

Annual report



Location of the Group's properties and those of its associates





Oil-palm nursery.



NAPCo cattle at the Company's Wainui feedlot.

**The M. P. Evans Group operates
oil-palm and rubber plantations in Indonesia
oil-palm plantations and property development in Malaysia
and beef-cattle farming in Australia**

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Officers, professional advisers and representatives

Chairman

Richard M Robinow

Non-executive independent

Appointed a director in 1999 and chairman in February 2005. Chairman of R.E.A. Holdings plc and a non-executive director of the Belgian plantation group, SA SIPEF NV. Member of the audit and remuneration committees. (Age 60)

Executive directors

Philip A Fletcher, FCA

Joint chief executive

Appointed a director in 1987, managing director in 1991 and executive chairman between 1999 and 2005. Former executive director of Bertam Holdings PLC and Lendu Holdings PLC. Joined the Group in 1982 after initial career in accountancy with KPMG in London and Sydney and in industry with The RTZ Corporation PLC group. (Age 56)

Peter E Hadsley-Chaplin, MA MBA

Joint chief executive

Appointed a director in 1989. Former executive chairman of Bertam Holdings PLC and Lendu Holdings PLC. A director of The North Australian Pastoral Company Pty Limited. Former chairman of The Association of the International Rubber Trade. Prior to joining the Group in 1988 he was a commodity broker with C Czarnikow Limited. (Age 48)

O David Wilkinson, BSc

Appointed a director in 2005. Former executive director of Bertam Holdings PLC. Formerly a planter with Harrison's Malaysian Plantations Berhad (now Golden Hope Berhad) before involvement in the retail and property-development sectors in Malaysia, where he is resident. (Age 47)

Non-executive directors

Konrad P Legg

Senior independent

Appointed a director in 1987. A non-executive director of Coburg Group plc. A former non-executive director of Lendu Holdings PLC. Chairman of the audit and remuneration committees. (Age 62)

J Derek Shaw, FRAGS

Independent

Appointed a director in 2005. A director of The North Australian Pastoral Company Pty Limited. Former chairman of Linden Foods Limited and former chairman and founder of the Australian cotton producer, Colly Farms Cotton Limited. Former non-executive deputy chairman of Lendu Holdings PLC. Member of the audit and remuneration committees. (Age 65)

Left to right standing; Konrad Legg, David Wilkinson, Derek Shaw, seated; Philip Fletcher, Richard Robinow, Peter Hadsley-Chaplin.





Summary of results

For the year ended 31 December 2005

	2005 £'000	2004 as restated* £'000
Turnover	12,182	12,911
Gross profit	5,082	6,374
Profit on ordinary activities before taxation	7,576	10,862
Profit on ordinary activities attributable to members	4,460	6,599
Equity shareholders' funds	70,970	59,834
Net cash inflow from operating activities	5,499	9,160
	Pence	Pence
Basic earnings per 10p share	8.86	13.86
Equity dividend per 10p share in respect of the year	6.25	6.00

* Details concerning the restatement of the comparative figures are dealt with in notes 1(b) and 11 to the financial statements on pages 34 and 41 respectively.

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M.P. Evans
GROUP PLC 

Chairman's statement



for the year ended 31 December 2005

Results

As foreshadowed in the interim report, trading conditions (mainly palm-oil prices) were not as favourable in 2005 compared with 2004. As a result, the profit before taxation amounted to £7,576,000 against 2004's (restated) £10,862,000. The Group generated net operating cash flows of £5,499,000 (2004 £9,160,000 (restated)). The balance sheet remains strong.

Crops of oil palm fresh fruit bunches ("f.f.b.") on both the majority-owned estates (222,700 tonnes (2004 - 228,300 tonnes)) and those held by associates (334,800 tonnes (2004 - 336,000)) were broadly similar to 2004 but, as world production and stocks increased, the palm-oil price eased. The average for 2005 was US\$420 per tonne compared with the high level of US\$475 in 2004. The weakness of the US Dollar against Sterling in the first half of the year had a negative effect on the results although this improved in the second half. As a consequence, plantation profits for the year were lower than the previous year. A small profit was recorded from the Group's cattle-fattening property in Queensland, Woodlands, after its first full year of operation.

Of the non-plantation associates, the 40%-held Bertam Properties Sdn. Bhd. reported fewer property disposals during 2005 and, as a result, lower profits. However, the 27.92%-owned (now 29.29% following a purchase in 2006) The North Australian Pastoral Company Pty. Limited ("NAPCo"), which was primarily acquired with the acquisition of Lendu Holdings PLC ("Lendu") in February 2005, contributed to the Group's results for the first time. A severe drought in the eastern part of Australia in the first half made

operations difficult and a number of young cattle had to be turned off earlier and lighter than would have been ideal. Nevertheless, a satisfactory profit was achieved for the year as a whole.

Dividend

As referred to below, agreements have been signed for the sale of three of the Malaysian estates, with the funds having been received in respect of Sungei Reyla. In the light of this, and of the results referred to above, your board proposes a final dividend of 4.25p per share which, together with the interim dividend of 2.00p paid in November 2005, makes 6.25p for the year, compared with 6.00p in respect of 2004.

Strategy implementation

Substantial progress has been achieved in the implementation of the new strategy since the merger with Bertam Holdings PLC and Lendu in February last year. The strategy remains, as stated in the 2005 merger documentation, to take advantage of the substantial real-estate value that has accrued to the Malaysian plantations by selling them and investing both into substantially larger oil-palm developments in Indonesia and also into the Australian beef-cattle sector.

Over the past year or so, agreements have been signed in relation to the sale of three of the Group's six Malaysian estates for a total of approximately £16.5 million. With regard to new investment, progress has been made on the 12,000-hectare oil-palm development on Bangka Island, which lies off the south-east coast of Sumatra. It remains the Group's policy to identify further areas of new land suitable for oil-palm development in Indonesia.



Encouraging progress has also been made in relation to new Australian investments. On 31 March 2006, the acquisition of Flinton Station ("Flinton"), comprising 7,586 hectares, was completed for a total of A\$7.5 million. Flinton lies immediately adjacent to the Group's 11,826-hectare property, Woodlands. By combining the two operations, greater economies of scale are expected to be achieved and it is also believed that the average value per acre of both properties is likely to have risen. Since the 2005 interim report, the Group has slightly increased its share in NAPCo from 27.92% to 29.29%. Further investment in NAPCo will be considered by the board as and when appropriate opportunities arise.

Prospects

F.f.b. crops on the majority-owned Indonesian estates have been slightly below expectations to date in 2006 but, at this stage, it is anticipated that a modest increase over last year as a whole will be achieved. Those Malaysian estates which have not yet been sold are anticipated to show similarly increased crops but it is possible that some of these too may be disposed of during the year. Of the associated companies, PT Agro Muko is again expected to show a marked increase in palm-oil production. It is, however, a little early in the year to make precise predictions.

Palm-oil prices have, to date in 2006, continued in the acceptable US\$400 to US\$450 range. After threatening to drop down through the US\$400 level, positive sentiment derived from expectations of a slowing of the increase in palm-oil production and the under-pinning effect of increased demand for vegetable oil for use in bio fuels, has maintained the

price level. Beef-cattle prices have held up well, helped by the continuing ban by Japan of American beef because of BSE fears.

On the exchange-rate front, the most notable matter has been the strength of the Indonesian Rupiah against the US Dollar. At US\$1 = Rp8,750, this represents a near 11% appreciation from the rate at the year end and reflects the level of interest rates in Indonesia. This strengthening of the Rupiah has a negative effect on our earnings in Sterling terms.

The board remains positive about the long-term strategic prospects for the Group and specifically for both the palm-oil and beef markets.

Acknowledgements

I should like to express the board's appreciation to all our managers, staffs and workforces in our various areas of operation. As shareholders will be aware, some of those connected with our Malaysian operations have already left the Group's employment or will be doing so in the near future as the Malaysian estates are sold. I should like to pay tribute to all those employees who have been so loyal over the years and who have accepted the situation with equanimity. May I, on behalf of the board and shareholders alike, wish them all well in their future endeavours.

Richard Robinow

Chairman

10 May 2006

Review of operations

for the year ended 31 December 2005



Review of results

This is the first full set of annual accounts reflecting the merger that was completed in February 2005. The 2004 Group results, balance sheet and cash-flow statement have all been restated as if the merger with Bertam Holdings PLC had been in place throughout that year. Lendu Holdings PLC (“Lendu”) has been treated on an acquisition-accounting basis and its results, net assets and cash flows have been brought into account as from the date of the merger.

Gross profit

2005 was characterised by crops of oil palm fresh fruit bunches (“f.f.b.”) similar to the previous year, weaker palm oil prices, a volatile Sterling/US Dollar exchange rate and a generally weakening Indonesian Rupiah against the US Dollar. The first profits from the upgraded Australian cattle-fattening property, Woodlands, were recorded. As a result, gross profit for the year amounted to £5,082,000 compared with £6,374,000 for 2004, as restated.

The palm-oil market

Palm oil traded within a relatively narrow band in 2005 between US\$390 and US\$450 per tonne which was, at US\$420 on average, lower than 2004’s US\$475. World production of the two biggest vegetable oils, palm and soybean, increased markedly during 2005 and stocks rose despite continued strong demand. As a result, prices eased.

Exchange rates

The Group’s earnings, cash flows and net assets (reported in sterling) continued to be susceptible to the movements of the currencies in the various areas of operation. The Indonesian Rupiah was generally weak throughout 2005 against the US Dollar but the US Dollar, having remained weak against Sterling in the first half, strengthened in the second so that the average for the whole year was similar to 2004. The average rate for the Malaysian Ringgit against Sterling was similar to 2004. During 2005, the Australian Dollar strengthened a little against Sterling.



The results and the operations of the Group companies in Indonesia, Malaysia and Australia are reviewed in more detail in the reports on pages 8, 12 and 16 respectively.

Other administrative expenses

Other administrative expenses, at £2,075,000 (prior to the credit for goodwill amortisation of £942,000), were some 42% higher than 2004's restated £1,464,000. This was due primarily to legal costs incurred in defending against the continuing lawsuit in connection with Sennah Estate in Indonesia and the increased provision for potential national insurance on unexercised share options. The increase in the share price during the year was responsible for the requirement for a higher provision. Administrative expenses for the Australian activities and the new Bangka project were brought in for the first time in 2005.

The higher cost for administrative expenses was, however, more than offset by the credit arising from the amortisation of negative goodwill. This negative goodwill arose both from the inclusion of Lendu further to the merger in the early part of the year and from the acquisition of shares in The North Australian Pastoral Company Pty. Limited ("NAPCo"). In both cases, the Group's acquisition cost was less than the fair value of the net assets on the balance sheets of the companies acquired, giving rise to negative goodwill. This negative goodwill will be amortised in proportion to the recovery, through usage or sale, of the acquired non-monetary assets.

Associated companies

The share of operating profits/(losses) in associates was as follows:

	Held %	2005 £'000	2004 £'000
P T Agro Muko	31.53	1,759	2,622
P T Kerasaan Indonesia	36.00	605	714
Bertam Properties Sdn. Bhd.	40.00	395	1,211
Kennedy, Burkill & Co. Berhad	20.00	134	212
Asia Green Environmental Sdn. Bhd.	30.00	16	25
NAPCo	27.92	885	—
Lendu Holdings PLC	35.11	—	(182)
		3,794	4,602

Weaker commodity prices and similar f.f.b. crops to the previous year in the associated plantation companies resulted in lower profits. A continuing lacklustre housing market in Malaysia and fewer land disposals resulted in lower profits in Bertam Properties Sdn. Bhd. but these lower results were offset by the inclusion for the first time of the Group's share of NAPCo. The results and the operations of the Group's associated companies in Indonesia, Malaysia and Australia are reviewed in more detail in the reports on pages 8, 12 and 16 respectively.

Exceptional items

Professional costs in connection with the merger in February 2005 amounted to £590,000. As referred to below under "Planting programme", rubber areas on Pangkatan Estate and oil-palm areas on Bilah and Simpang Kiri Estates have been replanted early. Accordingly, the net book values of these plantings amounting to £72,000 have been written off during 2005. As a result of all of the above, the profit on ordinary activities before taxation for the year amounted to £7,576,000 compared with £10,862,000 for 2004 (as restated).

Review of
operations

Indonesia



*The new palm-oil mill on Pangkatan Estate
is now processing f.f.b. from
its own estate as well as from
Bilah and Sennah Estates*



SUMATRA

BANGKA ISLAND

Oil-palm and rubber plantations

MAJORITY-OWNED ESTATES

F.f.b. crops were in line with budget but slightly lower than 2004. The small remaining areas of rubber on Pangkatan and Sennah Estates produced markedly lower crops than last year, albeit at very high prices, as the programme of replanting into oil palm continues. Turnover and results from the Indonesian plantation operations are set out in note 2 to the accounts on page 35.

Pangkatán palm-oil mill

The new palm-oil mill on Pangkatan Estate was commissioned in January 2005 and is now processing f.f.b. from its own estate as well as from Bilah and Sennah Estates. This is the first year in which palm oil and kernels, rather than f.f.b., have been produced and is therefore not comparable with 2004 in that respect. 21,500 tonnes of crude palm oil and 5,000 tonnes of kernels were produced during 2005 and sales by regular tender in the local market were undertaken.

As expected, the extraction rate from the mill has been on the low side, at around 21%, largely due to the poor-quality planting material which was inherited on Sennah Estate. The "Dura" planting material on the estate results in oversize kernels and a thin "mesocarp" which is the fibre from which palm oil is extracted. Palm oil yields are therefore low from Sennah's f.f.b. A replanting programme to counter this problem is referred to in more detail below under "Planting programme".

Composting

One particular feature of the new Pangkatan mill is the composting system which was installed by our associated company, Asia Green Environmental Sdn. Bhd. The key features of the system are that the bunches from which the fruitlets have been removed



Composting at Pangkatan Mill.

are shredded, laid out in windrows and then liquid effluent and an inoculant are applied. The decomposition process takes around three months, after which the resulting nutritious compost is applied in the field. Not only does the system mean that no effluent reaches streams and rivers but the application of the organic compost should, over time, reduce the need for expensive inorganic fertilisers.

Planting programme

Reference was made above to the poor-quality planting material on Sennah Estate which is having the effect of reducing the extraction rate at the Pangkatan mill. The intention is, now that Sennah's old rubber has been replanted with oil palms, to institute a programme of replanting the existing 950 or so hectares of mature palms with modern, high-quality material. This programme is currently under review and the intention will be to balance the cash-flow implications of such a programme in the most efficacious way possible. As at the end of 2005, Sennah Estate had 373 hectares immature (21% of the planted area) and this is expected to rise to 620 hectares (38%) at the end of 2006.

Pangkatán Estate has been in the process of replanting its rubber areas in order to maximise the throughput in the new mill. At the end of 2005, 700 hectares (29%) of the estate were immature and this is

Indonesia

continued

expected to increase to 775 hectares (32%) by the end of 2006. These proportionately large areas of replanting on Sennah and Pangkatan are being done with high-class planting material and not only will they contribute to a substantial increase in crops when they mature but they should also have a beneficial effect on the mill's extraction rate.

Both Simpang Kiri and Bilah Estates are undertaking replanting of areas slightly earlier than would

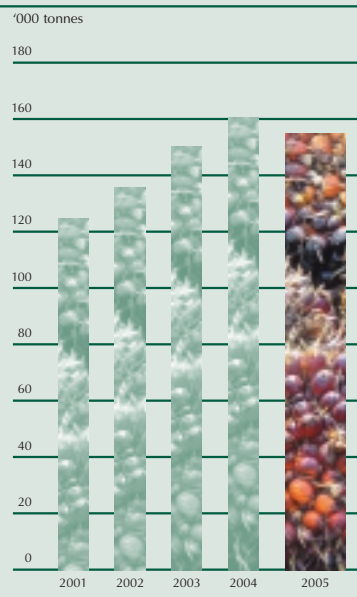
normally be the case. These areas are deemed not to be of an acceptable standard and it is felt to be more beneficial to upgrade them sooner rather than later. On Bilah Estate, the areas in question are very low lying and prone to prolonged flooding, so yields are poor. The replanting is being carried out on platforms and, although this is expensive, it is deemed worthwhile as the resulting yields are expected to be at much higher levels when the palms mature.

ASSOCIATED-COMPANY ESTATES

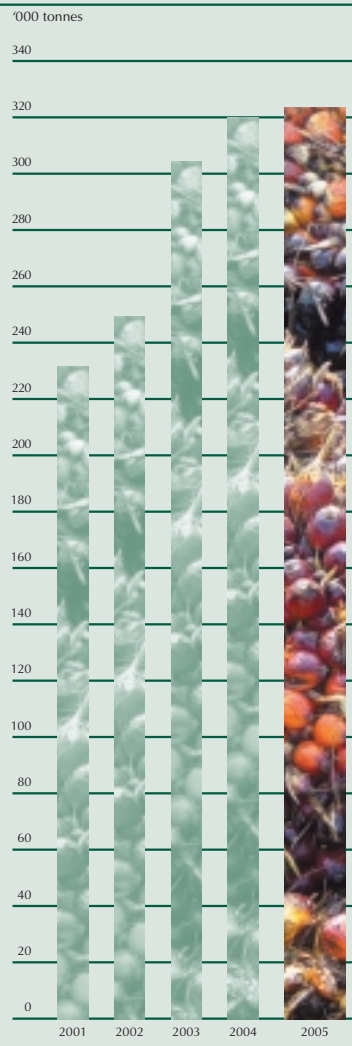
Both PT Agro Muko (31.53% owned) and PT Kerasaan Indonesia (36% owned) reported f.f.b. crops similar to last year. The expected upturn in the second half of the year in the crops of the PT Agro Muko estates disappointingly failed to materialise as the palms took longer than expected to emerge from their down cycle and, in addition, very wet weather was experienced. Similar rubber crops to 2004, but at very strong prices, partially offset the downturn in palm-oil operations.

The planting of the PT Agro Muko estates is expected to be completed by the end of 2006 with some 830 hectares of oil palm and 100 of rubber scheduled for the year. At this point some 19,500 hectares will have been planted; 17,500 with oil palm and 2,000 with rubber. Kerasaan Estate continues to be a well-run mature estate.

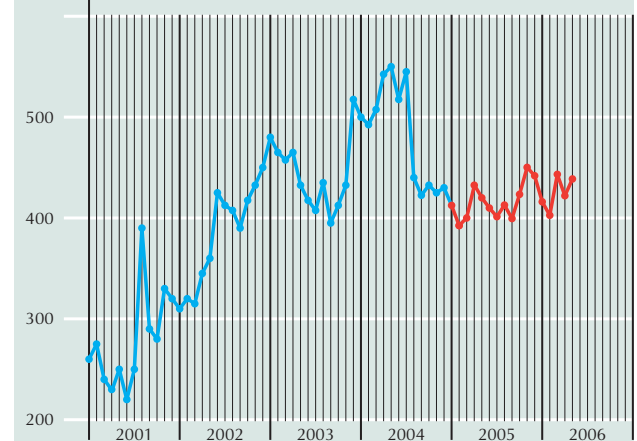
Majority-owned estates Oil-palm f.f.b crop



Associated-company estates Oil-palm f.f.b crop



Palm-oil price US\$ per tonne - Rotterdam c.i.f.





BANGKA PROJECT

Both infrastructural and planting work on the new 12,000-hectare project has been carried out to a high-quality level. A number of roads have been constructed in addition to several buildings, including an office and staff quarters. So far, 700 hectares have been cleared and some 390 hectares of young oil palms planted. These have responded well, with little or no evidence of any transplanting shock. The million or so seedlings of young oil palms currently in the nursery are also in healthy condition. The rate of planting to date has been slower than originally planned as there have been some delays resulting from differences over compensation claims. Although it is expected that the rate of both clearing and planting will accelerate considerably as the year progresses, it is possible that a proportion of the 4,000-hectare programme may be carried forward for completion in 2007.



New road in a young oil-palm area on the Bangka project.

NEW LAND

It remains the Group's policy to secure another 30 to 40,000 hectares of land in Indonesia, probably in Kalimantan, for development into oil-palm plantations. Any such land will be subject to rigorous financial, social and environmental assessment.

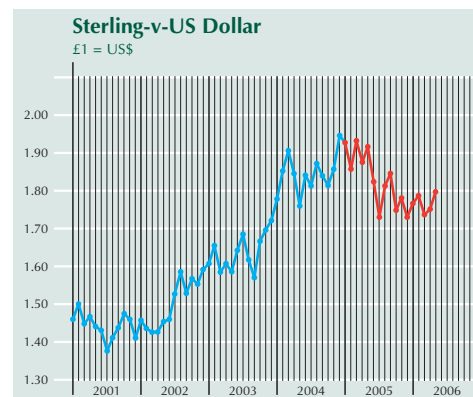
NEW JAKARTA OFFICE

In view of the board's commitment to expand substantially into the Indonesian palm-oil domain,

it has been decided to open an office in Jakarta. David Wilkinson will be moving to Jakarta with his family around July 2006 in order to take charge of the new Indonesian projects. He will also continue to be responsible for the Malaysian operations and will therefore make regular visits back to Penang.

SENNAH ESTATE LAWSUIT

The hearing of DR Rahmat Shah's appeal in the Supreme Court in Jakarta is awaited. The Group is vigorously contesting this appeal.



Review of
operations

Malaysia



Bertam Properties' housing development activities remain profitable... The value of raw land continued at robust levels



Oil-palm plantations and property development

MAJORITY-OWNED ESTATES

Operations

Oil palm f.f.b.

F.f.b. crops were similar to last year but below original expectations as yields generally fell back in Malaysia in reaction to the high yields of the previous year.

Rubber manufacturing

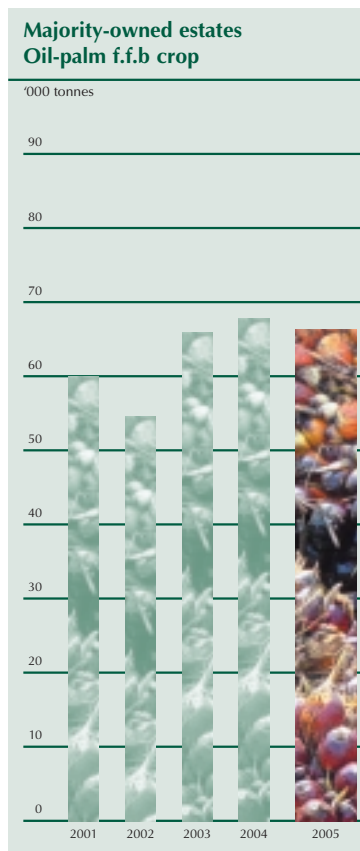
The rubber manufacturing activities which are located in Southern Thailand, but are managed, and the produce marketed, by the Malaysian head office in Penang, experienced adverse trading conditions in 2005. The weather was unusually wet which meant that latex was difficult to obtain, resulting in production of some 1,480 tonnes compared with some 1,900 in 2004. The rubber market was strong throughout the year but this also meant that latex purchases cost more. Nevertheless, a small profit was achieved.

Turnover and results from the Malaysian plantation and Thai rubber-manufacturing operations are set out in note 2 to the accounts on page 35.

ASSOCIATED COMPANIES

Bertam Properties Sdn. Bhd. ("Bertam Properties") (40% owned)

The housing market in Malaysia remained lacklustre during 2005. The value of raw land, however, as referred to in more detail below under "Land disposals", continued at robust levels. Bertam Properties' housing-development activities remained profitable but the company made fewer land disposals during 2005 than the previous year and overall profits fell accordingly.



continued

**Kennedy, Burkill & Co. Berhad (“KB”)
(20% owned)**

KB reported lower profits in 2005 mainly because of property-development activities at a reduced level compared with 2004. As with the Group’s plantation operations, profits were lower because of the weaker palm-oil price.

**Asia Green Environmental Sdn. Bhd. (“AG”)
(30% owned)**

AG made a small profit in 2005, as it did in 2004. Although the board remains confident that the concept of palm-oil waste-composting systems is a sound one with exciting prospects, it remains the intention to dispose of this investment at the appropriate time as it is not regarded as a core part of the Group’s future activities.

Part of the Bertam Properties housing development.



LAND DISPOSALS

Significant progress has been made in respect of the sale of the Malaysian estates since last year’s merger. A summary of the status of the various sales is as follows:

Sungei Reyla

As announced to the Stock Exchange on 4 May 2006, the sale of the 660-hectare estate, for a total of RM31.4 million (£4.7 million) has recently been completed.

Lendu

The sale and purchase agreement in respect of this 195-hectare estate was signed in June 2005 for a total of RM26.0 million (£3.9 million). One condition remains outstanding, namely that of the approval of the Estate Land Board (“ELB”). It is not uncommon for the ELB approval system to take up to a year or so. It is understood that the approval relating to Lendu is likely to be satisfied very shortly. Settlement is scheduled to occur within two months thereafter.

Beradin

The sale and purchase agreement in respect of this 1,085-hectare estate was signed in January 2006 for a total of RM53.2 million (£7.9 million). As with Lendu Estate, the only condition which remains to be satisfied is the ELB approval. This is hoped to be achieved within the next three months. Settlement is expected to follow within a further two months.



Sungei Kruit

This 828-hectare estate is being actively marketed for sale. It was valued at RM61.5 (£9.2 million) for the purposes of the February 2005 merger.

Perhentian Tinggi

Negotiations are at an advanced stage with regard to the sale of a 200-hectare portion of this 926-hectare estate. The balance of the estate is being actively marketed. The whole estate was valued at RM91.0 (£13.6 million) for the purposes of the 2005 merger.

Bertam

This 74-hectare piece of land which was not sold to Bertam Properties in the 1990's has appreciated substantially since then, chiefly as a result of the Bertam Properties development itself. The land was valued at a total of RM23.8 million (£3.6 million) for the purposes of the 2005 merger and is believed to have risen further in value since then. The land is not being actively marketed for sale as, in view of the rate at which the other estates are being sold, there is no immediate cash requirement. It is also considered likely that raw-land values in this area will continue to escalate over the next year or so.

Bertam Properties

As announced to the Stock Exchange on 2 December 2005, agreement was reached to sell 339 hectares of raw land to Naza Motor Sdn. Bhd. for RM376,750 per hectare, equivalent to a total of RM127.50 million (£19.0 million). This is for the purpose of establishing an automotive manufacturing plant on the site. A "ground-breaking" ceremony was recently held,

attended by the Malaysian Prime Minister, in whose constituency the project lies. Because settlement of the transaction is payable in several instalments over a two-year period and ownership does not pass until the consideration has been paid in full, no account will be taken of the profit on any part of the disposal until the final instalment has been paid in two years' time. Other raw land sales on the project area are in the course of negotiation.

PENANG TOURIST PROJECTS

The Straits Beach Properties Sdn. Bhd. ("Straits Beach") restaurant project site, as yet undeveloped, was recently independently valued at RM5.8 million (£0.9 million), compared with its cost of approximately RM5.2 million. The planning approval for the project is due to expire in May 2006 and, accordingly, an application in respect of its renewal was recently submitted to the relevant authorities. Once this has been obtained, a more aggressive marketing campaign to sell the project, in its undeveloped state, will be launched. Whilst the Tropical Spice Garden project has been well designed, has received abundant favourable media coverage in Malaysia and is well managed, visitor numbers have, to date, been a little below earlier expectations. The cost of this project is RM1.65 million (£255,000) and, while it too is planned to be sold, there is no immediate urgency in this regard, particularly as it is believed that the project will attract a higher price once its reputation has been more firmly established and visitor numbers have increased.

Review of
operations

Australia



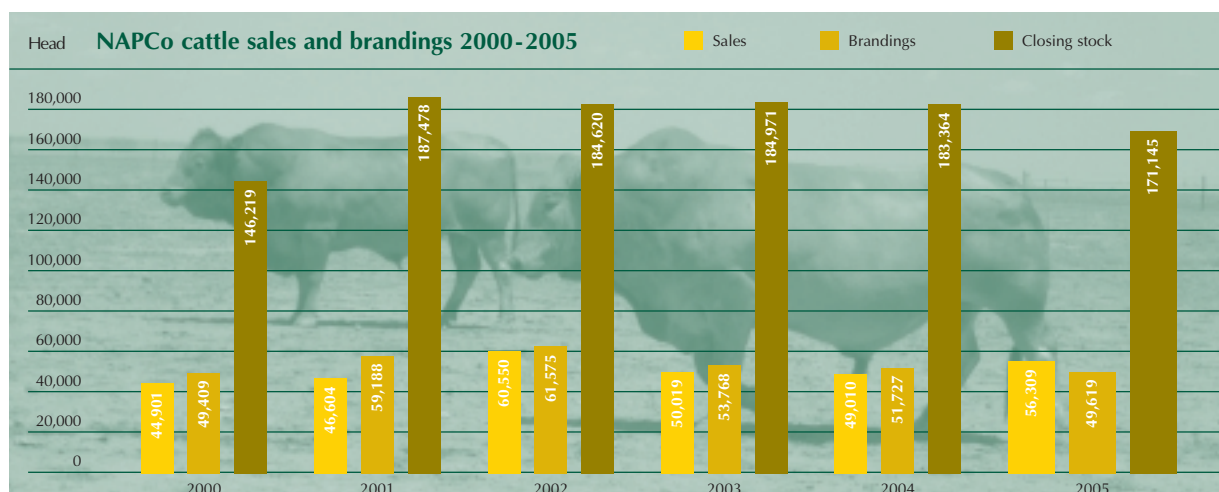
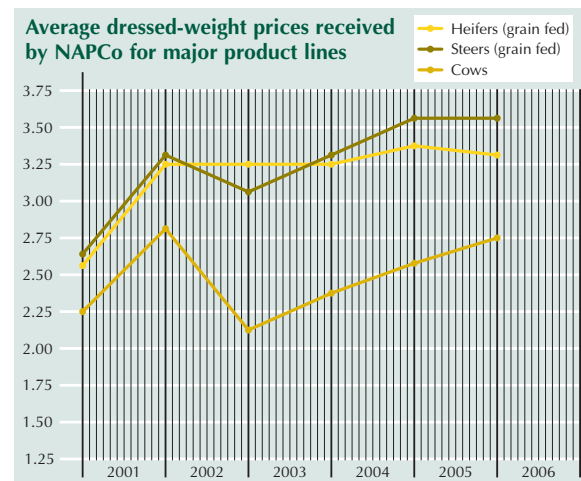
On 'Woodlands', the first year of full-scale operations resulted in some 2,100 head being sold... and a profit achieved

Australia

continued

Recently, NAPCo acquired, at a cost of A\$35.5 million, a 20,000-hectare, first-class backgrounding property, named Cungelella, located north of Roma in Central Queensland. The company has for some time been short of suitable additional backgrounding country, where young steers and heifers are grass fed before being grain fed at the company's feedlot, Wainui, located near Brisbane. This will now permit the company's strategy to be implemented more effectively. This involves, inter alia, the construction of further bore holes on the company's premier breeding station, Alexandria, which comprises a total of some 1.6 million hectares. This will allow more of the hitherto-unutilised country to be grazed which, in turn, will permit more breeders to be run and therefore more calves to be produced. As more cattle are put through the system, there will be a requirement for the feedlot to be expanded. The relevant approvals for this area are already in the process of being applied for. All of this is only likely both to improve earnings and to add further value to the company. The net asset value per share, as stated in the company's 2005 consolidated balance sheet, stands at A\$12.65 per share. This compares favourably with the Group's average purchase cost of its now 29.29% holding of approximately A\$7.30 per share.

Beef-cattle prices remain firm in Australia, buoyed by the continuing ban on US beef imports into Japan as a result of further incidents of BSE in North America. Prices may be subject to some downward pressure once this ban is lifted but longer-term demand prospects for Australian beef, particularly from Asia, continue to appear favourable.





Report of the directors

for the year ended 31 December 2005

Principal activities

At 31 December 2005, the Company, through its subsidiary and associated undertakings, had interests in oil-palm and rubber plantations in Indonesia, oil-palm plantations and property development in West Malaysia and beef-cattle operations in Australia.

A review of the year and future prospects are included in the chairman's statement and review of operations and incorporated in this report by reference.

Results and dividend

Details of the profit for the year are given in the consolidated profit and loss account on page 29.

An interim dividend of 2.00p per share (2004 nil) was paid on 4 November 2005. The board recommends a final dividend of 4.25p (2004 - 6.00p) per 10p share. This dividend will be paid on or after 20 June 2006 to those shareholders on the register at the close of business on 19 May 2006.

Share capital and significant event during the year

Details of the authorised, allotted and fully-paid capital of the Company are as follows:

	Shares of 10p each
Authorised capital	87,000,000
Allotted and fully-paid capital	
At 1 January 2005	48,073,072
Issued in respect of two schemes of arrangement on 2 February 2005	23,220,527
Cancelled in respect of two schemes of arrangement on 2 February 2005	(20,792,133)
Share options exercised	
16 May 2005	70,000
25 May 2005	26,895
26 May 2005	5,379
11 July 2005	60,000
19 July 2005	12,000
30 September 2005	10,413
7 October 2005	60,000
10 October 2005	30,000
At 31 December 2005	50,776,153

During the year the authorised share capital was increased from 64,000,000 to 87,000,000 shares of 10p each. In addition 23,220,527 shares have been issued and 20,792,133 shares have been cancelled as a result of the implementation of two schemes of arrangement used to merge the Company with Bertam Holdings PLC and Lendu Holdings PLC. Further details of the merger are set out in notes 32 to 35 to the accounts on pages 55 to 58.

The issued share capital as of the date of this report is 50,776,153 shares of 10p, which includes 609,049 shares held by M. P. Evans (Malaysia) Sdn. Berhad now an 80.6%-owned subsidiary.

Directors and directors' interests

The present membership of the board is set out on page 2. Messrs. Wilkinson, Shaw and Ahamad Mohamad were appointed to the board on 2 February 2005. Mr Ahamad Mohamad resigned from the board on 14 September 2005.

Messrs Fletcher and Hadsley-Chaplin will retire from the board at the forthcoming annual general meeting in accordance with the articles of association and, being eligible, offer themselves for re-election. They both have service contracts with the Company which continue until terminated by either party giving not less than one year's notice in writing but not, in any event, beyond their normal retirement dates.

The directors serving at the end of the year, together with their interests at the beginning (or later date of appointment) and end of the year, in the shares of 10p each in the Company, were as follows:

	Beneficial	At 31 December 2005 Non- beneficial	Options
R M Robinow	42,086	—	—
P A Fletcher	392,842	76,361	1,508,235
P E Hadsley-Chaplin	554,766	166,439	1,508,235
O D Wilkinson	—	—	228,951
K P Legg	584,389	22,412	—
J D Shaw	266,170	—	—

	At 1 January 2005 or date of appointment Beneficial	Non- beneficial	Options
R M Robinow	30,000	—	—
P A Fletcher	416,199	75,000	800,000
P E Hadsley-Chaplin	484,802	—	800,000
O D Wilkinson	—	—	368,951
K P Legg	202,233	—	—
J D Shaw	—	—	—

Report of the directors

Continued

Further details of the directors' interests in share options are disclosed in the report of the board to the shareholders on directors' remuneration on page 25.

Messrs Fletcher and Hadsley-Chaplin are beneficially interested in 4,500 (0.5%) and 3,600 (0.4%) shares respectively of M.P. Evans (Malaysia) Sdn. Berhad.

Apart from these shareholdings, none of the directors holds any beneficial interest in, or holds options to buy shares in, any subsidiary undertaking of the Company as at the date of this report.

No director has had a material interest in any contract of significance in relation to the business of the Company, or any of its subsidiary undertakings, during the financial year or had such an interest at the end of the financial year.

Substantial interests

The following interests under Part VI of the Companies Act 1985 (as modified by the Companies Act 1989) have been notified to the Company as at the date of this report:

	Shares	%
Alcatel Bell Pensioenfonds VZW	5,948,497	11.72
JPMorgan Fleming Mercantile Investment Trust Plc	3,517,103	6.93
M M Hadsley-Chaplin	2,342,254	4.61
Aberdeen Asian Smaller Companies Investment Trust Plc	1,680,000	3.31

In addition to the above, Aberdeen Asset Management PLC has notified the Company that it has an interest, as fund manager, in 6,965,767 shares (13.72%) which includes all of the shares held by Aberdeen Asian Smaller Companies Investment Trust PLC.

Tangible fixed assets

In the opinion of the directors the open-market value of the Group's interests in land and buildings at the year end was approximately £74.4 million compared to £39.3 million as shown in note 14 to the accounts on page 42. The Group's liability to taxation if the land and buildings were sold at their estimated value would be approximately £9.4 million.

Authority to allot shares

At the annual general meeting a general authority is being sought, under resolution 6, for the directors to allot shares up to a maximum nominal amount of £1,692,369, which represents 33.33% of the Company's issued equity share capital. The Company does not currently hold any shares as treasury shares within the meaning of section 162A of the Companies Act 1985.

The directors do not have any present intention of issuing any shares other than in respect of shares allotted to the holders of share options as and when they are exercised. It is also proposed, under resolution 7, to empower the directors to allot equity securities for cash pursuant to this general authority (and to sell any treasury shares which it may acquire for cash) otherwise than in accordance with shareholders' statutory pre-emption rights so as to deal with practical problems arising in connection with rights issues or otherwise up to an aggregate nominal amount of £507,761, representing 10% of the Company's issued equity share capital. The authorities conferred by resolutions 6 and 7 will last for up to 15 months from the date of the annual general meeting.

Authority to make market purchases of shares

The directors propose to seek authority for the Company to purchase its own shares on the Alternative Investment Market of the London Stock Exchange for up to 15 months. The authority will give the directors flexibility to purchase the Company's shares as and when they consider it appropriate. The board will only exercise the power of purchase when satisfied that it is in the best interests of the Company so to do and all such purchases will be market purchases made through the Alternative Investment Market of the London Stock Exchange. The directors would only consider making purchases if they believed that the earnings or net assets per share of the Company would be improved by such purchases. Companies are now allowed to 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 had 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 8 set out in the notice of the annual general meeting will accordingly be proposed to authorise the purchase of up to a maximum of 5,077,615 shares, on the Alternative Investment Market of the London Stock Exchange, representing 10% of the Company's current issued equity share capital. The maximum price which may be paid for a share on any exercise of the authority will be restricted to 5% above the average of the middle-market quotations for such shares as derived from the Daily Official List of the London Stock Exchange for the five business days before the purchase is made. 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.

As at the date of this report there were options to subscribe for 3,462,316 shares outstanding under the executive share-option schemes. If all of the options were exercised, the resulting number of shares would represent (a) 6.38% of the enlarged issued equity share capital at that date; and (b) if the proposed authority to purchase shares was exercised in full 7.04% of the reduced issued equity share capital at that date (excluding any share capital which may be purchased and held in treasury).

Adoption of amended articles of association

Resolution 9, which is a special resolution, proposes amendments to the Company's articles of association. The proposed amendments are summarised below:

- (a) An electronic communications regime was introduced by the Companies Act 1985 (Electronic Communications) Order 2000 (the "Electronic Communications Order"), which came into force on 22 December 2000, and permits companies to post information onto a website and communicate with shareholders via email. The order does not automatically amend a company's articles of association and does not compel a company to adopt the new electronic regime; however, the best-practice guide of the Institute of Chartered Secretaries and Administrators recommends that companies take steps to amend their articles of association to take advantage of the electronic communications regime. As a result, certain alterations are required to be made to the Company's articles of association to incorporate the provisions of the Electronic Communications Order. The amendments will allow the Company to provide these services if they are requested by shareholders and gives the directors the discretion to use electronic communications to distribute notices of meetings, annual reports and accounts and summary financial statements.
- (b) Further changes introduced by the Electronic Communications Order permit a proxy to be appointed electronically. An electronic proxy-voting service, which allows companies, agents and investors to liaise electronically regarding company meetings, was introduced by CRESTCo in January 2003. If a company permits it, a registered holder of securities in CREST is able to appoint and instruct a proxy by electronic means using the CREST system. It is proposed that the Company's articles of association be amended to take advantage of the CREST automated proxy-voting service.

- (c) The Uncertified Securities Regulations 2001 replaced earlier regulations relating to the holding and transfer of shares in uncertified form and, although they largely repeat the earlier provisions, amendments are proposed to update the articles to accommodate the 2001 regulations.

A copy of the amended articles of association will be available for inspection up to the date of the annual general meeting at the registered office of the Company, on the Company's website (www.mpevans.co.uk) and at the place of the annual general meeting for 15 minutes prior to and during the meeting. The articles of association shall be amended in the manner set out in the appendix to the notice of annual general meeting.

Payments to trade creditors

It is the Company's normal practice to make payments to suppliers in accordance with agreed terms provided that the supplier has performed in accordance with the relevant terms and conditions. The Company's creditor days calculated as at 31 December 2005 amounted to nil (2004 nil).

Financial instruments

Details of the Group's financial instruments, and the board's policy on their use, are given in note 28 to the accounts on pages 53 and 54.

Auditors

Deloitte & Touche LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the forthcoming annual general meeting.

Significant post-year-end events

It was announced on 16 January 2006 that contracts had been exchanged for the acquisition of Flinton Station, a 7,586-hectare beef-cattle property in Queensland, Australia contiguous to the Group's existing property, for a consideration of A\$7.5 million (approximately £3.1 million at the current rate of exchange). This acquisition was completed on 31 March 2006.

It was further announced on 23 January 2006 that one of the Group's Malaysian plantations, Beradin Estate, had been sold for RM53.2 million (approximately £7.9 million at the current rate of exchange).

Further details of the above transactions are set out in note 30 to the accounts on page 55 of this report, together with further developments since the year end and concerning the sale of the Sungei Reyla Estate.

Approved by the board of directors and signed on its behalf

J F Elliott
Secretary

10 May 2006

Corporate governance

The board recognises the importance of a sound system of internal control and of continuing to conduct the Group's affairs according to good corporate-governance principles. An explanation of how the Company has applied the principles appears below.

1 Directors

The details of the Company's board, together with the audit and remuneration committees, are set out on page 2. The board comprises a non-executive chairman, three executive and two further non-executive directors, one of whom chairs the audit and remuneration committees. This structure is designed to ensure that there is a clear balance of responsibilities between the executive and the non-executive functions. The board meets at least quarterly and is provided with information which includes executive operating reports, management accounts and budgets. Each director retires and must seek re-election at least every three years.

2 Directors' remuneration

As set out in the report on page 24, the remuneration of the executive directors is determined by the remuneration committee whilst that of the non-executives is determined by the whole board.

3 Relations with shareholders

The Company attaches importance to effective communications with both its institutional and private shareholders. All shareholders have at least twenty working days' notice of the annual general meeting at which all of the directors, including the chairman of the committees, are normally available for questions. Comments and questions from shareholders are encouraged at the meeting.

4 Accountability and audit

a) Financial reporting

A detailed review of the performance and financial position of the Group is included in the chairman's statement and the review of operations. The board uses these and the report of the directors to present a balanced and understandable assessment of the Group's position and prospects. The directors' responsibility for the financial statements is described on page 27.

b) Internal control

The directors acknowledge their responsibilities for the Group's system of internal control. Such a system can provide reasonable, but not absolute, assurance against material misstatement or loss. A review of the process of risk identification, evaluation and management is carried out regularly and presented to the board for approval.

The review process considers the control environment and the major business risks faced by the Group. Such risks include, but are not limited to:

- the effect of palm-oil price fluctuations on profitability;
- the effect of beef-cattle price fluctuations on profitability;
- the effect of fluctuations in the Malaysian property market on profitability and asset values;
- the effect of exchange-rate fluctuations on profitability and assets;
- political instability and social unrest in Indonesia; and
- day-to-day management remote from the UK board.



Corporate social responsibility

Important control procedures, in addition to the day-to-day supervision of holding-company business, include regular executive visits to the areas of operation of the Group and of the associates, comparison of operating performance and monthly management accounts with plans and budgets, application of authorisation limits, internal audit of subsidiary undertakings and frequent communication with local management.

c) Audit committee and auditors

The audit committee is formally constituted with written terms of reference and is chaired by Mr K P Legg. The executive directors are not members of the committee but can be invited to attend its meetings. The auditors of the Group may also attend part or all of each meeting and they have direct access to the committee for independent discussions, without the presence of the executive directors. The audit committee may examine any matters relating to the financial affairs of the Group or to the Group's audit; this includes reviews of the annual accounts and announcements, accounting policies, compliance with accounting standards, the appointment and fees of auditors and such other related matters as the board may require.

d) Going-concern basis

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going-concern basis in preparing the financial statements.

A joint initiative between the Group, SA SIPEF NV, Deloitte and the MAN Group funded the rehabilitation of a village in Aceh decimated by the 2004 tsunami.

Pictured (right) is the opening ceremony.

A company's success is not solely measured by its financial performance but also by its social and environmental performance.

The Group is fully committed to the well being of its employees and their families. It undertakes to train and motivate the workforce, to help employees build on skill levels and to extend their education and qualifications.



Report of the board to the shareholders on directors' remuneration

The remuneration committee keeps under review the remuneration and terms of employment of the executive directors and recommends such remuneration and terms, and changes therein, to the board. The committee comprises all of the non-executive directors and is chaired by Mr K P Legg.

Service contracts

The executive directors, Messrs Fletcher, Hadsley-Chaplin and Wilkinson, have service contracts with the Company, or a wholly-owned subsidiary undertaking, which continue until terminated by either party giving not less than one year's notice in writing but not, in any event, beyond their normal retirement dates. The non-executive directors do not have service contracts or provisions for pre-determined compensation on termination of their appointment.

Remuneration policy

Executive directors

The remuneration of Messrs Fletcher and Hadsley-Chaplin is determined in accordance with both the level of responsibility undertaken and equivalent remuneration of executives of a similar standing in

the U.K. where their responsibilities are undertaken. The remuneration committee has deemed it inappropriate to attach a performance-related element to the annual remuneration of Messrs Fletcher and Hadsley-Chaplin but rather to provide appropriate incentives by means of share options with a view to aligning the interests of these two executive joint managing directors with those of the shareholders.

Mr Wilkinson's remuneration is determined in accordance with both the level of responsibility undertaken and equivalent remuneration of executives of a similar standing in Malaysia, where his responsibilities are undertaken and where he resides. He participates in a discretionary bonus scheme related both to his performance and to the profitability of the Malaysian operations.

Non-executive directors

The fees of the non-executive directors are determined by the board in accordance with the articles of association of the Company.

The details of the remuneration of the directors for the year ended 31 December 2005 are set out below:

	Salary and fees 2005 £	Bonus 2005 £	Pension costs 2005 £	Benefits in kind 2005 £	Total 2005 £	Total 2004 £
Executive directors						
P A Fletcher	133,000	—	32,222	9,221	174,443	169,153
Reimbursement from other companies for which he acted	—	—	—	—	—	(18,218)
	£133,000	—	£32,222	£9,221	£174,443	£150,935
P E Hadsley-Chaplin	133,000	—	25,406	14,516	172,922	168,984
Reimbursement from other companies for which he acted	—	—	—	—	—	(32,826)
	£133,000	—	£25,406	£14,516	£172,922	£136,158
O D Wilkinson	£59,071	£20,900	£10,042	£1,982	£91,995	—
Non-executive directors						
R M Robinow	£24,092	—	—	—	£24,092	£14,100
K P Legg	£19,800	—	—	—	£19,800	£17,600
J D Shaw	£22,917	—	—	—	£22,917	—
Ahamad Mohamad	£11,667	—	—	—	£11,667	—

See notes on next page.



Notes

1. Apart from the discretionary bonus paid to Mr Wilkinson referred to above, no performance-related bonuses were awarded to the directors during the year.
2. The pension costs for Messrs Hadsley-Chaplin and Fletcher set out above are the contributions made by the Company to the defined-contribution scheme described below. The pension costs for Mr Wilkinson are contributions made by a subsidiary undertaking to the Employees' Provident Fund in Malaysia.
3. No long-term incentives, other than the share options described below, have been awarded to directors.
4. Directors' fees for Messrs Robinow, Legg and Ahamad Mohamad were paid to third parties.
5. The 2004 comparatives have been restated in accordance with merger accounting principles.

Executive share-option schemes

The executive directors are members of executive share-option schemes which were established in 2001 under which options to subscribe for shares in the Company may be granted to selected employees. As at 31 December 2005, options over 3,245,421 shares which were granted to the executive directors between 17 July 2001 and 2 February 2005 remain outstanding. These include 1,685,421 share options granted to directors on 2 February 2005 (see * on page 26). During the year 140,000 options granted to directors were exercised and none lapsed.

No performance criteria are attached to the options and no options are held by the non-executive directors. At 31 December 2005 the middle-market quotation for the Company's shares, as derived from the London Stock Exchange Daily Official List, was 225.5p, as compared with the high and low quotations for the year of 234p and 174p respectively.

The details of the options held over shares of the Company by the executive directors during the year ended 31 December 2005 are set out in the table below:

Number of shares under option	Balance at 1 January 2005	Granted in the year (see * on page 26)	Exercised in the year	Balance at 31 December 2005	Exercise price	Date of grant	Date from which normally first exercisable	Expiry date
P A Fletcher	400,000	—	—	400,000	75.5p	17 July 2001	17 July 2004	17 July 2011
	200,000	—	—	200,000	96.5p	1 May 2002	1 May 2005	1 May 2012
	200,000	—	—	200,000	126.5p	2 May 2003	2 May 2006	2 May 2013
	—	358,600	—	358,600	85.05p	2 Feb 2005	2 Feb 2005	17 July 2011
	—	179,300	—	179,300	101.78p	2 Feb 2005	1 May 2005	1 May 2012
	—	143,440	—	143,440	138.04p	2 Feb 2005	2 May 2006	2 May 2013
	—	26,895	—	26,895	158.95p	2 Feb 2005	4 May 2007	4 May 2014
	800,000	708,235	—	1,508,235				
P E Hadsley-Chaplin	400,000	—	—	400,000	75.5p	17 July 2001	17 July 2004	17 July 2011
	200,000	—	—	200,000	96.5p	1 May 2002	1 May 2005	1 May 2012
	200,000	—	—	200,000	126.5p	2 May 2003	2 May 2006	2 May 2013
	—	358,600	—	358,600	85.05p	2 Feb 2005	2 Feb 2005	17 July 2011
	—	179,300	—	179,300	101.78p	2 Feb 2005	1 May 2005	1 May 2012
	—	143,440	—	143,440	138.04p	2 Feb 2005	2 May 2006	2 May 2013
	—	26,895	—	26,895	158.95p	2 Feb 2005	4 May 2007	4 May 2014
	800,000	708,235	—	1,508,235				
O D Wilkinson	50,000	—	(50,000)	—	75.5p	17 July 2001	17 July 2004	17 July 2011
	25,000	—	—	25,000	96.5p	1 May 2002	1 May 2005	1 May 2012
	25,000	—	—	25,000	126.5p	2 May 2003	2 May 2006	2 May 2013
	—	134,475	(90,000)	44,475	85.05p	2 Feb 2005	2 Feb 2005	17 July 2011
	—	67,238	—	67,238	101.78p	2 Feb 2005	1 May 2005	1 May 2012
	—	53,790	—	53,790	138.04p	2 Feb 2005	2 May 2006	2 May 2013
	—	13,448	—	13,448	158.95p	2 Feb 2005	4 May 2007	4 May 2014
	100,000	268,951	(140,000)	228,951				

Report of the board to the shareholders on directors' remuneration

Continued

* The options granted on 2 February 2005 were allotted in exchange for the directors' former share options held under an option scheme of Bertam Holdings PLC (now Bertam Holdings Limited) as a result of the scheme of arrangement used to implement the merger with that company.

Pensions

Messrs Fletcher and Hadsley-Chaplin are members of a defined-contribution pension scheme. The benefits are pensions at retirement, a pension to a spouse payable on death before or after retirement and life-assurance cover based on a multiple of salary. The members contribute 5% of their pensionable salary to

the scheme. The scheme is designed to comply with relevant legislation and to provide a good standard of benefit. No element of a director's remuneration package, other than basic salary, is pensionable.

Approved by the board of directors and signed
on its behalf

J F Elliott

Secretary

10 May 2006



Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements. The directors have chosen to prepare the accounts for the Company and the Group in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP").

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view, in accordance with UK GAAP, of the state of affairs of the Company and of the Group as at the end of the financial year and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the Company's system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of M. P. Evans Group PLC

We have audited the financial statements of M.P. Evans Group PLC for the year ended 31 December 2005 which comprise the consolidated profit and loss account, the statement of total recognised gains and losses, the reconciliation of movements in equity shareholders' funds, the balance sheets, the consolidated cash-flow statement and the related notes 1 to 35. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We read the directors' report and the other information contained in the annual report for the above year as described in the contents section and

consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practices, of the state of the affairs of the Company and the Group as at 31 December 2005 and of the profit of the Group for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.

DELOITTE & TOUCHE LLP

*Chartered Accountants and Registered Auditors,
Crawley*

10 May 2006



Consolidated profit and loss account

for the year ended 31 December 2005

	Note	2005 £'000	2004 as restated (see notes 1(b) and 11) £'000
Turnover*	1(c) and 2	12,182	12,911
Cost of sales	2	(7,100)	(6,537)
Gross profit	2	5,082	6,374
Foreign-exchange gains		234	177
Other administrative expenses		(1,133)	(1,464)
Total administrative expenses		(899)	(1,287)
Group operating profit*		4,183	5,087
Share of operating profit in associates		3,794	4,602
Total operating profit		7,977	9,689
Exceptional (charge)/credit	4	(525)	715
Profit on ordinary activities before interest		7,452	10,404
Interest receivable	5	318	393
Income from fixed-asset investments		89	72
Interest payable	6	(283)	(7)
Profit on ordinary activities before taxation	7	7,576	10,862
Tax charge on profit on ordinary activities	8	(2,617)	(3,538)
Profit on ordinary activities after taxation		4,959	7,324
Equity minority interests		(499)	(725)
Profit on ordinary activities attributable to the members of M. P. Evans Group PLC	24	4,460	6,599
Basic earnings per 10p share – pence	12	8.86	13.86
Diluted earnings per 10p share – pence	12	8.56	13.37

*All operations are classed as continuing and included in the above is turnover of £840,000 and Group operating profit of £130,000 relating to acquired operations (see note 15).

Statement of total recognised gains and losses

for the year ended 31 December 2005

	2005	2004 <i>as restated</i> <i>(see note 1(b))</i>
	<i>£'000</i>	<i>£'000</i>
Profit attributable to the members of the Company	4,460	6,599
Unrealised share of movements in associated undertakings' reserves	(1,020)	1,469
Previously unrealised profit on sale of land to associated undertaking released to profit and loss account on sale of land by associate	(33)	(202)
Tax credited straight to reserves	—	27
Exchange differences on foreign-currency net investments	6,253	(4,006)
Total recognised gains and losses for the year	9,660	3,887

Following the adoption of FRS21, dividends have been restated to be recorded when approved (see note 11 for further details).

Reconciliation of movements in equity shareholders' funds

for the year ended 31 December 2005

	2005	2004 <i>as restated</i> <i>(see notes</i> <i>1(b) and 11)</i>
	<i>£'000</i>	<i>£'000</i>
Profit attributable to members of the Company	4,460	6,599
Equity dividend paid (note 10)	(4,049)	(2,644)
	411	3,955
Issue of shares	5,525	—
Other recognised gains and losses relating to the year	5,200	(2,712)
Net addition to equity shareholders' funds	11,136	1,243
Opening equity shareholders' funds before prior-year adjustment	56,804	55,947
Prior-year adjustment	3,030	2,644
Opening equity shareholders' funds after prior-year adjustment	59,834	58,591
Closing equity shareholders' funds	70,970	59,834



Consolidated balance sheet

at 31 December 2005

		2005		2004 as restated (see notes 1(b) and 11)	
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Goodwill	13	292		—	
Negative goodwill	13	(889)		—	
Intangible assets	13	(597)		—	
Tangible assets	14	40,500		31,565	
Investments	16	31,789		19,646	
			71,692		51,211
Current assets					
Stocks	17	1,622		666	
Debtors	18	3,516		3,866	
Investments	19	2,790		4,633	
Cash at bank and in hand		3,006		6,752	
			10,934		15,917
Creditors - amounts falling due within one year	20		(7,022)		(2,539)
Net current assets			3,912		13,378
Total assets less current liabilities			75,604		64,589
Creditors - amounts falling due after more than one year	21		(536)		(1,183)
Provisions for liabilities and charges	22		(779)		(729)
Equity minority interests			(3,319)		(2,843)
Net assets			70,970		59,834
Capital and reserves					
Called-up share capital	23		5,078		4,762
Share premium account	24		10,317		5,108
Revaluation reserve	24		20,372		17,646
Capital redemption reserve	24		2,139		2,139
Merger reserve	24		(4,099)		(4,522)
Share of associated companies' reserves	24		5,093		5,823
Profit and loss account	24		32,070		28,878
Total equity shareholders' funds			70,970		59,834

These financial statements were approved by the board of directors on 10 May 2006 and signed on its behalf.

Philip Fletcher
Peter Hadsley-Chaplin
Directors

Company balance sheet

at 31 December 2005

		2005		2004
	Note	£'000	£'000	as restated (see notes 1(b) and 11) £'000
Fixed assets				
Tangible assets	14	600		23
Investments	16	27,245		12,901
			27,845	12,924
Current assets				
Debtors	18	11,332		10,431
Cash at bank and in hand		1,913		1,360
			13,245	11,791
Creditors - amounts falling due within one year	20		(15,279)	(1,255)
Net current (liabilities)/assets			(2,034)	10,536
Total assets less current liabilities			25,811	23,460
Capital and reserves				
Called-up share capital	23		5,078	4,807
Share premium account	24		10,283	5,073
Capital redemption reserve	24		2,139	60
Merger reserve	24		743	—
Profit and loss account	24		7,568	13,520
Total equity shareholders' funds			25,811	23,460

These financial statements were approved by the board of directors on 10 May 2006 and signed on its behalf.

Philip Fletcher
Peter Hadsley-Chaplin
Directors



Consolidated cash-flow statement

for the year ended 31 December 2005

	<i>Note</i>	2005 £'000	2004 <i>as restated</i> <i>(see note 1(b))</i> £'000
Net cash inflow from operating activities	<i>26</i>	5,499	9,160
Dividends from associated undertakings		1,180	2,268
Returns on investments and servicing of finance	<i>26</i>	(327)	59
Taxation	<i>26</i>	(1,838)	(2,226)
Capital expenditure and financial investment	<i>26</i>	(4,199)	(4,593)
Acquisitions	<i>26</i>	(4,276)	—
Equity dividend paid		(4,049)	(2,644)
Net cash (outflow)/inflow before management of liquid resources and financing		(8,010)	2,024
Management of liquid resources	<i>26</i>	2,151	1,019
Financing	<i>26</i>	(214)	1,555
(Decrease)/increase in cash	<i>27</i>	(6,073)	4,598

Notes to the accounts

for the year ended 31 December 2005

1

ACCOUNTING POLICIES

The particular accounting policies adopted by the directors are described below.

(a) **Accounting convention**

These financial statements have been prepared under the historical-cost convention and in accordance with applicable United Kingdom accounting standards.

(b) **Basis of consolidation**

The Group financial statements consolidate the financial statements of the Company and all of its subsidiary and associated undertakings. All subsidiary and associated undertakings prepare their financial statements to 31 December.

Merger accounting

Merger-accounting principles have been applied to the merger of M. P. Evans Group PLC with Bertam Holdings PLC. Under merger accounting, the results and cash flows of these groups are combined from the beginning of the financial period in which the merger occurred. Profit-and-loss-account, balance-sheet and cash-flow comparatives are restated on the combined basis. Further information is set out in notes 33 to 35.

Acquisition accounting

In accordance with FRS2, goodwill arising on the acquisition of Lendu Holdings PLC has been calculated on a piecemeal basis. The Companies Act 1985 requires that the calculation of goodwill is performed once, at the date that control passes. The directors consider that, as the one-stage process would result in reclassifying the Group's share of Lendu Holdings PLC's profits and reserve movements to goodwill, the one-stage process would not give a true and fair view, and that it is necessary to adopt the FRS2 approach to give a true and fair view. If this departure from the Act had not been made, the negative goodwill arising on the acquisition of Lendu Holdings PLC would have been increased by £431,000.

(c) **Turnover**

Turnover represents the invoiced value of crops, livestock and produce sold during the year, excluding sales taxes. Income is recognised at the point of delivery.

(d) **Investment income**

Investment income is taken into account by reference to the date on which it is declared payable.

(e) **Goodwill**

Goodwill arising on acquisition, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is twenty years. Provision is made for any impairment.

Negative goodwill is similarly included in the balance sheet and is credited to the profit and loss account in the period in which the acquired non-monetary assets are recovered through usage or sale.

(f) **Tangible fixed assets**

Leasehold land in Indonesia is held on 25 and 30-year renewable leases and is not depreciated. Perpetual leasehold land in Malaysia and freehold land in Australia is treated in the same way. Short-leasehold land is depreciated over the life of the lease. All costs of planting and upkeep of immature areas on that land and replanting are capitalised and written off in equal annual instalments at 4% per annum. Other tangible fixed assets, other than construction in progress which is not depreciated, are written off over their estimated useful lives at rates which vary between 3% and 50% per annum. Interest is capitalised on borrowings used to finance the development of immature areas.

The Group follows the transitional arrangements under FRS15 "Tangible Fixed Assets". Under this arrangement the assets were frozen at their current cost or valuation and the valuation has not been updated.

(g) **Investments**

(i) The Group

Undertakings over which the Group exerts significant influence via shareholdings and its membership on the board are treated as associated undertakings. Investments in associated undertakings are dealt with in the consolidated financial statements under the equity method of accounting. The consolidated profit and loss account includes the Group's share of the profit on ordinary activities before taxation and attributable taxation of the associated undertakings based on audited financial statements for the year ended 31 December 2005. In the consolidated balance sheet, the investments in the associated undertakings are shown as the Group share of net assets at the balance-sheet date, as adjusted for any associated goodwill.

(ii) The Company

Investments in subsidiary undertakings and associated undertakings are stated at cost less provision for any impairment in value.

(h) **Stocks**

Stocks are valued at the lower of cost and net realisable value. In the case of rubber stocks, cost represents the average cost of production, including appropriate overheads.

(i) **Deferred taxation**

Deferred tax is provided in full on timing differences which result in an obligation at the balance-sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise, based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.



1

ACCOUNTING POLICIES *Continued*(j) **Foreign exchange**

The assets and liabilities of foreign subsidiary undertakings are translated into Sterling at the year-end rates of exchange. Results of foreign subsidiary undertakings and associated undertakings are translated at average rates of exchange. Differences on exchange arising from the translation of the net investments in subsidiary and associated undertakings, together with differences between results translated at average rates and at year-end rates, are dealt with in reserves. All other differences are dealt with in the profit and loss account.

(k) **Pension**

The Group operates a defined-contribution pension scheme. The pension charge represents the contributions payable by the Group under the rules of the scheme.

(l) **Share options**

In accordance with the requirement of UITF17 "Employee Share Schemes", a charge is made in the profit and loss account if there is a difference between the fair value of the shares under option at the date of granting, and the exercise price. An accrual for National Insurance is made in respect of all options granted on the difference between the fair value of the shares at the year end and the exercise price to the extent that it is believed that the options are likely to be exercised.

2

TURNOVER, PROFIT AND NET ASSETS

The following is a breakdown of turnover, profit and net assets into geographical areas and types of activity:

	2005			2004		
	Turnover £'000	Cost of sales £'000	Gross profit £'000	Turnover £'000	Cost of sales £'000	Gross profit £'000
Plantations						
Indonesia	7,222	(3,573)	3,649	7,734	(3,300)	4,434
Malaysia	2,957	(1,787)	1,170	3,514	(1,746)	1,768
Total plantations	10,179	(5,360)	4,819	11,248	(5,046)	6,202
Cattle - Australia*	840	(665)	175	—	—	—
Manufacturing - Thailand	1,139	(1,075)	64	1,630	(1,491)	139
Other - UK	24	—	24	33	—	33
	12,182	(7,100)	5,082	12,911	(6,537)	6,374
Exchange gains			234			177
Other administrative expenses			(1,133)			(1,464)
Group operating profit			4,183			5,087
Share of associated companies' operating profits**			3,794			4,602
Total operating profit			7,977			9,689
Exceptional (charge)/credit			(525)			715
Profit before interest			7,452			10,404
Net interest and financial income			124			458
Profit before tax			7,576			10,862

Notes to the accounts

continued

2

TURNOVER, PROFIT AND NET ASSETS *Continued*

Segmented net assets	2005 £'000	2004 £'000
Plantations		
Indonesia	14,946	11,576
Malaysia	18,624	18,225
Total plantations	33,570	29,801
Cattle - Australia	3,040	—
Manufacturing - Thailand	673	462
Other - UK	(272)	359
Total segmented net assets	37,011	30,622
Group share of net assets of associated undertakings**	31,542	16,968
Unallocated net assets***	2,417	12,244
	70,970	59,834

* The cattle operation was acquired during the year as part of the acquisition of Lendu Holdings PLC.

** The Group's share of associated companies' profits and net assets is shown below and in note 16(b).

*** Unallocated net assets include other investments, taxation, cash at bank and in hand, overdrafts and loans.



2

TURNOVER, PROFIT AND NET ASSETS *Continued*

The Group's aggregate share of the summarised results of its associated undertakings are shown below:

	Bertam Properties Sdn. Bhd.	Kennedy, Burkill & Co. Bhd.	Asia Green Environmental Sdn. Bhd.	PT Kerasaan Indonesia	PT Agro Muko	The North Australian Pastoral Company Pty Limited	Total
2005	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	3,284	154	624	862	5,507	6,124	16,555
Profit before tax	395	131	19	607	1,766	885	3,803
Taxation	(112)	(24)	—	(182)	(537)	(184)	(1,039)
Profit after tax	283	107	19	425	1,229	701	2,764
Fixed assets	10,203	809	265	216	4,375	22,912	38,780
Current assets	4,688	647	417	188	1,322	4,092	11,354
Current liabilities	(5,084)	(10)	(383)	(118)	(400)	(2,205)	(8,200)
Long-term liabilities	(1,301)	—	(18)	—	(189)	(1,700)	(3,208)
Net assets	8,506	1,446	281	286	5,108	23,099	38,726

	Bertam Properties Sdn. Bhd.	Kennedy, Burkill & Co. Bhd.	Asia Green Environmental Sdn. Bhd.	PT Kerasaan Indonesia	PT Agro Muko	Lendu Holdings PLC	Total
2004	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	3,076	212	755	986	6,478	1,459	12,966
Profit before tax	1,211	212	30	715	2,623	(70)	4,721
Taxation	(112)	(53)	—	(215)	(794)	100	(1,074)
Profit after tax	1,099	159	30	500	1,829	30	3,647
Fixed assets	9,145	508	185	179	3,595	4,976	18,588
Current assets	3,291	754	308	224	1,433	275	6,285
Current liabilities	(3,985)	(6)	(230)	(160)	(894)	(1,098)	(6,373)
Long-term liabilities	(1,156)	—	(28)	—	(186)	(46)	(1,416)
Minority interests	—	—	—	—	—	(116)	(116)
Net assets	7,295	1,256	235	243	3,948	3,991	16,968

Further details of the Group's associated undertakings are shown on page 59.

Notes to the accounts

continued

3 EMPLOYEES

	THE GROUP		THE COMPANY	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Employee costs during year				
Wages and salaries	2,081	2,097	436	420
Social security costs	99	134	71	54
Past-service liabilities	139	121	—	—
Other pension costs	267	127	90	91
	2,586	2,479	597	565
	Number	Number	Number	Number
Average number of persons employed				
Estate manual staff	1,458	1,467	—	—
United Kingdom directors	118	85	4	4
	7	4	2	2
	1,583	1,556	6	6

Details of directors' remuneration required by the Companies Act 1985 are shown within the report of the board to the shareholders on directors' remuneration on pages 24 and 25 and form part of these audited financial statements.

4 EXCEPTIONAL (CHARGE)/CREDIT

	2005 £'000	2004 £'000
Fundamental reorganisation expenses	(590)	—
Group profit on sale of fixed-asset investments	95	197
Group (loss)/profit on sale of tangible fixed assets	(72)	197
Previously unrealised profit on sale of land to associated undertaking released to the profit and loss account on sale of land by associated undertaking to third party	33	202
Share of associated undertakings' net gains on sale of tangible fixed assets	9	119
Total net exceptional (charge)/credit	(525)	715

There is no material impact on either the current or prior-year tax charge resulting from the exceptional (charge)/credit.



5

INTEREST RECEIVABLE

	2005 £'000	2004 £'000
Interest receivable on bank deposits	318	393

6

INTEREST PAYABLE

Interest payable on bank loans and overdrafts	283	7
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7

PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting)		
Depreciation of tangible fixed assets	758	389
Amortisation of net negative goodwill (including that of any associated undertaking)	(942)	—
Auditors' remuneration - audit fee	195	160

Included in auditors' remuneration are fees of £10,000 (2004 £10,000) relating to the Company.

Notes to the accounts

continued

8 TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	2005 £'000	2004 £'000
United Kingdom corporation tax charge for the year	1,335	2,152
Relief for overseas taxation	(1,382)	(2,032)
	(47)	120
Overseas taxation	1,734	2,330
Adjustments in respect of prior periods	15	(4)
	1,702	2,446
Share of associated undertakings' taxation	1,039	1,075
Total current tax	2,741	3,521
Deferred taxation - origination and reversal of timing differences	(124)	17
	2,617	3,538

Unrelieved losses of £5,407,000 (2004 £4,151,000) remain available to offset future taxable profits of Group companies.

The standard rate of tax for the year, based on the United Kingdom standard rate of corporation tax, is 30% (2004 - 30%). This was also the standard rate of Indonesian tax for the current and previous years. The actual tax charge is higher than the standard rate for the reasons set out in the following reconciliation.

Profit on ordinary activities before tax	7,391	10,862
Tax on profit on ordinary activities at standard rate	2,217	3,259
Factors affecting the charge for the year		
Effect of amortisation of negative goodwill	(284)	—
Expenses not deductible for tax purposes	196	30
Unrelieved losses	438	173
Exchange differences	(46)	160
Differences on overseas dividends	501	331
Lower rate applicable to associated undertakings' profits	(103)	(342)
Other differences	(178)	(90)
Total actual amount of current tax	2,741	3,521

9 (LOSS)/PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The consolidated profit includes a loss before dividends of £1,903,000 (2004 profit £4,132,000) in respect of the parent company.



10

EQUITY DIVIDEND PAID AND PROPOSED

	2005 £'000	2004 £'000
2005 interim dividend - 2.00p per 10p share (2004 interim dividend - nil)	1,014	—
2004 final dividend - 6.00p per 10p share (2003 final dividend - 5.50p)	3,035	2,644
	4,049	2,644

Following the year end the board has proposed a final dividend for 2005 of 4.25p per 10p share. If confirmed at the annual general meeting, it will be paid on or after 20 June 2006 to those shareholders on the register at the close of business on 19 May 2006.

11

CHANGE OF ACCOUNTING POLICY - DIVIDEND PAYMENT

FRS21, Events After the Balance-Sheet Date, came into force for accounting periods commencing on or after 1 January 2005. FRS21 does not allow for dividends proposed (but not declared) to be recorded as an adjusting post-balance-sheet event. The consolidated and Company profit and loss accounts for the prior year and the reconciliation of movement in shareholders' funds have been restated to reflect the new standard. This has resulted in higher closing reserves in 2004 for the Group (£55,072,000 compared with £52,042,000) and higher closing reserves in 2004 for the Company (£18,653,000 compared with £15,623,000).

12

BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per 10p share in 2005 is based on profits of £4,460,000 and on 50,361,470 shares, which was the average number of shares in issue during the year. The calculation of basic earnings per share in 2004 was based on restated profits of £6,599,000 and on 47,619,601 shares (see note 1(b)) which was the average number of shares deemed in issue during that year.

The calculation of diluted earnings per 10p share in 2005 is based on profits of £4,460,000 and on 52,101,315 shares, which was the diluted average number of shares in issue during the year. The calculation of diluted earnings per share in 2004 is based on restated profits of £6,599,000 and on 49,359,446 shares (see note 1(b)), which was the diluted average number of shares deemed in issue during that year. The additional shares used in the calculations of the 2005 and 2004 diluted earnings per share represent adjustments made for shares under option.

13

INTANGIBLE FIXED ASSETS - GOODWILL

Group	Positive goodwill £'000	Negative goodwill £'000	Total £'000
Cost			
At 1 January 2005	—	—	—
Additions	297	(981)	(684)
At 31 December 2005	297	(981)	(684)
Amortisation			
At 1 January 2005	—	—	—
Charge/(credit) for the year	5	(92)	(87)
At 31 December 2005	5	(92)	(87)
Net book value			
At 31 December 2005	292	(889)	(597)
At 31 December 2004	—	—	—

Notes to the accounts

continued

14

TANGIBLE FIXED ASSETS

The Group	Freehold land £'000	Leasehold land non-depreciable £'000	Leasehold land depreciable £'000	Buildings and structures £'000	Plant, equipment and vehicles £'000	Construction in progress £'000	Total £'000
Cost	—	12,709	2,749	5,762	2,409	—	23,629
Valuation	—	11,542	196	90	7	—	11,835
At 1 January 2005	—	24,251	2,945	5,852	2,416	—	35,464
Exchange differences	129	1,889	193	409	208	—	2,828
Acquired on acquisition of Lendu Holdings PLC	2,326	—	—	545	318	—	3,189
Additions	76	15	572	1,013	471	2,262	4,409
Disposals	—	—	(195)	(47)	(92)	—	(334)
At 31 December 2005	2,531	26,155	3,515	7,772	3,321	2,262	45,556
Accumulated depreciation							
At 1 January 2005	—	—	1,033	1,212	1,654	—	3,899
Exchange differences	—	—	72	130	147	—	349
Acquired on acquisition of Lendu Holdings PLC	—	—	—	58	192	—	250
Charge for the year	—	—	97	422	239	—	758
Disposals	—	—	(77)	(40)	(83)	—	(200)
At 31 December 2005	—	—	1,125	1,782	2,149	—	5,056
Net book value							
At 31 December 2005	2,531	26,155	2,390	5,990	1,172	2,262	40,500
Net book value							
At 31 December 2004	—	24,251	1,912	4,640	762	—	31,565

Included in leasehold land is capitalised interest amounting to £2,824,000 (2004 £2,824,000).



14

TANGIBLE FIXED ASSETS *Continued*

The Company	Buildings <i>£'000</i>	Plant, equipment and vehicles <i>£'000</i>	Total <i>£'000</i>
Cost			
At 1 January 2005	—	27	27
Transfers from Group companies	528	243	771
Additions	—	7	7
At 31 December 2005	528	277	805
Accumulated depreciation			
At 1 January 2005	—	4	4
Transfers from Group companies	—	181	181
Charge for the year	—	20	20
At 31 December 2005	—	205	205
Net book value			
At 31 December 2005	528	72	600
Net book value At 31 December 2004	—	23	23

Notes to the accounts

continued

15

ACQUISITION OF SUBSIDIARY UNDERTAKING

Prior to the merger, the Group owned 35.12% of the share capital of Lendu Holdings PLC. With the merger, the Group acquired a further 3.62%. On 2 February 2005, the Group acquired the remaining 61.26% of the share capital by issuing new M. P. Evans Group PLC shares to the value of £5,331,000. This gave rise to negative goodwill of £981,000.

The following table sets out the book values of the identifiable assets and liabilities acquired. On a provisional basis, no fair value adjustments have been made.

	Book value £'000
Fixed assets	
Tangible	2,939
Investments	9,910
Total fixed assets	12,849
Current assets	
Stocks	363
Debtors	108
Cash	200
Total current assets	671
Creditors	
Bank overdraft	1,922
Trade creditors	49
Taxation	865
Provisions	
Taxation	80
Total liabilities	2,916
Minority interest	300
Net assets	10,304
Net assets acquired (61.26%)	6,312
Shares issued	(5,331)
Negative goodwill (note 13)	981



15

ACQUISITION OF SUBSIDIARY UNDERTAKING *Continued*

Lendu Holdings PLC earned a profit after taxation and minority interests of £169,000 in the period from 1 July 2004 to 2 February 2005. The summarised profit and loss account and statement of total recognised gains and losses for the period from 1 July 2004 to 2 February 2005 and for the year ended 30 June 2004, shown on the basis of the accounting policies of Lendu Holdings PLC, are as follows:

	Period from 1 July 2004 to 2 Feb 2005 £'000	Year ended 30 June 2004 £'000
Profit and loss account		
Turnover	1,217	3,168
Cost of sales	(1,228)	(3,108)
Gross (loss)/profit	(11)	60
Other operating expenses (net)	(213)	(320)
Operating loss	(224)	(260)
Exceptional items	276	15
Profit/(loss) on ordinary activities before interest	52	(245)
Finance charges (net)	(139)	(590)
Loss on ordinary activities before taxation	(87)	(835)
Tax on loss on ordinary activities	(949)	(5)
Loss on ordinary activities after taxation	(1,036)	(840)
Minority interests	(3)	94
Loss for the financial period	(1,039)	(746)
Statement of total recognised gains and losses		
Loss for the financial period	(1,039)	(746)
Tax on exchange differences	—	40
Surplus on revaluation of tangible fixed assets	—	1,583
Gain/(loss) on foreign-currency translation	726	(541)
Total recognised gains and losses relating to the period	(313)	336

16

INVESTMENTS HELD AS FIXED ASSETS

	THE GROUP		THE COMPANY	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Investments in subsidiary undertakings	—	—	27,240	12,499
Investments in associated undertakings	31,542	16,968	—	402
Other investments	247	2,678	5	—
	31,789	19,646	27,245	12,901

Details of the subsidiary and associated undertakings are given on page 59.

Notes to the accounts

continued

16

INVESTMENTS HELD AS FIXED ASSETS *Continued*

(a) **Subsidiary undertakings**

The Company	At cost £'000	Provisions £'000	Net book value £'000
At 1 January 2005, as restated - see note 1(b)	19,982	(7,483)	12,499
Purchases from Group companies	14,339	—	14,339
Re-classified from associated undertakings	402	—	402
At 31 December 2005	34,723	(7,483)	27,240

(b) **Associated undertakings**

The Group share of net assets	Share of net assets		Total
	Listed £'000	Unlisted £'000	£'000
At 1 January 2005, as restated - see note 1(b)	3,991	12,977	16,968
Exchange differences	—	2,015	2,015
Purchases	—	1,878	1,878
Acquired on acquisition of Lendu Holdings PLC	—	9,861	9,861
Re-classified to subsidiaries	(3,991)	—	(3,991)
Re-classified from other investments	—	2,211	2,211
Share of reserves	—	9,784	9,784
At 31 December 2005	—	38,726	38,726
Negative goodwill			
At 1 January 2005	—	—	—
Addition	—	(8,039)	(8,039)
Amortisation credit	—	855	855
At 31 December 2005	—	(7,184)	(7,184)
Net book value			
At 31 December 2005	—	31,542	31,542
At 31 December 2004, as restated - see note 1(b)	3,991	12,977	16,968

	2005 £'000	2004 £'000
At valuation		
Listed (market value)	—	5,300
Unlisted (directors' valuation)	61,700	37,000
	61,700	42,300

The Company	At cost Listed £'000
At 1 January 2005, as restated - see note 1(b)	402
Re-classified to subsidiaries	(402)
At 31 December 2005	—



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INVESTMENTS HELD AS FIXED ASSETS *Continued*

	2005 £'000	2004 £'000
At valuation		
Listed (market value)	—	4,800

(c) Other investments

The Group	At cost		Total
	Listed £'000	Unlisted £'000	Total £'000
At 1 January 2005, as restated - see note 1(b)	147	2,531	2,678
Exchange differences	14	74	88
Acquired on acquisition of Lendu Holdings PLC.	—	49	49
Disposals	—	(53)	(53)
Re-classified to subsidiaries	—	(304)	(304)
Re-classified to associated undertakings	—	(2,211)	(2,211)
At 31 December 2005	161	86	247

	2005 £'000	2004 £'000
At valuation		
Listed (market value)	1,382	1,075
Unlisted (directors' valuation)	135	2,200
At 31 December 2005	1,517	3,275

The Company	Listed £'000
At 1 January 2005	—
Purchases from Group companies	5
At 31 December 2005	5

	2005 £'000	2004 £'000
At valuation		
Listed (market value)	9	—

Notes to the accounts

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17 STOCKS

	THE GROUP		THE COMPANY	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Livestock	678	—	—	—
Stocks of rubber crop	508	267	—	—
Estate stores	244	300	—	—
Nurseries	192	99	—	—
	1,622	666	—	—

18 DEBTORS

Amount falling due within one year				
Trade debtors	426	779	—	—
Amounts owed by subsidiary undertakings	—	—	11,254	10,354
Amounts owed by associated undertakings	1,977	2,439	—	—
Other debtors	117	125	8	28
Tax recoverable	795	410	48	—
Prepayments and accrued income	155	113	22	49
	3,470	3,866	11,332	10,431
Amount falling due after more than one year				
Prepayments and accrued income	46	—	—	—
	3,516	3,866	11,332	10,431

19 INVESTMENTS HELD AS CURRENT ASSETS

Cash deposits with terms in excess of one day	2,790	4,633	—	—
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20

CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	THE GROUP		THE COMPANY	
	2005 £'000	2004 £'000	2005 £'000	2004 £'000
Bank loan and overdrafts (see note 21)	2,755	518	—	—
Trade creditors	839	801	—	—
Amounts owed to subsidiary undertakings	—	—	14,484	1,026
Amounts owed to associated undertakings	72	93	—	—
Other creditors	1,729	546	218	229
Tax payable	1,627	581	577	—
	7,022	2,539	15,279	1,255

Included in bank loan and overdrafts are overdrafts totalling £2,124,000 (2004 nil) which are secured on certain fixed assets within the Australian operations.

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CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

Bank loan	533	1,037	—	—
Other creditors	3	146	—	—
	536	1,183	—	—

A bank loan of £1,164,000 (2004 £1,555,000) is the Sterling equivalent at 31 December 2005 of US\$2 million (2004 US\$3 million). This loan was taken out in Indonesia by the 80% subsidiary, PT Pangkatan Indonesia, to finance the development of a new mill which is now operational. The loan is secured against the assets of the aforementioned subsidiary and of PT Bilah Plantindo, and is repayable as follows:

Within one year	631	518	—	—
Between one and two years	533	518	—	—
Between two and five years	—	519	—	—
	1,164	1,555	—	—

Notes to the accounts

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22 PROVISIONS FOR LIABILITIES AND CHARGES

The Group	Past-service liabilities £'000	Deferred taxation £'000	Total £'000
At 1 January 2005	635	94	729
Exchange differences	46	8	54
Balance acquired on acquisition of subsidiary	—	80	80
Payments during the year	(99)	—	(99)
Profit and loss account charge/(credit)	139	(124)	15
At 31 December 2005	721	58	779

Provisions for deferred taxation consist of the following amounts:

The Group	2005 £'000	2004 £'000
Excess of capital allowances over depreciation	274	284
Past-service liabilities	(216)	(190)
	58	94

A deferred tax asset of £216,000 has been recognised at 31 December 2005 (2004 £190,000). This asset relates to a provision set up for liabilities arising under a presidential decree in Indonesia whereby employees in that country are entitled to a payment on leaving their company's employment. The provision will be allowable for a tax deduction when paid.

23 CALLED-UP SHARE CAPITAL

	Authorised Number	Allotted and fully paid Number	Authorised £'000	Allotted and fully paid £'000
Shares of 10p each				
At 1 January 2005	64,000,000	48,073,072	6,400	4,807
Shares issued at merger	23,000,000	20,338,662	2,300	2,034
Shares cancelled at merger	—	(20,792,133)	—	(2,079)
At 1 January 2005, as restated - see note 1(b)	87,000,000	47,619,601	8,700	4,762
Issued during the year	—	3,156,552	—	316
At 31 December 2005	87,000,000	50,776,153	8,700	5,078

Under the Company's share-option scheme, directors and employees held options at 31 December 2005 as follows:

	Number of shares	Option price per share p	Options period ending
Granted 17 July 2001	890,000	75.50	17 July 2011
Granted 1 May 2002	475,000	96.50	1 May 2012
Granted 2 May 2003	475,000	126.50	2 May 2013
Granted 2 February 2005	761,675	85.05	17 July 2011
Granted 2 February 2005	425,838	101.78	1 May 2012
Granted 2 February 2005	367,565	138.04	2 May 2013
Granted 2 February 2005	67,238	158.95	4 May 2014
At 31 December 2005	3,462,316		

The details of the directors' share options are set out in the report of the board to the shareholders on directors' remuneration on page 25.

The issued share capital as at the date of this report is 50,776,153 shares of 10p, which includes 609,049 shares held by M. P. Evans (Malaysia) Sdn. Berhad, now an 80.6%-owned subsidiary undertaking.

The authorised share capital has been increased from 64,000,000 to 87,000,000 shares of 10p each. In addition, 23,220,527 shares have been issued and 20,792,133 shares have been cancelled as a result of the implementation of two schemes of arrangement used to merge the Company with Bertam Holdings PLC and Lendu Holdings PLC. Further details of the merger are set out in notes 32 to 35 on pages 55 to 58. These share issues give rise to a total premium on issue of £5,043,000 being the premium on the 2,881,865 shares issued for the acquisition of Lendu Holdings PLC. Furthermore during the year 274,687 shares were issued under option agreements for a total cash consideration of £244,000.



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RESERVES

	Share premium account	Revaluation reserve	Capital redemption reserve	Merger reserve	Share of associated companies' reserves	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
The Group							
At 1 January 2005	5,108	—	60	—	18,699	17,093	40,960
Merger adjustments	—	17,646	2,079	(4,522)	(12,876)	8,755	11,082
Merged reserves at 1 January 2005	5,108	17,646	2,139	(4,522)	5,823	25,848	52,042
Restatement due to change in dividend treatment (see note 11)	—	—	—	—	—	3,030	3,030
At 1 January 2005, as restated	5,108	17,646	2,139	(4,522)	5,823	28,878	55,072
Exchange differences	—	1,340	—	—	999	3,914	6,253
Issue of shares	5,209	—	—	—	—	—	5,209
Acquired on acquisition (transfer to subsidiaries) of subsidiary	—	1,419	—	423	(3,473)	1,631	—
Released to profit and loss account	—	(33)	—	—	—	—	(33)
Unrealised share of movements in associated undertakings' reserves	—	—	—	—	(1,020)	—	(1,020)
Profit for the financial year	—	—	—	—	2,764	1,696	4,460
Equity dividend paid	—	—	—	—	—	(4,049)	(4,049)
At 31 December 2005	10,317	20,372	2,139	(4,099)	5,093	32,070	65,892

	Share premium account	Capital redemption reserve	Merger reserve	Profit and loss account	Total
	£'000	£'000	£'000	£'000	£'000
The Company					
At 1 January 2005	5,073	60	—	10,490	15,623
Restatement due to change in dividend treatment (see note 11)	—	—	—	3,030	3,030
At 1 January 2005, as restated	5,073	60	—	13,520	18,653
Issue of shares	5,210	—	743	—	5,953
Purchase of own shares	—	2,079	—	—	2,079
Loss for the financial year	—	—	—	(1,903)	(1,903)
Equity dividend paid	—	—	—	(4,049)	(4,049)
At 31 December 2005	10,283	2,139	743	7,568	20,733

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PENSION SCHEME

The Company operates a defined-contribution (money-purchase) pension scheme, the assets of which are held separately. The fund is under the control of trustees, who have invested it with UK insurance companies. The pension charge represents contributions to the fund payable by the Group under the rules of the scheme. The total charge for the year amounted to £90,000 (2004 £91,000).

Notes to the accounts

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NOTE TO THE CONSOLIDATED-CASH FLOW STATEMENT

The Group	2005 £'000	2004 £'000
Reconciliation of operating profit to net cash inflow from operating activities		
Total operating profit	7,977	9,689
Exchange differences	27	(204)
Depreciation and amortisation	(184)	389
Share of associated undertakings' profits	(3,794)	(4,602)
(Increase)/decrease in stocks	(516)	239
Decrease in debtors	1,169	2,675
Increase in creditors	820	974
Net cash inflow from operating activities	5,499	9,160
Returns on investments and servicing of finance		
Interest received	318	393
Dividends received	89	72
Interest paid	(283)	(7)
Dividends paid to minorities	(451)	(399)
Net cash (outflow)/inflow from returns on investments and servicing of finance	(327)	59
Taxation		
Corporation tax paid	(1,838)	(2,226)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(4,409)	(3,091)
Sale of tangible fixed assets	62	591
Purchase of fixed-asset investment	—	(2,152)
Sale of fixed-asset investments	148	59
Net cash outflow from capital expenditure and financial investment	(4,199)	(4,593)
Acquisitions		
Fundamental re-organisation expenses	(640)	—
Net overdraft acquired with subsidiary undertaking	(1,722)	—
Investment in subsidiary undertaking	(36)	—
Investment in associated undertaking	(1,878)	—
	(4,276)	—
Management of liquid resources		
Decrease in short-term deposits	2,151	1,019
Financing		
New loan	—	1,555
Repayment of loan	(458)	—
Issue of shares	244	—
	(214)	1,555



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RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

The Group	2005 £'000	2004 £'000
(Decrease)/increase in cash in the year	(6,073)	4,598
Decrease in liquid resources	(2,151)	(1,019)
Movements in loans	458	(1,555)
Exchange differences	444	(749)
Movements in net funds	(7,322)	1,275
Net funds at 1 January 2005	9,830	8,555
Net funds at 31 December 2005	2,508	9,830

Analysis of movements of net funds	At 1 January 2005 £'000	Cash flow £'000	Acquisitions £'000	Exchange differences £'000	At 31 December 2005 £'000
Cash at bank and in hand	6,752	(4,250)	200	304	3,006
Overdrafts	—	(101)	(1,922)	(101)	(2,124)
	6,752	(4,351)	(1,722)	203	882
Short-term deposits	4,633	(2,151)	—	308	2,790
Bank loan	(1,555)	458	—	(67)	(1,164)
	9,830	(6,044)	(1,722)	444	2,508

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FINANCIAL INSTRUMENTS

The Group's primary financial instruments comprise cash balances and deposits held with banks, fixed-asset investments, trade debtors, trade creditors, bank overdrafts and bank loans. The Group does not undertake any transactions in derivatives. The main purpose of these financial instruments is to provide funds to finance the Group's operations. No trading in financial instruments takes place.

The main risks arising from the Group's financial instruments are foreign-currency risk and, to a lesser extent, interest-rate risk. The board reviews and agrees the policies for managing these risks. The policies and the impact of these risks on the Group's balance sheet at the end of the financial year are summarised below. Short-term debtors and creditors have been omitted from all disclosures other than the currency-exposure profile.

Foreign-currency risk

The majority of the Group's operations are undertaken in Indonesia, Malaysia and Australia. The Group does not have transactional currency exposures arising from sales or purchases by an operating unit but the Group's balance sheet can be significantly affected by movements in exchange rates. Whilst the Group's trading takes place in local currencies in South East Asia, commodity prices are determined by a world market which reduces the Group's currency risk. The Group has no hedging policy and does not make use of forward-currency contracts.

The following analysis of net monetary assets and liabilities shows the Group's foreign-currency exposure profile. The amounts shown represent the transactional exposures that give rise to the net gains and losses recognised in the Group profit and loss account. Exposures comprise the monetary assets and liabilities of the Group that are not denominated in the functional currency of the operating units involved.

	2005 US\$ £'000	2004 US\$ £'000
Functional currency - Indonesian Rupiah - cash	1,582	2,588
- loans	(1,164)	(1,555)

Interest-rate risk

The Group has significant cash balances and deposits held with banks. In order to optimise the income received on these deposits the Group continuously reviews the terms of these deposits to take advantage of the best market rates. UK funds are placed through a broker with banks who have a credit rating of at least AA.

Notes to the accounts

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FINANCIAL INSTRUMENTS *Continued*

The Group's only financial liabilities other than short-term trade creditors are the bank overdraft and bank loan referred to in notes 20 and 21. The overdraft is denominated in Australian Dollars and interest is charged at a variable rate linked to the Australian base rate. The loan is denominated in US Dollars and interest is charged at a floating rate linked to US Dollar LIBOR. The currency profile of the Group's financial assets, other than short-term trade debtors, is shown in the table below:

The Group	2005 £'000	2004 £'000
Floating-rate financial assets		
Sterling	1,950	2,533
Indonesian Rupiah	206	147
Malaysian Ringgit	1,871	5,955
US Dollar	1,582	2,674
Australian Dollar	127	—
Thai Baht	60	76
	5,796	11,385

Interest on floating-rate financial assets is earned at normal commercial rates.

Undrawn facilities

The Group has an undrawn Sterling overdraft facility renewable within one year of £750,000 (2004 £750,000).

The Group has undrawn Australian Dollar overdraft facilities of £863,000 (2004 nil).

Fair values of financial assets and liabilities

In the opinion of the directors, there was no significant difference between the carrying values and the estimated fair values of the Group's primary financial assets and liabilities at either the current, or preceding, financial year end.

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RELATED-PARTY TRANSACTIONS

The directors' participation in the executive share-option scheme is disclosed on page 25. Apart from this, no director had an interest in any transaction with the Group at any time during the year.

During the year, the Group undertook the following transactions with related parties:

Fee paid to M. P. Evans (UK) Limited	36	476
Sale of livestock to The North Australian Pastoral Company Pty. Limited	307	—



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SIGNIFICANT POST-BALANCE-SHEET EVENTS

(a) **Purchase of Flinton Station**

As announced on 16 January 2006, an agreement was signed on that date in respect of the purchase of Flinton Station, for a cost of A\$7.5 million (approximately £3.1 million at the current rate of exchange). Flinton comprises 7,586 hectares and is contiguous with the Group's existing beef-cattle "growing" property, Woodlands, which is some 120 kilometres north west of Goondiwindi in Southern Queensland. Settlement took place on 31 March 2006.

(b) **Sale of Beradin Estate**

It was announced on 23 January 2006 that an agreement had been signed in respect of the sale of the Malaysian plantation, Beradin Estate. The total selling price for the 1,077-hectare estate is RM53.2million (approximately £7.9 million at the current rate of exchange). A 10% deposit has been received.

This sale is subject to Malaysian Real Property Gains Tax and the related tax charge is expected to be approximately RM2.3 million (approximately £0.3 million at the current rate of exchange). The sale is conditional upon the approval of the Malaysian Foreign Investment Committee and the Estate Land Board. The former has now been received and the latter is expected within three to six months. Revenue earnings from the estate will accrue to the Group until completion.

(c) **Sale of Sungei Reyla Estate**

As announced on 27 April 2005, a conditional agreement was signed in respect of the sale of the 660-hectare Malaysian plantation, Sungei Reyla Estate, for RM31.4 million (approximately £4.7 million at the current rate of exchange). The conditions were the approval of the Malaysian Foreign Investment Committee and the Estate Land Board. The last of these was received in March 2006 and settlement was made in April 2006. The sale is subject to Malaysian Real Property Gains Tax and the related tax charge is expected to be RM1.4 million (approximately £0.2 million at the current rate of exchange).

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CONTINGENT LIABILITY

In March 2002, the Group's 80% subsidiary, PT Pangkatan Indonesia ("Pg") entered into a sale and purchase agreement with DR H Rahmat Shah to acquire from him 80% of PT Sembada Sennah Maju, the company owning Sennah Estate. On 9 September 2003, DR H Rahmat Shah initiated a lawsuit in Indonesia seeking to overturn this agreement. On 12 May 2004, the District Court of Medan found in his favour but Pg immediately appealed against the implementation of the District Court's decision. This appeal was successful and, at the same time, Pg appealed to the Medan High Court to have the District Court's decision overturned. As announced on 16 February 2005, this appeal was also successful.

DR H Rahmat Shah has appealed to the Supreme Court in Jakarta to have the Medan High Court decision overturned. Pg, together with its Indonesian lawyers, is vigorously opposing this appeal and continues to be confident that there is no legal case for the original agreement signed in March 2002 to be set aside. Accordingly, no provision has been made in the 31 December 2005 accounts.

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GROUP MERGER

On 2 February 2005, two schemes of arrangement for the merger of M. P. Evans Group PLC ("MPEG") with each of Bertam Holdings Limited ("BH") and Lendu Holdings Limited ("LH") were completed. BH and LH thereby became wholly-owned subsidiaries of the Company. Sungkai Holdings Limited ("SHL"), which was formerly an associated undertaking of both the Company (47.87%) and BH (49.71%), also became a wholly-owned subsidiary of the Company as a result of the BH scheme of arrangement.

MPEG issued 23,220,527 new 10p shares pursuant to the schemes of arrangement in consideration for the cancellation of the shares held by the other shareholders in BH and LH. BH and SHL between them held 20,792,133 shares in MPEG and those shares were cancelled following implementation of the schemes. As a result, after this issue of new shares and subsequent cancellation of shares described above, the issued equity share capital of MPEG amounted to 50,501,466 shares, compared with the 48,073,072 in issue prior to the schemes of arrangement.

As a result of the schemes of arrangement, BH's results and net assets have been included in MPEG's accounts from 2 February 2005 on the basis of merger accounting. LH has been included on an acquisition-accounting basis.

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ANALYSIS OF MERGED CONSOLIDATED PROFIT AND LOSS ACCOUNT

	M. P. Evans Group PLC £'000	Bertam Holdings Limited £'000	Sungkai Holdings Limited £'000	M. P. Evans (UK) Limited £'000	M. P. Evans (Malaysia) Sdn. Bhd. £'000	Merger adjustments £'000	Merged M. P. Evans Group PLC £'000
2004							
Turnover	7,734	5,110	52	432	49	(466)	12,911
Cost of sales	(3,300)	(3,287)	—	—	—	50	(6,537)
Gross profit/(loss)	4,434	1,823	52	432	49	(416)	6,374
Foreign exchange gains/(losses)	258	(73)	(8)	—	—	—	177
Other administrative expenses	(519)	(836)	(73)	(398)	(55)	417	(1,464)
Total administrative expenses	(261)	(909)	(81)	(398)	(55)	417	(1,287)
Group operating profit/(loss)	4,173	914	(29)	34	(6)	1	5,087
Share of operating profit in associate	5,658	2,336	2,141	—	—	(5,533)	4,602
Total operating profit/(loss)	9,831	3,250	2,112	34	(6)	(5,532)	9,689
Exceptional items	378	561	265	—	—	(489)	715
Profit/(loss) on ordinary activities before interest	10,209	3,811	2,377	34	(6)	(6,021)	10,404
Interest receivable	92	271	25	2	3	—	393
Income from fixed- asset investments	17	558	187	—	34	(724)	72
Interest payable	—	(7)	—	—	—	—	(7)
Profit on ordinary activities before tax	10,318	4,633	2,589	36	31	(6,745)	10,862
Tax charge on profit on ordinary activities	(3,151)	(1,217)	(724)	—	(5)	1,559	(3,538)
Profit on ordinary activities after tax	7,167	3,416	1,865	36	26	(5,186)	7,324
Equity minority interests	(719)	—	—	—	—	(6)	(725)
Profit on ordinary activities attributable to members	6,448	3,416	1,865	36	26	(5,192)	6,599

An analysis of the current-year profit and loss account showing the amounts for each party to the merger up to 2 February 2005 and the amounts for the merged entity for the remainder of the year has not been provided. Given the proximity of the merger to the beginning of the financial year, the directors are of the opinion that the pre-merger analysis is not material to the financial statements.



	2004 £'000
Profit attributable to the members of the Company	
M. P. Evans Group PLC to date of merger	6,448
Bertam Holdings Limited to date of merger	3,416
Sungkai Holdings Limited to date of merger	1,865
M. P. Evans (UK) Limited to date of merger	36
M. P. Evans (Malaysia) Sdn. Berhad to date of merger	26
Merger adjustments	(5,192)
	6,599
Unrealised share of associated undertakings' reserves	
M. P. Evans Group PLC to date of merger	(1,039)
Bertam Holdings Limited to date of merger	(33)
Sungkai Holdings Limited to date of merger	(695)
Merger adjustments	3,236
	1,469
Previously unrealised profit on sale of land to associated undertaking released to profit and loss account on sale of land by associate	
Bertam Holdings Limited to date of merger	(202)
Tax credited straight to reserves	
Bertam Holdings Limited to date of merger	27
Exchange differences on foreign-currency net investments	
M. P. Evans Group PLC to date of merger	(1,517)
Bertam Holdings Limited to date of merger	(2,477)
Sungkai Holdings Limited to date of merger	(12)
	(4,006)
Total recognised gains and losses for the year	3,887

An analysis of the current year statement of total recognised gains and losses for each party to the merger up to 2 February 2005 and the amounts for the merged entity for the remainder of the year has not been provided. Given the proximity of the merger to the beginning of the financial year, the directors are of the opinion that the pre-merger analysis is not material to the financial statements.

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ANALYSIS OF CONSOLIDATED BALANCE SHEET

2004	M. P. Evans Group PLC £'000	Bertam Holdings Limited £'000	Sungkai Holdings Limited £'000	M. P. Evans (UK) Limited £'000	M. P. Evans (Malaysia) Sdn. Bhd. £'000	Merger adjustments £'000	Merged M. P. Evans Group PLC £'000
Fixed assets							
Tangible assets	14,925	15,984	528	28	100	—	31,565
Investments	34,895	21,037	15,077	5	158	(51,526)	19,646
Total fixed assets	49,820	37,021	15,605	33	258	(51,526)	51,211
Current assets							
Stocks	212	454	—	—	—	—	666
Debtors	622	3,211	13	48	24	(52)	3,866
Investments	2,651	1,982	—	—	—	—	4,633
Cash at bank and in hand	1,530	4,036	728	346	112	—	6,752
	5,015	9,683	741	394	136	(52)	15,917
Creditors due within one year	(1,555)	(707)	(2)	(312)	(14)	51	(2,539)
Net current assets	3,460	8,976	739	82	122	(1)	13,378
Total assets less current liabilities	53,280	45,997	16,344	115	380	(51,527)	64,589
Creditors due after more than one year	(1,037)	(146)	—	—	—	—	(1,183)
Provisions for liabilities and charges	(676)	(53)	—	—	—	—	(729)
Minority interests	(2,770)	—	—	—	—	(73)	(2,843)
	48,797	45,798	16,344	115	380	(51,600)	59,834
Capital and reserves							
Called-up share capital	4,807	2,691	194	100	122	(3,152)	4,762
Share premium account	5,108	1,117	4,714	—	53	(5,884)	5,108
Revaluation reserve	—	17,646	—	—	—	—	17,646
Capital redemption reserve	60	720	—	—	—	1,359	2,139
Merger reserve	—	(520)	—	—	—	(4,002)	(4,522)
Capital reserve	—	828	—	—	—	(828)	—
Associated undertakings	18,699	9,814	7,534	—	—	(30,224)	5,823
Profit and loss account	20,123	13,502	3,902	15	205	(8,869)	28,878
	48,797	45,798	16,344	115	380	(51,600)	59,834



Subsidiary and associated undertakings

SUBSIDIARY UNDERTAKINGS

Details of the principal subsidiary undertakings as at 31 December 2005 are as follows:

Name of subsidiary	% of shares and voting rights held	Country of incorporation	Country of operation	Field of activity
P T Bilah Plantindo	80	Indonesia	Indonesia	Production of oil palm f.f.b.
P T Gunung Pelawan Lestari	90	Indonesia	Indonesia	Production of oil palm f.f.b.
P T Pangkatan Indonesia	80	Indonesia	Indonesia	Production of crude palm oil, palm kernels and rubber
P T Sembada Sennah Maju	64	Indonesia	Indonesia	Production of oil palm f.f.b. and rubber
P T Simpang Kiri Plantation Indonesia	80	Indonesia	Indonesia	Production of oil palm f.f.b.
Beradin Estates Limited	100	England and Wales	Malaysia	Production of oil palm f.f.b.
Bertam Consolidated Rubber Company Limited	100	England and Wales	Malaysia	Production of oil palm f.f.b. and holding of investments
Bertam (U.K.) Limited	100	England and Wales	United Kingdom and Australia	Investment holding company
Lendu Rubber Estates Limited	100	England and Wales	Malaysia	Production of oil palm f.f.b.
Padang Senang Rubber Limited	100	England and Wales	Malaysia	Production of oil palm f.f.b.
Sungkai Estates Limited	100	England and Wales	Malaysia	Production of oil palm f.f.b.
Supara Company Limited	100	Thailand	Thailand	Rubber manufacture
The Singapore Para Rubber Estates, Limited	100	England and Wales	Malaysia	Production of oil palm f.f.b. and rubber
Gubbagunyah Partnership	100	Australia	Australia	Beef-cattle farming

The shareholdings in the above companies represent ordinary shares except Gubbagunyah Partnership which has no class of share.

ASSOCIATED UNDERTAKINGS

Details of the associated undertakings as at 31 December 2005 are as follows:

	Issued, fully-paid share capital	% held	Country of incorporation	Country of operation	Field of activity
Unlisted					
Bertam Properties Sdn. Bhd.	RM60.00m	40.00	Malaysia	Malaysia	Property development
The North Australian Pastoral Company Pty. Limited	A\$16.80m	27.92	Australia	Australia	Beef-cattle farming
P T Agro Muko	Rp54.58m	31.53	Indonesia	Indonesia	Production of palm oil, palm kernels and rubber
P T Kerasan Indonesia	Rp138.07m	36.00	Indonesia	Indonesia	Production of oil palm f.f.b.
Kennedy, Burkill & Company Berhad	RM18.00m	20.01	Malaysia	Malaysia and Hong Kong	Investment holding, plantation ownership and management and provision of professional services
Asia Green Environmental Sdn. Bhd.	RM4.76m	30.00	Malaysia	Malaysia	Production and sale of palm-oil waste-composting systems

The associated undertakings incorporated in Great Britain are registered in England and Wales. The shareholdings in the above companies represent ordinary shares. The investments in associated undertakings are all held by subsidiary undertakings.

Analysis of land areas

at 31 December 2005 The information in the following pages does not form part of the audited financial statements

	OIL PALM				RUBBER			UNPLANTED	CATTLE	TOTAL
	Owned	Mature	Immature	Total oil palm	Mature	Immature	Total rubber	Total	Total cattle	
	%	Ha	Ha	Ha	Ha	Ha	Ha	Ha	Ha	Ha
INDONESIA										
Subsidiary undertakings										
Bangka	90.00	—	87	87	—	—	—	11,913	—	12,000
Bilah	80.00	2,484	290	2,774	—	—	—	187	—	2,961
Pangkalan	80.00	1,545	699	2,244	206	—	206	136	—	2,586
Sennah	64.00	958	373	1,331	135	—	135	347	—	1,813
Simpang Kiri	80.00	2,148	272	2,420	—	—	—	234	—	2,654
Total majority-owned		7,135	1,721	8,856	341	—	341	12,817	—	22,014
Associated undertakings										
P T Agro Muko	31.53	14,963	1,381	16,344	1,733	93	1,826	4,744	—	22,914
P T Kerasaan Indonesia	36.00	2,117	198	2,315	—	—	—	47	—	2,362
Total minority-owned		17,080	1,579	18,659	1,733	93	1,826	4,791	—	25,276
Total Indonesian majority and minority-owned		24,215	3,300	27,515	2,074	93	2,167	17,608	—	47,290
MALAYSIA										
Subsidiary undertakings										
Beradin*	100.00	973	98	1,071	—	—	—	14	—	1,085
Bertam	100.00	65	—	65	—	—	—	9	—	74
Lendu*	100.00	186	—	186	—	—	—	9	—	195
Perhentian Tinggi	100.00	766	108	874	—	—	—	52	—	926
Sungei Kruit	100.00	809	—	809	—	—	—	19	—	828
Sungei Reyla**	100.00	590	52	642	—	—	—	18	—	660
Total majority-owned		3,389	258	3,647	—	—	—	121	—	3,768
Associated undertaking										
Bertam Properties Sdn. Bhd.	40.00	799	—	799	—	—	—	409	—	1,208
Total Malaysian majority and minority-owned		4,188	258	4,446	—	—	—	530	—	4,976
AUSTRALIA										
Subsidiary undertaking										
Woodlands***	100.00	—	—	—	—	—	—	—	11,826	11,826
Associated undertaking										
The North Australian Pastoral Company Pty Limited	29.29	—	—	—	—	—	—	—	6,400,000	6,400,000
Total Australian majority and minority-owned		—	—	—	—	—	—	—	6,411,826	6,411,826

* Subject to conditional sale agreements.

** Sold after the year end.

*** Since the year end, Flinton Station (7,586 hectares, contiguous with Woodlands) has been purchased.



5-year summary

	2005	2004 (restated*)	2003	2002	2001
Production	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes
Palm oil	21,579	—	—	—	—
Palm kennels	5,009	—	—	—	—
Crops					
Oil palm fresh fruit bunches ("f.f.b.")					
Majority-owned estates	222,683	228,287	213,620	187,131	185,650
Associated company estates	334,830	335,997	319,779	267,341	252,399
Average sale prices					
Palm oil - Rotterdam c.i.f. US\$/tonne	420	475	449	390	279
Exchange rates					
£1 = Indonesian Rupiah - average	17,653	16,385	14,009	13,976	14,666
- year end	16,893	17,925	15,083	14,388	15,230
US\$1 = Indonesian Rupiah - average	9,712	8,953	8,569	9,314	10,190
- year end	9,840	9,336	8,447	8,929	10,470
£1 - US Dollar - average	1.82	1.83	1.64	1.50	1.44
- year end	11.72	1.92	1.79	1.61	1.45
£1 = Malaysian Ringgit - average	6.89	6.96	6.21	5.71	5.47
- year end	6.49	7.30	6.78	6.12	5.53
£1 = Australian Dollar - average	2.39	2.49	2.51	2.77	2.81
- year end	2.34	2.47	2.37	2.87	2.86
	£'000	£'000	£'000	£'000	£'000
Turnover - continuing activities	12,182	12,911	7,599	6,399	3,775
Gross profit	5,082	6,374	4,209	3,339	1,620
Profit on ordinary activities before taxation	7,576	10,862	8,358	6,698	3,192
	Pence	Pence	Pence	Pence	Pence
Basic earnings per share	8.86	13.86	10.59	8.84	4.43
Equity dividends per share	6.25	6.00	5.50	4.75	4.25
	£'000	£'000	£'000	£'000	£'000
Equity shareholders' funds	70,970	59,834	44,906	44,896	49,377
Net cash inflow from operating activities	5,499	9,160	3,555	2,751	1,573

* The figures for 2004 have been restated for the merger of M. P. Evans Group PLC with Bertam Holdings Limited, as detailed in notes 1(b) and 32 to 35. The figures for the earlier years, 2001 to 2003 inclusive, have not been restated for this merger, except for the f.f.b. crops.

Notice of meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of M.P. Evans Group PLC will be held at Tallow Chandlers' Hall, 4 Dowgate Hill, London EC4R 2SH on 13 June 2006 at 12:00 noon for the following purposes:

As ordinary business

- 1 To receive and consider the report of the directors and the audited financial statements for the year ended 31 December 2005.
RESOLUTION ON FORM OF PROXY No 1
- 2 To declare a dividend.
RESOLUTION ON FORM OF PROXY No 2
- 3 To re-elect Mr P A Fletcher as a director.
RESOLUTION ON FORM OF PROXY No 3
- 4 To re-elect Mr P E Hadsley-Chaplin as a director.
RESOLUTION ON FORM OF PROXY No 4
- 5 To re-appoint Deloitte & Touche LLP as auditors and to authorise the directors to determine their remuneration.
RESOLUTION ON FORM OF PROXY No 5

As special business

To consider and, if thought fit, pass the following resolutions, of which resolution 6 will be proposed as an ordinary resolution and resolutions 7, 8 and 9 will be proposed as special resolutions:

- 6 That the maximum nominal amount of relevant securities (within the meaning of section 80 of the Companies Act 1985) which the directors are authorised to allot pursuant to article 4(B) of the Company's articles of association shall be £1,692,369 provided that this authority shall expire at the conclusion of the next annual general meeting of the Company or on 13 September 2007, whichever shall be the earlier.
RESOLUTION ON FORM OF PROXY No 6
- 7 That the directors be empowered to allot equity securities (as defined in section 94(2) of the Companies Act 1985) pursuant to the authority conferred by resolution 6 as if section 89(1) of the Companies Act 1985 did not apply to any such allotment provided that this power shall be limited to any allotment falling within the provisions of article 4(C)(a) of the Company's articles of association or any allotment up to an aggregate nominal amount of £507,761 falling within the provisions of article 4(C)(b) of the Company's articles of association. Such power will extend to

the sale of treasury shares (within the meaning of section 162A of the Companies Act 1985) for cash as if in respect of any such sale the words "pursuant to the authority from time to time conferred by article 4(B) hereof" were omitted from the second line of article 4(C) and, for the purpose of such power, the reference in article 4(C)(a) to "where the equity securities attributable to the interests of all of the holders of the shares are proportionate (as nearly as may be) to the numbers of shares held by them" shall be deemed to exclude the Company in respect of any treasury shares held by it.

RESOLUTION ON FORM OF PROXY No 7

- 8 That the Company is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 163 of the Companies Act 1985) of shares of 10p each in the capital of the Company provided that:
 - (a) the maximum number of shares hereby authorised to be purchased is 5,077,615;
 - (b) the minimum price which may be paid for each share is 10p (exclusive of expenses);
 - (c) the maximum price (exclusive of expenses) which may be paid for each share is an amount equal to 105% of the average of the middle-market quotations for such shares as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day of purchase; and
 - (d) the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company or on 13 September 2007 whichever shall be the earlier 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.**RESOLUTION ON FORM OF PROXY No 8**
- 9 That the amendments to the articles of association of the Company, set out in the appendix to the notice of the annual general meeting dated 15 May 2006, be hereby approved.
RESOLUTION ON FORM OF PROXY No 9

By order of the board
J F Elliott *Secretary*
15 May 2006

See notes on next page.



Notes

1 A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend. A proxy need not also be a member of the Company, but, except in the case of a proxy for a corporate member, is not entitled to vote except on a poll. A form of proxy is enclosed for this purpose. If you are unable to attend the meeting, please complete and return the enclosed form of proxy so as to reach the office of the registrars as soon as possible and, in any event, not less than 48 hours before the time appointed for holding the meeting. Completion of a form of proxy does not prevent a member from subsequently attending and voting in person.

In line with regulation 41 of the Uncertificated Securities Regulations 2001, only shareholders entered in the register of members of the Company as at 11:00 p.m. on 11 June 2006, or their duly appointed proxies, will be entitled to attend and/or vote at the meeting. Shareholders will be

entitled to vote in respect of the number of shares registered in their names at the above time and any subsequent changes will be disregarded in determining rights to attend and vote.

2 The register of directors' interests showing all transactions of each director and, where applicable, of his family, in the share capital of the Company, will be available for inspection at the registered office of the Company on any weekday, Saturdays and public holidays excepted, during normal business hours from the date of this notice until the annual general meeting and at Tallow Chandlers' Hall for a period of fifteen minutes prior to the annual general meeting and during the meeting. No director has a service contract with the Company that cannot be terminated by the Company without payment of compensation on not more than one year's notice.

Appendix to the notice of annual general meeting

The following is the text of the proposed amendments to the articles of association to be proposed at the annual general meeting:

1. By deleting the following definitions in article 2A:

“Regulations The Uncertificated Securities Regulations 1995.

Register The register of members of the Company.”

and inserting the following new definitions:

“Communication Has the meaning given to it in the Electronic Communications Act 2000.

Electronic
communication Has the meaning given to it in the Electronic Communications Act 2000.

Operator Means a person approved by the Treasury under the Regulations as Operator of a relevant system.

Participating
Issuer Means a person who has issued a security which is a Participating Security.

Participating
Security Means a security title to units of which is permitted by an Operator to be transferred by means of a relevant system.

properly
authenticated
dematerialised
instruction Has the meaning given to it in the Regulations.

Register

Means:

(a) the register of members as required by section 352(1) of the 1985 Act; or

(b) if the Company is a Participating Issuer, the Company’s issuer register of members as required by regulation 20(2) of the Regulations.

Regulations The Uncertificated Securities Regulations 2001.

Uncertificated
Proxy
Instruction Means a properly authenticated dematerialised instruction, and/or other instruction or notification, which is sent by means of the Relevant System and received by such participant in that system acting on behalf of the Company as the board may prescribe, in such form and subject to such terms and conditions as may from time to time be prescribed by the board.”

-
2. By inserting the following new article as article 2.(B)(e):

“2. (B) (e) a notice or document in writing does not include a notice or document in writing generated as a result of giving the notice or document by means of an Electronic Communication.”

-
3. By deleting all instances of the words “participating security” in articles 14 (A) to (E) and replacing them with “Participating Security”.

-
4. By deleting article 77 and replacing it with the following:

“77. A vote given in accordance with the terms of an appointment of a proxy is valid notwithstanding the appointor’s death or insanity or the revocation of the appointment, or of the authority under which the appointment was made, unless the Company is notified of the death, insanity or revocation at least 48 hours before the start of the meeting or adjourned meeting to which the appointment relates. That notice must either:

(a) be in writing and received at the Company’s registered office or at such other place within the United Kingdom as is specified in the notice of the meeting or adjourned meeting to which the appointment relates; or

(b) be:

(i) contained in any form of Electronic Communication that the board had decided may be used for an Electronic Proxy Appointment for that meeting or adjourned meeting but only if it is possible for the Company to receive the notice by that form of Electronic Communication; and

(ii) received at the address or number specified for the purpose of receiving an electronic proxy appointment for that meeting or adjourned meeting by that form of Electronic Communication.”



5. By deleting article 81 and replacing it with the following:

- "81. The appointment of a proxy must either be:
- (a) in writing (a "Written Proxy Appointment"), in which case:
 - (i) it must be in any usual form or in another form as the board may approve;
 - (ii) it must be signed by the appointor or his agent duly authorised in writing, or, if the appointor is a corporation, under its common seal or by a duly authorised agent or officer;
 - (iii) it need not be witnessed; and
 - (iv) the board may require evidence of the authority of any agent or officer that signs a Written Proxy Appointment on behalf of the appointor; or
 - (b) contained in any form of Electronic Communication (including, in relation to any shares which are held in uncertificated form, an Uncertificated Proxy Instruction (subject always to the facilities and requirements of the relevant system)) that the board decides may be used in relation to the relevant meeting (an "Electronic Proxy Appointment"), in which case, it must comply with each requirement (including, without limitation, those as to authentication) that the board has specified for that form of Electronic Communication in relation to that meeting;
 - (c) the board may from time to time permit supplements to or amendments of revocations of any such Electronic Proxy Instruction which takes the form of an Uncertificated Proxy Instruction;
 - (d) the board may, in addition to the provisions of articles 81 (b) and (c), prescribe the method for determining the time at which any such properly authenticated dematerialised instruction (and/or other instruction or notification) is to be treated as received by the Company or such participant; and
 - (e) the board may treat any such Uncertificated Proxy Instruction which purports to be or is expressed to be sent on behalf of a holder of a share as sufficient evidence of the authority of the person sending that instruction to send it on behalf of the holder."

6. By deleting article 82 and replacing it with the following:

- "82. (A) A Written Proxy Appointment is only valid if it and any power of attorney or other written authority under which it is signed, or a notarially certified or office copy of that power or authority is received at the office or at such other place within the United Kingdom as is specified in the notice of meeting or in the Written Proxy Appointment issued by the Company in relation to the meeting:
- (a) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the Written Proxy Appointment proposes to vote; or
 - (b) in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting, not less than 24 hours before the time appointed for the taking of the poll.
88. (B) An Electronic Proxy Appointment is only valid if it complies with each requirement specified pursuant to article 81(b) and it is received at the address or number specified by the board for the purpose of receiving that type of Electronic Proxy Appointment:
- (a) not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the Electronic Proxy Appointment proposes to vote; or
 - (b) in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting, not less than 24 hours before the time appointed for taking of the poll."

7. By deleting article 121 and replacing it with the following:

- "121. If:
- (a) each director for the time being entitled to receive notice of a meeting of the board and not being less than a quorum, or each member of a committee of the board, agrees to the passing of a resolution; and
 - (b) the agreement of the director or member of the committee to the passing of the resolution is contained in:
 - (i) any form of Electronic Communication that the board decides may be used in relation to this article and complies with each requirement (including, without limitation, those as to authentication) that the board has specified for that form of Electronic Communication; or

Appendix to the notice of annual general meeting

Continued

- (ii) a document signed by the director or member, that resolution is as effective as a resolution passed at a meeting of the board or (as the case may be) a committee of the board duly convened and held.
121. (A) For the purposes of article 121(b)(ii):
- (a) the agreement of the directors or members of the committee may be contained in several documents in the same form each signed by one or more of the directors or members of the committee; and
 - (b) a signature may be affixed to a copy of the document and the signed document is valid if the Company receives a copy sent using an Electronic Communication or the original.
121. (B) For the purposes of article 121 an alternate director need not agree to the passing of a resolution if his appointor has agreed to its passing and if an alternate director has agreed to the passing of a resolution, his appointor need not agree to its passing.”
-
8. By deleting articles 150 to 152 and replacing them with the following:
- “150. A notice or document to be given to or by a person pursuant to these articles must be:
- (a) in writing; or
 - (b) contained in any form of Electronic Communication that the sender and the recipient of the notice or document have agreed may be used for the giving of that type of notice or document.
151. The Company may give a member a notice or document in writing:
- (a) personally;
 - (b) by sending it by post in a pre-paid envelope addressed to the member at his registered address (or another address notified for that purpose by the member);
 - (c) by leaving it at the member’s registered address (or another address notified for that purpose by the member) in an envelope addressed to the member; or
 - (d) by giving or sending it in any other way permitted by the Act or (while any of the Company’s shares are admitted to trading on the Alternative Investment Market of the London Stock Exchange plc) the rules of the Alternative Investment Market.
152. The Company may give a member a notice or document contained in an Electronic Communication by giving it using an Electronic Communication to an address or number notified by the member to the Company for that purpose.
152. (A) In the case of joint holders of a share, a notice or document must be given to the person who is named first in the register in respect of the joint holding, and notice given in this way is sufficient notice to all joint holders.
152. (B) If a member (or, in the case of joint holders, the member first named in the register) has a registered address outside the United Kingdom but has notified the Company of an address in the United Kingdom at which notices or documents in writing may be given to the member, the member is entitled to have a notice or document given to him at that address. The board may also permit (on such terms as the board may decide) such a member to have a notice or document contained in an Electronic Communication given to him using an Electronic Communication to an address or number notified by the member to the Company for that purpose.”
-
9. By inserting the following new article as article 155. (A)
- “155. (A) A notice or document contained in an Electronic Communication is deemed to have been given 24 hours after it was given. In proving service it is sufficient to prove that the Electronic Communication was properly addressed and shown as given in a report or log retained by or on behalf of the Company.”



Notes

	Notes						

Venue of annual general meeting

Tallow Chandlers' Hall



