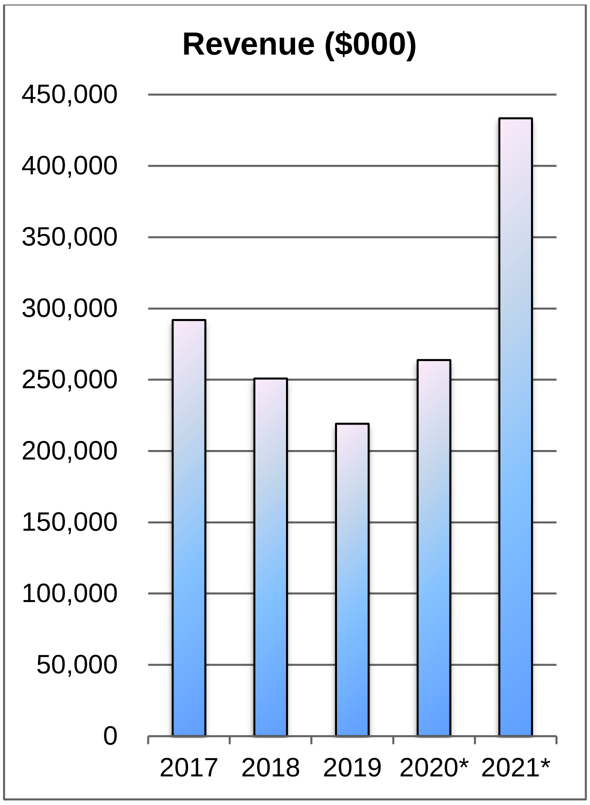
Continuing operations	**2021** **$m**	2020 $m	Change %
Revenue	**433.4**	263.8	+64
Profit before tax:			
- before biological assets ("BA") movement	**132.7**	56.9	+133
- after BA movement	**137.1**	58.1	+136
Basic Earnings per ordinary share ("EPS"):			
- before BA movement	**235.25cts**	89.31cts	+163
- after BA movement	**242.34cts**	91.82cts	+164
Dividend (cents)	**5.0cts**	1.0cts	

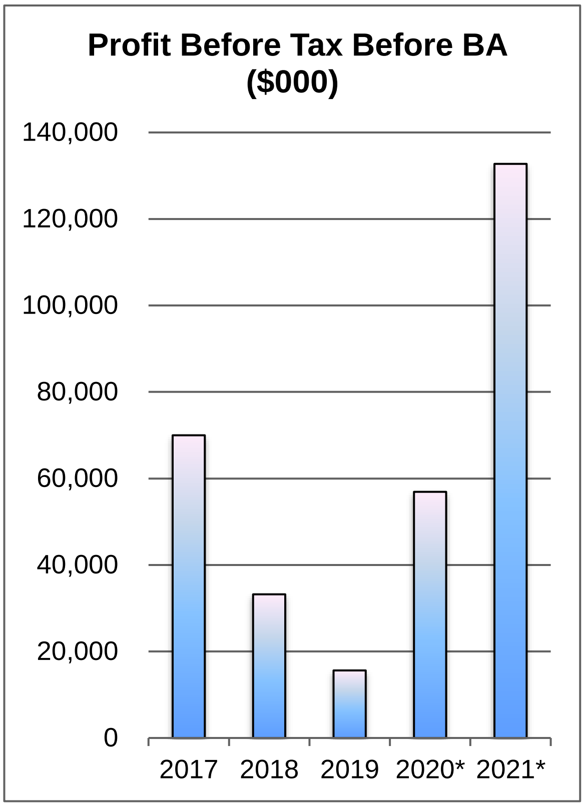
Anglo-Eastern Plantations Plc

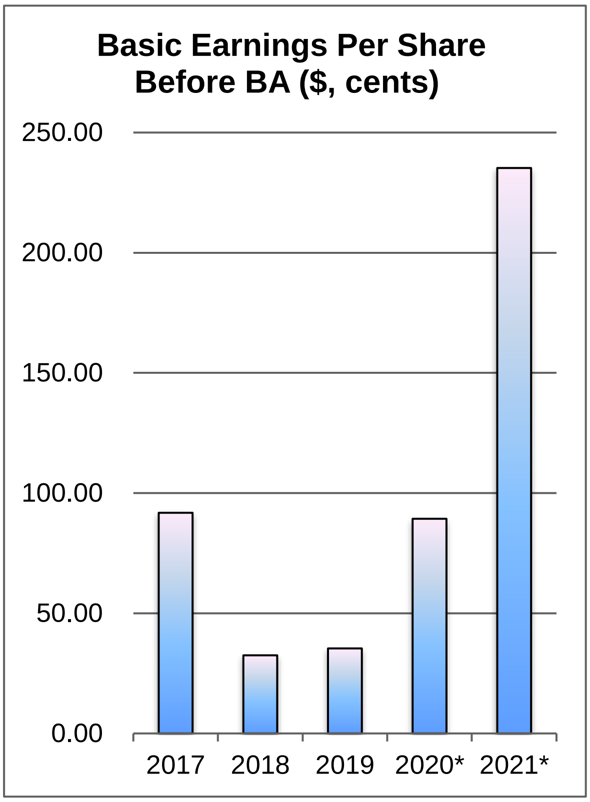


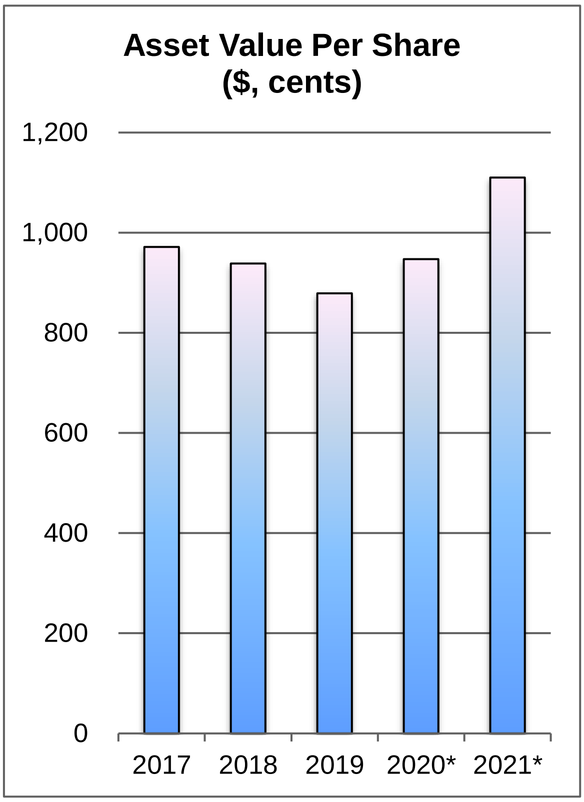
Source: Financial Times

Financial Highlights



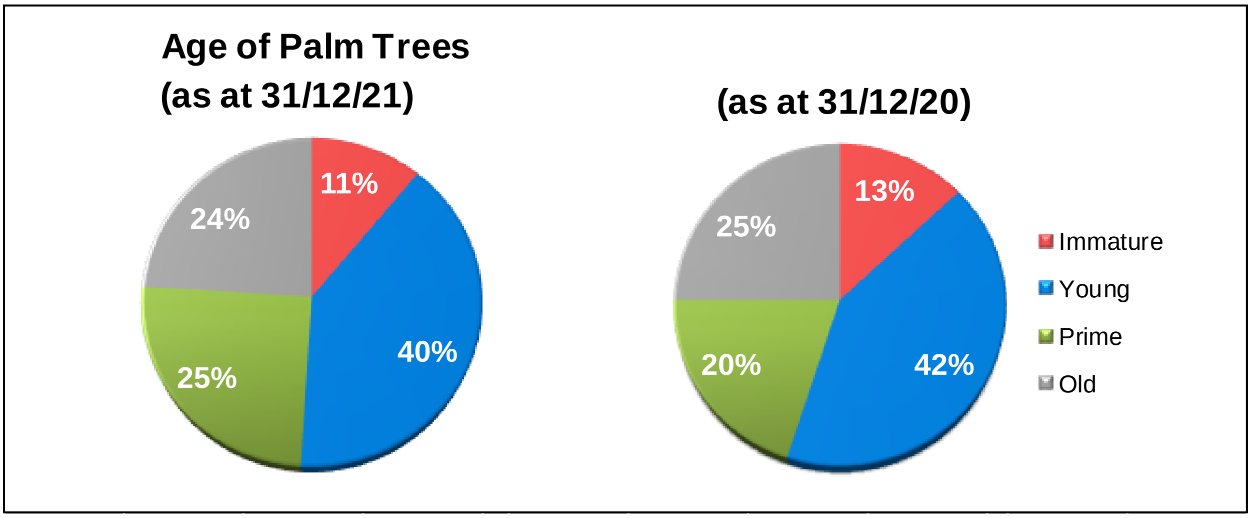


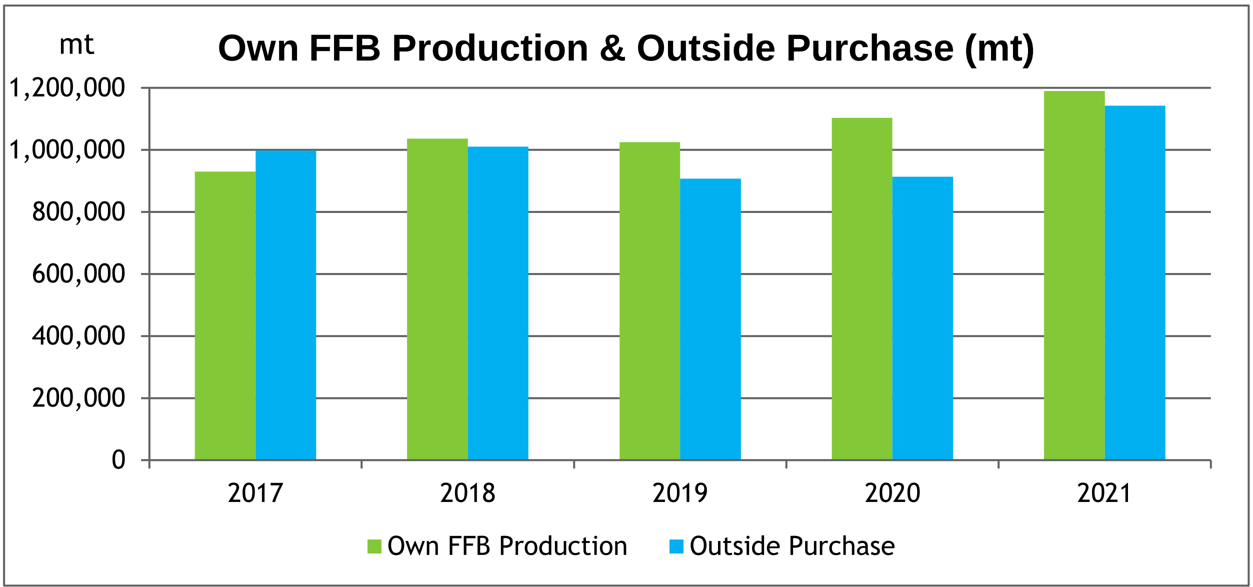


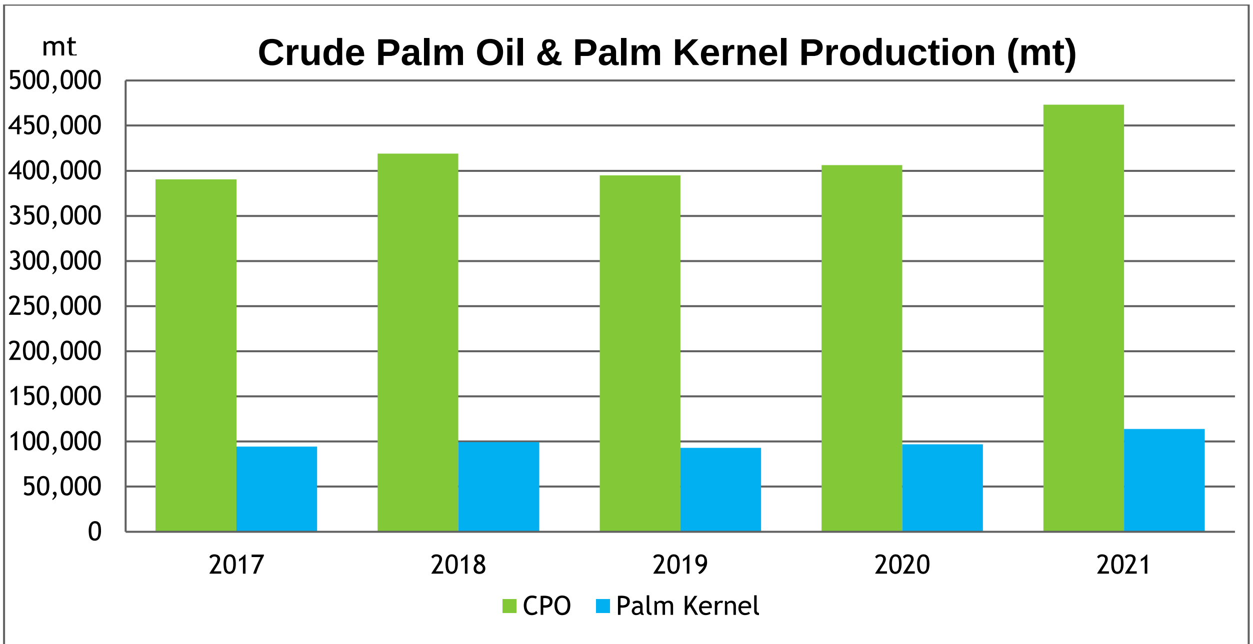


* Restated to exclude discontinued operations.

Key Information







Shareholder Information

Market capitalisation
The market capitalisation of Anglo-Eastern Plantations Plc in the United Kingdom ("UK") at 31 December 2021 was £285 million (2020: £231 million), the ordinary share price at the close of business on 22 April 2022 was 808 pence giving a market capitalisation of £320 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 incorporating 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
With the reopening of borders, together with the lifting of quarantine requirements in the UK and in Malaysia, the 37th Annual General Meeting ("AGM") of the Company will be held at the offices of UHY Hacker Young LLP, 6th floor Quadrant House, 4 Thomas More Square, London E1W 1YW on Monday, 27 June 2022 at 11 am (UK time). Notice of the meeting is set out at the end of this Annual Report on pages 145 to 148.

Submission of proxy voting
Shareholders will not receive a hard copy of the proxy form for the 2022 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, 23 June 2022. 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 several 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 their 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

I am pleased that the UK has lifted all the restrictions relating to Covid-19 and that Malaysia is in a state of endemic rather than pandemic resulting in its borders being open to foreign visitors and a more relaxed set of Standard Operating Procedures ("SOPs"). All these have been made possible due to the very high fully vaccinated rate of the adult population of both these countries, who are now focusing on vaccinating the population of children.

Indonesia is lagging slightly behind in its vaccination programme with about 76% of its adult population fully vaccinated due to an earlier reported shortage of vaccines. There is also a stark gap in vaccination rates among the 34 provinces in Indonesia with the population in remote and less developed regions having difficulty in reaching vaccination centres. I am confident that the Indonesian government will achieve full vaccination for its adult population within a reasonable time.

Many countries have witnessed the effect that the prolonged lockdown has caused on mental and financial distress and are now adapting to coexist with Covid-19 rather than a zero tolerance strategy of eliminating Covid-19. Borders are beginning to open with the focus on reviving the economy which in turn leads to a gradual return of international air travel.

2021 was a year in which Indonesia and Malaysia went through either full lockdowns or partial lockdowns and the Group was fortunate that it was allowed to continue its operations as the food industry was an essential service. During this time management has drawn up strict SOPs for the staff to work safely and I am pleased to say that there was no major outbreak of Covid-19 cases in any of the plantations. However, we did have 5 fatalities due to Covid-19 in four of our plantations which must have been traumatic for the deceased loved ones and their colleagues. I and the rest of the Board shared their grief and we have ensured that the welfare of the affected families were appropriately looked after. The emergence of a new variant, Omicron, which is more transmissible but less deadly may, however, set back the progress made to date. Our management remains watchful and continues to observe strict safety protocols in its operations.

I am pleased that given the plantations have to operate within the constraints of Covid-19, the management and staff have delivered a very good set of results, partly due to the high price of CPO for the year and I thank them for their diligence and effort. Having said that the Group has been hampered for a number of years by three plantations in South Sumatera which have not contributed to the profitability of the Group, notwithstanding the time and investments incurred over the years. Accordingly, the Board has made a commercial decision to sell PT Riau Agrindo Agung, PT Empat Lawang Agro Perkasa and PT Karya Kencana Sentosa Tiga, all in South Sumatera, as going concern at a realistic achievable price. The Board is working with a consulting firm in Indonesia with a view to conclude the sale by the end of 2022.

The Group's FFB production in 2021 reached 1.19 million mt, 8% higher than last year of 1.10 million mt due to improved weather. Other than South Sumatera, rainfalls were satisfactory in all regions that the Group operated in. With mostly favourable weather, all regions except for Malaysia reported higher FFB production of between 1% to 28%. FFB bought-in from surrounding smallholders and plasma was 1.14 million mt (2020: 913,200 mt), 25% more than 2020. The mills processed a combined 2.31 million mt of FFB, 17% more than last year of 1.97 million mt. CPO production, as a result, was 17% higher at 473,200 mt, compared to 406,100 mt in 2020.

CPO prices had been on a tear for most of the year. The surge in prices was unprecedented especially when consumption of palm oil was expected to be weaker due to the economic lockdown caused by the Coronavirus. A combination of factors however contributed to the spectacular rise in prices. Unfavourable weather conditions in prime soybean producing countries, which had adversely affected the supply of soybean oil, of which palm oil is the closest substitute was a likely cause. This together with a tight supply of palm oil due to labour, fertiliser issues and improved demand prospects for vegetable oils as global economies reopen drove CPO prices higher. A more detailed explanation is provided in the Strategic Report under Commodity Prices. The average CPO price ex-Rotterdam ended the year 67% higher at $1,211/mt, compared to $723/mt in 2020.

The higher FFB production and elevated CPO prices meant that the Group's revenue from continuing operation reached a record high of $433.4 million, 64% higher compared to $263.8 million achieved in 2020. The operating profit for the Group from continuing operations in 2021, before biological asset ("BA") movement more than doubled to $129.3 million, from $54.6 million reported in 2020. The earnings per share, before BA movement from continuing operations, increased by 163% to 235.25cts, from 89.31cts in 2020. The Group's operating profit after BA movement from continuing operation for 2021 was at $133.7 million after an upward BA movement of $4.3 million as compared to 2020 operating profit of $55.8 million after an upward BA movement of $1.2 million.

The mills briefly enjoyed improved processing margins as the Indonesian government lowered the CPO export tax in July 2021 from $255/mt to $175/mt when the CPO price exceeded $1,000/mt. However, in November 2021 the export tax was revised upwards to $200/mt when the CPO price exceeded $1,283/mt. The Indonesian government in its effort to curb soaring prices of domestic cooking oil in February 2022 imposed a domestic market obligation ("DMO") rule which made it mandatory for palm oil producers to sell 20% (and then subsequently 30%) of their output to domestic refiners at fixed prices representing a steep discount to the current CPO price, eroding the profit margin of planters. The DMO has since been aborted and replaced by a maximum CPO export tax and levy at $575/mt. This is further explained in the Outlook of the Strategic Report on page 50. Furthermore, on 27 April 2022 the Indonesian government banned the export of CPO to try to stem the rising cost of cooking oil in Indonesia. News reports have generally indicated that this is a temporary measure as CPO is one of Indonesia's largest export revenues, and also Indonesia cannot consume or utilise all the CPO it produces. The ban on the export of CPO, whilst it is in place, will affect the tender price AEP will achieve as the CPO is sold locally.

The Group's new planting for oil palm including plasma for 2021 totalled 1,701 ha compared to 2,190 ha last year. Please see page 21 under Corporate Social Responsibility for Plasma obligation of the Group. The new planting was mostly concentrated in the Kalimantan regions where negotiations with owners over land compensation were concluded more efficiently. The land compensation process suffered as the pandemic restricted travel and social contact. Many landowners also demanded better land prices due to record CPO prices. Furthermore, the local authorities stopped all land compensation for three months in Bangka to resolve some complaints from local villages. Replanting of some 900 ha of oil palms in Bengkulu was accelerated during the year to replace trees with poor yield. In 2022, the Group plans to plant 2,500 ha of oil palm which includes replanting of another 1,200 ha in Bengkulu. Plasma planting for 2022 is estimated at 400 ha.

The Group has four biogas plants with a combined capacity of slightly above five megawatts. The Group sold surplus electricity of 20,300 MWh in 2021 compared to 18,900 MWh last year in our efforts to reduce the Group's carbon footprint. The biogas plants help trap and burn the more toxic methane gas emission from palm oil mill effluent ("POME") to generate green electricity and produce less harmful carbon dioxide. Methane has a higher heat-trapping potential than carbon dioxide and cutting its emission can have a positive impact on reining in global warming. The revenue from the sale of surplus electricity to the national grid was $999,000 (2020: $970,000)

EU threat to reduce the use of palm oil for biofuel in 2024 and to completely phase it out by the year 2030 remains a potential risk. 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, most of which affect climate change. 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. We are aware of growing pressure from buyers to avoid CPO with NDPE and High Conservation Values ("HCV") issues.

A resurgence of the Covid-19 and its variants including Omicron, remains a potential major risk to palm oil demand in both the food and energy sectors. Inequitable access to vaccines, tests and treatments amongst the rich and poor countries could possibly prolong the pandemic and continue to hurt the economies, risking the emergence of more dangerous variants resulting in weaker trade and commodity prices.

The war in Ukraine has caused another round of global uncertainty. Any further escalation of the war in Ukraine will no doubt create additional uncertainties impacting the major economies of the world which in turn could affect the demand for palm oil in both the food and energy sectors. More comments relating to the effects on CPO prices and fertilisers supply chain can be found in the Commodity Prices and Outlook sections of the Strategic Report on pages 19 and 50 respectively.

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 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 and to a lesser extent the war in Ukraine. With the rising Coronavirus cases in Europe in early 2022, the Board felt justified in its opinion that the pandemic is far from over especially 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 continues to adopt a prudent view and in the light of the exceptional profit achieved in the year has declared a final dividend of 5.0cts per share, in line with our reporting currency, in respect of the year to 31 December 2021 (2020: 1.0cts). In the absence of any specific instructions up to the date of closing of the register on 10 June 2022, 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 15 July 2022 to those shareholders on the register on 10 June 2022.

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.

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 29 April 2022

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 manner.

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 100,000 ha 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 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 as well as the weather. 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 ten times as much land to produce an equivalent weight of palm oil. It has been reported that one hectare of land can produce up to 4 mt of CPO, much higher than rapeseed of 0.7 mt, sunflowers of 0.6 mt or even soybeans of 0.4 mt. In this regard, palm oil is far more sustainable than other edible vegetable oils.

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 streamlining estate management. For the year under review, the Indonesian operations achieved an FFB yield of 19.8 mt/ha, 155% mill efficiency and production cost of $296/mt. This compared favourably to 2020 where the Group achieved a yield of 18.9 mt/ha, 133% mill efficiency, except for production cost which was lower at $280/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 is deemed to achieve 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 its mills to trap the methane gas emitted from the treatment of palm mill effluents to generate electricity to power its boilers to 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 is looking at more biogas projects as demand for electricity recovered after 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.

Non-financial reporting statement

The Group has complied with the requirements of Section 414CB of the Companies Act 2006 by providing a wide range of non-financial information about employees, environmental and social matters in the table below and in our website:

Non-financial matter	Policies and standards which govern our approach	Page
Business model	Business model and strategy Principal risks and uncertainties	12 42 to 47
Environmental matters	Principal risks and uncertainties: Country, regulatory and governance practices Principal risks and uncertainties: Weather and Environmental and conservation practices Indonesian Sustainable Palm Oil Environmental, Social and Governance practices Management of Climate Risks Decarbonisation modelling and high level target setting Carbon Reporting Corporate Governance: Environmental and corporate responsibility Other responsible agricultural practices and sustainable policies can be found on our website	43 to 44 47 25 to 26 26 to 29 29 to 34 35 35 to 42 66
Employees and Health & Safety	Employees: Employment policies Directors' Remuneration Report: Employees engagement Workers are protected from exposure to occupational health and safety hazards that are likely to pose immediate risk of permanent injury, illness or fatality. Proper signages are in place at relevant spots to alert employees of safety. Workshops and training sessions on occupational safety and health care are regularly conducted.	48 to 50 72
Social matters	Principal risks and uncertainties: Covid-19 AEP has established clear policies and strict protocols for the control and prevention of the spread of Covid-19 within the workplace environment. There are requirements for mask wearing, social distancing and sanitising of the workplace regularly. AEP also privately funded vaccination programme within its plantations and employees are required to be compulsorily vaccinated. AEP also has strict procedures on testing at work and self isolation of its employees when necessary, together with home support for the affected ones to ensure full recovery before they resumed work.	46
Respect for human rights	AEP has clear policies of no exploitation of its employees, including complying with paying minimum wage. It does not practise child or forced labour in line with the Modern Slavery Statement referred to on its website. In addition, a whistle blowing policy is in place to allow any employee to raise concerns about unethical, illegal or questionable practices without the risk of reprisal and in full confidence.	49 to 50
Anti-corruption and anti-bribery matters	Directors' report: Political donations, anti-corruption and anti-bribery matters	55

Financial Review

Performance of the business during the year

For the year ended 31 December 2021, revenue for the Group from continuing operation was $433.4 million, 64% higher than $263.8 million reported in 2020 due primarily to the higher CPO prices and higher production.

The Group's operating profit from continuing operation for 2021, before biological asset movement, was $129.3 million, 137% better than last year of $54.6 million.

FFB production for continuing operations for 2021 reached 1.15 million mt, 7% higher than the 1.07 million mt produced in 2020. The overall yield for the Indonesian plantations was higher at 21.1 mt/ha (2020: 20.4 mt/ha) due to more consistent and better rainfall throughout the year coupled with an increase in matured areas to harvest. Except for Malaysia, all regions in Indonesia in which the Group operated show improvement in crop harvest. Young matured oil palms in North Sumatera and Kalimantan grew well and reported a 13% higher crop production. With replanting in progress, crop production in Bengkulu region, increased marginally by 1%.

FFB bought-in from local smallholders and plasma in 2021 was 1.14 million mt (2020: 913,200 mt), 25% more compared to 2020. As explained earlier, a more consistent weather with no extended period of dryness meant that there was an abundance of external crops to purchase especially in the first half of the year. Crop purchases by our mills in North Sumatera, Riau, Bengkulu and Kalimantan grew by between 9% and 64% in comparison to last year. During the year, the Group's mills processed a combined 2.31 million mt of FFB, 17% more than last year of 1.97 million mt. CPO production, as a result, was 17% higher at 473,200 mt, compared to 406,100 mt in 2020.

Profit before tax and after BA movement from continuing operation for the Group was $137.1 million, 136% higher compared to a profit of $58.1 million in 2020. The BA movement was a credit of $4.3 million, compared to a credit of $1.2 million in 2020. The BA movement was mainly due to higher FFB price in 2021. The profit before tax included a reversal of impairment charge on plantations and impairment of land amounting to $5.0 million compared to a reversal of impairment on land amounting to $2.2 million in 2020. Net finance income recognised in the income statement increased from $2.6 million in 2020 to $3.2 million in 2021 due to higher time deposits and absence of interest expense. The tax expense increased from $15.2 million in 2020 to $25.7 million in 2021 due to the increase in profit before tax.

The total loss on the discontinued operations during the year was $28.5 million, made up of operating loss of $6.7 million and a further write down of the three plantations assets net of liabilities of $21.8 million. The loss from the discontinued operation was also impacted by the expected credit loss from Plasma receivables amounting to $1.2 million in 2021 (2020: $1.4 million) attributed to the additional amounts allocated for plasma development during the year.

The average CPO price ex-Rotterdam for 2021 was $1,211/mt, 67% higher than 2020 of $723/mt. The ex-mill price for 2021 averaged $776/mt, 37% higher than last year of $567/mt.

Earnings per share before BA movement from continuing operations increased by 163% to 235.25cts compared to 89.31cts in 2020. Earnings per share after BA movement from continuing operations increased from 91.82cts to 242.34cts. Earnings per share have increased mainly due to the increase in profit after tax.

There was a loss of exchange in translation of foreign operations, recognised in other comprehensive income, totalling $6.3 million for 2021 against an exchange loss of $5.4 million in the previous year due to the slight weakening of the Indonesian rupiah at the year end. The retirement benefits due to the employees at 31 December 2021, as calculated by a third party actuary, decreased to $11.5 million from $13.4 million last year due to the impact from the job creation law.

Position of the business at the end of the year

The Group's statement of financial position remains strong, with a cash and cash equivalents balance of USD218.2 million and no external borrowing at the end of 2021. All material changes in statement of financial position and cash flows are listed in the following table:

	Note	**31.12.2021 $000**	31.12.2020 $000
Property, plant and equipment	i	**260,532**	280,831
Deferred tax assets	ii	**4,324**	14,389
Income tax liabilities	iii	**(13,139)**	(5,981)
Cash and cash equivalents	v, vi, vii	**218,249**	115,211
Assets in disposal groups classified as held for sale	iv	**13,210**	-
Net cash generated from operating activities	v	**131,346**	65,353
Purchase of property, plant and equipment	vi	**(26,374)**	(18,965)
Net cash used in financing activities	vii	**(1,028)**	(9,039)

i. The reduction in property, plant and equipment from $280.8 million in 2020 to $260.5 million was due to the reclassification of the assets in South Sumatera to assets held for sale in current assets.
ii. The movement in deferred tax assets was due to the utilisation of some of the losses against taxable profits during the year.

iii. The income tax liabilities are higher principally as a result of higher profits in 2021.A detailed explanation of income tax, including other taxes, is provided in note 9.

iv. Assets in disposal groups classified as held for sale reflects the reclassification of the assets in South Sumatera, net of an impairment adjustment.

v. As at 31 December 2021, the Group had cash and cash equivalents of $218.2 million (2020: $115.2 million). The cash position was higher in 2021 principally due to the significant increase in profitability during the year and to a lesser extent the recovery of $14.8 million from the over payment of VAT, together with the benefit of part of the current year corporate income tax of $13.1 million being retained as at year end. The net cash inflow from operating activities during the year was higher at $131.3 million by 101% compared to $65.4 million in 2020 mainly due to the more robust CPO prices and higher production.

vi. The higher additions to development costs for property, plant and equipment ("PPE") amounting to $26.4 million in 2021 (2020: $19.0 million) was due to increase in construction costs.

vii. The net cash used in financing activities during the year was lower by 89% at $1.0 million compared to $9.0 million in 2020 due to no repayment of borrowings during the year.

Viability Statement

The viability assessment considers solvency and liquidity over a longer period than for the purposes of the going concern assessment made on pages 15 and 16. Inevitably, the degree of certainty reduces over a 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 the review of the Group's performance in 2021, 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 to five-year periods. The process involved a detailed review of the 2022 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 believes 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 in the Strategic Report under Going Concern, and the need to support if any financially loss-making newly matured estates, together with the projected capital expenditure. The Group also factored in the impact of the price increase of materials and fertilisers primarily as a result of the conflict in Ukraine. In arriving at the conclusion that the Group has adequate resources to continue in operation and meet its liabilities in the next five years the Board has assumed a worst case scenario of CPO price at its lowest average of $500/mt and that demand for CPO dropped by 50%. The Board has also factored in that half of the total plantations could be shut down for six months due to infectious disease such as Covid19. The assumptions applied are linked to risk of CPO price fluctuation, risk of a substitute for oil palm and a pandemic from an infectious disease. 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 2022 to 2026.

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 the 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 six 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 400,800 mt in 2021 about 13% above last year (2020: 354,900 mt). The increase in matured areas to 18,047 ha from 16,238 ha contributed to this higher production. A more consistent rainfall pattern with no prolonged period of dryness and better harvest from young matured palms in Tasik also improved the annual yield to 22.2 mt/ha from the previous year of 21.6 mt/ha.

Higher production can be expected in the coming years due to new planting and recently replanted areas of 546 ha maturing next year and starting to bear fruits.

In 2021, the two mills in North Sumatera produced 136,900 mt of CPO (2020:124,900 mt) from a throughput of 698,800 mt (2020: 629,200 mt). Tasik Raja mill had another stellar year, processing 10% more FFB in 2021 at 501,900 mt (2020: 455,000 mt) due mainly to better internal crop production, raising the mill utilization to 174% from 158% the previous year. OER, however, was lower at 19.9% (2020: 20.0%) possibly due to the dura contamination from external crops that made up 35% of the total crops processed. Dura crops with thinner mesocarp normally have an oil content of 18% or lower. The Blankahan mill showed some improvement by processing 13% more FFB at 196,900 mt (2020: 174,200 mt) due to higher external crop purchases increasing mill utilization from 91% to 103% this year. Outside crops that made up 58% of the total crops processed by the mill in the previous year increased to 61% in 2021. Internal crop production was marginally higher as the average age of trees reached 27 years with replanting to be carried out when necessary. Replanting in Blankahan was 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 as expected in 2021, but are expected to perform better going forward. The state electric company resumed the uptake of electricity from the Blankahan biogas plant in 3Q 2021 as commercial activities pick-up steam. It sold about 1,900 MWh (2020: 2,500 MWh) of surplus electricity and generated $114,100 (2020: $151,800) in revenue. The contract to supply electricity was finally signed for two years. As for Tasik biogas plant, the authorities are currently evaluating its power production capacity and the local consumption. There is a realistic chance that the authorities will purchase the surplus electricity as the economy recovers from the lockdown. It also helps that the Indonesian government is promoting the use of green energy going forwards as part of its efforts to achieve the climate change mitigation promises.

The sales from the biomass plant were lower in 2021 at $335,800 compared to $427,100 last year, as the plant exported 4% less dried long fibres at 4,710 mt compared to 4,930 mt last year. Average selling prices had fallen by 18% as foreign buyers had to contend with lack of containers as well as higher shipment costs. The production at the plant was temporarily halted in the last month of the year as it ran out of storage facilities as inventory built up due to logistic problems. This was the second time in the year where production had to stop due to high inventory and storage constraint.

Bengkulu

FFB production in Bengkulu, which aggregates the estates of Puding Mas ("MPM") and Alno produced 307,400 mt (2020: 304,000 mt), 1% more than 2020. Production from Bengkulu region has improved despite some areas being recently replanted as rainfall normalised to 3,500 mm in 2021 (2020: 4,000mm) with higher yield at 19.6 mt/ha from 18.2 mt/ha last year.

MPM and Sumindo mills processed a combined 807,000 mt (2020: 672,200 mt) of FFB in 2021 due to higher internal crop production as well as higher external crop purchases. External crop purchases increased by 35% to 464,800 mt from 344,700 mt last year due to better weather conditions increasing mill utilization to 160% from 133% in the prior year. CPO production for the year was 19% higher at 164,300 mt (2020: 138,200 mt) with OER for the two mills averaging 20.4%, lower from 20.6% last year. External crops made up 58% of the throughput compared to 51% in 2020. The remaining processed crop was purchased from other group companies.

900 ha palms were replanted in 2021 with good planting material. Another 3,200 ha of palms will be replanted from 2022 to 2024 as the matured palms in Alno and MPM reached the average age of 18 and 22 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 10,300 MWh (2020: 9,600 MWh) of surplus electricity, 7% higher and generated $484,900 in revenue (2020: $444,300). One of the engines in the plant was shut down for up to two months for repairs as delivery of service parts was delayed due to Covid-19 travel restriction. Occasional breakdown of transmission lines also meant that the biogas plant did not perform to its optimum capacity of two megawatt.

South Sumatera

FFB production in South Sumatera, which aggregates the estates of Karya Kencana ("KKST"), Empat Lawang ("ELAP") and Riau Agrindo ("RAA") produced 37,200 mt (2020: 34,200 mt), 9% higher than 2020. Better rainfall and more matured palms contributed to a higher harvest. While rainfall during the year improved in KKST and South ELAP, low annual moisture remains a real threat in this region which retards growth as the plantations are located behind a mountain range sheltered from the Indian Ocean. Annual rainfall in North ELAP decreased to 1,095 mm (2020: 1,861 mm) which also experienced ten months where rainfall fell below the minimum of 150 mm per month for healthy crop production. The yield of 6.5 mt/ha in South Sumatera reflected the improved conditions from 6.3 mt/ha the previous year.

During the year about 17,100 new palms were spot planted in South Sumatera boosting the stems per hectare to 103 trees from the target of 105 trees. It incurred higher planting cost as frequent resupply of young palms was needed due to damage incurred by the freely roaming cattle owned by local villagers. Trenching and fencing the plantation were explored but were deemed uneconomical. Discussions with the local villagers were not productive and to avoid any strained relationship which can be detrimental in the long run, management decided instead to fence individual young plants to protect them from the cattle. With higher CPO prices, more FFB thefts were reported in 2021 as the region faced high unemployment during the pandemic. The management has also stepped-up security patrols.

With the inherent problems of rainfall, terrains, security and non productive dialogues with the local villages, the Board arrived at a decision in the last quarter of 2021 to discontinue its operations in South Sumatera and has put the three plantations for sale in the open market as a going concern during the 1Q of 2022. The Board has arrived at its decision as a result of the low crop yield which is unlikely to improve and the continuing losses incurred in the region, notwithstanding the significant investments and efforts over the years.

Riau

FFB production in the Riau region, comprising Bina Pitri estates, produced 139,600 mt in 2021 (2020: 133,200 mt) 5% higher than 2020. Rainfall was lower at 2,620 mm (2020: 2,850 mm) but was consistently above 150 mm per month except for February 2021. The yield for the year was slightly higher at 28.7 mt/ha from last year of 27.3 mt/ha. As 78% of the palms are between the ages of 24 to 27 years, there is a planned replanting process of 2,800 ha of palms from 2023 to 2026.

The mill external crop purchase was higher by 18% at 266,600 mt compared to 225,300 mt last year, with the mill utilization rate improved to 141% from 125% last year. Overall the CPO production was higher by 12% to 77,500 mt compared to 69,100 mt in 2020. Despite the high yield, the region is contaminated by dura palms which made up 66%


EFB application to fertilise soil

of the crops processed by the mill. The mill therefore had a low OER of 19.1% compared to 19.3% in the previous year.

Bangka
FFB production in the Bangka region, comprising Bangka Malindo Lestari estates, produced 11,100 mt in 2021 (2020: 8,700 mt), 28% higher than 2020. Higher crop was due to a larger harvestable area and more palms having reached peak maturity. Rainfall averaged 2,370 mm in the year compared to 3,043 mm previous year. Yield declined slightly from 13.5 mt/ha to 13.4 mt/ha in 2021. With new planting in 2021 totalling 160 ha (2020: 706 ha), the total planting including plasma in Bangka has reached 3,036 ha (2020: 2,856 ha). The land compensation dialogue in Bangka was briefly interrupted for three months after local authorities requested the company to stop the process to facilitate an investigation following complaints against the village head.

Kalimantan
FFB production in Kalimantan which comprises the Sawit Graha Manunggal ("SGM") and Kahayan Agro Plantation ("KAP") estates was 281,500 mt in 2021 (2020: 249,500 mt) 13% higher than 2020 as more palms matured and reached the peak production age. The average age of palms in SGM and KAP were nine and five years respectively. During the year 767 ha of palms matured in SGM and KAP leading to its first harvest. The yield in Kalimantan recovered to 19.8 mt/ha from 18.6 mt/ha last year. Wetter-than normal weather prevailed in KAP at 4,490 mm (2020: 4,350 mm) while rainfall in SGM was lower at 2,320 mm (2020: 2,870 mm).

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


Harvesting of tall palms

The purchase of external and plasma crops in SGM reached 112,800 mt in 2021 which was higher by 64% compared to 68,900 mt last year. The total external and plasma crop at the SGM mill made up 29% of the total crops processed from 22% last year. With the throughput at the mill reaching 393,300 mt (2020: 312,000 mt), the mill utilization rate increased to 182% from 144% last year producing 94,500 mt of CPO, 28% more than 2020 of 73,900 mt. OER for the mill averaged 24.0% for the year compared to 23.7% last year and continue to outperform the rest of the mills in the Group.

The SGM biogas plant generated 19% more electricity in 2021 at over 8,100 MWh (2020: 6,800 MWh) worth $399,900 (2020: $373,700). Negotiation has started with the state authorities to extend the contract to sell electricity, which is due to expire before the 2Q of 2022.

As international borders remained mostly closed to non-essential travelling during the year, 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.

Overall bought-in crops for Indonesian operations including plasma were 25% higher at 1.14 million mt for the year 2021 (2020: 913,200 mt). The average OER for our mills was marginally lower in 2021 at 20.5% in 2021 (2020: 20.6%).

Malaysia
The La Nina weather pattern towards the end of 2020 caused massive flooding and landslides which affected the evacuation of crops for the 1Q 2021 as internal roads and bridges badly damaged were repaired. FFB production in 2021 was 35% lower at 12,000 mt, compared to 18,600 mt in 2020. The plantation continued to experience a substantial shortage of workers which hampered not only field maintenance and application of fertilisers but harvesting resulting in crop losses. Due to international border closure throughout the year the attrition of workers for the past two years since the pandemic started could not be replaced. In addition, the under application of fertilisers at 10% of the recommended dosage resulted in undernourished plants and poor yield. To compound the problem further, supplier of fertilisers could not deliver for most part of the year as their manufacturing activities were forced to shut down during the lockdown. Although there was a partial lifting of the freeze on recruitment of foreign workers in late 2021, it will still take some time before any replacement workers can be found. In December 2021, parts of the plantation were closed for three weeks as seven of its foreign workers were infected with the Coronavirus. The palms, with an average age of 24 years, faced declining yield and stems per hectare steadily declined due to damage by wild elephants. The Malaysian plantation in 2021 generated a profit before tax after BA movement of $0.4 million compared to a marginal loss in 2020. The plantation obtained its mandatory Malaysian Sustainable Palm Oil ("MSPO") certification in January 2021.

The financial performance of the various regions is reported in note 7 on segmental information.

Commodity Prices
The CPO ex-Rotterdam price started the year at $1,014/mt (2020: $878/mt) and trended upwards for most part of the year. The price was lowest at the beginning of March 2021 at $900/mt and peaked in November 2021 at $1,435/mt before ending the year at $1,305/mt (2020: $1,014/mt), averaging $1,211/mt for the year, 67% higher than last year (2020: $723/mt).

While the FFB production in Indonesia as a country was marginally down from last year, the Malaysian's palm oil yields as a country dropped to nearly 40-year lows in 2021 as the plantation industry struggled with a shortage of workers and devastating floods in several parts of the country. It was reported that the Food and Agriculture Organisation's global edible oil index was up 91% and is expected to climb further as economies reopen following the Covid-19 lockdowns, boosting food and fuel consumption of edible oils. Besides labour shortages, many producers at the same time have been battling a range of impediments including heatwaves and vermin infestation that is driving collective stocks of world's most consumed edible oils - palm, soybean, canola and sunflower seed to their lowest levels in a decade. The pressure on stocks led to higher consumer prices. In the last one year, India has revised downwards its taxes on CPO, palm products and other vegetable oils several times to tame domestic inflation caused by rising prices of edible oils.

The current market prices have been shaped by higher anticipated demand, slower growth in palm oil production and market dynamics of vegetable oils. Ukraine and Russia are major producers of sunflower oil and jointly export up to 70% of the worldwide production. The disruption in harvesting and planting caused by the current conflict between Ukraine and Russia would likely result in a higher demand for CPO and would sustain the current high prices.

The export and movement in CPO prices are also influenced by Indonesian government policies. This is covered extensively in the Outlook section of the Strategic Report on page 50.

Over a period of ten years, CPO price has touched a monthly average high of $1,395/mt in November 2021 and a monthly average low of $472/mt in November 2018. The monthly average price over the ten years is about $779/mt.

CPO CIF Rotterdam

Rubber prices averaged $1,637/mt for 2021 (2020: $1,356/mt). Our small area of 262 ha of mature rubber contributed a revenue of $0.7 million in 2021 (2020: $0.6 million). Rubber continues to struggle with low prices. Lower tappable trees due to wind damage and dry bark were the main cause for lower rubber production.

Corporate Development

In 2021, the Group opened up new land and planted 1,701 ha (2020: 2,190 ha) of oil palm mainly in Kalimantan and South Sumatera, boosting planted area including the smallholder cooperative scheme, known as Plasma, by 2% to 75,204 ha (2020: 73,600 ha). Another 900 ha was replanted in Bengkulu. In 2022, the Group plans to plant 2,500 ha of oil palm which includes replanting of 1,200 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.

Old quarters for workers throughout the plantations will be upgraded in 2022. New quarters together with recreation facilities will be added to accommodate more workers and families at the cost of $2.3 million. A further $420,000 will be spent to connect the plantations in Bina Pitri, MPM and SGM to the national electric grids as part of the Group's effort to reduce carbon emissions. This is expected to reduce fossil fuel consumed by the generators in the remote plantations.

The construction of the seventh mill in HPP, North Sumatera has been delayed by frequent lockdowns caused by the pandemic, affecting the deployment of manpower at the construction site, as well as fabrication of mechanical works, interruption of supply chain and the transport of building materials. During the year, the concrete pilling has completed together with the fabrication of a loading ramp, clarification tanks and conveyors. Cost of construction has spiralled to about $22 million as the mill, located on peat area, has to be built according to strict specifications laid out by environmental laws in Indonesia. The conventional anaerobic lagoon constructed from earth is not permitted on peat land due to possible seepage of effluent and contamination of ground water. A purpose-built treatment plant is required to treat the effluent from the mill to a quality specified for discharge to the water course. The effluent plant also includes two 4,000 mt anaerobic digesters and two 1,200 mt aeration tanks. A decanter for solid removal and oil recovery was also added to reduce the number of tanks required which in turn reduced the high cost of concrete piles for its foundation. Steel, which constituted a major part of the building and equipment appreciated by 15% during the construction period putting further pressure on project costs. The project is earmarked for completion by the 3Q of 2022.

Our feasibility study concluded that it is more profitable to build a mill in KAP in Kalimantan to support its operation due to high logistic costs. KAP is currently transporting the FFB some 600km to SGM mill or, when this becomes too arduous 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 4,000 mt each with minimum spare machineries at an estimated cost of $13 million. Due to the hilly terrain and steep ravines, the choice for a mill site is limited. Nevertheless a few possible sites were identified and geological survey and onsite inspections are in progress. Construction is expected to start next year as soon as formal approval from the authorities is received.

To improve transport of FFB in our plantations and help deliver the FFB to the mills, the Group has budgeted to buy more dump trucks costing more than $1 million in 2022. This is necessary amidst rising logistic cost as independent transport companies especially in Kalimantan cannot supply adequate trucks to transport our harvest as many trucks are diverted to carry coal which pay better transport rates. In addition, the Group is expected to spend $1.2 million to improve the field roads and connectivity between estates and mills by building new bridges.

The two vertical sterilisers/pressure vessels in Bina Pitri mill are 12 years old and are scheduled to be replaced, for safety reasons, at a cost of $370,000 in 2022.

The fabrication and installation of an additional 45,000 kg/hour steam boiler in SGM mill costing $980,000 is expected to be completed in 2022 after a long delay caused by the pandemic. A second boiler is required to back-up the mill operation and to avoid any disruption as it enters its sixth year of operation. The mill is projected to process up to 380,000 mt of FFB in 2022.

Upgrading works at SGM and Sumindo mills which started three years ago involving the addition of boilers, steam turbines, screw press, digester, CPO and kernel storages, clarification station, water and effluent treatment plants and sterilizer at a combined cost of $4.5 million are expected to be completed this year increasing their milling capacity to 60 mt/hr from 45 mt/hr.

The Group plans to install an oil recovery system for its MPM mill at a cost of $1 million. This system extracts oil from its raw effluent as well as reducing the solid content of the effluent. The system, when fully operational is reportedly able to improve the OER by 0.2% to 0.3%. As the mill processes up to 420,000 mt of FFB annually, it could potentially recover up to 1,000 mt of CPO per year. Reducing the solids in the raw effluent will result in less silting in the ponds after extraction of biogas in the anaerobic lagoon.

Corporate Social Responsibility

Corporate Social Responsibility ("CSR") is an integral part of corporate self-regulation incorporated into our business model. Law 40/2007 of the Indonesian Limited Liability Companies Article 1 Paragraph 3 defines corporate social and environmental responsibility as the company's commitment to participate in sustainable economic development in order to enhance the quality of life and environment to benefit the company, local communities and the general public. Our Group embraces this 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.

Testing for river water pollution

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


Vaccination at mill

website under Corporate Governance. The Group also released a statement on the UK Modern Slavery Act 2015 which was 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. The Group has also sponsored and donated cows for sacrifice to celebrate religious festivals. The Group spent $221,300 (2020: $248,100) in 2021 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 current enrolment of over 4,369 students. It currently employs one hundred and sixty-three teachers on the estates. The Group operated forty-one vehicles and spent some $793,100 (2020: $691,000) in running the schools and operating the buses in 2021.

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 twenty-nine children of our employees were sponsored in 2021 at a cost of $160,350 (2020: $139,600) since its introduction in 1999, to study in various universities in Indonesia. The popular courses range from Engineering, Education, Economics to Agriculture. Sixty-two of these children have successfully graduated from the universities with a number of them now working for the Group.


Waste water treatment plant

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 provide health care services to the surrounding community without the need to travel to


Donating oxygen tanks to hospitals

faraway cities for medical treatment. With the pandemic on our doorsteps, management have equipped all the clinics, particularly those in remote locations, with personal protection equipment, ventilators, oxygen tanks and oximeters. 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 includes 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. While the Indonesian government continues to prioritise vaccine distribution to high risks populated regions, the management continues to engage and work with relevant authorities as part of its moral and ethical responsibility to help speed up vaccination rates for its employees and their families especially in remote locations where accessibility is a problem and vaccination rates are low.

The Group spent a total of $987,000 (2020: $98,600) in 2021 to help surrounding communities, clinics, and public hospitals with donations in the form of staple food, oxygen tubes, essential medicines, masks, vitamins and other items related to Covid-19.

The Group is particularly concerned for employees in one remote location in South Sumatera where less than 20% of its employees had completed the vaccination programme. The Group briefly participated in the government vaccine "gotong royong" a public-private partnership whereby private companies could purchase the vaccine for its employees. This programme was however cancelled after strong objections were raised by people over the fairness of this practice and complaints of diverting the vaccines to the privileged over the poor who has little access. The Group maintains a register of all employees who had been vaccinated and also identified high risk employees with comorbidities for counselling. Given the higher risk of contracting the Coronavirus for the


Disinfection of estate church premises

Upgrade of public roads

unvaccinated employees, the Group has restricted all business related travel for the unvaccinated.

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 2021 were $1.6 million (2020: $1.5 million).

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 five hundred and eleven 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.

Separately, the Group also sends their security personnel regularly to training facilities organised by the Police to be certified.

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 8,382 ha plasma commitment, the Group has planted oil palm in 4,500 ha. In 2021 the Group received 43,300 mt of FFB from Plasma schemes compared to 37,700 mt the previous year. Total revenue generated by Plasma cooperatives was $6.5 million in 2021 against $3.8 million in 2020.

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

Donation to orphanage

Build river crossing

land rights certification from the local land office, in which 1,431 ha were approved and certified until 2021.

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 2021, two of these smallholders' village schemes decided to self-manage and exited from the programme.

In addition, the Group also develops infrastructure such as the construction and repair of bridges and maintained over 282 km of external roads in 2021 at a cost of $3.7 million (2020: $5.0 million). The Group also provided 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 of the produce 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. Substantial part of the produce is donated to orphanages and retirement homes.

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. Even though the Presidential Decree 8/2018 that imposed a moratorium on forest clearance had expired in 2021, we continue to practise strict protection of primary forest areas as outlined in our Sustainability policy.

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 2021 the Ministry of Labour awarded six 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. Standard operating procedures were refined and documented based on sustainable oil palm best practices. The Group also conducts internal audits using an audit checklist adopted from the above practices to determine the level of compliance.

The Group has worked closely with appointed certification consultants in the implementation of ISPO standard. To-date twelve companies have been ISPO certified. The certification audits for the remaining four companies have started. The second stage of the 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. During the year, ISPO certification in two companies were renewed after independent audits were carried. The Group targets full ISPO compliance by 2022.

The Group intends to embark on RSPO certification once all the companies in the Group are ISPO compliant. The Group has engaged a third-party consultant to study the feasibility, obstacles, gaps and costs towards a RSPO compliance. Once completed the detailed report will be uploaded on our website.

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

Environmental, Social and Governance ("ESG") Practices

Wildlife in and surrounding our estates

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.

Wildlife in and surrounding our estates

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. Chipping and shredding palm trunks also enriches soil organic

Health and CPR training

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 are 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.

Staff housing/community cleaning

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.

We are committed to minimise 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 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 minimise 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.

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. Environmental impact assessment studies, environment management and monitoring efforts are retained under the Indonesia Omnibus Law passed in 2020, companies are however no longer required to obtain environmental license. 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. The Group has a strict no-peat policy and no longer plant in peat areas since 2019. 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. Four of the mills are officially graded Blue and rated to adhere to the criteria set for the management of waste and compliance to environmental conservation over water resources, land development, air and sea pollution and dangerous and toxic waste treatment which impact the environment. The certification of another mill is currently under the review by the new head of the Indonesian Environmental department. Although no official grading is required for the remaining one mill, it is in full compliance of the PROPER criteria. By 2022 the six mills will be certified to ISO 14001:2015 (Environmental Management System) standard. Implementing an environmental management system can provide the mills, the ability to manage environmental performance through more efficient use of resources and will also increase the confidence of internal and external parties that the environmental impacts of its activities have been measured, managed and continuously improved.

The International Sustainability and Carbon Certification ("ISCC") is issued by ISCC System GmbH, a global certification body based in Cologne, Germany. The criteria used in the certification process are:

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

The estates and mill in Tasik Raja were ISCC certified in 2021 and will be re-certified in 2022. 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 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

Global concerns about sustainability are steadily rising. Many countries are working to prevent climate change with various targets set to minimise the effects of global warming. A report by the World Resources Institute ("WRI") calculates that agriculture contributes more than 11% of global greenhouse gas ("GHG") emissions with most agricultural emissions coming from soil erosion and land clearance.

Indonesia, where AEP predominately operates sits between the Pacific and Indian oceans, which exposes it to the naturally occurring El Nino and La Nina climate pattern, globally the most significant cause of extreme weather. Climate change is expected to increase the frequency of more severe weather ranging from frequent drought and severe floods in the coming years.

In this regard 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 a disclosure table has been added on page 39.

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 as well as all strategic risks, and is chaired by the Senior General Manager from Malaysia who reports to the Board of Directors. The EHS and Sustainability Department reports to the Executive Committee on material local risks and periodically updates on the monitoring of these risks, identified by representatives of the Department based at each of our estates. Any plans, objectives and targets related to climate risk are discussed annually, as well as when the need arises.

In 2021 we consulted with our external sustainability Partners, Avieco, to prioritise Group-level climate-related risks and opportunities identified previously, as detailed in the table below. 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. A workshop with senior managers and Directors was facilitated by Avieco to determine how the business expects these risks to change over time, with the relevant risk mitigation/adaptation measures identified. Similar assessment was not repeated for the year 2021 as we do not believe the risks to be materially different from what was assessed previously.

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 has completed its site selection to build the KAP mill and has prepared to apply for the relevant approvals and permits required to build the mill in 2022.

- *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 /opportunity	Management approach	Changes from 2020 to 2021
Key = Opportunity / Risk					
Policy & Legal	Compliance with changing regulations	Risk	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 noncompliance presents a financial risk through fines. In addition, we expect additional climate-related disclosure, aligned with the recommendations of the TCFD, to present both a risk and an opportunity to the business by strengthening resilience to ongoing changes in regulatory expectations.	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.	No significant change.
Market & Reputation	Changes in buyer preferences / Difficulty accessing capital	Risk	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.	The Group has commissioned an external consultant to conduct an RSPO gap analysis report. The objectives are to determine the Group's eligibility for certification and costs to close the gap. RSPO certification may increase opportunities and reduce reputation and demand risks.

Type	Primary risk/ opportunity driver	Rationale for inclusion as priority risk /opportunity	Management approach	Changes from 2020 to 2021
Products & Services	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.	No significant change.
Energy Source	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.	The Group is pursuing a Clean Development Mechanism ("CDM") project at two mills which have no biogas plant. Awaiting Indonesia regulation on carbon credit trading. These projects are expected to provide significant new opportunities for the Group.

Type	Primary risk/ opportunity driver	Rationale for inclusion as priority risk /opportunity	Management approach	Changes from 2020 to 2021
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.	Moderate La Nina brought more rain to most estates. However no major flooding was reported, and the risks remained similar to those previously assessed.
	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.	No significant change.

Type	Primary risk/ opportunity driver	Rationale for inclusion as priority risk /opportunity	Management approach	Changes from 2020 to 2021
Physical	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.	No significant change.
	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.	No significant change.

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

Carbon Reporting

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, we continue to report on our energy and carbon performance and are committed to transparent communication about our environmental impact to our stakeholders.

2021 Performance Summary

AEP's total carbon emissions have reduced by 15% in 2021. This is primarily due to a reduction in land clearance activities (-26% drop in emissions). As an agricultural business our carbon footprint is closely linked to our land management and planting practices. This is currently exacerbated by the lack of amortisation (the period over which land clearance emissions should be distributed) of our land-based emissions.

The sequestration across our estates balances some of the increases in emissions, though the amount of carbon dioxide sequestered has reduced by 14% in 2021. This is due to the age profile of our estates, as oil palm at the beginning and nearing the end of its crop cycle does not have as great a sequestration potential as those in the middle of the lifecycle.

Our operational emissions have increased by 8% in 2021, driven primarily by an increase in fuel use (diesel and biomass) and Palm Oil Mill Effluent ("POME") treatment. Our overall production of CPO increased by 17%, which has driven the increase in emissions from the treatment of the effluent. Our overall transport emissions have decreased both onsite (-44%) and for third party (-13%) transport. This comes despite an increase in FFB production, highlighting the increases in efficiency of our transport planning.

Energy and Carbon Action

In the period covered by the report AEP has not undertaken specific emissions and energy reduction initiatives. However, we have reviewed our past carbon footprint performance and conducted an exercise to establish specific emissions reduction targets for the business. We are aware of upcoming changes in best practice guidance, both in the form of the GHG Protocol land sector and removals standard and across wider target setting guidance. We will review our approach once this guidance has been finalised and released over the course of 2022.

Metrics and Targets

AEP commits to a reduction in absolute scope 1 and 2 emissions by 20.5% by 2030 from a 2019 baseline. This target does not include the impact of sequestration on site, as activity on this is limited by the age profile of our crop.

In 2021 our scope 1 and 2 emissions (excluding sequestration) were 6% higher than in 2019. We have identified the key areas we need to take action as a business to achieve this target, including the conversion of our remaining mills to biogas plants from anaerobic lagoons, limiting our land clearance levels, implementing a no new peat policy and investigating our peat management processes, particularly regarding management of drainage depths.

We commit to reporting progress towards this target each year, and revisiting its appropriateness and ambition on a regular basis to maintain its value to our business and stakeholders.

2021 Results
Methodology
The methodology used to calculate the GHG emissions is in accordance with the requirements of the following standards:
- World Resources Institute ("WRI") Greenhouse Gas (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 2021 to 31st December 2021 and use the reporting period of January 2020 to December 2020 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 development by the Roundtable for Sustainable Palm Oil (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. As mentioned above, we will review our approach upon the release of the new GHG Protocol guidance.

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. We review industry guidance each year and update our methodology as appropriate. There has been no further guidance throughout 2021, thus the approach taken this year is in line with our previous years reporting.

Energy and carbon disclosures for reporting year [2]

	Emissions Source	Global Emissions tCO_2e		Variance	UK Emissions tCO_2e*		Variance
		2021	2020		2021	2020	
Scope 1	Fuels	25,058	19,613	28%	0	0	0%
	Plantation vehicles	8,077	14,442	-44%	0	0	0%
	Fertiliser use	18,531	19,719	-6%	0	0	0%
	POME Treatment	142,262	124,429	14%	0	0	0%
	Sequestration	(458,738)	(531,479)	-14%	0	0	0%
	Land clearance	459,740	617,678	-26%	0	0	0%
	Peat soil cultivation	486,436	488,858	0%	0	0	0%
Total Scope 1		**681,366**	**753,260**	**-10%**	**0**	**0**	**0%**
Total Scope 2	**Electricity**	**2,657**	**2,657**	**0%**	**0**	**0**	**0%**
Total Scope 1 & 2		**684,023**	**755,917**	**-10%**	**0**	**0**	**0%**
Scope 3	Electricity transmission and distribution	211	211	0%	0	0	0%
	3rd party vehicles	7,254	8,317	-13%	0	0	0%
	Outgrower land clearance	441,247	510,467	-14%	0	0	0%
	Outgrower peat soil cultivation	59,146	51,241	15%	0	0	0%
	Outgrower sequestration	(440,333)	(439,239)	0%	0	0	0%
Total Scope 3		**67,525**	**130,997**	**-48%**	**0**	**0**	**0%**
Total (Location Based)		**751,548**	**886,914**	**-15%**	**0**	**0**	**0%**
Total Energy Usage (kWh) [1]		**1,465,500,566**	**1,289,300,798**	**14%**	**0**	**0**	**0%**
Intensity ratio	tCO_2e per hectare of planted area	10.6	12.7	-17%	0	0	0%
Intensity ratio	tCO_2e per tonne CPO production	1.6	2.2	-27%	0	0	0%
Intensity ratio	tCO_2e per tonne FFB production	0.6	0.8	-25%	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.

[1] Energy reporting includes kWh from scope 1, scope 2 and scope 3 3rd party vehicles only (as required by the SECR regulation)

[2] This work is partially based on the country-specific CO_2 emission factors developed by the International Energy Agency, © OECD/IEA 2020 but the resulting work has been prepared by AEP and does not necessarily reflect the views of the International Energy Agency.

AEP are required to report to the UK Streamlined Energy and Carbon Reporting ("SECR") regulations. To provide comparison with our reporting for 2019 and earlier the data is also provided in a similar format below.

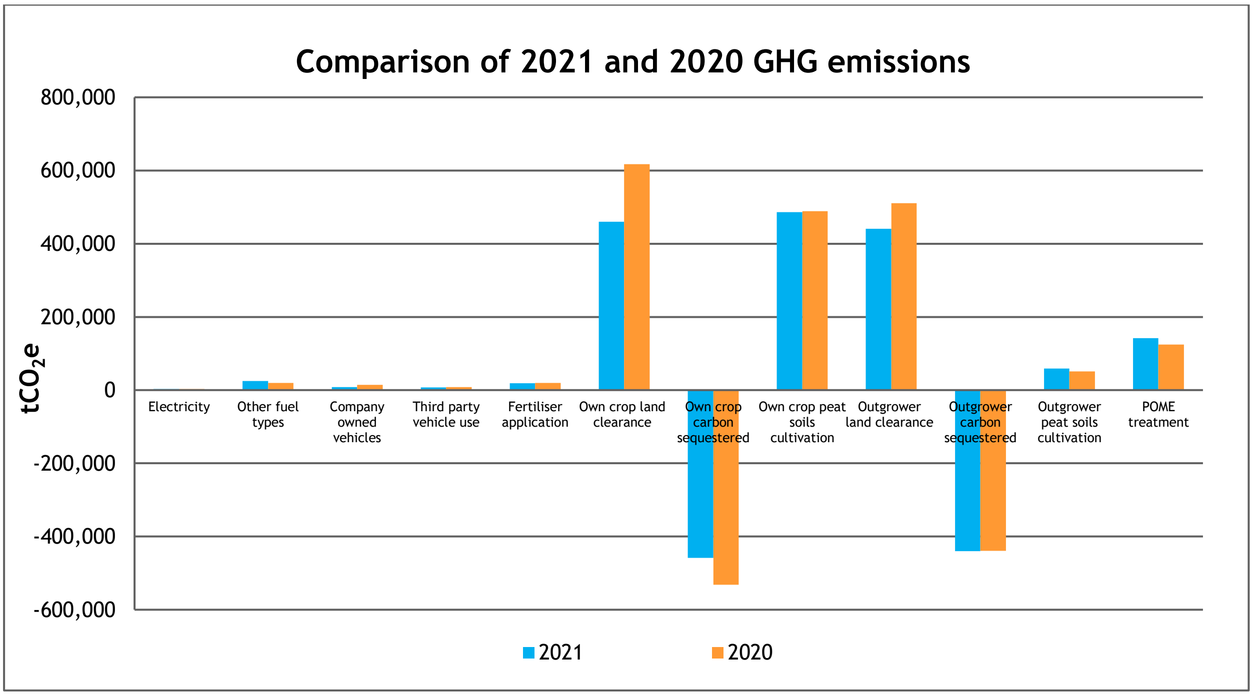
2021 vs 2020 emissions comparison

Emissions source	**2021 Emissions in tCO_2e**		2020 Emissions in tCO2e	
POME treatment	**142,262**		124,429	
Fertiliser application	**18,531**		19,719	
Fuel use	**25,058**		19,613	
Electricity consumption	**2,657**		2,657	
Electricity T&D	**211**		211	
Company owned vehicles	**8,077**		14,442	
Third party vehicle use	**7,254**		8,317	
Total operational emissions	**204,050**		189,388	
	Own crop	***Outgrower crop***	Own crop	Outgrower crop
Land clearance	**459,740**	**441,247**	617,678	510,467
Carbon sequestered	**(458,738)**	**(440,333)**	(531,479)	(439,239)
Peat soils cultivation	**486,436**	**59,146**	488,858	51,241
Total land use emissions	**547,498**		697,526	
Overall emissions	**751,548**		886,914	

The normaliser reported within the main report is calculated using total CO_2e emissions. In previous years the normaliser has also 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. The operational planted area intensity has increased because the increase in operational emissions (8%) exceeds to increase in planted area (1%).

2021 vs 2020 Operational emissions intensity (excluding land use change emissions) (tCO_2e)

Operational emissions reporting metric	**2021 in tCO_2e**	2020 in tCO_2e
Per hectare of planted area	**2.89**	2.72
Per tonne CPO production	**0.42**	0.47
Per tonne FFB production	**0.17**	0.17



Response to TCFD

AEP acknowledges and welcomes the TCFD and its recommendations as an effective global framework for disclosing climate-related risks and opportunities and improving strategic resilience to companies in the face of climate change.

This year is our first year disclosing against the eleven TCFD recommended disclosures and we recognise that we are at the beginning of this journey. The table below signposts where our disclosures currently align with the recommendations, and the following content highlights our plans to move towards integration and alignment over the short term (1 to 5 years). Over the next year AEP intend to conduct a TCFD gap analysis and develop a roadmap of the steps required to further satisfy the eleven recommendations. Following on from this, AEP will conduct an initial scope 3 emissions screening to enhance its level of disclosure on sustainability metrics. New guidance on Forest, Land and Agriculture ("FLAG") may have a material impact in how AEP assess risk, opportunity and wider business performance. The business will follow the emergence of this guidance over the course of 2022. In 2023 AEP anticipate using this guidance to close some of the alignment gaps across the relevant TCFD recommendation areas, including conducting a climate scenario analysis of its key risks and opportunities which will build climate-related strategic resilience.

Summary TCFD alignment table

Governance	
a. Describe the Boards oversight of climate-related risks and opportunities	Page 30
b. Describe management's role in assessing and managing climate-related risks and opportunities	Page 30
Strategy	
a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium and long term	Pages 31 to 34
b. Describe the impact of climate-related risks and opportunities on the organisations businesses, strategy and financial planning	Page 30
c. Describe the resilience of the organisations strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	Page 40
Risk Management	
a. Describe the organisations processes for identifying and assessing climate-related risks	Pages 29 to 34
b. Describe the organisations processes for managing climate-related risks	Pages 31 to 34
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisations overall risk management	Page 41
Metrics and Targets	
a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Pages 35 to 38
b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks	Pages 35 to 38
c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Page 35

Current and future steps on TCFD

Governance

Executive staff and Directors are responsible for the implementation of control procedures and for identifying and managing business risks, including climate-related risk. Further information on the Executive Committee oversight and role in climate-risk management can be found on page 29 of this report.

The Board discusses climate-related risk on at least an annual basis and considers these risks in relevant areas of the business strategy, including major capital projects such as the decision to continue to invest in new biogas plants at our remaining mills. This year a new carbon reduction target was approved by the Board (page 35). Progress towards this target will be monitored and reviewed by the Board on an annual basis.

Strategy

Climate-related risks and opportunities

In last years' Annual Report AEP published the results of a consultation with our external sustainability partners, Avieco, to identify and prioritise Group-level climate-related risks and opportunities. Although the assessment was not repeated for 2021, the risks identified through this work have been reviewed and remain relevant to the business. The defined management approach continues to reflect current business practice.

The risks and opportunities identified through this assessment relate to ongoing immediate term risk (likelihood of a risk materialising within a 12-month time frame). As AEP progresses towards full alignment with the TCFD recommendations the next scheduled overhaul of this risk assessment will include medium and long term horizons. However, many of AEP's key risks relate to physical climate change impacts which are already being seen today. We are already taking action to mitigate these within our business decision making in terms of crop variety, land management and plantation monitoring through use of drones.

Please refer to the material climate-related risks and opportunities table on pages 31 to 34 of this report.

Impact of climate-related risks and opportunities

Climate-related risks and opportunities impact three key areas of the business: our products, our supply chain and our operations. Details can be found on page 30 of this report.

Our sustainability policy also provides additional information on the commitments AEP has made which will reduce the likelihood or impact in some of our key risk areas. Our sustainability policy can be found in https://angloeastern.co.uk/sustainability/corporate-governance. As we undertake TCFD alignment the emergence of new risks and opportunities will be reflected in our policy as relevant.

This year AEP are not disclosing the impact of climate-related issues on our financial performance due to the complexity involved which would require further consultation with external experts. However, the Board intends to analyse this further together with the scenario analysis exercise plan and enhance this disclosure area over the short-term horizon. However, the action we have taken this year has improved our score in the ZSL Sustainability Policy Transparency Toolkit (SPOTT) assessment by 6.9%. This is an external assessment that investors and buyers use to assess their investments or purchasing decisions. This increasing score enhances AEP's position in the market.

Resilience of our climate strategy

AEP have not yet conducted a climate scenario analysis exercise. The majority of our own climate-related impact is driven by AEP's use of FLAG. Over the course of 2021 and continuing into 2022 there has been new accounting and target setting guidance under development, both from the Greenhouse Gas Protocol and the Science Based Targets Initiative. These new standards will likely shift how our competitors and customers view and account for climate change impact, thereby potentially changing the context in which we operate as a business.

Developments in this new FLAG guidance may impact how AEP construct a climate scenario analysis given that the majority of our exposure is expected to be physical FLAG risks. We are keen to see the latest guidance unfold throughout 2022, with the anticipation of integrating this into the business strategy and planning over the following year if the timelines coalesce.

Risk Management

Identifying and assessing climate-related risk

The climate-related risks and opportunities that AEP disclose on pages 31 to 34 of our report were identified through a cross-functional working group involving senior managers and Directors from across the business. This process is described further on page 30. Materiality was defined based on the relative frequency or likelihood of an event occurring in a given 12-month period and the potential magnitude of impact based on change in operating profit.

AEP intend to conduct a formal re-evaluation of this climate risk assessment every 3 years, with a review and qualitative assessment occurring in the intervening years. Regulatory changes are reviewed annually as we recognise that these are faster moving than many of our other risks. As detailed in our Strategy disclosure above we intend to include a view of medium and longer term risk horizons within the next review of this climate risk assessment.

Managing climate-related risks

A management approach for each of the key climate-related risks and opportunities is detailed in the table on pages 31 to 34 These management approaches, including mitigation activities, are implemented on a site-by-site basis dictated by their individual risk (e.g. individual estate risk of flooding or drought which varies by geographic location). Our Engineering Director has oversight of the management approach across all of our mills and our Chief Operating Officer has oversight across all of our plantations. This ensures that any progress towards these management activities and any change in risk profile are brought up to Group Management and integrated into Executive Committee updates. The Executive Committee, comprising of all senior executives of the Group meets monthly to discuss any arising issues related to climate risk and is chaired by the Senior General Manager, who in turns report to the Board of Directors.

AEP is committed to improving the transparency of our climate risk management approach and in the short-term will review and update this to include additional detail on how and where these management activities have been implemented, changing the inherent risk and potentially materiality of each risk and opportunity identified.

Integration of climate-related risk into overall risk management

Climate-related risk management is not yet fully integrated into AEP's overall risk management processes due to the complexity involved as explained above, however the same stakeholders are involved with both processes and both processes have Board oversight.

In the short-term AEP commit to reviewing and updating business risk management processes to fully integrate climate-related risks. This will include agreeing a broader frequency for review and update, which will be brought to the Board on at least an annual basis in future years.

Metrics and Targets

Metrics to assess climate-related risks and opportunities

AEP utilise a number of key metrics to manage risk and opportunity within the business. We use our annual GHG reporting to assess the impact of business decisions (in metric tonnes CO_2e). This is evaluated in line with the Greenhouse Gas Protocol Corporate Accounting Standard, alongside other industry standards and guidance as referenced in our SECR report (pages 35 to 38) Our carbon intensity metrics (metric tonnes CO_2e per hectare of planted area, per tonne FFB produced and per tonne CPO produced) are useful to indicate the impact on business efficiency throughout the year. These intensity metrics also indirectly indicate the potential impact of certain physical risks such as droughts or excessive rainfall. The Board will look at developing further metrics beyond the GHG emissions going forward to enhance future disclosure.

We evaluate global cost premiums for RSPO certified palm oil products to evaluate the risk or opportunity of changing market preferences.

AEP do not currently employ an internal carbon price.

Scope 1, Scope 2 and limited Scope 3 GHG emissions and related risks

AEP report our scope 1, 2 and selected scope 3 emissions in line with the SECR regulation (see page 37).

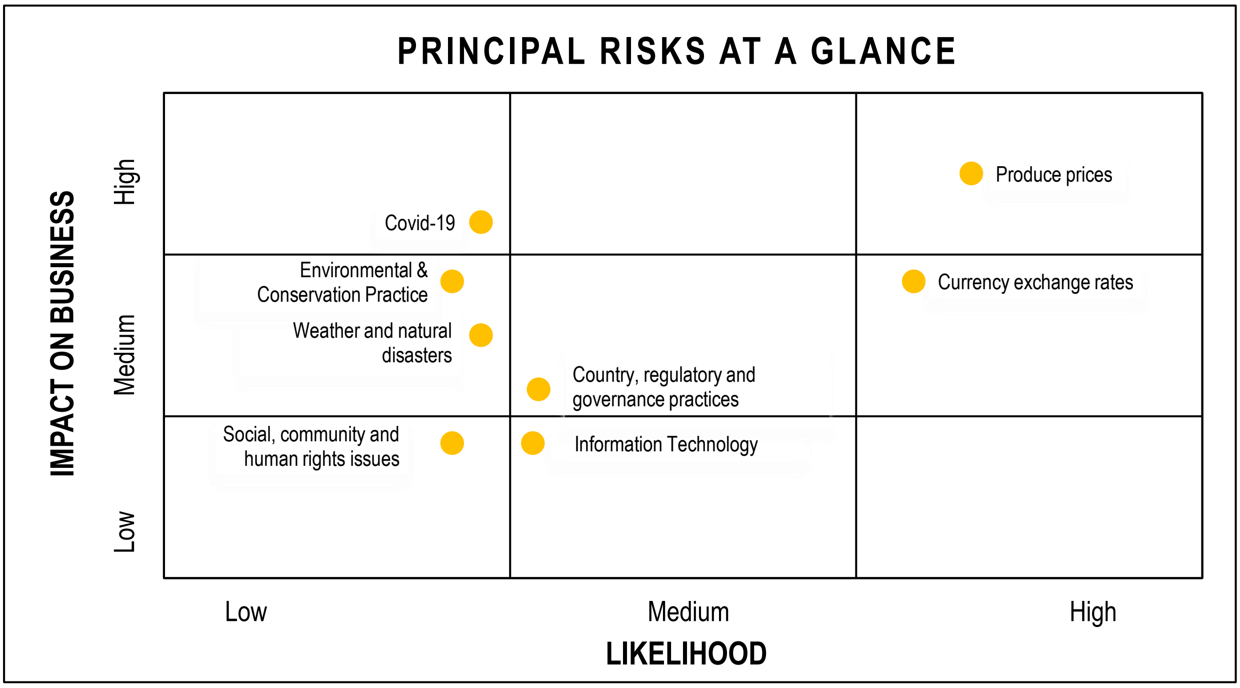
We do not yet report on our full scope 3 emissions, but intend to complete a scope 3 screening exercise with our external consultant in 2022. Currently our scope 3 emissions include electricity transmission and distribution, 3rd party vehicles and the land-related emissions from the outgrower crops that we purchase and process in our mills. The new GHG Protocol guidance on land sector is likely to change how these land-related emissions should be reported (including in our scope 1) so we have planned to undertake a review of our methodology following the release of the draft guidance later this year.

Targets for climate-related risks and opportunities
This year AEP conducted an exercise to investigate different routes to setting a carbon reduction target. The target has been reviewed by the Board and committed within our Strategic Report (Page 35). AEP will report progress towards this target on an annual basis.

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.



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 20,000 ha per province and a total of 100,000 ha 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 up to 80% of local production 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 and the ongoing conflict in Ukraine. Indonesia imposition for local producer to sell 20% of their output to domestic refiners will reduce supply for export possibility helping to sustain CPO prices

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 and rights 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 and illegal encroachment by the communities.	The Group mitigates this risk by liaising regularly with village representatives to mediate on disputes including some land compensation matters and rights. 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, although the pandemic seemed to be receding because of the availability of vaccines. 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. However, as the vaccination rate increased both in Indonesia and Malaysia the risk of a total shutdown is reduced.	The Group continued to impose travel restrictions, unless fully vaccinated, 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. With the reduced Covid-19 cases as a result of the increased vaccination rate, the Group is looking into gradually soften the existing SOPs to reflect the sentiments of coexisting with Covid-19.
	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. Conversely 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 including 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 regards to the representation of women on the boards of Directors of listed companies and will make every effort to conform based on legislative requirement.

	2021 average employed during the year		
Group Headcount	**Women**	**Men**	**Total**
Board (Company and subsidiaries)	**3**	**14**	**17**
Senior Management (GM and above)	**1**	**5**	**6**
Managers & Executives	**33**	**412**	**445**
Full Time / Field Workers	**273**	**6,877**	**7,150**
Part-time / Field Workers *	**2,408**	**3,783**	**6,191**
Total	**2,718**	**11,091**	**13,809**
%	**20%**	**80%**	**100%**

	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 / Field Workers	260	6,515	6,775
Part-time / Field Workers*	3,049	4,159	7,208
Total	3,345	11,105	14,450
%	23%	77%	100%

*Part-time /Field workers Headcounts based on full time equivalent of 8 hours per day

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 21% from 3,049 to 2,408 in 2021. The pandemic has reduced the availability of female workforce in general as many prioritised domestic household demand especially with many of their children studying online and staying at home. Overall, the number of female workers within the Group decreased from 3,345 (23%) in 2020 to 2,718 (20%) in 2021. More details on gender diversity can be found on our website under Workers' rights and safety / Exploitation / Fair place to work.

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 2021, the number of full-time workers averaged 7,618 (2020: 7,242), a 5% increase while the part-time labour averaged 6,191 (2020: 7,208), a 14% reduction. Many part-timers were promoted to full employment upon maturity of the field. The total headcount of field workers in 2021 however was lower by 5% due to improved productivity and better supervision in Indonesia despite increased in matured area while acute shortage of workers still persists in Malaysia. See explanation on page 19. The Group has introduced some 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.

About 247 of our employees were infected by Covid-19 representing less than 2% of our overall workforce. We are however sad to report that five of our employees succumbed to the infection since the pandemic started. The Group will continue to do routine retesting to screen the workers for the virus. Staff were reminded to observe social distancing and personal hygiene. During the height of the pandemic, 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. At the end of 2021, 89.6% of our employees have received their first dose of vaccine while 71.4% have completed their vaccination programme. 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 $33,200 on staff training and professional development in 2021 against $26,000 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.

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 spouses and children of fulltime employees 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 including meeting with the Chairman of the Remuneration Committee annually, 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. Unfortunately, these events where employees always look forward to, have to be suspended during the pandemic for the safety of the employees and their families.

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 2022 was 5% lower against the same period in 2021 mainly due to the drop in production from Bengkulu and Kalimantan regions. It is too early to forecast whether the production will improve for the rest of the year.

The CPO price ex-Rotterdam opened the year at $1,320/mt and averaged about $1,592/mt for the first three months of 2022. Despite the robust CPO prices in 1Q 2022, we expect lower prices in 2022 as tight supply normalises. We anticipated a stronger recovery of palm oil output in second half of 2022. This is aided by the recent good rainfall brought about by a moderate La Nina weather phenomenon. The present high prices are unlikely to be sustainable when supply normalises. Barring any further surprises, CPO prices appeared to have peaked in early March 2022. This was after the Indonesian government removed the mandatory domestic market obligations, about two months after introduction whereby exporters were required to sell 20% which was then raised to 30% of their produce to domestic markets. At the same time the Indonesian government has raised the maximum export tax and levy of CPO from $375/mt to $575/mt to subsidise domestic cooking oil is likely to adversely affect the Group's ex-mill prices.

The growth in palm oil production has slowed in the last few years due to a more stringent regulatory environment and robust industry standards on new plantation development. The expiration of Indonesia's moratorium on new plantings is not expected to have an immediate impact on the supply of CPO in the market as the Indonesian government balance the commitment to reduce carbon emission and the need to create jobs and investments. It was reported by Oil World that in 2020, palm oil accounted for 32% and soya 25% of the global vegetable oil production. The outlook on CPO prices remain positive as the increasing world population will further boost demands, while palm oil production may remain stagnant due to strict regulatory and sustainability standards. The sharp rise in fertilisers cost may see a reduction in its application especially for smaller plantations potentially affecting future yield and production of CPO.

The conflict between Ukraine and Russia has not only affected the demand and prices of CPO (see Commodity Prices of Strategic Report on page 19) but also on fertilisers which have seen a sharp increase in prices. The international sanctions have affected the supply of fertilisers from Russia which is a major producer of urea, potash and rock phosphate, the main ingredients of fertilisers used. Any potential rise in material costs including fertilisers and wages in Indonesia will increase the overall production costs in 2022 and offset higher earnings from better CPO prices.

A record-breaking trade surplus in Indonesia as global commodity prices rallied and strong exports numbers would likely result in a stronger Indonesian Rupiah in the coming year.

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 2022.

Statement by Directors In Performance Of Their Statutory Duties In Accordance With Section 172 (1) Of The Companies Act 2006

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, having regard to a range of factors set out in Section 172(1)(a) – (f) in the Companies Act 2006.

In discharging our Section 172 duty, we have regard for these factors, taking them into consideration when decisions are made. All the directors recognise their responsibilities to promote the success of the Company for its shareholders, other investors, its employees, customers, suppliers and the wider community. The Board acknowledges the importance of climate change and seeks to mitigate the negative impacts of the business on the environment through its sustainable practices, including engaging a firm of environmental and climate related expertise on this matter.

During the year the Board approved the change in land valuation policy of the Group from fair / market value to historical cost. The reasons for the change are covered on page 68 of the Audit Committee Report. This change was made after discussions with management and consultation with an external valuer to align AEP with its peers in the UK who adopt the historical cost accounting convention when valuing land.

The Board, having had consultations with the minority shareholder of the plantations in South Sumatera, also approved the appointment of an external consulting firm to advise on the disposal of operations in three loss making plantations in South Sumatera. The three plantations have incurred a combined loss of $76.0 million since inception despite robust CPO prices due to low rainfall and geographical constraints. Some of the operational problems were also highlighted in the Business Review of the Strategic Report on page 16.

The Board, following a review of its industry peers and the available research data, has decided to refine the valuation technique applied to its biological assets in order to provide a more comparable result. It now uses one-month FFB production instead of previously 2-months to arrive at its biological assets value for reporting purposes.

This Strategic report, including the non-financial reporting statement in Page 13, which has been prepared in accordance with these requirements of the Companies Act 2006, has been approved and signed on behalf of the Board.

On behalf of the Board

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

29 April 2022

Financial Record

Income statement	2021 $000	(Restated) 2020 $000	2019 $000	2018 $000	2017 $000
Continuing operations					
Revenue	**433,421**	263,818	219,136	250,859	291,907
Operating profit before BA	**129,332**	54,599	12,178	30,928	66,676
Profit attributable to shareholders after BA	**96,054**	36,393	16,096	11,413	36,214
Dividend proposed for year	**(1,982)**	(396)	(198)	(1,189)	(1,585)
Financial position	**$000**	$000	$000	$000	$000
Non-current assets & long-term receivables	**282,581**	303,067	384,391	351,387	362,038
Cash net of short-term borrowings	**218,249**	115,211	76,643	101,134	130,895
Long-term loans and borrowings	**-**	-	-	(8,203)	(19,281)
Other working capital	**38,284**	32,423	40,580	29,156	16,320
Deferred tax	**2,994**	13,607	(5,796)	(8,893)	(13,081)
	542,108	464,308	495,818	464,581	476,891
Non-controlling interests	**(102,078)**	(88,875)	(94,661)	(92,601)	(91,799)
Net worth	**440,030**	375,433	401,157	371,980	385,092
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	**-**	-	48,413	51,308	51,288
Exchange reserves	**(241,907)**	(237,599)	(229,026)	(245,170)	(221,435)
Retained earnings	**642,582**	573,677	542,415	526,487	515,884
Equity attributable to shareholders' funds	**440,030**	375,433	401,157	371,980	385,092
Ordinary shares in issue ('000s)	**39,976**	39,976	39,976	39,976	39,976
Basic EPS before BA movement (US cents)	**235.25cts**	89.31cts	35.37cts	32.50cts	91.80cts
Basic EPS after BA movement (US cents)	**242.34cts**	91.82cts	40.61cts	28.79cts	91.37cts
Dividend per share for year (US cents)	**5.0cts**	1.0cts	0.5cts	3.0cts	4.0cts
Asset value per share (US cents)	**1,110cts**	947cts	1,012cts	938cts	972cts
Exchange rates - year end					
Rp : $	**14,269**	14,105	13,901	14,481	13,548
$: £	**1.35**	1.36	1.32	1.28	1.35
RM: $	**4.17**	4.02	4.09	4.13	4.05
Exchange rates - average					
Rp : $	**14,312**	14,572	14,146	14,246	13,383
$: £	**1.38**	1.28	1.28	1.33	1.29
RM: $	**4.15**	4.20	4.14	4.04	4.30

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 2021	Ha	Ha	Ha	Ha	Ha	Ha	Ha	Ha	Ha
Oil Palm									
Mature	62,582	3,453	59,129	18,047	15,463	5,742	4,836	833	14,208
Immature	7,860	-	7,860	802	1,453	895	-	1,720	2,990
Total Oil Palm	**70,442**	**3,453**	**66,989**	**18,849**	**16,916**	**6,637**	**4,836**	**2,553**	**17,198**
Rubber									
Mature	262	-	262	262	-	-	-	-	-
Immature	-	-	-	-	-	-	-	-	-
Total Rubber	**262**	**-**	**262**	**262**	**-**		**-**	**-**	**-**
Plasma Mature	3,077	-	3,077	93	-	982	-	202	1,800
Plasma Immature	1,423	-	1,423	-	-	84	-	281	1,058
Total Plasma	**4,500**	**-**	**4,500**	**93**	**-**	**1,066**	**-**	**483**	**2,858**
Total Planted area	**75,204**	**3,453**	**71,751**	**19,204**	**16,916**	**7,703**	**4,836**	**3,036**	**20,056**
Others									
Plantable Reserve/Oil Palm	16,866	1,607	15,259	677	-	6,162	-	1,532	6,888
Unplantable Areas	32,688	1,236	31,452	1,492	1,016	23,314	84	3,666	1,880
Oil Palm Nursery/Mill/Infrastructure	3,229	72	3,157	1,026	593	121	75	20	1,322
Total Others	**52,783**	**2,915**	**49,868**	**3,195**	**1,609**	**29,597**	**159**	**5,218**	**10,090**
Total Land as at 31 Dec 2021	**127,987**	**6,368**	**121,619**	**22,399**	**18,525**	**37,300**	**4,995**	**8,254**	**30,146**

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 2021.

The Directors performance in relation to their statutory duties, together with the principal decisions taken during the year are detailed in the Strategy Report under Statements by Directors In Performance Of Their Statutory Duties In Accordance With Section 172 (1) Of The Companies Act 2006 on page 51.

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 70 to 71.

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 2021 are set out on pages 90 to 144 The Group's profit for the year on ordinary activities before taxation from continuing operations was $137,083,000 (2020: profit $58,114,000) and the profit attributable to ordinary shareholders from continuing operations was $96,054,000 (2020: profit $36,393,000). No interim dividend was paid. The Directors recommend a final dividend of 5.0cts (2020: 1.0cts) to be paid to shareholders on 15 July 2022. Shareholders may elect to receive their dividend in Pounds Sterling as described on page 57.

Future developments
The future developments of the Group are reported on page 20 to 21 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 35 to page 42.

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 28 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 13 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 60 of this Annual Report.

Substantial share interests
As at 22 April 2022 and 31 December 2021, 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 22.4.2022		As at 31.12.2021	
Name of holder	**Number**	**% of voting rights held**	**Number**	**% 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	550,000	1.39%	1,366,900	3.45%

* 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 28 June 2021 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 29 April 2022 (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 29 April 2022. 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 2022, 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 29 April 2022, the Directors had remaining authority under the shareholders' resolution of 28 June 2021, to make purchases of 3,963,637 of the Company's ordinary shares. This authority expires on 30 June 2022. 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 5.0cts per share (2020: 1.0cts), in line with our reporting currency, in respect of the year to 31 December 2021. Subject to shareholders approval of Resolution 3 at the annual general meeting, the final dividend will be paid on 15 July 2022 to those shareholders on the register on 10 June 2022.

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 10 June 2022, 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 10 June 2022, being the dividend record date. Based on the exchange rate at 22 April 2022 of $1.28 / £, the proposed dividend would be equivalent to 3.9p (2020: 0.8p). Shareholders are reminded that the last day to revoke a currency election is on 24 June 2022.

AEP operates a dividend reinvestment plan ("DRIP"). Holders of the shares may elect to reinvest their final dividend. The latest election date is 24 June 2022.

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.

Post balance sheet events
On 27 April 2022 the Indonesian government banned the export of CPO to try to stem the rising cost of cooking oil in Indonesia. News reports have generally indicated that this is a temporary measure as CPO is one of Indonesia's largest export revenues, and also Indonesia cannot consume or utilise all the CPO it produces. The ban on the export of CPO, whilst it is in place, will affect the tender price AEP will achieve as the CPO is sold locally.

On behalf of the Board

Dato' John Lim Ewe Chuan
Executive Director, Corporate Finance and Corporate Affairs 29 April 2022

Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with UK adopted international accounting standards and 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 UK adopted International Accounting Standards ("IAS") and have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) ("UK GAAP"). Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss for the Group for that period.

In preparing these financial statements, the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business; and
- prepare a Directors' Report, a Strategic Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

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. The Directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced, and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy.

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")
The Directors confirm to the best of their knowledge:
- The financial statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.
- The annual report includes a fair review of the development and performance of the business and the financial position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

Dato' John Lim Ewe Chuan
Executive Director, Corporate Finance and Corporate Affairs 29 April 2022

Directors

Madam Lim Siew Kim
(Non-Executive Chairman, age 73).

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 72).

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 67).

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 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 an Independent Non-Executive Director of DUET Acquisition Corp, listed in Nasdaq. 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 56).

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 2021. This Statement on Corporate Governance forms part of the Directors' Report.

Compliance with 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 2021:

- Provision 19 relating to the Chairman in her role for more than nine years is fully explained on page 62;
- Provision 21 relating to a regular formal and rigorous externally facilitated board evaluation on page 65
- Provision 24 and 32 relating to the Executive Director inclusion as a member of the Audit and Remuneration Committees is fully explained on page 65.

Monitoring compliance with the Code is the responsibility of the Nominations and Governance Committee. All Committee terms of reference have been reviewed to reflect the requirements in the Code.

Board leadership and company purpose.

The core objective of the Board is to create and deliver the long-term sustainable success of the Company, generating value for shareholders and contributing to the wider society in a way that is supported by the right culture and behaviours.

See page 12 for more details on the business model and strategy.

Division of responsibilities.

The Board has agreed a clear division of responsibilities between the running of the Board and running the business of the Group, which is supported by the corporate governance framework. Responsibilities are clearly defined in role statements to ensure that no one individual has unrestricted powers of decision-making and no small group of Directors can dominate the Board's decision-making.

Committee terms of reference determine the authority given to each of the Board's Committees.

For more details on Board composition, leadership and role statements see pages 60, 62 to 66.

Composition, succession and evaluation.

The Board, with the support of the Nominations and Governance Committee, keeps under constant review the composition of the Board and its Committees, succession planning, diversity, inclusion and governance-related matters.

The Board undertakes a review of its effectiveness and that of its Committees and Directors annually.

See page 62 for more details on Board effectiveness. The activities of the Nominations and Governance Committee can be found on page 65.

Audit, risk and internal control.

The Board is accountable to stakeholders for ensuring that the Group is appropriately managed. The Board sets the Group's risk appetite and satisfies itself that financial controls and risk management systems are robust, while ensuring the Group is adequately resourced. The Board receives regular updates on audit, risk and internal control matters with detailed oversight undertaken by the Audit Committee and its findings are reported to the Board.

See pages 67 to 71 for more details on audit, risk management and internal control and the work of the Audit Committee.

Remuneration.

The Board, supported by the Remuneration Committee, ensures that the remuneration policies are designed to support strategy and promote long-term sustainable success. Executive remuneration is aligned to the successful delivery of the Company's long-term strategy.

See pages 74 to 75 for more details on the remuneration policy and implementation of the policy.

Further details demonstrating how the Principles and Provisions of the Code have been applied can be found throughout the Corporate governance report, the Directors' report, each of the Board Committee reports and the Strategic report.

The Financial Reporting Council ("FRC") is responsible for the publication and periodic review of the UK Corporate Governance Code and this can be found on the FRC website **www.frc.org.uk**.

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. 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 60). During 2021 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 especially where the director has served for more than nine years.

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 Provision 10 of 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 2021 there were two formal Board meetings attended as follows:

	Attendance
Madam Lim Siew Kim	1/2
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 2021. Telephone discussions between the Chairman and the Non-Executive Directors also took place outside these meetings.

During 2021, 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 2021 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 during the year as international borders were closed due to the Coronavirus pandemic. The objectives of the Executive Committee among others 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 deliberated on the format and the venue for the forthcoming AGM on the 27 June 2022. As in previous years, the Board sought advice from its professional advisers and discussed several options. The Board is aware that shareholders wish to physically interact with Board members especially after two years of online AGMs where opportunities to discuss matters after the AGMs were limited. In order for the AEP to meet its responsibilities to shareholders and stakeholders through effective regular engagement and participation, the Board therefore approved to hold the up-and-coming AGM in London subject to no change in travel restrictions and international borders remain open, especially in the UK and in Malaysia.

In addition, the Board deliberated on the dividend rate for the year. The Board was aware that some shareholders have requested for a higher dividend in view of the substantial cash balance in the Group. The Board reiterated that the Group should exercise prudence in these uncertain times and in view of the emergence of new virus variant which may cause a shutdown in our Indonesian operation. The Board is conscious of its obligations in respect of the viability statement in relation to going concern that the Group needs to have a cash buffer of at least twelve months from the date of the Annual Report and in the context of a possible shutdown the Board has taken a prudent and contingent view that the shutdown could be more than a year. The Board also believe that there should be a cash balance earmarked for attractive opportunities that may come along. The Board nevertheless raised the dividend to 5.0cts (2020: 1.0cts) in view of the better performance, together with an improved economic outlook for 2022.

The issue of share buyback was also discussed and the Board after discussion with advisors was of the consensus that shares buyback does not necessarily improve the share price in the long term. Other contributing factors including economic cycle and governance are equally likely to influence the share price movement. The Board was also informed that recent market research concluded that share price of plantation companies is no longer driven by profitability due to ESG issues.

The Board during the year also deliberated and approved a change in accounting policy to value land at historical cost rather than at valuation. This is explained in detail in the Audit Committee Report on page 69.

The Board also approved the Audit Committee's recommendation to dispose or discontinue the operations of the three plantations in South Sumatera in view of the continuing losses despite record CPO prices which is detailed in page 70.

The Board during the year invited various fund managers to submit investment proposals to manage its funds, seeking a higher return and to hedge against a potentially volatile Indonesian Rupiah. The Board deliberated on the proposals and requested for the terms to be further refined.

The Board reviewed the risks management process and noted the probable financial impact of the Covid-19 pandemic on the operation of the Group should the risks materialised. The Board was updated on various standard operating procedures put in place in Indonesia and Malaysia to ensure the safety of workers.

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 brokers, including legal counsel at the Company's expense. The Company maintained Directors' and officers' liability insurance throughout 2021.

Non-Executive Directors are normally 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 2021. 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 2021 the Board conducted a review of its performance by discussion. It concluded that the Board was 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. The Company does not appoint an external consultant to conduct a formal and rigorous evaluation of the Board's performance as the Board believes that it had performed commendably going by the financial results achieved over the years when compared to its peers.

Following a review of the internal control and risks management in April 2022 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 situation if it arises is reviewed annually and authorisation is recorded in the Board minutes.

Nomination and Corporate Governance Committee
The Nomination and Corporate Governance Committee currently comprises Mr. Lim Tian Huat (Chairman), Dato' John Lim Ewe Chuan and Mr. Jonathan Law Ngee Song.

The committee had two meetings during 2021, attended by all members.

The policy on diversity is described on page 48 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 three 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 2022 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 8 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 views on governance and performance. 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. Despite the easing of the travel restriction and reopening of international borders, the Executive Director was not able to meet any of the principal shareholders during the year other than via telephone calls and email correspondence. Some shareholders declined to meet in person due to continuing concerns over the virus. The Executive Director was nevertheless able to meet up with some significant shareholders during the 1Q of 2022.

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 — 29 April 2022

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. Please see their qualifications in page 60.

Mr. Lim participated in four external courses and seminars in 2021 organised by Malaysian Institute of Accountants. Topics covered were cyber security awareness, the role of directors and senior management in maximising integrity, anti-money laundering and counter financing for terrorism, code of ethics when exercising judgement, reporting standards and forum for audit practitioners.

Dato' John Lim attended several recorded webinars on IFRS and UK GAAP updates, sustainability and climate change reporting update including streamlined energy and carbon reporting ("SECR"), FCA listing rule on TCFD disclosure and European Single Electronic Format ("ESEF") reporting.

Mr. Jonathan Law attended two webinar training covering topics on sustainability reporting ensuring relevance to the financial market and rescue mechanisms for financially distressed companies facing liquidation organised jointly by Rating Agency of Malaysia and Malaysian Investor Relations Association and a local law firm.

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 had 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.
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 2021 accounts and five times during 2021 with full attendance in all meetings.

During the year, the Committee reviewed and discussed the 2020 Annual Report, 2021 Interim Results, 1st Quarter and 3rd Quarter Trading Statement for 2021. The Committee also deliberated and recommended to the Board the dividend rate for the Company.

The Committee updated the risks register chart annually 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. The risks of Coronavirus affecting a major part of business are low considering the geographical spread of its operations but if it does materialised, the financial impact would be high. With the Group holding a high amount of Indonesian Rupiah, the risks of currency exchange rates movement are high with medium financial impact. The country, regulatory and governance practices together information technology security risks have medium likelihood of happening with medium to low financial impacts. All other risks are generally low in financial impact. See page 42 for the map of principal risks.

The Audit Committee deliberated and set the budget targets for 2021 for the Board's approval.

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.

During the year the Audit Committee decided to change the current land valuation policy from fair/market value to historical cost. An analysis was conducted of AEP's peers in the UK which showed that the majority reported their land at historical cost therefore it was agreed that this change in policy would provide a more readily comparable result and improve the quality of the financial information provided.

The Audit Committee evaluated the performance of the three plantations in South Sumatera and recommended to the Board to appoint a consulting firm in Indonesia to dispose off the three plantations in South Sumatera. The three plantations have been incurring losses since inception despite the record CPO prices due to continuous low rainfall and geographical constraints. The performance of these plantations in South Sumatera is provided in the Business review section of the Strategic report on page 17.

The Audit Committee streamlined the calculation and valuation methodology of biological assets ("BA") based on industrial practice. It now uses one-month FFB production instead of two months to arrive at its BA value for reporting purposes.

The Audit Committee scrutinised the items in the financial statements which required management judgements, including in the change in land value to historical cost and the assets held for sale and discontinued operations and was satisfied that they are appropriately reflected in the financial statements.

The Senior Internal Audit Manger presented his Internal Audit plan for the year which was approved by the Audit Committee. He also presented his audit findings and interacted with members of the Audit Committee in one of the meetings. Internal audit reports were tabled and discussed in detail in three of the Audit Committee meetings in 2021.

Following the Quality Assurance Review on the internal audit department last year, the Board has appointed Deloitte Indonesia to co-source the internal audit and to conduct audit workshop for our internal audit team starting from next year. This hopefully will provide the Board with further assurance and comfort as to the effectiveness of the internal audit functions and to satisfy itself on the integrity of the financial statements. Under the co-sourcing arrangement, Deloitte will assign experienced personnel to work with AEP internal audit team in performing audit review in five significant component companies in Indonesia. The audit will focus on areas such as procure to pay, inventory management, cash and bank management, fixed asset and bearer plant management and payroll. Co-sourcing allows the Group to access specialists and industry leaders in best practice guidelines to effectively improve our internal audit methodology and approach used in planning, execution and reporting which could enrich the internal audit team capabilities. It will also organise an audit workshop for the internal audit team which will touch on internal audit methodology and cycle, common mistakes in internal audit, introduction to data analytics and how to apply these tools in executing internal audit projects and reporting management.

External Audit

BDO LLP are the external auditors. The engagement Partner who has overall responsibility for the audit is Nigel Harker who is in his second year of engagement with the Group. The external auditor BDO LLP have been appointed as the Company's external auditors since the financial year ended 2001. In accordance with good governance, the audit services were competitively tendered in 2014, whereby BDO LLP was reappointed. The Group intends to put the statutory audit out to tender in 2023 when BDO LLP are mandated to be rotated under the independence rule after the audit of the Group's financial statements for the year ending 31 December 2023.

The Committee formally met online with the external auditor twice in 2021 to discuss the audit findings and to plan the audit for 2021 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 impairment of bearer plants, recoverability of plasma scheme receivables, management override of controls, revenue recognition, completeness of related party transactions and accounting for assets held for sale and discontinued operations.

Bearer plants, held as property, plant and equipment, together with estate land are valued at historical cost (IAS 16). Under IAS 36 - Impairment of Assets, an entity is required, at the end of each reporting period, to assess whether there is any indication that an asset may be impaired, or if a previously recognised impairment should be reversed. The palm oil industry is likely to be heavily impacted by climate change and sustainability which will need to be factored into any impairment considerations. This would include the physical risks such as flooding and the impact on plantation growth of rapid changes in weather patterns, as well as the transitional risks such as changes in government policy on the use of palm oil. In addition, several of the Group's land leases in Indonesia are nearing expiry and, although renewal is expected to be granted, it will involve the Group needing to incur expenditure to support plasma programmes or other assistance to the local community such as through education or machinery. Those costs will be incorporated into the impairment model where appropriate. There is an inherent risk that the valuation of these assets may be materially misstated given the significant judgement involved in assessing whether there are indicators of impairment or impairment reversal and subsequently, the quantum of any such charge. Having considered all the factors that could affect the carrying value of Bearer plants held as property plant and equipment, together with the estate land, the Audit Committee is of the view that the Bearer plants are fairly stated after recognising a reversal of impairment of $5.4 million as at the year end.

AEP hold amounts due from cooperatives under the plasma programmes within non-current receivables on the statement of financial position. In some instances where the cooperatives are granted a loan, AEP will provide the guarantee for that loan, in which case AEP will assess the likelihood of their ability to repay this loan in order to determine the correct accounting treatment. There is a risk that the receivables due from cooperatives may not be recoverable and an additional risk that, where a guarantee is given against a loan and there is a default, in which case AEP will become liable. In both cases expected credit losses ("ECL") may be recognised in accordance with IFRS 9 - Financial instruments.

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 in accounting records.

The Audit Committee ensured completeness of related party transactions by requiring all Directors and key personnel to disclose any related party relationships, transactions, outstanding balances including financial commitments 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.

As explained earlier, the Board has appointed a consulting firm in Indonesia to dispose three of the Group's lesser performing plantations located in South Sumatera. Under IFRS 5 - Non-current assets held for sale and discontinued operations sets out specific criteria which, if met prior to 31 December 2021, would mean that those assets and liabilities to be transferred to a buyer would be entered into a disposal group and recognised in current assets and current liabilities as "held for sale". These specific considerations include effective date, cease of depreciation on assets classified as held for sale, impairment of assets prior to reclassification and to recognise impairment loss on plasma receivables as they are unlikely to be recovered. IFRS 5 states that, if a disposal group represents a separate major line of business or geographical area of operations which can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity then it should be classified as a discontinued operation and disclosed separately as such in the income statement for both the current and prior year. The Audit Committee concluded that the criteria to categorise the sale of the three plantations as assets held for sale have been met, as the Board has set a realistic achievable price for the three plantations to be sold by the end of 2022.

Other risks identified include valuation of biological assets, valuation of defined benefit obligation and recoverability of income tax receivables. The auditor continued to stress on directors' responsibilities under the UK Corporate Governance Code, definition and application of materiality, impact of climate change on financial statements through the fair value of assets, asset impairments, or reductions in the useful economic lives of assets. The auditors reiterated the need for proper disclosure consistent with the recommendations of the TCFD for 2021. Due to the travel restriction and quarantine requirement in Indonesia, the audit engagement team BDO LLP, from the UK reviewed the work of the component auditors remotely.

Before finalizing the accounts, the Audit Committee conducted a stress test premise on the shutdown of the entire 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 2020. The tenure of audit and extent of non-audit work that will affect the independence of the auditor were reviewed. During 2021, 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 6. 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. Broadly, the same team from last year conducted the audit except for the new Audit partner from BDO Indonesia. Following this assessment, the Committee concluded that the external audit process remained effective, and that the objectivity of the external auditor was not impaired and that it provides an appropriate independent challenge of the senior management of the Group.

Internal control
The Company has followed the Code provisions on internal control since 1999 and the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the Financial Reporting Council in 2014. The Board has overall responsibility for the Group's systems of internal control and risk management and for reviewing its effectiveness. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Audit Committee reviews and monitors specific risks and internal control procedures and reports to the Board where appropriate. Executive staff and Directors are responsible for implementation of control procedures and for identifying and managing business risks.

The Group has in-house internal auditors who visit operating sites in Indonesia 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

29 April 2022

Directors' Remuneration Report

Overview
I am pleased to report on the activities of the Remuneration Committee for the year ended 31 December 2021. 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 2021, 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. It also made an informal comparison with other plantation companies for bonus payment. In addition, it also took into consideration the hardship caused by the pandemic in evaluating the related incentives given to the employees.

The Remuneration Committee also considered the impact and significance made by changes to the Indonesian Manpower Law with the introduction of the Omnibus Law in November 2020 as majority of the Group's operations are based in Indonesia. According to our actuary, the impact of the new law has resulted in a reduction on the retirement benefit liabilities of $2.2 million. The new law was introduced to stimulate the local economy and job creation in Indonesia by increasing its competitiveness and making it easier to do business. Primarily, the Omnibus Law streamlines complex regulatory environment and eased restrictions in critical areas which includes labour laws, capital investment, business licensing, corporate tax and land acquisition. This new law has made labour laws in Indonesia more flexible and investor-friendly and would impact the Group in the following areas:

- Easier to recruit and replace foreign workers/managers.
- Revokes the maximum time limit on fixed term employment contracts. The Law however requires the employer to pay compensation to a fixed term employee upon expiry of the fixed term contract. Plantation normally hire casual workers on short, fixed term contracts for seasonal upkeep and maintenance work to keep payroll costs low.
- Implementation of working hours may be stipulated and agreed within the employment contract, company regulation or collective labour agreement.
- Maximum overtime hours are increased to four hours per day and eighteen hours per week from the current three hour per day or fourteen hours per week.
- Removes the long service leave unless agreed within the employment contract, company regulation or collective labour agreement. Previously workers who had worked continuously for six years or more were entitled to two months long service leave.
- Simplifies the regulation of wages through the minimum provincial wage and minimum regency wage. The minimum sectoral wage is removed and small business are now exempted from the regulated wage tiers.
- Provides additional grounds for termination of employees on grounds of efficiency if employer has incurred losses in operation or entered into suspension of debt payment obligation. Termination is also permitted if an employee violates the employment agreement, company regulation or collective labour agreement without need for warning letter if such termination for cause is specified in the relevant employment document or employees handbook.
- Removes the employer obligation to pay 15% of the employee's severance and long service pay in the form of housing and medication compensation. The employer only needs to pay one times severance, regardless of the reason for the termination. However, severance pay is maintained at two times when termination is due to prolong illness for at least twelve months.
- Companies which do not provide annual leave to their workers may be subject to criminal sanctions.
- Introduces new social security programmes, dealing with job loss security so as to provide a decent standard of living.

In addition, the Committee deliberated and renewed the contracts of three senior management personnel and three directors. The contracts for the directors were renewed with no change in their 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 69. 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 2021 Remuneration Report and recommended to the Board for acceptance.

As part of the engagement of workforce, the Chairman of Remuneration Committee conducted two online meetings with employees' representatives and heads of employees' cooperatives in 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 meetings were productive and concluded that workers were generally happy and satisfied. Several representatives expressed their appreciation to AEP for the financial assistance provided during the period of lockdown and pandemic. Nevertheless, several issues were raised that need to be looked into. Staffs lamented on the rate of inflation in Indonesia and hope that AEP would pay better bonus on a timely basis with increment that matches the industrial standards. They also requested for additional deep wells to facilitate easier access to clean water in Bengkulu and Riau instead of buying bottled water. Staff working in mills also asked for a variety of food to be provided at staff canteen during their overtime. Management was also asked to review the number of school buses deployed in Riau plantation due to increasing number of students. There were also health concerns in two estates caused by dust pollution during the dry seasons affecting their homes and schools. A representative in one estate requested additional technical training for mill workers as well as to upgrade harvesting tools which he alleged to damage easily.

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 two meetings in 2021, 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.

The Director's Remuneration report was last approved at Company's AGM on 28 June 2021. In the meeting, the shareholders voted in the following manner:

	Shares For	Shares Against	% Shares For	% Shares Against
To approve Directors' Remuneration Report	23,645,841	170,006	99.3%	0.7%

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 2021 AGM were:

	Shares For	Shares Against	% Shares For	% Shares Against
By all shareholders:				
Re-election of Mr. Lim Tian Huat	23,528,702	105,545	99.6%	0.4%
Re-election of Mr Jonathan Law Ngee Song	23,798,952	16,938	99.9%	0.1%

	Shares For	Shares Against	% Shares For	% Shares Against
By independent shareholders:				
Re-election of Mr. Lim Tian Huat	2,976,788	105,545	96.6%	3.4%
Re-election of Mr Jonathan Law Ngee Song	3,247,038	16,938	99.5%	0.5%

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

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.

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.

Directors' Remuneration Report

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 2021. 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 2021 Fixed Remuneration $000**	Total 2020 Fixed Remuneration $000
Name of Directors		
Executive:		
Dato' John Lim Ewe Chuan [1]	**87**	103
Non-Executive:		
Lim Siew Kim [2]	**58**	55
Lim Tian Huat [3]	**21**	21
Jonathan Law Ngee Song [4]	**21**	21
Total	**187**	200

Directors' remuneration comprises of directors' fees only. There were no other benefits, pensions, bonuses or share option expenses in respect of the Directors.

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.

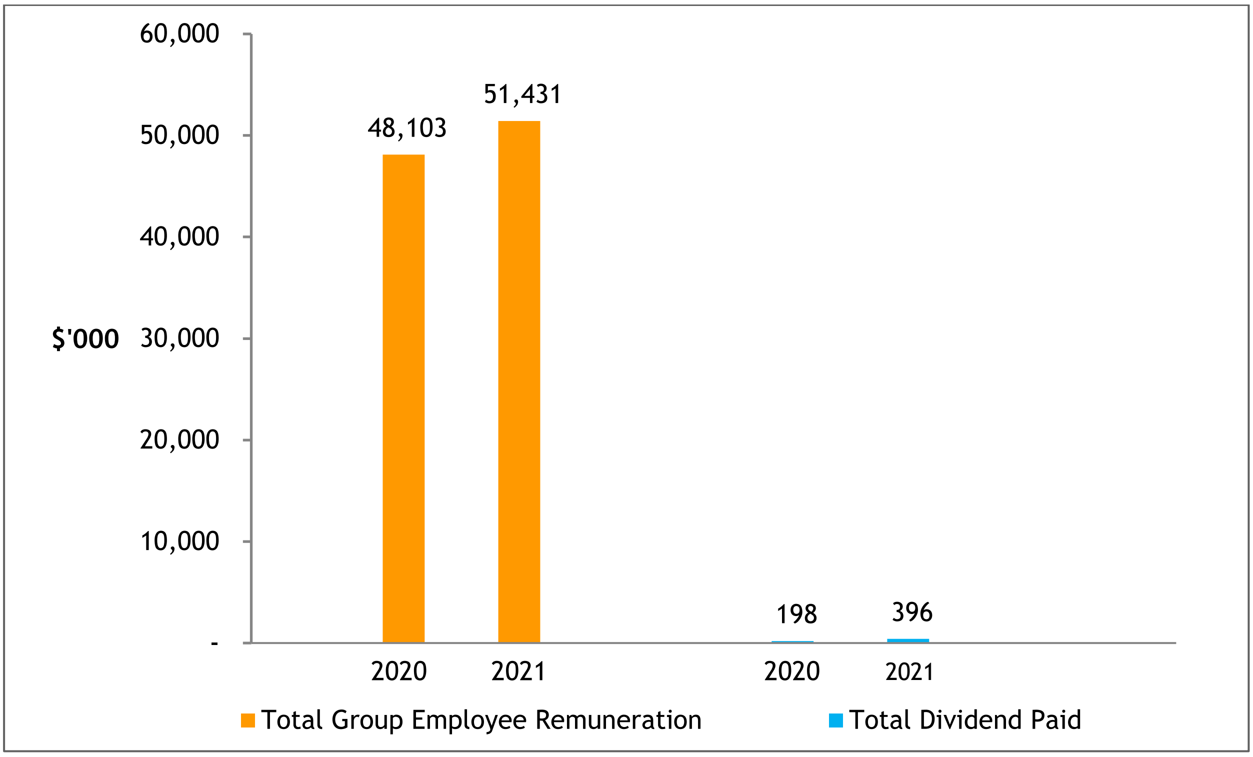
Executive Director's/de-facto CEO's Remuneration over 10 Years

Year ended 31 Dec	Salary	Benefit	Pension	Bonus	Total	% of maximum payment cap
2021	$87,000*	-	-	-	$87,000	70%
2020	$103,000*	-	-	-	$103,000	90%
2019	$116,000*	-	-	-	$116,000	100%
2018	$123,000*	-	-	-	$123,000	100%
2017	$113,000*	-	-	-	$113,000	100%
2016	$127,000*	-	-	-	$127,000	100%
2015	$137,000*	-	-	-	$137,000	100%
2014	$133,000	-	-	-	$133,000	89%
2013	$117,000	-	-	-	$117,000	100%
2012	$105,000	-	-	-	$105,000	89%

* 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 during this period were the result of exchange translations.

Directors' Remuneration Report

Relative importance of spend on pay



Directors' interests
The interests of the Directors together with those of their immediate families in the securities of the Company were as shown below:

Directors' beneficial interests at 31 December:	2021 Ordinary shares	2020 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 has been no change in the interests of the Directors in the securities of the Company between 31 December 2021 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 8 and 25 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. No directors had any share options in the current or prior year.

Percentage annual change in Directors' remuneration and for employees over FY2021 (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 2021.

	Annual change in pay for Directors compared with the Group's average employees				
	Executive Director	Non-Executive Directors			Group's Average Employees
2020/2021	Dato' John Lim Ewe Chuan	Madam Lim Siew Kim	Lim Tian Huat	Jonathan Law Ngee Song	
Base Salary/fees	-16%	+5%	-	-	+12%
Benefits	-	-	-	-	-5%
Bonus	-	-	-	-	+32%
	Annual change in pay for Directors compared with the Group's average employees				
	Executive Director	Non-Executive Directors			Group's Average Employees
2019/2020	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 and 2021.

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 2022
Lim Tian Huat	Expiry 7 May 2023
Jonathan Law Ngee Song	Expiry 3 July 2022

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 2012 to 2021 (last ten years) to indicate the volatility and trend of the market generally. Except for one period, 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. Despite reporting stellar earnings, the share performance is likely held back by ESG concerns, reflecting a disconnection between earnings, CPO prices and company's valuation. Investors see plantation companies as contributing to deforestation, open burning, high carbon emissions and labour related issues.

Jonathan Law Ngee Song
Chairman, Remuneration Committee
29 April 2022

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 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

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 2021 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, notes to the consolidated financial statements, the company statement of financial position, the company statement of changes in equity and notes to the company 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 UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and UK 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 of Directors on 14 June 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 21 years, covering the years ended 31 December 2001 to 31 December 2021. 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.

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:

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

- 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 and any potential impact of the conflict in Ukraine. 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;
- A review of the Group's available cash resources as at 31 March 2022; 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 and the 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

<table>
<tr><td>Coverage</td><td>100% (2020: 100%) of Group revenue
96% (2020: 95%) of Group total assets</td></tr>
<tr><td>Key audit matters</td><td>
<table>
<tr><td></td><td>2021</td><td>2020</td></tr>
<tr><td>1. Impairment of land and plantation assets</td><td>✓</td><td>✓*</td></tr>
<tr><td>2. Accounting for assets held for sale and discontinued operations</td><td>✓</td><td></td></tr>
<tr><td>3. Recoverability of amounts due from cooperatives under Plasma scheme</td><td></td><td>✓</td></tr>
<tr><td>4. Valuation of leasehold land</td><td></td><td>✓</td></tr>
</table>
* Impairment of plantations classified as PPE is included as a key audit matter in both the current and prior period but has been expanded to include impairment of land following the change in accounting policy in the period to recognise land under the cost model rather than the revaluation model. This has also resulted in the key audit matter for the valuation of leasehold land no longer being applicable.
Recoverability of amounts due from cooperatives under Plasma scheme is no longer considered to be a key audit matter as the balances with the most significant concerns over their recoverability reside within the companies that are held for sale and are therefore addressed by another key audit matter.
</td></tr>
<tr><td>Materiality</td><td>Group financial statements as a whole
US$6.6m (2020: US$2.5m) based on 5% (2020: 5%) of profit before tax before biological asset movement.</td></tr>
</table>

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 operating 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 five operating 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 twelve operating companies 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 the impairment reviews of land and plantation assets, the recoverability of amounts due from cooperatives under the Plasma scheme and the accounting for assets held for sale and discontinued operations, 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 and UK components, 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 video conference. The Senior Statutory Auditor met with the Executive Director in the UK and members of senior and Board management, including the Audit Committee, in Kuala Lumpur.

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

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 issued group audit instructions to both the Indonesian and Malaysian component teams and held remote planning meetings via video conference 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.
- We performed a remote review of the complete audit files for the five operating companies in Indonesia considered to be significant by size and reviewed the audit work in relation to the specific areas identified for the remaining twelve 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 closing meetings with local audit teams via video conference and reviewed component audit teams' reporting, addressing risks and specific procedures raised. Discussions were held with Group management on 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.

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
Impairment of land and plantation assets (note 2(g), note 2(j) and note 13) Land and plantation assets (‘bearer plants’) fall within the scope of IAS 16 *Property, Plant and Equipment* and are 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 that 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 five estates with such indicators 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 Crude Palm Oil (‘CPO’) price and the discount rate, for which disclosure is given around their sensitivity. We identified the impairment of land and plantation assets as a key audit matter due to the significant judgement and assumptions involved in its assessment.	We performed our own assessment for indicators of impairment or impairment reversal across all plantations based on performance against production budget. We assessed the independence, capabilities, objectivity and competence of management’s expert. We challenged the assumptions in the underlying data made by the expert and management, including the possible impacts of climate change, through discussions, corroboration to independent external data sources in respect of CPO price 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 and discount rate assumptions. The calculations to support the disclosures given in respect of the sensitivity of CPO price, discount rate and inflation rate were re-performed.
Key observations: *Based on the procedures we performed, we found the key assumptions used by the Directors in assessing any impairment losses to be recognised or reversed to be appropriate.*	

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

<table>
<tr><th>Key audit matter</th><th>How the scope of our audit addressed the key audit matter</th></tr>
<tr><td> Accounting for assets held for sale and discontinued operations
(note 2(r) and note 10) The Directors have identified three of the Group's subsidiary companies for a planned disposal through sale and have categorised the appropriate assets as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. These companies have also been deemed to meet the criteria for discontinued operations and have been presented as such in the consolidated income statement. We identified the accounting for assets held for sale and discontinued operations as a key audit matter due to the significant judgement involved in assessing whether the IFRS 5 criteria for held for sale and discontinued operations have been met and the significant assumptions involved in determining the fair value less costs to sell of the relevant non-current assets immediately before initial classification as held for sale and on subsequent remeasurement. </td><td> We reviewed the IFRS 5 criteria assessment prepared by management and compared this with our understanding of the facts and circumstances to determine whether the requirements of IFRS 5 to disclose the assets as held for sale and the operations as discontinued had been met. We gained an understanding of the sales process through discussion with the third party sales agent engaged by the Group to facilitate the sale to corroborate the planned timeline for completion and its status. We identified all assets and liabilities within the three subsidiary companies planned for sale at the date if initial classification which were not included within the disposal group and considered for completeness. We confirmed the appropriateness of all items which were included within the disposal group and agreed their carrying values prior to initial classification to underlying component records. We checked the arithmetic accuracy of management's calculation of impairment losses on subsequent remeasurement. We considered the reasonableness of the assumptions made by management in determining the likely proceeds achievable from a sale of the assets held for sale and corroborated these against valuation reports and analysis prepared by the advisors supporting management in their planned sale of the assets. We confirmed the appropriate extraction of data from financial records for disclosure as held for sale and discontinued operations. </td></tr>
<tr><td colspan="2">Key observations: Based on the procedures we performed, we found the classification of assets held for sale and discontinued operations and the key assumptions used by the Directors in assessing any impairment losses prior to and subsequent to initial classification to be appropriate.</td></tr>
</table>

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

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.

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	
	2021	**2020**	**2021**	**2020**
Materiality	US$6,600,000	US$2,500,000	US$1,200,000	US$1,200,000
Basis for determining materiality	5% of profit before tax before biological asset movement		2% of total assets	
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.	
Performance materiality	US$4,950,000	US$1,900,000	US$900,000	US$900,000
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 30% and 76% (2020: 21% and 88%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from US$2,000,000 to US$5,000,000 (2020: US$500,000 to US$2,200,000). 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.

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

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of US$132,000 (2020: US$50,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

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 Code 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 pages 15 and 16; and • The Directors' explanation as to their assessment of the Group'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 59; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 42; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 70 and 71; and • The section describing the work of the audit committee set out on pages 67 to 71.

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, at both the Group and component levels is detailed below:

- We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates through enquiry of Group management and review of internal audit reports, 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 at both the Group level and at the significant component level, through specific procedures included in the group audit instructions, 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, reviewing 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 making 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. The Engagement Partner satisfied himself that the engagement team have the appropriate competence and capabilities to identify and recognise non-compliance with laws and regulations.
- We considered the valuation of land and plantation assets and the valuation of assets held for sale to be the main areas where fraud could occur. Our audit response to these areas has been addressed in the Key Audit Matters above.
- 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 Matters above).

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

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.

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

29 April 2022

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 2021

	Note	2021 Result before BA movement*	2021 BA movement	2021 Total	(Restated) 2020 Result before BA movement*	(Restated) 2020 BA movement	(Restated) 2020 Total
		$000	$000	$000	$000	$000	$000
Continuing operations							
Revenue	4	**433,421**	**-**	**433,421**	263,818	-	263,818
Cost of sales		**(300,354)**	**4,349**	**(296,005)**	(203,326)	1,203	(202,123)
Gross profit		**133,067**	**4,349**	**137,416**	60,492	1,203	61,695
Administration expenses		**(8,764)**	**-**	**(8,764)**	(7,768)	-	(7,768)
Reversal of impairment	6, 13	**5,437**	**-**	**5,437**	2,165	-	2,165
Impairment losses	6, 13	**(585)**	**-**	**(585)**	(188)	-	(188)
Reversal / (Provision) for expected credit loss	6, 18	**177**	**-**	**177**	(102)	-	(102)
Operating profit		**129,332**	**4,349**	**133,681**	54,599	1,203	55,802
Exchange gains / (losses)		**212**	**-**	**212**	(269)	-	(269)
Finance income	5	**3,214**	**-**	**3,214**	2,873	-	2,873
Finance expense	5	**(24)**	**-**	**(24)**	(292)	-	(292)
Profit before tax	6	**132,734**	**4,349**	**137,083**	56,911	1,203	58,114
Tax expense	9	**(24,784)**	**(958)**	**(25,742)**	(15,103)	(55)	(15,158)
Profit for the year from continuing operations		**107,950**	**3,391**	**111,341**	41,808	1,148	42,956
(Loss) / gain on discontinued operation, net of tax	10	**(28,471)**	**50**	**(28,421)**	(5,275)	60	(5,215)
		79,479	**3,441**	**82,920**	36,533	1,208	37,741
Profit for the year attributable to:							
- Owners of the parent		**65,485**	**2,856**	**68,341**	30,653	1,051	31,704
- Non-controlling interests		**13,994**	**585**	**14,579**	5,880	157	6,037
		79,479	**3,441**	**82,920**	36,533	1,208	37,741
Profit for the year from continuing operations attributable to:							
- Owners of the parent		**93,245**	**2,809**	**96,054**	35,399	994	36,393
- Non-controlling interests		**14,705**	**582**	**15,287**	6,409	154	6,563
		107,950	**3,391**	**111,341**	41,808	1,148	42,956
Earnings per share attributable to the owners of the parent during the year							
Profit							
- basic and diluted	11			**172.42cts**			79.99cts
Profit from continuing operations							
- basic and diluted	11			**242.34cts**			91.82cts

Earnings per share before BA movement are shown in note 11.

Consolidated Income Statement

For the year ended 31 December 2021

* The total column represents the IFRS figures and the result before BA movement is an Alternative Performance Measure ("APM") which reflects the Group's results before the movement in fair value of biological assets has been applied. 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 2021

	2021 $000	(Restated) 2020 $000
Profit for the year	**82,920**	37,741
Other comprehensive expenses:		
Items may be reclassified to profit or loss:		
Loss on exchange translation of foreign operations	**(5,429)**	(4,801)
Net other comprehensive expenses may be reclassified to profit or loss	**(5,429)**	(4,801)
Items not to be reclassified to profit or loss:		
Remeasurement of retirement benefits plan, net of tax	**1,086**	(649)
Net other comprehensive income / (expenses) not being reclassified to profit or loss	**1,086**	(649)
Total other comprehensive expenses for the year, net of tax	**(4,343)**	(5,450)
Total comprehensive income for the year	**78,577**	32,291
Total comprehensive income for the year attributable to:		
- Owners of the parent	**64,993**	27,269
- Non-controlling interests	**13,584**	5,022
	78,577	32,291

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

Consolidated Statement of Financial Position
As at 31 December 2021

Company Number: 1884630

	Note	**31.12.2021 $000**	(Restated)* 31.12.2020 $000	(Restated) 1.1.2020 $000
Non-current assets				
Property, plant and equipment	13	**260,532**	280,831	281,287
Investments	31	**49**	-	-
Receivables	14	**22,000**	22,236	16,500
Deferred tax assets	15	**4,324**	14,389	17,807
		286,905	317,456	315,594
Current assets				
Inventories	16	**14,316**	12,541	8,752
Income tax receivables	9	**5,072**	10,071	14,348
Other tax receivable	9	**45,423**	41,618	35,179
Biological assets	17	**12,803**	8,783	7,574
Trade and other receivables	18	**5,182**	4,693	5,774
Short-term investments		**1,439**	1,957	-
Cash and cash equivalents	19	**218,249**	115,211	84,846
		302,484	194,874	156,473
Assets in disposal groups classified as held for sale	10	**13,210**	-	-
		315,694	194,874	156,473
Current liabilities				
Loans and borrowings		**-**	-	(8,203)
Trade and other payables	20	**(32,533)**	(26,310)	(16,110)
Income tax liabilities	9	**(13,139)**	(5,981)	(1,512)
Other tax liabilities	9	**(1,615)**	(1,089)	(1,386)
Dividend payables		**(25)**	(24)	(23)
Lease liabilities	21	**(240)**	(236)	(222)
		(47,552)	(33,640)	(27,456)
Net current assets		**268,142**	161,234	129,017
Non-current liabilities				
Deferred tax liabilities	15	**(1,330)**	(782)	(442)
Retirement benefits - net liabilities	22	**(11,499)**	(13,383)	(11,338)
Lease liabilities	21	**(110)**	(217)	(456)
		(12,939)	(14,382)	(12,236)
Net assets		**542,108**	464,308	432,375

Consolidated Statement of Financial Position
As at 31 December 2021

Company Number: 1884630

	Note	**31.12.2021 $000**	(Restated)* 31.12.2020 $000	(Restated) 1.1.2020 $000
Issued capital and reserves attributable to owners of the parent				
Share capital	23	**15,504**	15,504	15,504
Treasury shares	23	**(1,171)**	(1,171)	(1,171)
Share premium		**23,935**	23,935	23,935
Capital redemption reserve		**1,087**	1,087	1,087
Exchange reserves		**(241,907)**	(237,599)	(233,723)
Retained earnings		**642,582**	573,677	542,730
		440,030	375,433	348,362
Non-controlling interests		**102,078**	88,875	84,013
Total equity		**542,108**	464,308	432,375

The financial statements were approved and authorised for issue by the Board of Directors on 29 April 2022 and were signed on its behalf by:

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

*The details of prior year restatement are disclosed in note 3.

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 2021

	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 2019		15,504	(1,171)	23,935	1,087	48,413	(229,026)	542,415	401,157	94,661	495,818
Restatement (note 3)		-	-	-	-	(48,413)	(4,697)	315	(52,795)	(10,648)	(63,443)
Balance at 31 December 2019 after restatement		**15,504**	**(1,171)**	**23,935**	**1,087**	**-**	**(233,723)**	**542,730**	**348,362**	**84,013**	**432,375**
Items of other comprehensive expenses											
-Remeasurement of retirement benefit plan, net of tax	22	-	-	-	-	-	-	(559)	(559)	(90)	(649)
-Loss on exchange translation of foreign operations		-	-	-	-	-	(3,876)	-	(3,876)	(925)	(4,801)
Total other comprehensive expenses		-	-	-	-	-	(3,876)	(559)	(4,435)	(1,015)	(5,450)
Profit for the year		-	-	-	-	-	-	31,704	31,704	6,037	37,741
Total comprehensive (expenses) / income for the year		-	-	-	-	-	(3,876)	31,145	27,269	5,022	32,291
Dividends paid		-	-	-	-	-	-	(198)	(198)	(160)	(358)
Balance at 31 December 2020 after restatement		**15,504**	**(1,171)**	**23,935**	**1,087**	**-**	**(237,599)**	**573,677**	**375,433**	**88,875**	**464,308**

Consolidated Statement of Changes in Equity
For the year ended 31 December 2021

	Note	Share capital $000	Treasury shares $000	Share premium $000	Capital redemption reserve $000	Exchange reserves $000	Retained earnings $000	Total $000	Non-controlling interests $000	Total equity $000
Balance at 31 December 2020 after restatement		15,504	(1,171)	23,935	1,087	(237,599)	573,677	375,433	88,875	464,308
Items of other comprehensive (expenses) / income										
-Remeasurement of retirement benefit plan, net of tax	22	-	-	-	-	-	960	960	126	1,086
-Loss on exchange translation of foreign operations		-	-	-	-	(4,308)	-	(4,308)	(1,121)	(5,429)
Total other comprehensive (expenses) / income		-	-	-	-	(4,308)	960	(3,348)	(995)	(4,343)
Profit for the year		-	-	-	-	-	68,341	68,341	14,579	82,920
Total comprehensive (expenses) / income for the year		-	-	-	-	(4,308)	69,301	64,993	13,584	78,577
Dividends paid		-	-	-	-	-	(396)	(396)	(381)	(777)
Balance at 31 December 2021		15,504	(1,171)	23,935	1,087	(241,907)	642,582	440,030	102,078	542,108

Consolidated Statement of Cash Flows
For the year ended 31 December 2021

	2021 $000	(Restated) 2020 $000
Cash flows from operating activities		
Profit before tax from continuing operations	**137,083**	58,114
Adjustments for:		
BA movement	**(4,349)**	(1,203)
Loss / (Gain) on disposal of property, plant and equipment	**24**	(20)
Depreciation	**16,994**	16,177
Retirement benefit provisions	**103**	1,564
Net finance income	**(3,190)**	(2,581)
Unrealised (gain) / loss in foreign exchange	**(212)**	269
Property, plant and equipment written off	**72**	274
Reversal of impairment	**(4,852)**	(1,977)
(Reversal) / Provision for expected credit loss	**(177)**	124
Operating cash flows before changes in working capital	**141,496**	70,741
Increase in inventories	**(2,649)**	(3,945)
Increase in non-current, trade and other receivables	**(517)**	(13,246)
Increase in trade and other payables	**6,683**	10,485
Cash inflows from operations	**145,013**	64,035
Retirement benefits paid	**(487)**	(352)
Overseas tax paid	**(12,359)**	(8,559)
Operating cash flows from continuing operations	**132,167**	55,124
Operating cash flows (used in) / from discontinued operations	**(821)**	10,229
Net cash generated from operating activities	**131,346**	65,353
Investing activities		
Property, plant and equipment		
- purchases	**(26,374)**	(18,965)
- sales	**413**	27
Interest received	**3,214**	2,873
Increase in receivables from cooperatives under plasma scheme	**(1,985)**	(3,826)
Investment in share equity	**(49)**	-
Placement of fixed deposits with original maturity of more than three months	**(1,439)**	(1,957)
Withdrawal of fixed deposits with original maturity of more than three months	**1,957**	-
Cash used in investing activities from continuing operations	**(24,263)**	(21,848)
Cash used in investing activities from discontinued operations	**(1,594)**	(2,990)
Net cash used in investing activities	**(25,857)**	(24,838)

Consolidated Statement of Cash Flows
For the year ended 31 December 2021

	Note	2021 $000	(Restated) 2020 $000
Financing activities			
Dividends paid to the holders of the parent		**(395)**	(197)
Dividends paid to non-controlling interests		**(381)**	(160)
Interest paid		**-**	(258)
Repayment of existing long-term loans		**-**	(8,167)
Repayment of lease liabilities - principal		**(228)**	(223)
Repayment of lease liabilities - interest		**(24)**	(34)
Cash used in financing activities from continuing operations		**(1,028)**	(9,039)
Cash used in financing activities from discontinued operations		**-**	-
Net cash used in financing activities		**(1,028)**	(9,039)
Net increase in cash and cash equivalents		**104,461**	31,476
Cash and cash equivalents			
At beginning of year		**115,211**	84,846
Exchange losses		**(1,423)**	(1,111)
At end of year		**218,249**	115,211
Comprising:			
Cash at end of year	19	**218,249**	115,211

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 note 3.

Basis of preparation
The consolidated financial statements have been prepared in accordance with UK adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

On 31 December 2020, IFRS as adopted by the European Union at that date was brought into the UK law and became UK adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK adopted International Accounting Standards in its consolidated financial statements on 1 January 2021. There was no impact or changes in accounting from the transition.

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

There are no new and amended standards and Interpretations that apply for the first time in these financial statements.

(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 adopted)
- IAS 1 (amendments) Classification of liabilities as current or non-current (1 January 2023, not yet adopted
- IAS 1 (amendments) and IFRS Practice Statement 2 Disclosure of Accounting Policies (1 January 2023, not yet adopted)
- IAS 8 (amendments) Definition of Accounting Estimates (1 January 2023, not yet adopted)
- IAS 12 (amendments) Deferred Tax related to Assets and Liabilities arising from a Single Transaction (1 January 2023, not yet adopted)

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, FFB, shell nut, biomass and biogas products are recorded net of sales and related taxes and levies, including export taxes and recognised when the customer has taken delivery of the goods. The collection/delivery of the goods will not take place until the goods are paid for. 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.

Advance receipts represent the Group's obligation to transfer goods to a customer for which the Group has received consideration but the goods have yet to be delivered to/collected by the customer.

(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 some 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 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 except the leasehold land in Malaysia which is depreciated over the term of the lease as its renewal cannot be guaranteed. 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.

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.

Plantations, buildings and oil mills are depreciated using the straight-line method. The yearly rates of depreciation are as follows:

Leasehold land in Malaysia - over the term of the lease
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) Leases

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 “Impairment” policy.

Land rights are recognised at historical cost without depreciation at the balance sheet date except for leasehold land in Malaysia is recognised at historical cost and depreciated over the term of the lease. The details of the change in accounting policy are disclosed in note 3.

2 Accounting policies - continued

(j) *Impairment*
An assessment of indicators of impairment over the Group'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 statement of financial position.

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 statement of financial position 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 Indonesian Government 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 the income statement 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 27.

(r) *Non-current assets held for sale and disposal groups*

Non-current assets and disposal groups are classified as held for sale when:

- They are available for immediate sale;
- Management is committed to a plan to sell;
- It is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- An active programme to locate a buyer has been initiated;
- The asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- A sale is expected to complete within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- Their carrying amount immediately prior to being classified as held for sale in accordance with the group's accounting policy; and
- Fair value less costs of disposal.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale, that has been disposed of, has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented in the consolidated statement of comprehensive income as a single line which comprises the profit or loss after tax of the discontinued operation along with the gain or loss after tax recognised on the re-measurement to fair value less costs to sell or on disposal of the assets or disposal groups constituting discontinued operations.

2 Accounting policies - continued

(s) 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 29)
- Classification of land as leasehold with no depreciation charged (see note 13)
- Classification of assets as held for sale and discontinued operations (see note 10)

Estimates and assumptions
- Impairment of plantation assets - estimate of future cash flows and determination of the discount rate and other assumptions (see note 13)
- Expected credit losses ("ECL") on amounts due from cooperatives under Plasma scheme - determination of possible outcomes and their weighted probability (see note 14)
- Carrying value of income tax receivables - determination of historic recovery rates (see note 9)
- Income taxes and deferred tax - provisions for income taxes in various jurisdictions (see note 9 and note 15)
- Valuation of assets classified as held for sale (see note 10)
- Recognition of deferred tax on losses - estimate of future profitability of respective entities (see note 15)
- Retirement benefits - actuarial assumptions (see note 22)
- 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:
  - Biological assets (note 17)

  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 14)
  - Non-current receivables due from cooperatives under Plasma scheme (note 14)

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

3 Prior year restatement

With effect from 31 December 2021 and applied retrospectively, the Group have opted for a change in accounting policy in respect of the treatment of land in the Group's financial statements which is accounted for in accordance with IAS 16 Property, Plant and Equipment. The Group has historically recognised land under the revaluation model however, following an analysis of the Group's peers in the UK, it was apparent that the majority reported their land at historical cost and therefore the decision was made to change the accounting policy to make the financial information more comparable and provide a more relevant result. Land has always been recognised in the local Indonesian financial statements at historical cost. The Group now recognises land at cost initially and is not depreciated except for the land in Malaysia as the possibility to renew the leasehold land in Malaysia is minimal, the details are disclosed in note 13.

3 Prior year restatement - continued

The effects of the restatements are summarised as follows:

	2020 $000
Impact on consolidated income statement	
Profit for the year before restatement	37,943
Effect of change in restatement:	
Cost of sales	(124)
Tax expense	(78)
	(202)
Profit for the year after restatement	37,741

The effect of the prior year adjustments had a negative impact on the earnings per share before BA of 0.33cts and a negative impact on the earnings per share after BA of 0.33cts for the year to 31 December 2020.

	2020 $000
Impact on consolidated statement of comprehensive income	
Other comprehensive expenses for the year before restatement	(4,830)
Effect of change in restatement:	
Unrealised loss on revaluation of leasehold land, net of tax	(1,309)
Gain on exchange translation of foreign operations	689
	(620)
Other comprehensive expenses for the year after restatement	(5,450)

The following table summarises the impact of this prior year restatement on the Consolidated Statement of Financial Position:

	Balance as reported 31 December 2020 $000	Effect of restatement $000	Restated balance at 31 December 2020 $000
Impact on consolidated statement of financial position			
Property, plant and equipment	365,353	(84,522)	280,831
Deferred tax assets	8,817	5,572	14,389
Deferred tax liabilities	(15,467)	14,685	(782)
Revaluation reserves	49,367	(49,367)	-
Exchange reserves	(233,534)	(4,065)	(237,599)
Retained earnings	573,493	184	573,677
Non-controlling interests	99,892	(11,017)	88,875

	Balance as reported 1 January 2020 $000	Effect of restatement $000	Restated balance at 1 January 2020 $000
Impact on consolidated statement of financial position			
Property, plant and equipment	367,891	(86,604)	281,287
Deferred tax assets	11,251	6,556	17,807
Deferred tax liabilities	(17,047)	16,605	(442)
Revaluation reserves	48,413	(48,413)	-
Exchange reserves	(229,026)	(4,697)	(233,723)
Retained earnings	542,415	315	542,730
Non-controlling interests	94,661	(10,648)	84,013

The restatement of land from fair value to historical cost has decreased the value of the property, plant and equipment and eliminated the revaluation reserves. Deferred tax liabilities previously recognised on the revaluation of land have been reversed resulting in a decrease in deferred tax liabilities, but also an increase in deferred tax assets where individual entities have moved from a net deferred tax liability position to a net deferred tax asset position. Depreciation of the land in Malaysia recognised retrospectively and the reversal of the deferred tax liabilities previously recognised has resulted in a small increase in retained earnings. All entities for which these adjustments relate have non-controlling interests and therefore the impact on those non-controlling interests has also been recognised.

Notes to the Consolidated Financial Statements

4 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 7.

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

Year to 31 December 2021	CPO, palm kernel and FFB $000	Rubber $000	Shell nut $000	Biomass products $000	Biogas products $000	Others $000	Total $000
Contract counterparties							
Government	**-**	**-**	**-**	**-**	**999**	**-**	**999**
Non-government							
- Wholesalers	**426,436**	**695**	**4,036**	**336**	**-**	**919**	**432,422**
	426,436	**695**	**4,036**	**336**	**999**	**919**	**433,421**
Timing of transfer of goods							
Delivery to customer premises	**4,995**	**695**	**-**	**-**	**-**	**-**	**5,690**
Delivery to port of departure	**-**	**-**	**-**	**336**	**-**	**-**	**336**
Customer collect from our mills / estates	**421,441**	**-**	**4,036**	**-**	**-**	**-**	**425,477**
Upon generation / others	**-**	**-**	**-**	**-**	**999**	**919**	**1,918**
	426,436	**695**	**4,036**	**336**	**999**	**919**	**433,421**

Year to 31 December 2020

Contract counterparties							
Government	-	-	-	-	970	-	970
Non-government							
- Wholesalers	257,282	631	3,959	427	-	549	262,848
	257,282	631	3,959	427	970	549	263,818
Timing of transfer of goods							
Delivery to customer premises	4,052	631	-	-	-	-	4,683
Delivery to port of departure	-	-	-	427	-	-	427
Customer collect from our mills / estates	253,230	-	3,959	-	-	-	257,189
Upon generation / others	-	-	-	-	970	549	1,519
	257,282	631	3,959	427	970	549	263,818

5 Finance income and expense

	2021 $000	2020 $000
Finance income		
Interest receivable on:		
Credit bank balances and time deposits	**3,214**	2,873
Finance expense		
Interest payable on:		
Development loans	**-**	(257)
Interest expense on lease liabilities (note 21)	**(24)**	(35)
	(24)	(292)
Net finance income recognised in income statement	**3,190**	2,581

6 Expenses by nature

	2021 $000	(Restated) 2020 $000
Expenses by nature:		
Purchase of FFB	**191,915**	110,225
Depreciation (note 13):		
- continuing operations	**16,994**	16,177
- discontinued operations	**1,978**	2,090
	18,972	18,267
Reversal of impairment (note 13):		
- continuing operations	**(5,437)**	(2,165)
- discontinued operations	**-**	(31)
	(5,437)	(2,196)
Impairment losses (note 13):		
- continuing operations	**585**	188
- discontinued operations	**716**	-
	1,301	188
Impairment loss on adjustment to fair value	**21,772**	-
Provision for expected credit loss (note 18):		
- continuing operations	**(177)**	102
- discontinued operations	**1,231**	1,383
	1,054	1,485
Exchange (gains) / loss	**(213)**	268
Legal and professional fees	**945**	834
Staff costs (note 8)	**51,431**	48,103
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	**209**	146
- Audit of consolidated financial statements (prior year)	**-**	-
- Audit related assurance service	**7**	6
- Audit of UK subsidiaries	**13**	13
Total audit services	**234**	170
Audit of overseas subsidiaries		
- Malaysia	**22**	21
- Indonesia	**116**	76
Total audit services	**138**	97
Total auditor's remuneration	**372**	267

7 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.

7 Segment information - continued

	North Sumatera $000	Bengkulu $000	Riau $000	Bangka $000	Kalimantan $000	Total Indonesia $000	Malaysia $000	UK $000	Total from continuing operations $000	South* Sumatera $000
2021										
Total sales revenue (all external)										
- **CPO, palm kernel and FFB**	127,216	141,070	73,827	2,178	79,470	423,761	2,675	-	426,436	7,999
- **Rubber**	695	-	-	-	-	695	-	-	695	-
- **Shell nut**	1,173	1,191	1,440	-	232	4,036	-	-	4,036	-
- **Biomass products**	336	-	-	-	-	336	-	-	336	-
- **Biogas products**	114	485	-	-	400	999	-	-	999	-
- **Others**	93	20	89	16	583	801	27	91	919	270
Total revenue	129,627	142,766	75,356	2,194	80,685	430,628	2,702	91	433,421	8,269
Profit / (loss) before tax	40,160	35,769	20,555	553	37,539	134,576	(517)	(1,325)	132,734	(4,786)
BA movement	1,660	700	574	111	1,273	4,318	31	-	4,349	64
Profit / (loss) for the year before tax per consolidated income statement	41,820	36,469	21,129	664	38,812	138,894	(486)	(1,325)	137,083	(4,722)
Interest income	2,323	720	133	1	22	3,199	15	-	3,214	5
Interest expense	(15)	-	-	-	-	(15)	(9)	-	(24)	-
Depreciation	(5,270)	(4,132)	(905)	(356)	(5,660)	(16,323)	(671)	-	(16,994)	(1,978)
Reversal of impairment	-	-	-	-	5,437	5,437	-	-	5,437	-
Impairment losses	-	-	-	-	(452)	(452)	(133)	-	(585)	(716)
(Provision) / Reversal for expected credit loss	(4)	-	-	-	180	176	-	1	177	(1,231)
Inter-segment transactions	902	(2,001)	(11,754)	(282)	(1,934)	(15,069)	476	74	(14,519)	14,519
Inter-segmental revenue	42,566	2,641	-	-	9,431	54,638	-	-	54,638	7,438
Tax expense	(8,939)	(7,831)	(2,153)	(109)	(6,379)	(25,411)	(112)	(219)	(25,742)	(1,927)
Total assets	252,633	117,748	34,580	17,095	145,578	567,634	13,758	7,152	588,544	14,055
Non-current assets	77,170	42,027	8,751	14,960	108,844	251,752	8,780	-	260,532	27,425
Non-current assets - additions	8,490	4,727	608	1,600	7,072	22,497	517	-	23,014	3,424

* South Sumatera represents the operations which have been discontinued and have therefore been separated from the continuing operations. The details of discontinued operations for South Sumatera are disclosed in note 10.

7 Segment information - continued

	North Sumatera $000	Bengkulu $000	Riau $000	Bangka $000	Kalimantan $000	Total Indonesia $000	Malaysia $000	UK $000	Total from continuing operations $000	South* Sumatera $000
2020 (restated)										
Total sales revenue (all external)										
- CPO, palm kernel and FFB	81,764	82,194	46,865	1,026	43,103	254,952	2,330	-	257,282	5,066
- Rubber	631	-	-	-	-	631	-	-	631	-
- Shell nut	1,232	956	1,586	-	185	3,959	-	-	3,959	-
- Biomass products	427	-	-	-	-	427	-	-	427	-
- Biogas products	152	444	-	-	374	970	-	-	970	-
- Others	60	105	-	16	355	536	6	7	549	176
Total revenue	84,266	83,699	48,451	1,042	44,017	261,475	2,336	7	263,818	5,242
Profit / (loss) before tax	18,916	16,809	12,341	(76)	11,174	59,164	(806)	(1,447)	56,911	(6,640)
BA movement	550	130	126	36	344	1,186	17	-	1,203	71
Profit / (loss) for the year before tax per consolidated income statement	19,466	16,939	12,467	(40)	11,518	60,350	(789)	(1,447)	58,114	(6,569)
Interest income	2,121	670	34	-	25	2,850	22	1	2,873	3
Interest expense	(25)	-	-	-	(257)	(282)	(10)	-	(292)	-
Depreciation	(4,741)	(4,253)	(886)	(308)	(5,387)	(15,575)	(602)	-	(16,177)	(2,090)
Reversal of impairment	-	-	-	-	2,165	2,165	-	-	2,165	31
Impairment losses	-	-	-	-	-	-	(188)	-	(188)	-
Reversal / (Provision) for expected credit loss	65	(1)	-	(1)	(167)	(104)	1	1	(102)	(1,383)
Inter-segment transactions	4,744	(1,966)	(564)	(195)	(1,913)	106	467	168	741	(741)
Inter-segmental revenue	27,668	3,293	-	-	4,167	35,128	-	-	35,128	3,505
Tax expense	(6,734)	(3,218)	(2,742)	25	(1,665)	(14,334)	(737)	(87)	(15,158)	1,354
Total assets	194,269	83,338	25,798	15,872	135,624	454,901	14,405	5,978	475,284	37,046
Non-current assets	75,004	42,178	9,184	13,872	104,098	244,336	9,390	-	253,726	27,105
Non-current assets - additions	4,582	2,413	342	4,474	6,868	18,679	127	-	18,806	2,319

* South Sumatera represents the operations which have been discontinued and have therefore been separated from the continuing operations. The details of discontinued operations for South Sumatera are disclosed in note 10.

7 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 2021, revenue from top 4 customers of the Indonesian segment represents approximately $266.3m (2020: $130.8m) of the Group's total revenue. Although Customer 1 to 4 made up over 10% of the Group's total revenue, there was no over reliance on these Customers as tenders were performed on a weekly basis. Two of the top four customers were the same as in the prior year.

	North Sumatera $000	Bengkulu $000	Riau $000	Bangka $000	Kalimantan $000	Total Indonesia $000	Malaysia $000	UK $000	Total $000	South Sumatera $000	Total $000
2021											
Customer 1	**2,203**	**36,104**	**36,909**	**-**	**45,655**	**120,871**	**-**	**-**	**120,871**	**-**	**120,871**
Customer 2	**-**	**31,431**	**-**	**-**	**19,335**	**50,766**	**-**	**-**	**50,766**	**-**	**50,766**
Customer 3	**48,333**	**-**	**-**	**-**	**-**	**48,333**	**-**	**-**	**48,333**	**-**	**48,333**
Customer 4	**-**	**46,324**	**-**	**-**	**-**	**46,324**	**-**	**-**	**46,324**	**-**	**46,324**
	50,536	**113,859**	**36,909**	**-**	**64,990**	**266,294**	**-**	**-**	**266,294**	**-**	**266,294**
2020											
Customer 1	819	22,558	7,164	-	23,075	53,616	-	-	53,616	-	53,616
Customer 2	31,556	-	-	-	-	31,556	-	-	31,556	-	31,556
Customer 3	-	-	25,042	-	-	25,042	-	-	25,042	-	25,042
Customer 4	-	15,977	-	-	4,584	20,561	-	-	20,561	-	20,561
	32,375	38,535	32,206	-	27,659	130,775	-	-	130,775	-	130,775
	%	%	%	%	%	%	%	%	%	%	%
2021											
Customer 1	**0.5**	**8.2**	**8.4**	**-**	**10.3**	**27.4**	**-**	**-**	**27.4**	**-**	**27.4**
Customer 2	**-**	**7.1**	**-**	**-**	**4.4**	**11.5**	**-**	**-**	**11.5**	**-**	**11.5**
Customer 3	**10.9**	**-**	**-**	**-**	**-**	**10.9**	**-**	**-**	**10.9**	**-**	**10.9**
Customer 4	**-**	**10.5**	**-**	**-**	**-**	**10.5**	**-**	**-**	**10.5**	**-**	**10.5**
	11.4	**25.8**	**8.4**	**-**	**14.7**	**60.3**	**-**	**-**	**60.3**	**-**	**60.3**
2020											
Customer 1	0.3	8.4	2.7	-	8.6	20.0	-	-	20.0	-	20.0
Customer 2	11.7	-	-	-	-	11.7	-	-	11.7	-	11.7
Customer 3	-	-	9.3	-	-	9.3	-	-	9.3	-	9.3
Customer 4	-	5.9	-	-	1.7	7.6	-	-	7.6	-	7.6
	12.0	14.3	12.0	-	10.3	48.6	-	-	48.6	-	48.6

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.

8 Employees' and Directors' remuneration

	2021 Number	2020 Number
Average numbers employed (primarily overseas) during the year:		
- full-time	**7,618**	7,242
- part-time field workers*	**6,191**	7,208
	13,809	14,450

* Part-time field workers headcounts based on full time equivalent of 8 hours per day.

	2021 $000	2020 $000
Staff costs (including Directors and discontinued operations) comprise:		
Wages and salaries	**47,628**	43,129
Social security costs	**3,342**	2,921
Retirement benefit costs		
- United Kingdom	**-**	-
- Indonesia (note 22)	**411**	2,003
- Malaysia	**50**	50
	51,431	48,103

The information required by the Companies Act is contained in the Directors' remuneration report on pages 72 - 78 of which certain information on page 76 has been audited.

	2021 $000	2020 $000
Directors emoluments	**187**	200

	2021 $000	2020 $000
Remuneration expense for key management personnel comprise:		
Short-term employee benefits	**1,835**	1,499
Post-employment benefits	**-**	-
	1,835	1,499

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 76.

9 Tax expense

	2021 $000	(Restated) 2020 $000
Foreign corporation tax - current year	**20,404**	9,920
Foreign corporation tax - prior year	**258**	287
Deferred tax adjustment - origination and reversal of temporary differences (note 15)	**5,080**	4,264
Recognition of previously unrecognised deferred tax (note 15)	**-**	687
Total tax charge for year	**25,742**	15,158

Corporation tax rate in Indonesia is at 22% (2020: 22%) whereas Malaysia is at 24% (2020: 24%). The standard rate of corporation tax in the UK for the current year is 19% (2020: 19%). The Group's charge for the year differs from the standard Indonesian rate of corporation tax as explained below:

	2021 $000	(Restated) 2020 $000
Profit before tax from continuing operations	**137,083**	58,114
Profit before tax multiplied by standard rate of Indonesia corporation tax of 22% (2020: 22%)	**30,158**	12,785
Effects of:		
Rate adjustment relating to overseas profits	**(30)**	(17)
Group accounting adjustments not subject to tax	**(1,023)**	(9)
Expenses not allowable for tax	**263**	640
Deferred tax assets not recognised	**(10)**	-
Income not subject to tax	**(659)**	(646)
Under provision of prior year income tax	**258**	287
Utilisation of tax losses not previously recognised	**(3,215)**	-
Under provision of prior year deferred tax	**-**	687
Change in tax rate	**-**	1,431
Total tax charge for year	**25,742**	15,158

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 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:

	2021 $000	2020 $000
Tax Receivables		
Income tax	**5,072**	10,071
Other taxes	**45,481**	41,618
	50,553	51,689
Transfer to assets held for sale (note 10)	**(58)**	-
	50,495	51,689
Tax Liabilities		
Income tax	**(13,139)**	(5,981)
Other taxes	**(1,615)**	(1,089)
	(14,754)	(7,070)

10 Assets held for sale and discontinued operations

In October 2021, the Board approved to dispose of the operations of KKST, ELAP and RAA to cut losses. The Group has engaged Helios Capital as our Financial Advisor for disposal of the three companies and an active programme to locate a buyer was initiated. The proposed disposal of the operations are expected to be completed within 12 months and as a result the assets of KKST, ELAP and RAA have been classified as held for sale in the consolidated statement of financial position from 31 December 2021.

The entire operations of the disposal group are presented within the South Sumatera operating segment disclosed in Note 7 and represent a separate geographical area of operations. The activities for the financial years ending 31 December 2021 and 31 December 2020 have been classified as discontinued operations in the consolidated income statement as a single line.

The post-tax loss on disposal of discontinued operations was determined as follows:

		2021			2020		
		Result before BA movement	**BA movement**	**Total**	Result before BA movement	BA movement	Total
		$000	**$000**	**$000**	$000	$000	$000
Discontinued operations							
Revenue	4	**8,269**	**-**	**8,269**	5,242	-	5,242
Cost of sales		**(11,052)**	**64**	**(10,988)**	(10,168)	71	(10,097)
Gross (loss) / profit		**(2,783)**	**64**	**(2,719)**	(4,926)	71	(4,855)
Administration expenses		**(62)**	**-**	**(62)**	(366)	-	(366)
(Impairment loss) / Reversal of impairment	13	**(716)**	**-**	**(716)**	31	-	31
Provision for expected credit loss	18	**(1,231)**	**-**	**(1,231)**	(1,383)	-	(1,383)
Operating (loss) / profit		**(4,792)**	**64**	**(4,728)**	(6,644)	71	(6,573)
Exchange gains		**1**	**-**	**1**	1	-	1
Finance income		**5**	**-**	**5**	3	-	3
Finance expense		**-**	**-**	**-**	-	-	-
(Loss) / Profit before tax	6	**(4,786)**	**64**	**(4,722)**	(6,640)	71	(6,569)
Tax expense		**(1,913)**	**(14)**	**(1,927)**	1,365	(11)	1,354
(Loss) / Profit for the year from discontinued operations		**(6,699)**	**50**	**(6,649)**	(5,275)	60	(5,215)
Impairment loss on adjustment to fair value		**(21,772)**	**-**	**(21,772)**	-	-	-
		(28,471)	**50**	**(28,421)**	(5,275)	60	(5,215)
Attributable to:							
- Owners of the parent		**(27,760)**	**47**	**(27,713)**	(4,746)	57	(4,689)
- Non-controlling interests		**(711)**	**3**	**(708)**	(529)	3	(526)
		(28,471)	**50**	**(28,421)**	(5,275)	60	(5,215)
Earnings per share attributable to the owners of the parent during the year							
- Basic and diluted EPS before BA movement				**(69.92)cts**			(11.83)cts
- Basic and diluted EPS after BA movement				**(69.92)cts**			(11.83)cts

10 Assets held for sale and discontinued operations - continued

Statement of cash flows

The statement of cash flows includes the following amounts relating to discontinued operations:

	2021 $000	2020 $000
Operating activities	**(821)**	10,229
Investing activities	**(1,594)**	(2,990)
Financing activities	**-**	-
Net increase in cash and cash equivalents from discontinued operations	**(2,415)**	7,239

The following major classes of assets relating to the discontinued operations have been classified as held for sale in the consolidated statement of financial position on 31 December:

	2021 $000
Property, plant and equipment (note 13)	**27,425**
Impairment loss on adjustment to fair value	**(21,772)**
Property, plant and equipment net of impairment losses	**5,653**
Non-current receivables (note 14)	**3,338**
Deferred tax assets (note 15)	**3,124**
Inventories (note 16)	**729**
Income tax receivable (note 9)	**46**
Other tax receivable (note 9)	**12**
Biological assets (note 17)	**303**
Trade and other receivables (note 18)	**68**
Exchange differences	**(63)**
Total assets held for sale	**13,210**

An impairment loss of $21,772,000 on the measurement of the disposal group to fair value less cost to sell has been recognised and is included in discontinued operations. The fair value less cost to sell has been determined from a valuation range obtained through the sales marketing process, through discussion with potential buyers and review of internal forecasts. Management do not expect the final amount realised to be materially different from this. They are categorised as level 3 non-recurring fair value measurements. The fair value measurement is based on the above items' highest and best uses, which do not differ from their actual use.

At 31 December 2021, the expected loss provision for receivables in assets held for sale is as follows:

	Gross carrying amount $000	Loss provision $000	Net carrying amount $000
2021			
Trade receivable	**12**	**-**	**12**
Other receivables (note 18)	**23**	**-**	**23**
Receivables: non-current (note 14)			
- Due from cooperatives under Plasma scheme	**12,136**	**(8,798)**	**3,338**
	12,171	**(8,798)**	**3,373**

11 Earnings per ordinary share ("EPS")

	2021	(Restated) 2020
	$000	$000
Total operations		
Profit for the year attributable to owners of the Company before BA movement	**65,485**	30,653
BA movement	**2,856**	1,051
Earnings used in basic and diluted EPS	**68,341**	31,704
Continuing operations		
Profit for the year attributable to owners of the Company before BA movement	**93,245**	35,399
BA movement	**2,809**	994
Earnings used in basic and diluted EPS	**96,054**	36,393
Discontinued operations		
Profit for the year attributable to owners of the Company before BA movement	**(27,760)**	(4,746)
BA movement	**47**	57
Earnings used in basic and diluted EPS	**(27,713)**	(4,689)
	Number	Number
	'000	'000
Weighted average number of shares in issue in the year		
- used in basic EPS	**39,636**	39,636
- dilutive effect of outstanding share options	**-**	-
- used in diluted EPS	**39,636**	39,636
Total operations		
- Basic and diluted EPS before BA movement	**165.22cts**	77.34cts
- Basic and diluted EPS after BA movement	**172.42cts**	79.99cts
Continuing operations		
- Basic and diluted EPS before BA movement	**235.25cts**	89.31cts
- Basic and diluted EPS after BA movement	**242.34cts**	91.82cts
Discontinued operations		
- Basic and diluted EPS before BA movement	**(70.04)cts**	(11.97)cts
- Basic and diluted EPS after BA movement	**(69.92)cts**	(11.83)cts

12 Dividends

	2021	2020
	$000	$000
Paid during the year		
Final dividend of 1.0cts per ordinary share for the year ended 31 December 2020 (2019: 0.5cts)	**396**	198
Proposed final dividend of 5.0cts per ordinary share for the year ended 31 December 2021 (2020: 1.0cts)	**1,982**	396

The proposed dividend for 2021 is subject to shareholders' approval at the forthcoming annual general meeting and has not been included as a liability in these financial statements.

13 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									
At 1 January 2020 (restated)	214,050	78,359	56,978	62,828	17,990	1,277	846	1,061	433,389
Exchange translations	(2,486)	(1,085)	(321)	(774)	(209)	5	(5)	(28)	(4,903)
Reclassification	-	70	-	2,572	-	-	-	(2,642)	-
Additions	167	1,946	3,821	496	816	109	-	2,263	9,618
Development costs capitalised	10,451	-	1,037	-	-	19	-	-	11,507
Disposal / Written off	(2,447)	(510)	(243)	(239)	(563)	(5)	-	(12)	(4,019)
At 31 December 2020 (restated)	**219,735**	**78,780**	**61,272**	**64,883**	**18,034**	**1,405**	**841**	**642**	**445,592**
Exchange translations	**(2,753)**	**(899)**	**(957)**	**(768)**	**(242)**	**(30)**	**(15)**	**7**	**(5,657)**
Reclassification	**-**	**(19)**	**-**	**2,909**	**19**	**-**	**-**	**(2,909)**	**-**
Additions	**-**	**2,495**	**3,512**	**114**	**1,041**	**592**	**133**	**8,095**	**15,982**
Development costs capitalised	**10,456**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10,456**
Disposals / Written off	**(1,684)**	**(700)**	**(379)**	**(208)**	**(814)**	**(5)**	**-**	**-**	**(3,790)**
Transfer to assets held for sale (note 10)	**(31,888)**	**-**	**(10,963)**	**(6,067)**	**(2,191)**	**-**	**-**	**(127)**	**(51,236)**
At 31 December 2021	**193,866**	**79,657**	**52,485**	**60,863**	**15,847**	**1,962**	**959**	**5,708**	**411,347**
Accumulated depreciation and impairment									
At 1 January 2020 (restated)	84,834	25,843	5,646	21,288	13,295	1,009	187	-	152,102
Exchange translations	(639)	(272)	(56)	(165)	(122)	3	11	-	(1,240)
Reclassification	-	-	-	-	-	-	-	-	-
Charge for the year	9,450	3,587	124	3,476	1,400	82	148	-	18,267
(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 (restated)	**92,479**	**28,649**	**3,518**	**24,456**	**14,034**	**1,091**	**534**	**-**	**164,761**
Exchange translations	**(1,297)**	**(318)**	**(108)**	**(296)**	**(191)**	**(24)**	**(11)**	**-**	**(2,245)**
Reclassification	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Charge for the year	**9,907**	**3,873**	**125**	**3,523**	**1,309**	**82**	**153**	**-**	**18,972**
(Reversal of impairment) / Impairment losses	**(5,437)**	**-**	**1,168**	**-**	**-**	**-**	**133**	**-**	**(4,136)**
Disposal / Written off	**(1,313)**	**(455)**	**-**	**(155)**	**(798)**	**(5)**	**-**	**-**	**(2,726)**
Transfer to assets held for sale (note 10)	**(19,225)**	**-**	**(957)**	**(1,782)**	**(1,847)**	**-**	**-**	**-**	**(23,811)**
At 31 December 2021	**75,114**	**31,749**	**3,746**	**25,746**	**12,507**	**1,144**	**809**	**-**	**150,815**
Carrying amount									
At 31 December 2019 (restated)	129,216	52,516	51,332	41,540	4,695	268	659	1,061	281,287
At 31 December 2020 (restated)	127,256	50,131	57,754	40,427	4,000	314	307	642	280,831
At 31 December 2021	**118,752**	**47,908**	**48,739**	**35,117**	**3,340**	**818**	**150**	**5,708**	**260,532**

13 Property, plant and equipment - continued

The Group had changed the measurement of leasehold land from fair value to historical cost, the details are disclosed in note 3.

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 0% (2020: 8.6%) due to no borrowing cost in 2021. The estates included $nil (2020: $24,000) of interest and $181,000 (2020: $64,000) of overheads capitalised during the year in respect of expenditure on estates under development.

The Indonesian authorities have granted certain land exploitation rights and operating permits for the estates. In the case of established estates in North Sumatera, these rights and permits expire between 2023 and 2056 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 with rights of renewal thereafter. In Kalimantan, land titles were issued between 2015 and 2020 and expire between 2049 and 2054 with rights of renewal thereafter. In Bangka, land titles were issued in 2018 and expire in 2053. The rights and permits for South Sumatera were renewed in 2020. Some of the land is still in application progress to obtain the land title.

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 except leasehold land in Malaysia.

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

There is an impairment of land for $1,168,000 recognised in 2021 based on the land valuation in 2020, which there is no material change within one year. The total value of the Group’s land carried at fair value which was lower than original cost was $13,861,000 (2020: $9,584,000). The land cost of $6,450,000 relates to the land which has been transferred to assets held for sale, the details are disclosed in note 10. The total value of the Group’s right-of-use assets carried at value in use which was lower than original cost was $322,000 (2020: $196,000). For right-of-use assets, the impairment is recognized for $133,000 (2020: $188,000) due to no future economic benefits.

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. The reversal of impairment loss of $5,437,000 recognised in 2021 was primarily due to the increase in CPO price. In 2020, no impairment loss or reversal of impairment loss of plantations had been recognised.

The recoverable amount of the Group’s plantations in 2021 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 $12,899,000 (2020: $33,429,000). The plantations cost of $12,663,000 relates to the plantations which have been transferred to assets held for sale, the details are disclosed in note 10.

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 14.8% (2020: 16.0%). 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 has been performed to show the reasonably possible changes in the key assumptions which would have a material impact on the impairment losses:

	2021	
	Assumption applied	**Increase in impairment $000**
CPO price - decrease of 8%	**$1,000/mt**	**1,325**
Pre-tax discount rate - increase by 300 bps	**14.76%**	**1,771**
Inflation rate - increase by 200 bps	**2.73%**	**1,152**

	2020	
	Assumption applied	Increase in impairment $000
CPO price - decrease of 1%	$650/mt	-
Pre-tax discount rate - increase by 100 bps	15.98%	383
Inflation rate - increase by 100 bps	3.12%	609

14 Receivables: non-current

	2021		2020	
	Book value $000	**Fair value $000**	Book value $000	Fair value $000
Due from non-controlling interests	**5,459**	**3,042**	5,493	3,050
Due from cooperatives under Plasma scheme	**19,879**	**13,122**	16,743	14,857
	25,338	**16,164**	22,236	17,907
Transfer to assets held for sale (note 10)	**(3,338)**	**(2,079)**	-	-
	22,000	**14,085**	22,236	17,907

The non-controlling interests in PT Chaya Pelita Andhika, PT Sawit Graha Manunggal, PT Empat Lawang Agro Perkasa, PT Karya Kencana Sentosa Tiga, PT Riau Agrindo Agung and PT Kahayan Agro Plantation have acquired their interests on deferred terms (see note 28, 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 $16,612,000 (2020: $24,632,000) which is recoverable from the cooperatives, the details with ECL are disclosed in note 10 and note 18.

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% (2020: 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 7.00% (2020: 6.75%).	Discount rate	The higher the discount rate, the lower the fair value.

15 Deferred tax

The movement on the deferred tax account as shown below:

	2021 $000	(Restated) 2020 $000
At 1 January	**13,607**	17,365
Recognised in income statement from continuing operations	**(7,005)**	(3,597)
Recognised in other comprehensive income	**(306)**	130
Transfer to assets held for sale (note 10)	**(3,124)**	-
Exchange differences	**(178)**	(291)
At 31 December	**2,994**	13,607

The most significant movement in deferred tax was due to the utilisation of some of the losses against taxable profits during the year.

15 Deferred tax - continued

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

	Asset $000	Liability $000	Net $000	(Charged)/ credited to income statement $000	(Charged)/ credited to equity $000
2021					
Impairment of land	**139**	**-**	**139**	**100**	**-**
Retirement benefits	**2,304**	**-**	**2,304**	**(78)**	**(280)**
BA movement	**-**	**(2,819)**	**(2,819)**	**(957)**	**-**
Unutilised tax losses	**3,713**	**-**	**3,713**	**(4,303)**	**-**
Unremitted earnings	**-**	**(132)**	**(132)**	**-**	**-**
Other temporary differences	**-**	**(211)**	**(211)**	**158**	**-**
Tax assets / (liabilities)	**6,156**	**(3,162)**	**2,994**	**(5,080)**	**(280)**
Set off of tax	**(1,832)**	**1,832**	**-**	**-**	**-**
Net tax assets / (liabilities)	**4,324**	**(1,330)**	**2,994**	**(5,080)**	**(280)**
2020 (restated)					
Impairment of land	92	-	92	(468)	-
Retirement benefits	2,944	-	2,944	13	116
BA movement	-	(1,934)	(1,934)	(51)	-
Unutilised tax losses	11,360	-	11,360	(3,780)	-
Unremitted earnings	-	(343)	(343)	-	-
Other temporary differences	1,488	-	1,488	(665)	-
Tax assets / (liabilities)	15,884	(2,277)	13,607	(4,951)	116
Set off of tax	(1,495)	1,495	-	-	-
Net tax assets / (liabilities)	14,389	(782)	13,607	(4,951)	116

	2021 $000	2020 $000
A deferred tax asset has not been recognised for the following items:		
Unutilised tax losses	**16,780**	15,532

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 2021, the relevant time limits are 5 years in Indonesia, 7 years in Malaysia and unlimited in UK. At 31 December 2021, all unutilised tax losses were recognised in Indonesia. The unutilised tax losses will expire as per below:

Year	$000
2022	91
2023	651
2024	2,495
2025	476
	3,713

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 $750,462,000 (2020: $689,666,000). 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 2021 by the subsidiaries.

16 Inventories

	2021 $000	2020 $000
Estate and mill consumables	**8,433**	6,873
Processed produce for sale	**6,612**	5,668
	15,045	12,541
Transfer to assets held for sale (note 10)	**(729)**	-
	14,316	12,541

17 Biological assets

	2021 $000	2020 $000
At 1 January	**8,783**	7,574
Fair value gain recognised in the income statement for continuing operations	**4,349**	1,203
Fair value gain recognised in the income statement for discontinued operations	**64**	71
Transfer to assets held for sale (note 10)	**(303)**	-
Exchange translations	**(90)**	(65)
At 31 December	**12,803**	8,783

Following a review of its industry peers and the available research data, the Group has decided to refine the valuation technique applied to its biological assets in order to provide a more comparable result. The refinement recognises that there is insignificant value in the FFB prior to 4 weeks before harvest and therefore the weight of FFB has been calculated based on one month's production rather than two. The impact of this change is immaterial and has been applied prospectively. 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 one month after the 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	The higher the weight, the higher the fair value
		FFB selling price	The higher the selling price, the higher the fair value
		Harvesting cost	The higher the harvesting cost, the lower the fair value

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 $131,000 decrease in the valuation.

18 Trade and other receivables

	2021 $000	2020 $000
Trade receivables	**1,308**	1,354
Other receivables	**1,457**	1,551
Prepayments and accrued income	**2,485**	1,788
	5,250	4,693
Transfer to assets held for sale (note 10)	**(68)**	-
	5,182	4,693

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

18 Trade and other receivables - continued

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:

	2021	2020
	$000	$000
At 1 January	**8,011**	6,273
Loss provision during the year	**1,054**	1,485
Transfer to assets held for sale (note 10)	**(8,798)**	-
Exchange difference	**(87)**	253
At 31 December	**180**	8,011

At 31 December 2021, the expected loss provision for receivables and financial guarantee contracts is as follows:

	Gross carrying amount	Loss provision	Net carrying amount
	$000	$000	$000
2021			
Trade receivable	**1,301**	**(5)**	**1,296**
Other receivables (note 18)	**1,448**	**(14)**	**1,434**
Receivables: non-current (note 14)			
- Due from non-controlling interests	**5,514**	**(55)**	**5,459**
- Due from cooperatives under Plasma scheme	**16,612**	**(71)**	**16,541**
	24,875	**(145)**	**24,730**
Financial guarantee contracts (note 27)	**-**	**(35)**	**(35)**
	24,875	**(180)**	**24,695**

18 Trade and other receivables - continued

	Gross carrying amount $000	Loss provision $000	Net carrying amount $000
2020			
Trade receivables	1,363	(9)	1,354
Other receivables (note 18)	1,566	(15)	1,551
Receivables: non-current (note 14)			
- 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 27)	-	(43)	(43)
	33,109	(8,011)	25,098

19 Notes supporting statement of cash flows

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

	2021 $000	2020 $000
Cash at bank available on demand	**43,464**	41,029
Short-term deposits	**174,766**	74,164
Cash in hand	**19**	18
As reported in statement of financial position	**218,249**	115,211

Significant non-cash transactions from investing activities are as follows:	**2021 $000**	2020 $000
Property, plant and equipment purchased but not yet paid at year end	**222**	160
Repaid through purchase of FFB	**6,374**	3,849

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

	Current loans and borrowings $000	**Non-current lease liabilities $000**	**Current lease liabilities $000**	**Total $000**
At 1 January 2021	**-**	**(217)**	**(236)**	**(453)**
Cash Flows	**-**	**167**	**85**	**252**
Non-cash flows				
- Effect of foreign exchange	**-**	**4**	**4**	**8**
- New lease	**-**	**(110)**	**(113)**	**(223)**
- Lease liabilities classified as non-current at 31 December 2020 becoming current during 2021	**-**	**46**	**(46)**	**-**
- Interest accruing during the year	**-**	**-**	**(24)**	**(24)**
- Write off		**-**	**90**	**90**
	-	**(110)**	**(240)**	**(350)**

	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	-	-	-	-
- Loans and borrowings classified as non-current at 31 December 2019 becoming current during 2020	-	236	(236)	-
- Interest accruing during the year	-	-	(35)	(35)
	-	(217)	(236)	(453)

20 Trade and other payables

	2021 $000	2020 $000
Trade payables	**8,821**	6,254
Other payables	**1,305**	1,387
Advance receipts	**10,237**	7,070
Accruals	**12,170**	11,599
	32,533	26,310

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. The advance receipts at 31 December 2020 have been recognised in revenue in the current period.

21 Leases

	2021 $000	2020 $000
Lease liabilities analysed as:		
Non-current	**(110)**	(217)
Current	**(240)**	(236)
	(350)	(453)

The weighted average incremental borrowing rate per annum was 5.5% (2020: 6.8%).

Maturity analysis for the lease liabilities has been given in note 28.

Amounts recognised in income statement:

	2021 $000	2020 $000
Depreciation expense on right-of-use assets (note 13)	**(153)**	(148)
Interest expense on lease liabilities	**(24)**	(35)
Expense relating to short-term leases	**(353)**	(386)
Expense relating to leases of low value assets	**(6)**	(6)
	(536)	(575)

At 31 December 2021, the Group is committed to $0.01 million (2020: $0.01 million) for short-term leases.

All the leases are fixed payments. The total cash outflow for leases amount to $0.62 million (2020: $0.65 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. (2020: 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 13.

21 Leases - continued

Right-of-Use assets

	Land $000	Building $000	Total $000
At 1 January 2021	**-**	**307**	**307**
Additions	**133**	**-**	**133**
Amortisation	**-**	**(153)**	**(153)**
Impairment losses	**(133)**	**-**	**(133)**
Effect of foreign exchange	**-**	**(4)**	**(4)**
At 31 December 2021	**-**	**150**	**150**

	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

Lease liabilities

	Land $000	Building $000	Total $000
At 1 January 2021	**(126)**	**(327)**	**(453)**
Additions	**(133)**	**-**	**(133)**
Interest expense	**(9)**	**(15)**	**(24)**
Lease payments	**81**	**171**	**252**
Effect of foreign exchange	**4**	**4**	**8**
At 31 December 2021	**(183)**	**(167)**	**(350)**

	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)

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 13.

22 Retirement benefits

The Group provides Post-Employment Benefit plans to its employees in Indonesia in accordance with Job Creation Law No.11/2020, Government Regulation No.35/2021 effective since February 2021 and Collective Labour Agreements. The impact of the implementation of this regulation based on the calculation by actuarial is reduction in retirement benefits of $2,212,000 due to change on benefit scheme of post-employment benefit program for non-staff employee. 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:

	2021	2020
Rate of increase in wages	**8.0%**	8.0%
Discount rate	**7.5%**	7.0%
Mortality rate*	**100% TMI4**	100% TMI4
Disability rate	**10% TMI4**	10% TMI4

	2021 $000	2020 $000
Service cost		
Current service cost	**1,660**	1,555
Past service cost	**(2,121)**	313
Settlement (gain) / loss	**-**	(930)
Net interest expense	**735**	825
Actuarial (gain) / loss	**(102)**	30
Total employee benefits expense	**172**	1,793

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

	2021 $000	2020 $000
Included in other comprehensive income:		
Continuing operations	**995**	(613)
Discontinued operations	**91**	(36)
Remeasurement of retirement benefit plan, net of tax recognised in other comprehensive income	**1,086**	(649)
Included in other comprehensive income:		
Remeasurement of retirement benefit plan	**1,392**	(779)
Deferred tax on retirement benefits	**(306)**	130
Remeasurement of retirement benefit plan, net of tax recognised in other comprehensive income / (expenses)	**1,086**	(649)

22 Retirement benefits - continued

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

	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
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)

22 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 2021	(4,674)	(9,943)	(14,617)	1,234	-	1,234	(3,440)	(9,943)	(13,383)
Service cost - current	(439)	(1,221)	(1,660)	-	-	-	(439)	(1,221)	(1,660)
Service cost - past	(91)	2,212	2,121	-	-	-	(91)	2,212	2,121
Interest (cost) / income	(290)	(532)	(822)	87	-	87	(203)	(532)	(735)
Actuarial gain	-	102	102	-	-	-	-	102	102
Included in income statement	(820)	561	(259)	87	-	87	(733)	561	(172)
Remeasurement (loss) / gain									
Actuarial (loss) / gain from:									
Adjustments (experience)	452	370	822	-	-	-	452	370	822
Financial assumptions	180	450	630	-	-	-	180	450	630
Return on plan assets (exclude interest)	-	-	-	(60)	-	(60)	(60)	-	(60)
Included in other comprehensive income	632	820	1,452	(60)	-	(60)	572	820	1,392
Effect of movements in exchange rates	54	119	173	(14)	-	(14)	40	119	159
Benefits paid	239	266	505	-	-	-	239	266	505
Other movements	293	385	678	(14)	-	(14)	279	385	664
At 31 December 2021	(4,569)	(8,177)	(12,746)	1,247	-	1,247	(3,322)	(8,177)	(11,499)

22 Retirement benefits - continued

(ii) Disaggregation of defined benefit scheme assets

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

	2021	2020
	$000	$000
Bonds		
- Government bonds	**275**	-
- Corporate bonds	**2**	7
- Mutual fund bonds	**-**	282
	277	289
Cash / deposits	**970**	945
	1,247	1,234

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%)**	**(1,192)**	**1,384**
Growth in wages	**(+ / - 1%)**	**1,421**	**(1,244)**
Future mortality rate	**(+ / - 10%)**	**63**	**(63)**

The weighted average duration of the defined benefit obligation is 11.10 years (2020: 15.57 years).

The total contribution paid into the defined contribution plan in 2021 amounted to $239,000. The Group expects to pay contributions of $202,000 to the funded plans in 2022. For the unfunded plans, the Group pays the benefits directly to the individuals; the Group expects to make direct benefit payments of $330,000 for defined benefit plan and $246,000 for defined contribution plan in 2022.

23 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**

	2021	2020	**Cost 2021**	Cost 2020
Treasury shares:	**Number**	Number	**$'000**	$'000
Beginning of year	**339,900**	339,900	**(1,171)**	(1,171)
Share options exercised	**-**	-	**-**	-
End of year	**339,900**	339,900	**(1,171)**	(1,171)

Market value of treasury shares:	$'000
Beginning of year (583.0p/share)	2,705
End of year (720.0p/share)	**3,298**

No treasury share was purchased in 2021 (2020: 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.

24 Ultimate controlling shareholder

At 31 December 2021, Genton International Limited ("Genton"), a company registered in Hong Kong, held 20,247,814 (2020: 20,247,814) shares of the Company representing 51.1% (2020: 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.

25 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 $352,180 (2020: $345,559). There was no balance outstanding at the year end (2020: Nil).

In 2019, a land lease agreement was entered with Kuang Rong Holdings Sdn Bhd, company controlled by Madam Lim Siew Kim. The lease agreement was terminated in 2021. The rental paid during the year was $33,589 (2020: $79,914). There was no balance outstanding at the year end (2020: Nil).

In 2021, a land lease agreement was entered with Hana Bestari Sdn Bhd, company controlled by Madam Lim Siew Kim. The rental paid during the year was $46,325. There was no balance outstanding at the year end.

In 2021, the final dividend paid to Genton International Limited, a company controlled by Madam Lim Siew Kim, was $202,478 for the year ended 31 December 2020 (2020: $107,239 for the year ended 31 December 2019). The final dividend paid to other companies controlled by Madam Lim Siew Kim was $3,041 for the year ended 31 December 2020 (2020: $1,521 for the year ended 31 December 2019). There was no balance outstanding at the year end (2020: Nil).

26 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.

27 Guarantees and other financial commitments

	2021	2020
	$000	$000
Capital commitments at 31 December		
Contracted but not provided - normal estate operations	**979**	29
Contracted but not provided – mill development	**22,352**	-
Authorised but not contracted - plantation and mill development	**26,517**	49,721

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 14, in relation to a loan taken by KBSS from PT Bank Mandiri (Persero) Tbk. of Rp226.02 billion ($15.8 million) (2020: Rp226.02 billion, $16.0 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 $11.7 million as at 31 December 2021 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) (2020: Rp8.75 billion, $0.6 million), with 10 (Ten) years maturity period effective from 24 July 2017 with an interest rate of 13.25% per annum and in 2021 decreased to 12.5% per annum. This loan is collateralized by 125.4 hectares of KPPM’s land 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 2021 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 $35,000 (2020: $43,000). The details of the ECL were disclosed in note 18.

28 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 excluding advance receipts 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 2021 and 2020 were:

	Amortised cost $000	Financial liabilities at amortised cost $000	Total carrying value $000
2021			
Non-current receivables	**22,000**	**-**	**22,000**
Trade and other receivables	**2,730**	**-**	**2,730**
Short-term investments	**1,439**	**-**	**1,439**
Cash and cash equivalent	**218,249**	**-**	**218,249**
Trade and other payables	**-**	**(22,296)**	**(22,296)**
	244,418	**(22,296)**	**222,122**

	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
Trade and other payables	-	(19,240)	(19,240)
	142,309	(19,240)	123,069

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 14 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 14); and

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 $52,710,000 (2020: $54,573,000), while the statement of financial position value of the Group's share of underlying assets at 31 December 2021 amounted to $440,030,000 (2020: $375,433,000).

28 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 2.74% higher (2020: 4.02% higher) than on US Dollar deposits. The unmatched balance at 31 December 2021 is represented by the $13,504,000 shown in the table below (2020: $13,803,000).

The table below shows the net monetary assets and liabilities of the Group as at 31 December 2021 and 2020 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**
2021			
Rupiah	**12,397**	**-**	**12,397**
US Dollar	**-**	**996**	**996**
Ringgit	**1,107**	**-**	**1,107**
Total	**13,504**	**996**	**14,500**
2020			
Rupiah	12,086	-	12,086
US Dollar	-	259	259
Ringgit	1,717	-	1,717
Total	13,803	259	14,062

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:

		2021			2020	
	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	**22,000**	**(1,504)**	**1,838**	22,236	(1,522)	1,860
Trade and other receivables	**2,730**	**(244)**	**298**	2,905	(261)	319
Short-term investments	**1,439**	**(131)**	**160**	1,957	(178)	217
Cash and cash equivalents	**218,249**	**(19,695)**	**24,072**	115,211	(10,433)	12,752
Financial Liabilities						
Trade and other payables	**(22,296)**	**1,914**	**(2,339)**	(19,240)	1,636	(2,000)
Total (decrease) / increase		**(19,660)**	**24,029**		(10,758)	13,148

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 2021, the Group had no external loans and facilities.

28 Disclosure of financial instruments and other risks - continued

Liquidity risk - continued
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 2021					
Trade and other payables	**(10,013)**	**(31)**	**(22)**	**(60)**	**(10,126)**
Accruals	**(8,450)**	**(135)**	**(243)**	**(3,343)**	**(12,171)**
Lease liabilities	**(252)**	**(81)**	**(34)**	**-**	**(367)**
	(18,715)	**(247)**	**(299)**	**(3,403)**	**(22,664)**
Financial guarantee contracts provided to Plasma					
- loan repayment by Plasma	**(1,142)**	**(1,759)**	**(628)**	**-**	**(3,529)**
	(19,857)	**(2,006)**	**(927)**	**(3,403)**	**(26,193)**
At 31 December 2020					
Trade and other payables	(7,641)	-	-	-	(7,641)
Accruals	(7,850)	(112)	(243)	(3,394)	(11.599)
Lease liabilities	(257)	(222)	-	-	(479)
	(15,748)	(334)	(243)	(3.394)	(19,719)
Financial guarantee contracts provided to Plasma					
- loan repayment by Plasma	(773)	(2,535)	(928)	(107)	(4,343)
	(16,521)	(2,869)	(1,171)	(3,501)	(24,062)

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 2021, so the effect of variations in borrowing rates is more than offset. A 1% change in the deposit interest rate would not have a significant impact on the Group's reported results as shown in the table below.

		2021			2020	
	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	**1,439**	**(12)**	**14**	1,957	(18)	16
Cash and cash equivalents	**218,249**	**(2,112)**	**2,135**	115,211	(1,102)	1,118
Total (decrease) / increase		**(2,124)**	**2,149**		(1,120)	1,134

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

28 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, cash and cash equivalent and short-term investments) at 31 December were:

	Total $000	Fixed rate $000	Variable rate $000	No interest $000
2021				
Sterling	**996**	**-**	**63**	**933**
US Dollar	**18,504**	**5,459**	**9,131**	**3,914**
Rupiah	**220,238**	**-**	**202,442**	**17,796**
Ringgit	**4,680**	**-**	**3,250**	**1,430**
Total	**244,418**	**5,459**	**214,886**	**24,073**
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

Long-term receivables of $5,514,000 (2020: $5,548,000) comprise US Dollar denominated amounts due from non-controlling interests as described in note 14 on which interest is due at a fixed rate of 6%.

Average US Dollar deposit rate in 2021 was 0.30% (2020: 1.75%) and Rupiah deposit rate was 3.04% (2020: 5.77%).

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

	Total $000	Fixed rate $000	Variable rate $000	No interest $000
2021				
Sterling	**-**	**-**	**-**	**-**
US Dollar	**(1,110)**	**-**	**-**	**(1,110)**
Rupiah	**(20,864)**	**-**	**-**	**(20,864)**
Ringgit	**(322)**	**-**	**-**	**(322)**
Total	**(22,296)**	**-**	**-**	**(22,296)**
2020				
Sterling	-	-	-	-
US Dollar	(1,109)	-	-	(1,109)
Rupiah	(17,676)	-	-	(17,676)
Ringgit	(455)	-	-	(455)
Total	(19,240)	-	-	(19,240)

Weighted average interest rate on variable rate borrowings was nil in 2021 (2020: 6.75%).

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.

28 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 18. 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.

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

All of the Group's debt instruments at amortised costs other than trade receivables are considered to have a low credit risk, 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.

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

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued. Accordingly,12-month ECL have been recognised at 1% on the financial guarantee contracts and disclosed in note 27.

Information regarding other non-current assets and trade and other receivables is disclosed in notes 14 and 18 respectively. Amounts receivable from local partners before ECL, amounting to $5,514,000 (2020: $5,548,000), 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 14, 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 18 and note 10.

28 Disclosure of financial instruments and other risks - continued

Credit risk - continued

Deposits with banks and other financial institutions and investment securities 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 27.

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 $440,030,000 at 31 December 2021 (2020: $375,433,000).

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 2021, the Group had no borrowings (2020: Nil) but, depending on market conditions, the Board is prepared for the Group to have net borrowings.

Plantation industry risk

Please refer to pages 43 - 47.

29 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	
		2021	2020	**2021**	2020
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

30 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	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	$000	$000	**$000**	$000	**$000**	$000	**$000**	$000	**$000**	$000
Revenue	**91,945**	59,166	**64,374**	37,492	**87,259**	51,944	**73,827**	46,865	**79,728**	42,782
Profit after tax	**16,771**	8,554	**12,276**	5,236	**15,747**	6,381	**7,192**	9,162	**22,384**	6,394
Other comprehensive (expense) / income	**(1,623)**	(1,845)	**(878)**	(960)	**(695)**	(1,028)	**(1,722)**	(1,950)	**15**	100
Total comprehensive income	**15,148**	6,709	**11,398**	4,276	**15,052**	5,353	**5,470**	7,212	**22,399**	6,494
Profit allocated to NCI	**3,354**	1,711	**1,228**	524	**1,575**	638	**1,438**	1,832	**4,075**	1,164
Other comprehensive (expenses) / income allocated to NCI	**(325)**	(369)	**(88)**	(96)	**(70)**	(103)	**(344)**	(390)	**3**	18
Total comprehensive income allocated to NCI	**3,029**	1,342	**1,140**	428	**1,505**	535	**1,094**	1,442	**4,078**	1,182
Dividends paid to NCI	**17**	3	**144**	35	**12**	2	**46**	24	**-**	-
Summarised statement of financial position										
As at 31 December	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	$000	$000	**$000**	$000	**$000**	$000	**$000**	$000	**$000**	$000
Non-current assets	**73,334**	102,162	**64,458**	69,152	**51,237**	50,533	**123,967**	127,717	**80,093**	81,287
Current assets	**78,140**	32,177	**27,153**	11,033	**48,527**	32,217	**25,392**	16,029	**19,394**	16,456
Non-current liabilities	**(749)**	(1,122)	**(1,329)**	(1,405)	**(2,759)**	(2,912)	**(1,251)**	(1,470)	**(52,557)**	(74,902)
Current liabilities	**(7,555)**	(5,395)	**(6,263)**	(4,801)	**(9,829)**	(7,670)	**(5,873)**	(5,593)	**(9,567)**	(7,896)
Net assets	**143,170**	127,822	**84,019**	73,979	**87,176**	72,168	**142,235**	136,683	**37,363**	14,945
Accumulated NCI	**28,634**	25,564	**8,402**	7,398	**8,718**	7,217	**28,447**	27,337	**6,800**	2,720
Summarised cash flows										
For the year ended 31 December	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020	**2021**	2020
	$000	$000	**$000**	$000	**$000**	$000	**$000**	$000	**$000**	$000
Cash flows from operating activities	**25,736**	8,297	**19,297**	1,850	**16,547**	10,133	**7,282**	3,792	**27,075**	15,853
Cash flows (used in) / from investing activities	**(1,221)**	2,641	**(1,707)**	(996)	**(3,028)**	(2,559)	**(587)**	(344)	**(4,355)**	(4,145)
Cash flows from / (used in) financing activities	**22,413**	(13)	**(1,553)**	(343)	**(41)**	(483)	**(150)**	(33)	**(21,689)**	(11,297)
Net cash inflows	**46,928**	10,925	**16,037**	511	**13,478**	7,091	**6,545**	3,415	**1,031**	411

31 Investments

	2021 $000	2020 $000
Financial assets at fair value through profit or loss (listed)		
At 1 January	**-**	-
Addition	**49**	-
Revaluation gain	**-**	-
Exchange differences	**-**	-
At 31 December	**49**	-

32 Events after the reporting period

On 27 April 2022 the Indonesian government banned the export of CPO to try to stem the rising cost of cooking oil in Indonesia. This export ban will be reviewed monthly, or as often as needed, and whilst in place, will affect the tender price AEP will achieve as the CPO is sold locally.

Company Statement of Financial Position
As at 31 December 2021

Company Number: 1884630

	Note	**2021 $000**	2020 $000
Non-current assets			
Investments in subsidiaries	4	**52,673**	54,536
Investments		**49**	-
		52,722	54,536
Current assets			
Receivables	5	**2,154**	3,681
Cash at bank and in hand		**1,599**	448
		3,753	4,129
Current liabilities			
Other payables	6	**(3,544)**	(3,542)
Net current assets		**209**	587
Net assets		**52,931**	55,123
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		**11,896**	7,241
Profit / (Loss) for the year		**(1,796)**	4,853
Dividends paid		**(396)**	(198)
Retained earnings		**9,704**	11,896
Shareholders' funds		**52,931**	55,123

The loss after tax for the year for the Company dealt with in the consolidated financial statements of the Company was $1,796,000 (2020: profit after tax $4,853,000).

The financial statements were approved and authorised for issue by the Board of Directors on 29 April 2022 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 statement of financial position.

Company Statement of Changes in Equity
For the year ended 31 December 2021

	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 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**
Comprehensive loss for the year							
Loss for the year	**-**	**-**	**-**	**-**	**-**	**(1,796)**	**(1,796)**
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**-**	**(1,796)**	**(1,796)**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**(396)**	**(396)**
Balance at 31 December 2021	**15,504**	**(1,171)**	**23,935**	**1,087**	**3,872**	**9,704**	**52,931**

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 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 $11.0m (2020: $9.8m) 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 27 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 loss before tax for the year for the Company dealt with in the consolidated financial statements of the Company was $1,792,000 (2020: profit before tax $4,855,000) and loss after tax for the year was $1,796,000 (2020: profit after tax $4,853,000).

The remuneration of the directors of the Company is disclosed in note 8 to the consolidated financial statements. Auditor's remuneration is disclosed in note 6 to the consolidated financial statements.

4 Investments in subsidiaries

	Investments in subsidiaries undertakings $000	Loans to subsidiaries undertakings $000	Total $000
At 1 January 2020	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**
Movements during the year:			
Repayment	**-**	**(1,863)**	**(1,863)**
Loss provision	**-**	**-**	**-**
At 31 December 2021	**12,253**	**40,420**	**52,673**

	2021 $000	2020 $000
Net carrying amount		
At 31 December	**52,673**	54,536

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 29 of the consolidated financial statements.

5 Receivables

	2021 $000	2020 $000
Amounts owed by group undertakings:		
Anglo-Eastern Plantations Management Sdn Bhd	**2,092**	2,612
PT Hijau Pyran Perdana	**-**	183
PT Sawit Graha Manunggal	**-**	831
PT Anglo-Eastern Plantations Management Indonesia	**17**	17
	2,109	3,643
Other receivables	**45**	38
	2,154	3,681

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 18 and note 28 of the consolidated financial statements.

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

	2021 $000	2020 $000
At 1 January	**1,515**	6,649
Loss provision / (Reversal of loss provision) during the year	**634**	(5,134)
At 31 December	**2,149**	1,515

At 31 December 2021, the expected loss provision for receivables was as follows:

	Gross carrying amount $000	**Loss provision $000**	**Net carrying amount $000**
2021			
Amounts owed by group undertakings	**4,213**	**(2,104)**	**2,109**
Other receivables	**53**	**(8)**	**45**
Investments in subsidiaries (note 4)			
- Loans to subsidiaries undertakings	**40,457**	**(37)**	**40,420**
	44,723	**(2,149)**	**42,574**

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

6 Other payables

	2021 $000	2020 $000
Amounts owed to group undertakings:		
Mergerset (1980) Limited	**2,163**	2,163
Musam Indonesia Limited	**246**	246
	2,409	2,409
Accruals	**1,135**	1,133
	3,544	3,542

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 23 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 $262,237 (2020: $255,616). There was no balance outstanding at the year end (2020: 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 25 of the consolidated financial statements.

Transactions between the Company and its subsidiaries are disclosed below:

Nature of transactions	Name	2021 $000	2020 $000
Management fees from	Anglo-Eastern Plantations Malaysia Sdn Bhd	**57**	20
Commissioner services income	PT Anglo-Eastern Plantations Management Indonesia	**17**	17
Corporate guarantee fees from	PT Sawit Graha Manunggal	**-**	131
Receivable from	Subsidiaries (note 5)	**4,213**	5,113
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

	2021 Number	2020 Number
Average numbers employed during the year		
- directors	**4**	4
- staff	**-**	-
	4	4

	2021 $000	2020 $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 72 - 78 of which certain information on page 76 has been audited.

	2021 $000	2020 $000
Directors' emoluments	**187**	200

10 Dividends

The details of the dividends are disclosed in note 12 of the consolidated financial statements.

11 Guarantees and other financial commitments

The Company has provided nil guarantees for loans to subsidiaries (2020: nil) as set out in note 27 of the consolidated financial statements.

Notice of Annual General Meeting

Notice is hereby given that the thirty-seventh Annual General Meeting of Anglo-Eastern Plantations Plc will be held at the office of UHY Hacker Young LLP, 6th Floor, Quadrant House, 4 Thomas More Square, London E1W 1YW on Monday 27 June 2022 at 11.00am (UK 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 2021.

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 2021.

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 2023 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 2023 (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 2023 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
24 May 2022

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 23 June 2022 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 23 June 2022 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 2022 (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 2022 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

4. The instrument appointing a proxy must be deposited at the office of the Registrar by 9.30 a.m. (UK time) on 23 June 2022 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 27 June 2022 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 23 June 2022. 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 23 June 2022 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:

    (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

London Office
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

Malaysian Office
Anglo-Eastern Plantations Management Sdn Bhd
7th Floor, Wisma Equity
150 Jalan Ampang
50450 Kuala Lumpur
Malaysia
Tel: 60 (0)3 2162 9808
Fax: 60 (0)3 2164 8922

Indonesian Office
PT Anglo-Eastern Plantations Management Indonesia
3rd Floor, Wisma HSBC, Jalan Diponegoro, Kav 11
Medan 20152
North Sumatera
Indonesia
Tel: 62 (0)61 452 0107
Fax: 62 (0)61 452 0029

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

Company website

https://www.angloeastern.co.uk/

Company advisers

Auditor
BDO LLP
55 Baker Street
London W1U 7EU
United Kingdom

Principal Bankers
National Westminster Bank Plc
Liverpool Street Station
216 Bishopsgate
London EC2M 4QB
United Kingdom

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

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

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

Registrars
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZY
United Kingdom

Solicitors
Withers LLP
20 Old Bailey
London EC4M 7AN
United Kingdom

Broker
Panmure Gordon (UK) Limited
One New Change
London EC4M 9AF
United Kingdom