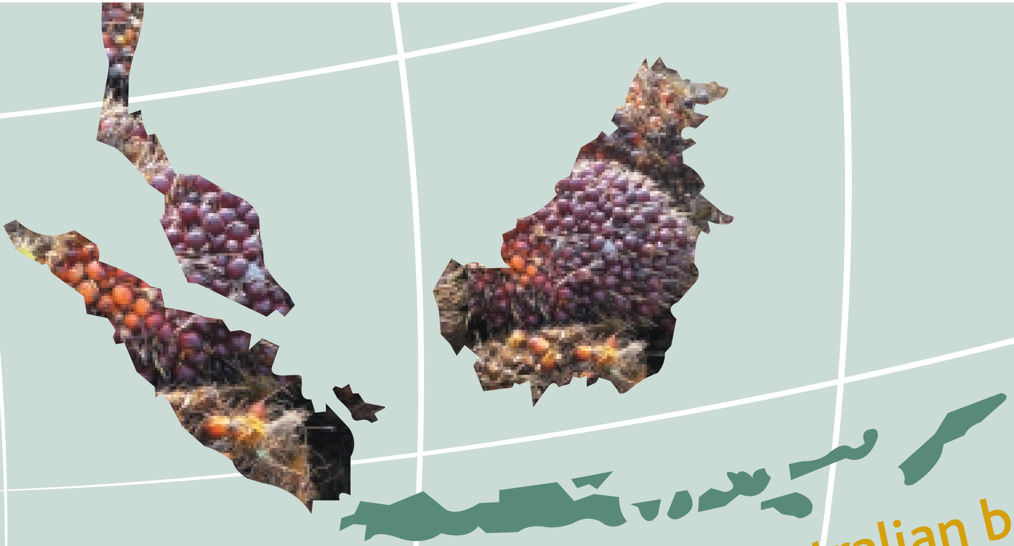
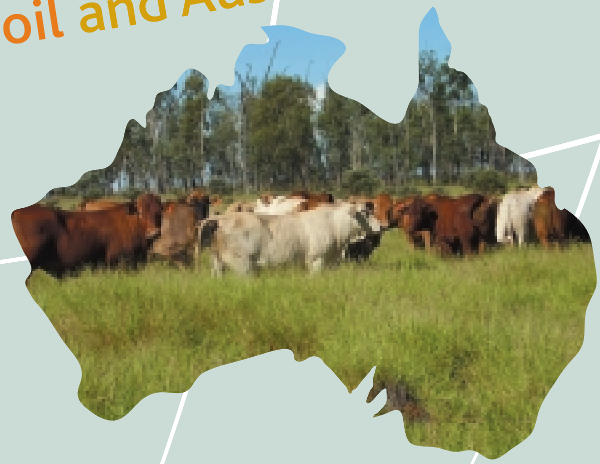


Indonesian palm oil and Australian beef cattle



2008 annual report

M.P. Evans GROUP PLC

MALAYSIA

PROPERTY

MAJORITY HELD 75 ha
MINORITY HELD 560 ha

INDONESIA

OIL-PALM PLANTATIONS

MAJORITY HELD 46,000 ha
MINORITY HELD 25,000 ha

AUSTRALIA

BEEF-CATTLE FARMING

MAJORITY HELD 31,000 ha
MINORITY HELD 6,000,000 ha

Location of the Group's properties
and those of its associates as at 30 April 2009

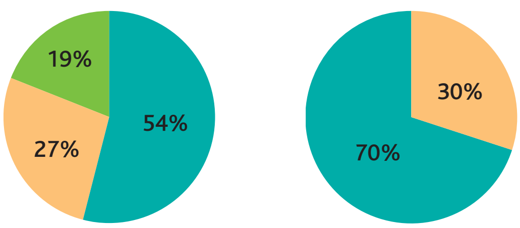
Existing portfolio

AS AT 30 APRIL 2009

- 10,000 hectares of majority-held, mature oil-palm plantations in Sumatra, Indonesia
- 25,000 hectares of minority-held (equivalent to 8,000 hectares) mature oil-palm plantations in Sumatra, Indonesia
- 36,000 hectares of majority-held new land in Bangka and Kalimantan, Indonesia suitable for oil-palm development – over 8,500 hectares planted to date
- 31,000 hectares of cattle-backgrounding land in southern Queensland, Australia – now being marketed for sale
- 34.4% interest in a leading Australian cattle company, NAPCo, owning six million hectares in Queensland and Northern Territory
- 74 hectares of plantation land in Peninsula Malaysia, with real-estate-development premium
- 40% share of a substantial property-development company, Bertam Properties, near Penang Island, Malaysia with a land bank of some 560 hectares
- Net current assets of some US$49 million as at 31 December 2008

LAND ASSETS BY VALUE

31 DECEMBER 2008 TARGET



INDONESIA AUSTRALIA MALAYSIA

CONTENTS

The map of the venue of the annual general meeting is shown on the inside back cover

Highlights 2008

- Record profit for the year US$53,596,000 (2007 US$46,630,000)
- Final dividend for the year maintained at 5.00p per share – 2.00p (2007 – 2.00p) interim already paid
- Plantation profits 33% higher at US$14,893,000 (2007 US$11,213,000)
- Palm-oil prices surged in early 2008 before declining sharply from record highs and then climbing again in 2009
- Indonesian crops of oil palm fresh fruit bunches higher than in 2007
- Value of biological assets increased markedly by US$24,226,000 (gross)
- Loss on Woodlands and associate, NAPCo, as a result of adverse weather in Australia
- Strategy of disposing of Malaysian estates at premium, real-estate levels continued successfully in 2008
- Lower profits recorded by the Malaysian associate, Bertam Properties, as a result of fewer land disposals compared with 2007's exceptionally high level
- Strategy of developing and planting new Indonesian plantation areas continues apace; over 8,500 hectares now planted
- Widespread rainfall in 2009 in Australia has benefited Woodlands and NAPCo properties
- Australian rural property values have continued to be stable
- Woodlands now being marketed for sale as a non-core asset

Summary of results

FOR THE YEAR ENDED 31 DECEMBER 2008

	2008	2007
	US$'000	US$'000
Revenue	30,387	21,265
Gross profit	13,834	10,619
Group-controlled profit before taxation	23,447	17,286
Profit for the year attributable to equity holders	49,789	42,264
Equity attributable to members	249,178	223,412
Net cash outflow from operating activities	21,724	4,850
	US Cents	US Cents
Basic earnings per 10p share – continuing and discontinued operations	96.26	82.32
	Pence	Pence
Dividend per 10p share in respect of the year	7.00	7.00

** Details of the restatement of comparative figures resulting from a change in classification are given in note 14 to the financial statements.*

Joint chief executives' statement

Profits were again sharply higher in 2008 following the record palm-oil prices recorded in the early part of the year and substantial gains from property disposals. Although it is unlikely that these palm-oil prices will be reached again in the foreseeable future, the Group is still achieving a healthy profit margin at current levels. Encouraging progress has continued to be made both in the Group's divestment from the Malaysian plantation and property sectors and in its expansion within the Indonesian palm-oil and Australian beef-cattle sectors.

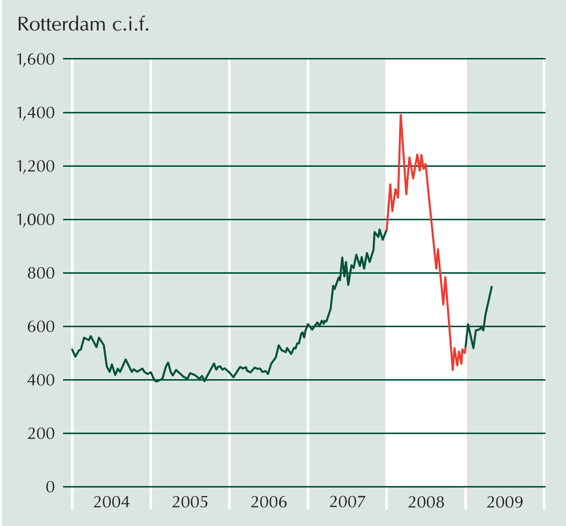
Market information

Palm oil

Palm-oil prices surged to record highs in 2008 following increased demand and speculative buying before declining to long-term historical average levels and then climbing again in 2009.

Australian beef-cattle prices fluctuated in response to volatile seasonal conditions.

PALM-OIL PRICE US$ PER TONNE

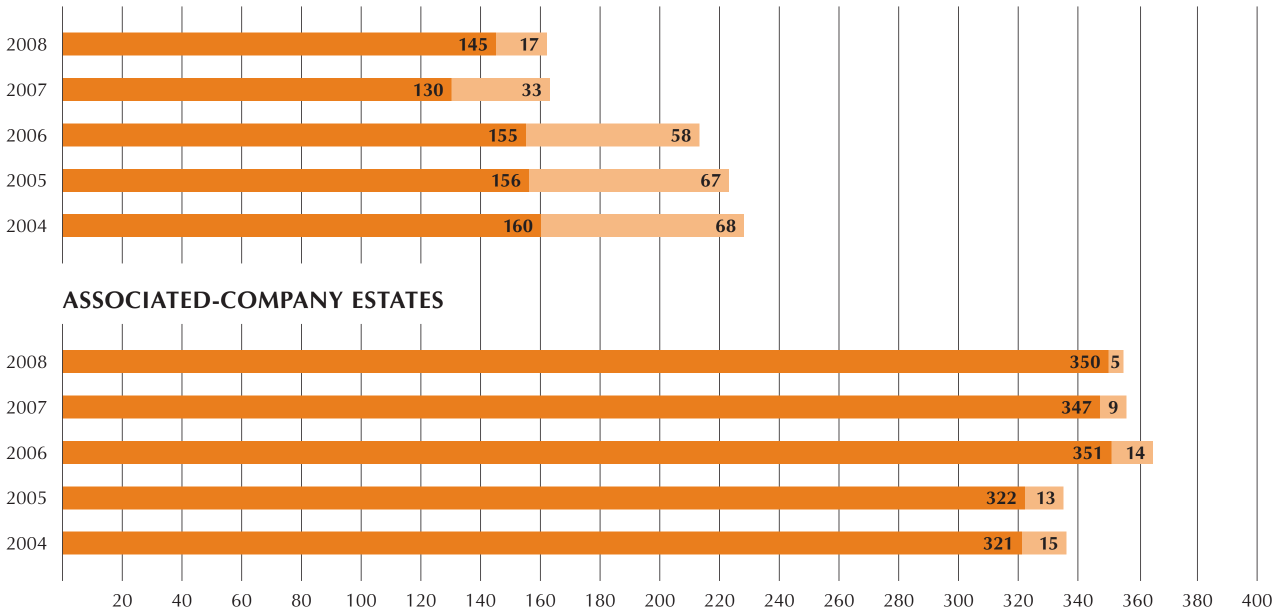


- The Group's overall crops of oil-palm fresh fruit bunches ("f.f.b.") were similar to last year. They were ahead of 2007 in Indonesia but below 2007 in Malaysia following the sale of two plantations.

CROP OF OIL-PALM FRESH FRUIT BUNCHES ("F.F.B.") '000 TONNES

MAJORITY-OWNED ESTATES INDONESIA AND MALAYSIA

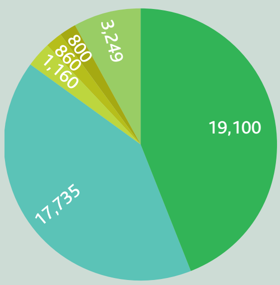
ASSOCIATED-COMPANY ESTATES



Beef cattle

- Palm oil is used mainly as a cooking oil but also in margarine, shortenings (cakes, biscuits), soap, cosmetics, lubricants and increasingly in bio-diesel.
- Palm oil has the lowest cost of production and is the most productive of all the major vegetable oils. Over 5.5 tonnes per hectare per annum can be produced, compared with around 0.5 tonnes for its main rival, soybean oil.
- Palm oil is now the world's largest vegetable oil, with annual production of 42.9 million tonnes and 33.6% of the global production of major vegetable oils. Soybean oil is the second largest with 36.8 million tonnes and 28.8%. Palm-kernel oil accounts for a further 5.0 million tonnes (3.9%).

MAIN PRODUCERS OF PALM OIL - 2008



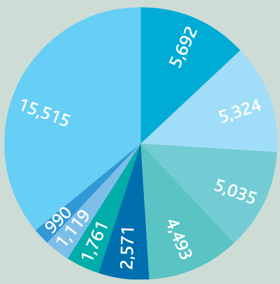
Thousand tonnes

- INDONESIA 19,100 (44%)
- MALAYSIA 17,735 (41%)
- THAILAND 1,160 (3%)
- NIGERIA 860 (2%)
- COLOMBIA 800 (2%)
- OTHER COUNTRIES 3,249 (8%)

TOTAL 42,904

SOURCE: OIL WORLD

MAIN USERS OF PALM OIL - 2008



Thousand tonnes

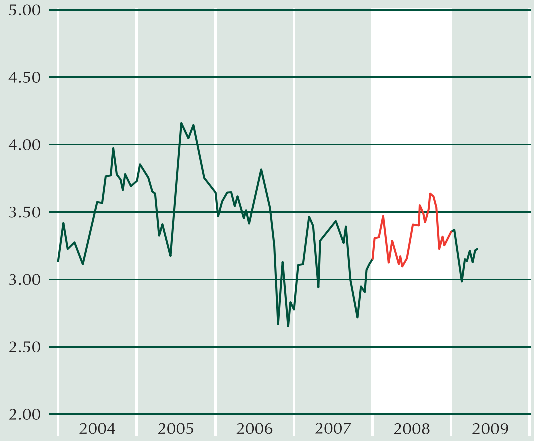
- CHINA 5,692 (13%)
- INDIA 5,324 (13%)
- EU 5,035 (12%)
- INDONESIA 4,493 (11%)
- MALAYSIA 2,571 (6%)
- PAKISTAN 1,761 (4%)
- NIGERIA 1,119 (3%)
- USA 990 (2%)
- OTHER COUNTRIES 15,515 (36%)

TOTAL 42,500

SOURCE: OIL WORLD

AUSTRALIAN CATTLE PRICE

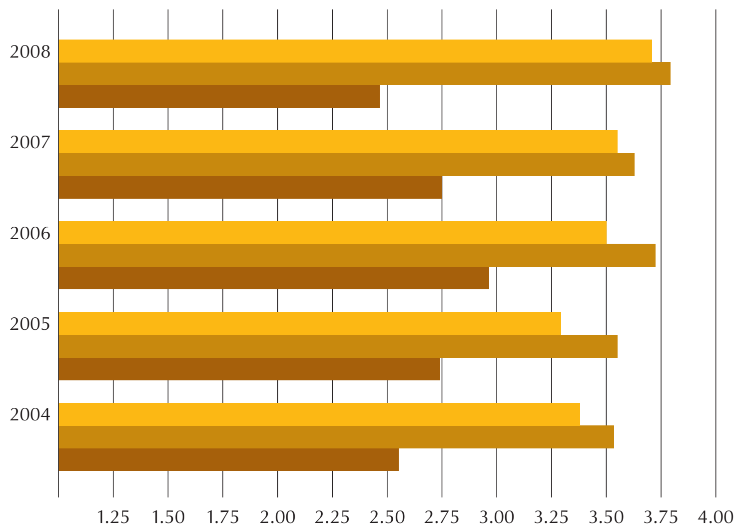
A$ per kg carcass weight
Eastern Young Cattle Indicator (EYCI)



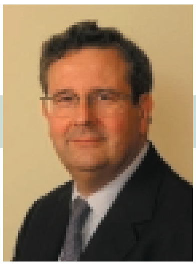
- Australia is the world's largest beef exporter with some 20% of global trade.
- Australia is well placed geographically to serve Asia – the world's fastest-growing beef consumer.
- NAPCo (34.37% held) is one of Australia's leading beef-cattle companies with fifteen properties covering an area of six million hectares.

AVERAGE CARCASS-WEIGHT PRICES A$KG RECEIVED BY NAPCo FOR MAJOR PRODUCT LINES

STEERS (GRAIN-FED) HEIFERS (GRAIN-FED) COWS



Chairman's statement



OVERALL RESULTS

I am delighted to report a record result for a third consecutive year. The profit for the year increased to US$53,596,000, from US$46,630,000 in 2007. Earnings per share (continuing and discontinued operations) rose to 96.26 cents from 82.32 cents. The balance sheet remains strong with healthy cash reserves of US$56 million at the year end. The increased profit was largely attributable to the substantially stronger palm-oil price, to higher oil-palm f.f.b. crops, to the non-recurring sale of two Malaysian plantations and to the increase in the value of the biological assets. This was offset by a reduced profit recorded by Bertam Properties Sdn. Berhad ("Bertam Properties") and a loss for both Woodlands and the associated company, The North Australian Pastoral Company Pty. Limited ("NAPCo"), as a result of adverse weather in Australia.

DIVIDEND

The board is pleased to recommend a final dividend of 5.00p per share which, together with the interim dividend of 2.00p paid in November 2008, makes 7.00p for the year - the same as for 2007.

STRATEGIC DEVELOPMENTS

Indonesia

36,000 hectares of new, environmentally-suitable land have been secured to date in Indonesia, of which 24,000 are located in East Kalimantan and 12,000 on Bangka Island. Significant progress has been achieved on these new projects areas with some 8,500 hectares in total now planted; 6,000 in East Kalimantan and 2,500 on Bangka of which 1,200 have been planted so far in 2009. It is hoped that a further 3,500 will have been planted by the end of the year, thereby bringing the total to 12,000 hectares. It is planned to plant a further 6,000 hectares in 2010. Whilst many other companies are now reining back their rate of development as a result of cash-flow constraints, the Group has the financial means to proceed with its 2009 and 2010 programmes, as scheduled. In view of diminished competition, this now represents a favourable time to negotiate with contractors for clearing, planting and building works alike. Discussions are now in train with a number of prospective loan providers regarding the longer-term development programme but it is clear that finance will not be as readily obtainable as was the case when the projects commenced. The longer-term development programme will therefore be governed by the extent of funding available at that time.

Another record result and continuing good progress on the new Indonesian projects

Australia

The board is seeking to continue to expand its beef-cattle interests in Australia. During the year, a further 4.73% of NAPCo was acquired, increasing the Group's share to the current level of 34.37%. The cost to date of the Group's investment in NAPCo is approximately A$8 per share which compares favourably with the company's net asset value at the end of 2008 of some A$17. Active consideration will be given to further share acquisitions in NAPCo as and when suitable opportunities present themselves. The board now believes that this represents a more suitable means of expansion than via the continued ownership of the Woodlands aggregation. Considerable value has been added to this aggregation, comprising four contiguous properties, over the past few years, particularly in the form of both pasture and infrastructure development. The board has taken the view that Woodlands no longer represents a core asset and that the time is now right to capitalise upon its value and, as a consequence, the process of selling the property has recently commenced. The Woodlands aggregation was valued two years ago at A$33.50 million.

Malaysia

The sales of the last of the Group's significant-sized Malaysian estates, Perhentian Tinggi and Sungei Kruit, were completed in 2008 for a total consideration of US$43.91 million. Since the start of the divestment programme in 2005, a total of some US$100 million has been realised, leaving assets with an estimated value of some US$50 million still to be sold. The sale of these assets has funded, and will continue to fund, the Group's expansion within the oil-palm sector of Indonesia and the beef-cattle sector of Australia.

PALM-OIL ACTIVITIES AND MARKET

The early part of 2008 saw the palm-oil market climb to unprecedented heights. In March, an all-time high of approximately US$1,400 per tonne Rotterdam c.i.f. was touched. Although this resulted partly from genuine, fundamental demand for vegetable oils worldwide, most notably from China and India, it also arose from a strong element of speculative buying. The surge in the price of petroleum, and thereby biofuel, no doubt added to the buying frenzy, despite the fact that only a tiny proportion of palm oil (currently around 3%) is used for biofuel. The very robust prices of both vegetable and mineral oils could not, however, be sustained and palm oil eased back during the rest of the year to some US$525 per tonne by the year end. Nonetheless, the average price recorded during the year, of US$941 per tonne, was substantially higher than the 2007 average of US$781 per tonne and, indeed, than the 20-year average of US$486 per tonne.

The Group's crops of oil-palm f.f.b. were 11% higher than in 2007 for its majority-held Indonesian estates and similar to 2007 for its Indonesian associates. The welcome recovery resulted both from an increase in yields from the younger areas and from a general upturn in the yield cycle. It was also attributable to the resolution of the workers' strike on three of the Group's estates which had impacted negatively on yields in 2007.

BEEF-CATTLE ACTIVITIES AND MARKET

In the very early part of the year, Australian prices for grass-fed, lighter-weight cattle, such as those produced by Woodlands, increased markedly following welcome rainfall in central and southern Queensland. The rainfall improved the pasture conditions and enabled more cattle to be run on the property. Seasonal conditions then deteriorated and prices, in turn, softened accordingly. Despite the better start to the season and the early promise of a good wheat crop, the outturn proved to be disappointing. Costs of fertiliser and transportation were substantially higher than expected following the sharp hike in the mineral-oil price. Furthermore, the wheat crop was adversely affected by rainfall at the time of harvest which diminished its value. As a consequence, an increased loss was incurred.

Prices for grain-finished, heavier cattle, such as those produced by NAPCo, were largely buoyant during the year, trading around the upper end of the last five years' range. Prices were, however much lower for younger, weaner cattle and for cows. In view of the unseasonally dry conditions on many of the NAPCo properties, management took swift action and sold some 35,000 of these ahead of time. Prices for even the heavier cattle then declined quite sharply towards the end of the year as a consequence of the general economic environment and following a dry season in many other parts of Australia. The combination of lower stock numbers at the end of the year, valued at lower prices, resulted in the company recording a loss. However, it is anticipated that the current rebuilding of the herd will have the opposite effect to this in the coming years.

CURRENT TRADING AND PROSPECTS

During the early part of 2009, the palm-oil market recovered from the year-end level of US$525 per tonne to the current level of around US$745 per tonne. This was in response to a decline in stocks for both palm oil and other vegetable oils, the latter partly arising from a lower-than-expected soybean crop in Argentina in the wake of severe droughts suffered there. The Group's f.f.b. crops on the majority-owned Indonesian estates for the first quarter are broadly in line with those achieved last year and some 15% lower on the associated company estates, owing to a seasonal downturn in the yield cycle being experienced by PT Agro Muko. Clearing and planting work continues apace on the Group's new Indonesian oil-palm projects.

Beneficial rain has fallen both on Woodands and on the majority of NAPCo's properties. Prices for the lighter-weight, grass-fed cattle have increased following the rainfall. However, they have eased back for the heavier, grain-finished cattle as these are more aligned to the export market where demand has slowed in line with the global economic downturn. Notwithstanding this, demand appears to be holding up well for good-quality pastoral properties and pastoral companies.

In view of, inter alia, the expected lower average palm-oil price and reduction in, or lack of, Malaysian property sales, the results for 2009 are likely to be lower than for 2008.

MANAGEMENT

I am pleased to report that Mr Chandra Sekaran joined the Group in mid-2008 and has been appointed President Director of the Group's Indonesian operations. He is Malaysian and has had extensive experience of both the Malaysian and Indonesian plantation sectors, especially with regard to new Indonesian oil-palm developments in recent years.

ACKNOWLEDGEMENTS

I am sure shareholders will join the rest of the board and me in expressing our appreciation to the managers, staffs and workforces in the Group's various fields of operation for the valuable contribution they have made towards the achievement of another record year's results.

Richard Robinow
Chairman

30 April 2009

Review OF OPERATIONS

Record results during transition phase as significant expansion in Indonesia and Australia continues

The overall, record, result for 2008 was characterised by the following:

INDONESIAN PLANTATIONS

- Palm-oil prices hit record high levels before falling sharply at the end of the year. 2008 average US$941 per tonne (cif Rotterdam) (2007 US$781), 20% higher
- Higher f.f.b. crops - majority-owned 11%, associated companies 1%
- 33% increase in gross profit
- Further significant increase in valuation of biological assets

AUSTRALIAN CATTLE

- Improved cattle-trading results on Woodlands but activities curtailed by acute dry periods. Higher wheat and sorghum crops but offset by marked commodity-based cost increases. Welcome rainfall since year end
- Overall increase in gross loss
- Group share of NAPCo increased to 34.37% from 29.64%
- NAPCo cattle-trading activities adversely affected by drought resulting in premature sale of 35,000 cattle – largely weaners – and loss reported. Beneficial rainfall in 2009

MALAYSIAN PROPERTY

- Completion of the sales during 2008 of Perhentian Tinggi and Sungei Kruit Estates for total of US$44 million
- Further land sales by the associated company, Bertam Properties, but fewer than 2007's unusually high level

The various aspects of the Group's operations are reviewed in more detail in the ensuing report.

GROSS PROFIT

In Indonesia, significantly higher palm-oil and palm-kernel prices and higher crops, partly offset by higher costs, resulted in a gross profit of US$14,893,000, compared with US$11,213,000 last year. This represents a 33% increase. In Australia, higher numbers of cattle (at a lower margin of profit) and crops sold were more than offset by sharply higher commodity-based costs resulting in an increase in the gross loss to US$975,000, compared with US$580,000 last year.

As a result of the above, the Group gross profit for the year amounted to US$13,834,000 compared with US$10,619,000 in 2007, an increase of some 30%. A detailed breakdown of this is provided in note 3 to the consolidated accounts on pages 45 and 46. The results of the Group's palm-oil and cattle activities are reviewed in more detail in the reports on pages 11 to 25.

BEARER BIOLOGICAL-ASSET ADJUSTMENT

The value of the bearer biological assets increased markedly (by US$24,226,000 (gross)), partly as a result of the increase in the price of palm oil and kernels and reflecting the new plantings on the new projects during 2008, particularly in Kalimantan. These benefits were partially offset by the increase in the cost base of the Indonesian operations. Increases (or decreases) in the value of biological assets from one year to the next are reflected in the consolidated income statement. In order to provide additional information to readers of the accounts, the consolidated income statement and balance sheet include additional columns to show the Group's results and assets prior to the adjustments for bearer biological assets.

OTHER ADMINISTRATIVE EXPENSES

Administrative expenses were lower in 2008 primarily because of the marked reduction in the provision for potential National Insurance on the future exercise of share options. This provision is related to the share price at the balance-sheet date which was 198.50p per share at the end of 2008, compared with 394.50p at the end of 2007. The price has since recovered to around 285p. Head-office costs in Jakarta continue to build up as the management team is strengthened for the new developments and the take over of management in North Sumatra.

Legal costs were incurred in connection with the Sennah Estate legal case (see further comment under "Sennah Estate lawsuit" on page 13) and the Labuhan Batu workers' strike. Both of these matters have now been resolved.

EXCEPTIONAL CREDITS

During the year the Group acquired a further 4.73% in its Australian associate NAPCo. This holding was purchased for US$3,707,000 less than the fair value of the assets acquired. Under International Financial Reporting Standards this difference, negative goodwill, is recognised in the consolidated income statement. It is shown as an exceptional gain.

ASSOCIATED COMPANIES

The Group's share of its associated companies' profits/(losses) for the year, including the share of biological-asset gains, compared with last year were as follows:

		2008			2007		
	% HELD	POST-TAX PROFIT/(LOSS) BEFORE BIOLOGICAL BEARER-ASSET ADJUSTMENT *US$'000*	BIOLOGICAL BEARER-ASSET ADJUSTMENT *US$'000*	POST-TAX PROFIT/(LOSS) AFTER BIOLOGICAL BEARER-ASSET ADJUSTMENT *US$'000*	POST-TAX PROFIT BEFORE BIOLOGICAL BEARER-ASSET ADJUSTMENT *US$'000*	BIOLOGICAL BEARER-ASSET ADJUSTMENT *US$'000*	POST-TAX PROFIT AFTER BIOLOGICAL BEARER-ASSET ADJUSTMENT *US$'000*
PT Agro Muko	**31.53**	**8,049**	**361**	**8,410**	6,244	6,212	12,456
PT Kerasaan Indonesia	**38.00**	**1,588**	**(132)**	**1,456**	1,569	875	2,444
Total Indonesia		**9,637**	**229**	**9,866**	7,813	7,087	14,900
NAPCo	**34.37**	**(1,264)**	**—**	**(1,264)**	2,840*	—*	2,840*
Bertam Properties Sdn. Berhad	**40.00**	**3,528**	**—**	**3,528**	12,872	—	12,872
Total		**11,901**	**229**	**12,130**	23,525	7,087	30,612

* *2007 – 29.64%.*

INDONESIA

As with the majority-owned estates, the Indonesian associated companies, PT Agro Muko (palm oil, palm kernels and rubber) and PT Kerasaan Indonesia (oil palm f.f.b.), benefited from the strength of selling prices during the year whilst incurring higher costs. With PT Agro Muko achieving slightly higher, and PT Kerasaan lower, f.f.b. crops, the Group's share of the post-tax (pre-biological bearer-asset adjustment) results of these two associates was some 23% higher in 2008 compared with 2007. As would be expected for mature estates, there was a modest increase in the value of biological assets. As last year, the positive movement in this valuation, which was markedly lower in 2008 than in 2007, arose from a further increase in the palm-oil price, partially offset by the increased cost base. The post-tax, post-biological-bearer-asset adjustment, profit amounted to US$9,866,000 in 2008 compared with US$14,900,000 in 2007.

PT Agro Muko increased its dividend distribution during 2008. The Group's 31.53% share amounted to US$5.68 million (gross) compared with US$5.09 million in 2007. The Group's 38% share of PT Kerasaan Indonesia's dividend amounted to US$1.52 million (gross) in 2008, compared with US$2.12 million in 2007 but 2007 was artificially inflated by dividends held over from 2006.

AUSTRALIA

NAPCo incurred a loss in 2008 which was largely attributable to the effects of the drought that affected many of its properties, including its main breeding station, Alexandria, in early 2008. This resulted in some 35,000 cattle – mostly weaners – having to be sold, at very light weights and into a falling market. Furthermore, prices for even the heavier cattle declined at the year end. The combination of fewer numbers and at reduced valuations resulted in the loss. However, prospects are looking significantly brighter for 2009 following welcome recent rainfall across most of the company's properties. The Group's share of NAPCo's dividends for 2008 amounted to US$604,000, compared with US$664,000 in 2007.

MALAYSIA

Bertam Properties made further profitable property disposals but at a much lower level than the exceptional volume achieved in 2007. Successful developments were completed during the year resulting in increased profits. The Group's share of Bertam Properties' dividends in 2008 amounted to US$10.41 million (gross) compared with US$3.42 million in 2007.

The results and operations of the Indonesian, Australian and Malaysian associated companies are reviewed in more detail in the reports on pages 11 to 25.

DISCONTINUED OPERATIONS

The sales of 81 hectares (US$2.39 million), and the remaining 745 hectares (US$19.90 million), of Perhentian Tinggi Estate and of the 828-hectare Sungei Kruit Estate (US$21.62 million) in Malaysia were completed in 2008. The profits arising from these sales amounted to US$23,453,000. These profits and the net revenue earnings from the estates up to the date of disposal are included in the consolidated income statement under "Discontinued operations". These estates benefited from the robust palm-oil prices up to the date of disposal.

Also included under "Discontinued operations" are the results (US$246,000 profit after tax (2007 US$172,000)) relating to the Thai rubber factory. The factory, which is in the course of disposal, benefited from strong rubber prices during the year.

PROFIT FOR THE YEAR

As a result of all of the above, the Group profit for the year amounted to US$53,596,000, compared with US$46,630,000 in 2007.

palm oil

Clockwise from top left:

The male oil-palm inflorescence; the weevils are attracted by its 'aniseed' smell and go on to pollinate the female inflorescence.

The female oil-palm inflorescence; between two ripening fresh fruit bunches ('f.f.b.').

Recently-constructed housing for senior assistants on the Bangka project.

Record palm-oil prices achieved in 2008

Majority-owned Sumatran estates

CROPS AND PRODUCTION

		2008 US$	2007 US$
Crops f.f.b.*		144,700	129,900
Production	– crude palm oil	22,300	19,500
	– palm kernels	6,100	5,400
		%	%
Extraction rate	– crude palm oil	21.06	20.42
	– palm kernels	5.79	5.68

* *Including Simpang Kiri Estate's 38,700 tonnes (2007 – 34,900 tonnes) which were sold to a third-party mill.*

F.f.b. crops staged a partial recovery during 2008 and were some 11% higher than in 2007. This followed the resolution of the workers' strike in the early part of the year on the Labuhan Batu estates (Pangkatan, Bilah and Sennah) and ground conditions beginning to get back to normal on Simpang Kiri Estate after the unusually severe flooding at the beginning of 2007. It is pleasing to report that the extraction rate at Pangkatan mill started to improve towards the end of 2008 as field and factory operational discipline has been tightened up. This improvement has continued into 2009 and the extraction rate achieved for the first three months of the year has exceeded 22%.

PALM-OIL MARKET

The graph on page 4 demonstrates the unusually volatile year experienced with regard to palm-oil prices. The first half of the year witnessed unprecedented high prices which reached US$1,400/tonne (cif Rotterdam) although the effect of this was reduced by an increasingly punitive export tax in Indonesia. However, this was followed in the second half by a sharp downturn, with the price at the end of the year having fallen to US$525, although historically this could still be regarded as a reasonably good price. At this level the export tax, which is applied on an upward-scale basis, was reduced to zero. The sharp rise in prices followed by a steep fall was a phenomenon experienced by many commodities.

Demand continued during the year in the main markets of China, India, Europe and Indonesia for the traditional uses of palm oil as a cooking oil, for use in processed foods, for shortenings in the baking industry and many other applications. Although only some 3% of palm oil is used for bio fuel, the attraction of this and other vegetable oils for this application became more attractive as mineral-oil prices climbed quickly to as high as US$145/barrel. Consequently, the palm-oil price soared, reaching the levels referred to above in March 2008 and world stocks began to increase. Virtually all other commodity prices strengthened robustly before starting to fall in the second half of

Young oil palms, with a good cover crop, on the Group's Bangka project.

the year as the world banking crisis and economic downturn took hold. Palm oil was no exception to this and the price softened in the early part of 2009, before starting to strengthen markedly again as stocks began to fall.

OPERATING COSTS

As palm-oil prices, and other commodities, strengthened during 2008, so too did plantation operating costs, primarily in respect of fertiliser, chemicals and fuel. Fertiliser is the single biggest cost on the estates and increases, in some cases up to three or fourfold, were experienced.

SENNAH ESTATE LAWSUIT

As announced on 10 February 2009, the Group settled, at the end of 2008, the long-running legal case brought by DR H Rahmat Shah involving Sennah Estate. The legal case, which was initiated in 2003, was in relation to the purchase by the Group of 80% of PT Sembada Sennah Maju ("SSM"), the company owning Sennah Estate. As announced on 14 August 2007, DR H Rahmat Shah's appeal to the Supreme Court in Jakarta to overturn the earlier ruling, in the Group's favour, of the Medan High Court had been unsuccessful but he subsequently filed a request to the Supreme Court for a judicial review which was waiting to be heard.

Following the withdrawal of DR H Rahmat Shah's case, the Group purchased for cash his 20% in SSM for US$3.2 million which was equivalent to US$8,870 per hectare.

MANAGEMENT

It is the intention to take over management (currently undertaken by PT Tolan Tiga Indonesia, part of the SA SIPEF NV group) of the majority-owned North Sumatran estates with effect from 1 January 2010. A Group-owned management company, PT Evans Indonesia ("PTEI"), was set up some three years ago to manage the new projects on Kalimantan and Bangka and the plan is for PTEI to assume this role on behalf of the North Sumatran estates. A team to enable PTEI to undertake this function is in the process of being assembled.

REVIEW OF AGRICULTURAL OPERATIONS

The significant plantings in recent years are now coming into production and a gradual increase in crops is anticipated over the next few years. Routine replanting continues and particular attention is being paid to the oldest areas on Bilah Estate which are low lying and low yielding. Substantial parts of these areas are being replanted on platforms which are expensive but should produce healthy yields in years to come.

New projects

EAST KALIMANTAN

Considerable headway has been made on the project since 24,000 hectares of environmentally-suitable land were secured two and a half years ago. To date, over 6,000 hectares have been planted, with an additional 2,000 hectares cleared and ready for planting. The rate of both clearing and planting has accelerated and is a credit to the local management team. Negotiations with local people regarding compensation issues can be time consuming but they are, nevertheless, carefully and sensitively handled. All relevant parties are fully informed about the Group's development plans in the area and detailed records are kept of compensation arrangements for future reference.

A number of cooperative schemes, which will be of considerable benefit to the local people, are in the course of being formed in areas close to the projects. Whilst the cooperatives fund their own projects with bank finance, the Group will manage them and provide assistance in the development of their own new oil-palm areas. The Group will receive a management fee for this assistance and, ultimately, the f.f.b. harvested from the cooperative areas will be processed in the Group's crude palm oil ("CPO") mills. Planning for the construction of the Group's first East Kalmantan CPO mill will get under way shortly and will then take some eighteen months to commission.

BANGKA

Clearing and planting progress on the project on Bangka Island continued to be very slow during the year, mainly as a result of protracted negotiations relating to smallholder land-compensation issues. These negotiations have been considerably more difficult than in East Kalimantan. However, there is recent evidence of greater progress having been achieved in these negotiations and of an enhancement in relations with the local community. As a consequence, the rate of both planting and clearing work has increased. A total of 2,500 hectares has now been planted and a further 200 are currently cleared and ready to be planted.

Local smallholder cooperative schemes have been set up along the lines of those described under "East Kalimantan" above. Indeed, they are at a more advanced stage than those in East Kalimantan and their implementation is expected to help to improve community relations further. It is possible that, to assist this process, the Company will consider allowing a small proportion of the areas already planted to be purchased by one or more of the cooperatives.

ASSOCIATED-COMPANY ESTATES

Crops and production from the estates owned by PT Agro Muko (31.53%) and PT Kerasaan Indonesia (38.00% owned) were as follows:

		2008 US$	2007 US$
F.f.b. crops – PT Agro Muko	– own	**300,600**	293,900
	– outgrowers	**13,500**	5,100
		314,100	299,000
– PT Kerasaan Indonesia		**49,800**	53,300
		363,900	352,300
Production (PT Agro Muko)	– crude palm oil	**68,000**	65,500
	– palm kernels	**15,400**	14,600
		%	%
Extraction rate	– crude palm oil	**21.66**	21.92
	– palm kernels	**4.90**	4.87
		TONNES	TONNES
Rubber crops (PT Agro Muko)	– own	**1,498**	2,070
	– outgrowers	**332**	360

PT Agro Muko's own f.f.b. crop was similar to that of the previous year. The policy continues of not pursuing unprofitable smallholders' crop but new arrangements have been put in place to undertake "tolling", whereby selected suppliers of f.f.b. are charged a fee to process their f.f.b. but the resulting palm oil and kernels remains the property of the supplier. 6,700 tonnes were processed in this way during 2008. The rubber crop fell as some of the older rubber areas (see comment below) are being replanted.

The various divisions owned by the company are now virtually fully planted although there are some small areas being infilled. Replanting of the older areas of both oil palm and rubber has begun with a view to concentrating the rubber areas around the factory and allocating inland areas, where rainfall is higher, to oil-palm replanting. At the end of 2008, 17,350 hectares were under oil palm and 2,050 under rubber.

Kerasaan Estate's crop was some 7% lower than in 2007 as the yield pattern of the older plantings declines. An upturn is hoped for in 2009 as the younger areas mature.

The control room in Pangkatan palm-oil mill.

Performance evaluation

MATURE PLANTATION AND MILL OPERATIONS

Management monitors and assesses the efficiency of operations with regard to crops and production by means of key performance indicators. The assessment of crops is measured for each year's planting on each estate in terms of yield per hectare. The yield per hectare on each individual estate, indeed on each year's planting on each estate, is recorded and monitored. Yields can vary widely because of factors such as soil type, terrain, sunshine hours, rainfall, distribution of rainfall and the fertility cycle of the palms. Because of this, monitoring is not carried out on a Group basis but rather takes into account the conditions on each estate. Factors which are under management's control are husbandry standards, fertiliser application, the quality of infrastructure (estate roads, drains, for example) and these are monitored by management on the ground and, in some cases, independently verified and advised upon.

Decisions, such as when and how to replant, are taken based on local conditions.

With regard to mill production, the key performance indicator is the extraction rate of palm oil and palm kernels per tonne of f.f.b. Again, extraction rates vary according to factors such as the type and quality of planting material, the age profile of plantings, rainfall, etc. Rates of up to 25% for palm oil and over 5.5% for palm kernels can be achieved in some parts of Indonesia although in the Labuhan Batu area, where the Pangkatan mill is located, 23% and 5% respectively is more likely to be the top level. A proportion of the f.f.b. coming into Pangkatan from Sennah Estate is of a low standard and, as a consequence, the mill's composite palm-oil extraction rate has been around 21%. As referred to above, under "Crops and production", the extraction rate has shown a promising improvement in the latter half of 2008 and into 2009. This is expected to improve further as Sennah Estate's oil-palm areas are replanted and the new areas on Pangkatan and Bilah Estates mature. All of these aforementioned areas have been replanted with modern, high-quality hybrid material.

MATURE PLANTATION AND MILL COSTS

Management monitors and assesses the efficiency of plantation operations in terms of cost by means of key performance indicators which identify field costs per hectare and per kilogramme of f.f.b. and factory costs per tonne of palm products (palm oil plus palm kernels). A significant proportion of costs both in the field and in the factory are fixed and therefore vary little with different levels of throughput. Field costs also vary from estate to estate depending upon such factors as terrain and rainfall pattern and the key performance indicators are monitored by management for each individual estate.

NEW PROJECTS

Management monitors and assesses the performance of the development of the new projects by means of key performance indicators which identify the area to be planted in a given year and also the cost per hectare of that planting. Programmes for planting are set, with sufficient planting material in place in the previous year. This type of activity is normally undertaken by contractors and management monitors the progress achieved on the contracted areas.

As with other plantation activities, costs per hectare are determined by such factors as the weather pattern, the soil type and the terrain and key performance indicators are monitored by management for each individual estate.

Pangkatan palm-oil mill.

BEEF

AUSTRALIA

cattle

Clockwise from top left:

A NAPCo 'jillaroo' and 'jackaroo' on horseback, learning to round up cattle on a week's orientation programme.

NAPCo's cattle feedlot.

Recent flood waters from the Georgina River spreading across one of NAPCo's Channel Country properties; this will have a very beneficial impact on pasture growth.

Beneficial rain has recently fallen on both Woodlands and all of the NAPCo properties

Majority-owned operations

WOODLANDS

A gross loss of US$975,000 was recorded on Woodlands, compared with a loss of US$580,000 in 2007. The season started promisingly with good rainfall in early 2008, resulting in a healthy sorghum harvest sold at a good price. The quality of pastures improved too following the rain, enabling more cattle to be grazed. However, a prolonged dry spell ensued, restricting further pasture and forage-crop growth and resulting in relatively poor cattle-weight gains. Although there was sufficient further rain to enable a wheat crop to be planted, this too proved disappointing, partly because more rain fell during the critical harvesting season, leading to a sharp downgrading of the quality, and therefore price, of much of the crop. Costs, particularly those relating to fuel and chemicals, increased markedly during much of the year following the upward spiral of mineral-oil prices.

Pleasingly, however, a considerable amount of rain has fallen towards the end of 2008 and in early 2009. This has had a very beneficial effect on the pastures across the property and has also resulted in the germination of what promises to be a vigorous area of forage oats. This, coupled with the results of the substantial amount of infrastructure works - including new and upgraded water-distribution systems, new cattle laneways, new gates and fences and the upgrading of much of the farm's pasture and arable areas - has resulted in what now represents a first-class cattle and arable property; one of the largest of its kind in Southern Queensland. The quality of the development work is a credit to the manager, Michael Wright, and his team. For the reasons described in the chairman's statement, the decision has been reached to put the property up for sale. It is believed that it will attract interest from both Australian and international investors.

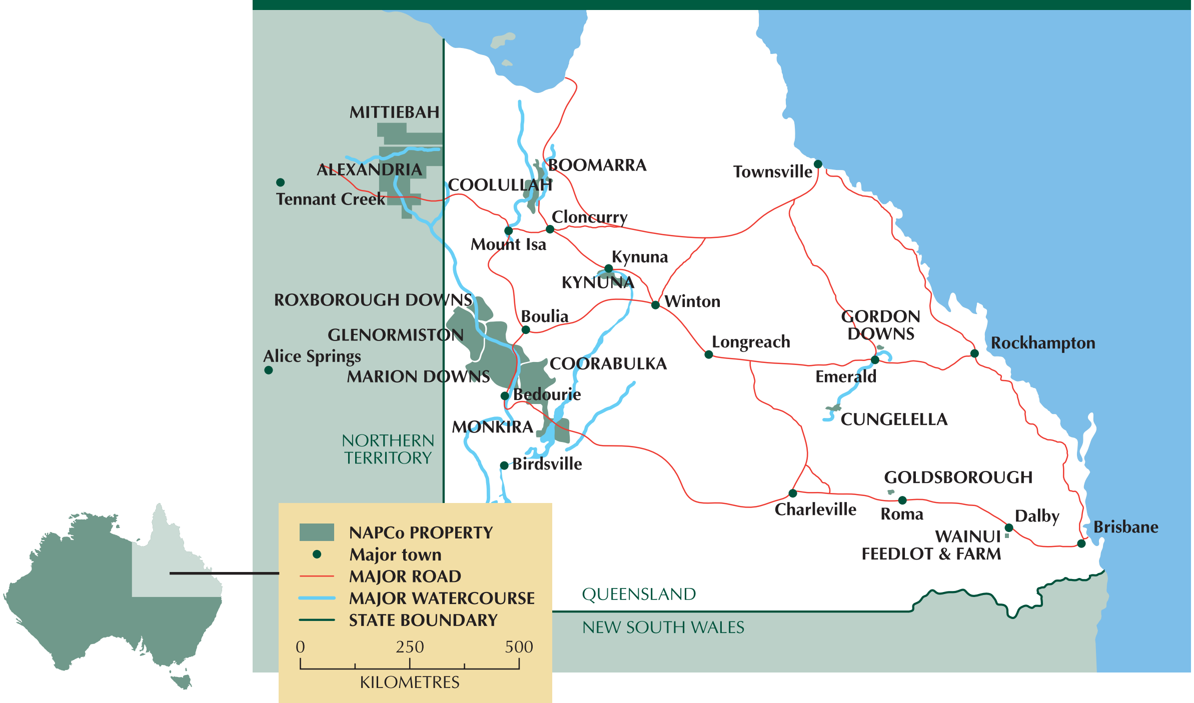
ASSOCIATED COMPANY – NAPCo

(34.37% OWNED)

During the year, the Group increased its share of NAPCo to 34.37% from 29.64%.

A loss after tax was recorded, of which the Group's share amounted to US$1,264,000. This compares with its share of NAPCo's profit after tax last year

NAPCo PROPERTIES



of US$2,840,000. The loss was attributable to a number of factors. Most significantly, this was the first time for many years that the company's breeding and growing-out properties in the Barkly Tableland, Gulf and Channel Country all missed out on the monsoonal rainfall that usually falls between December and February. The Channel Country was particularly affected as evidenced by the fact that the Georgina River did not run for the first time since 1968. The only two properties to receive reasonable rainfall were Cungelella and Goldsborough located in central Queensland.

Notwithstanding the poor seasonal conditions, the company was able to achieve record brandings (of weaners) of 67,600 head in 2008. This was the culmination of several years of herd building. However, the dry season conspired to force many of these extra cattle to be sold prematurely. In addition to many weaners, both cows and cow-and-calf units had to be sold at sub-optimal prices. The company took some measures to mitigate the extent of these forced sales. During the year, 3,500 cattle were "custom fed" in external feedlots. Some 2,500 head were agisted on Woodlands, on an arm's-length, commercial basis, and a further 5,000 were, for the first time in many years, sent onto stock routes with drovers.

Notwithstanding these measures, by the year end, the herd had decreased to 162,000 head compared with a record 198,000 head at the end of 2007.

Although prices for the heavier cattle, that were grain-finished in the company's feedlot, had held up reasonably well during the year, even these declined quite significantly towards the year end. This decline occurred despite the easing of the Australian Dollar, which would normally serve to lift export demand. However, this was more than offset by the effects of the global financial crisis biting in Australia's traditional export markets – Japan, Korea and the US – where demand for Australian beef slowed considerably. The overall combination of fewer cattle numbers, and at reduced valuations, substantially contributed to NAPCo's loss for the year.

Another factor contributing to the loss was, as on Woodlands, the sharp increase in costs. Not only was the cost of chemicals and fuel significantly increased following the hike in the petroleum cost, but more fuel had to be used as substantially more cattle need to be transported both between properties and to various market places.

The outlook for NAPCo in 2009 is looking considerably better than the 2008 outcome. Significant rainfall

Some NAPCo staff, with their horses used for rounding up the cattle, on one of the breeding properties.

Steers grazing on one of NAPCo's Channel Country properties.

received in early 2009 is having a beneficial effect on pasture growth across virtually all of NAPCo's properties. The downsizing of the herd in 2008 included a reduction in breeder numbers. A small silver lining arising from this is that a faster improvement in the company's (already very advanced) genetics will occur as the remaining lesser-quality, higher Brahman-content cattle are replaced with the company's own first-class composite breeds. Although there has been some downward pressure on rural property values, there is evidence that the value of good-quality properties is holding up following demand from both the Australian and international investment market.

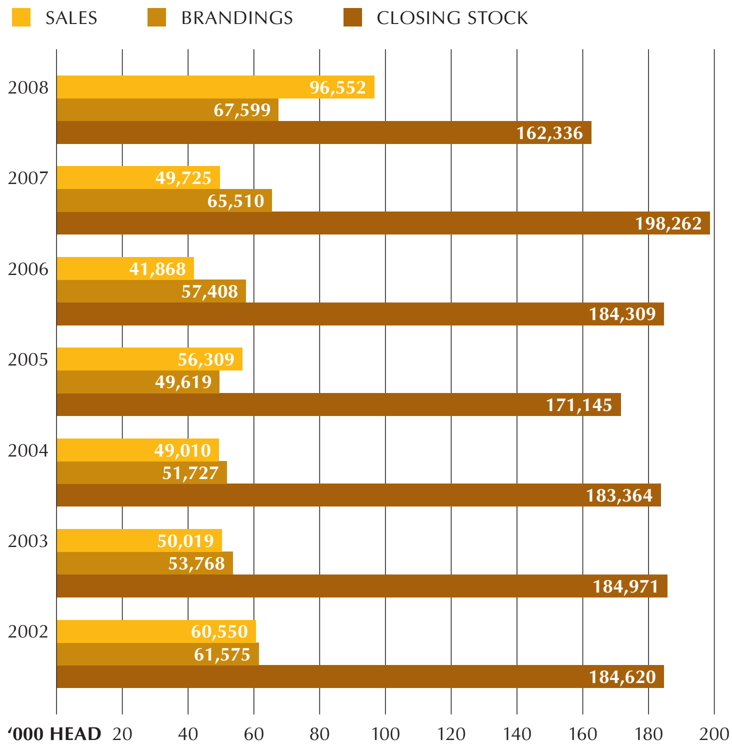
The board continues to regard NAPCo as a sound investment with attractive prospects for growth not least as a result of the perceived further growth in demand for red meat, particularly in Asia, and the increasing scarcity of farmland worldwide as populations, and economic standards, increase. Consideration will continue to be given to the investment in further NAPCo shares as and when suitable opportunities arise.

PERFORMANCE EVALUATION

Management monitors and assesses the efficiency of operations with regard to cattle fattening by means of key performance indicators. This assessment involves the establishment of weight gain per beast per day. Depending upon the weather and pasture/forage-crop conditions, management would generally aim for 0.6 kg per day for grass-fed steers and 1.00 kg per day for forage-crop-fed steers.

The ability to maximise the weight gain in any one year will be determined by the amount of rainfall. This, in turn, determines both the quality of the existing pastures and what areas of forage crops can

CATTLE SALES AND BRANDINGS



be planted. Whilst rainfall is clearly not a factor under management's control, the area of forage crops that can be both planted and brought ahead to a state that can sustain cattle is crucial to the operations of the company. The area planted, and the cost, is therefore a key performance indicator that is under constant review by management.

With regard to cropping, management monitors and assesses the efficiency of operations by means of key performance indicators which involve yield per hectare and cost per tonne. Yield is particularly susceptible to rainfall over which management has no control.

Pasture-management instruction on one of NAPCo's properties.

property

DISPOSALS AND REMAINING PLANTATION OPERATIONS

Top left and right:
Bertam Properties' golf clubhouse and course.

Left:
Recently-constructed shophouses for sale on the Bertam Properties project.

Substantial gains were realised from plantation and property sales during 2008

LAND DISPOSALS

Further progress was made in 2008 with regard to selling the Group's plantation interests in Malaysia.

Perhentian Tinggi

As referred to in the 2007 annual report, agreements were signed in both 2006 and 2007 in respect of the sale of three separate pieces of Perhentian Tinggi Estate. The sale of 101 hectares was completed in 2007 whilst the sales of 81 hectares (US$2.39 million) and the remaining 745 hectares (US$19.90 million) were completed in 2008.

Sungei Kruit

After an agreement was signed in 2007, the sale of the 828-hectare estate (US$21.62 million) was completed in 2008.

DISCONTINUED OPERATIONS

The gains arising from the disposal of Perhentian Tinggi and Sungei Kruit Estates, and the operating profits earned by each of them up to the date of disposal, have been treated as "Discontinued operations". Details are set out in note 10 to the accounts on page 49.

Bertam Estate

In the view of the directors, the value of Bertam Estate (74 hectares), based on recent independent advice, is not less than US$12 million. It is the intention to dispose of this valuable parcel of land when a suitable opportunity arises and when an acceptable price can be obtained.

Bertam Properties

2007 was an unusually active year for property disposals by Bertam Properties. Further sales were achieved in 2008 but not at the same level.

The sale of 92 hectares to the Malaysian Ministry of Higher Education in respect of Universiti Teknologi Mara at a price of RM704,700 per hectare for a total of approximately US$19.10 million was completed in 2008. With 67% having been recognised in 2007, the remaining 33% of the pre-tax profit of amounting to US$3.39 million was recognised in 2008.

The sale of 46 hectares to the Malaysian Ministry of Higher Education at a price of RM727,000 per hectare, totalling approximately US$9.50 million, was completed in 2008. With 90% having been recognised in 2006 and 2007, the final 10% of the profit (US$0.33 million) was recognised in 2008.

The sale of three other small pieces of land was completed during the year, giving rise to pre-tax profits of US$2.81 million. In total, Bertam Properties' pre-tax profit from land sales amounted to US$7.07 million. The Group's 40% share of this profit was therefore US$2.83 million.

MAJORITY-OWNED OPERATIONS

PLANTATION ACTIVITIES

As referred to above under "Land disposals", Perhentian Tinggi and Sungei Kruit Estates were disposed of during 2008. Their operational results are included under "Discontinued operations" in the consolidated income statement. The only remaining estate regarded as a continuing operation is the 74-hectare Bertam Estate. The f.f.b. crops of the above three estates (whilst owned by the Group) were as follows:

	2008 TONNES	2007 TONNES
Continuing operations	**2,100**	1,600
Discontinued operations	**14,800**	31,000
	16,900	32,600

The estates benefited (the discontinued operations up to the date of disposal) from the robust palm-oil prices.

Part of the Bertam Properties housing development.

THAI RUBBER MANUFACTURING

Throughput at the factory was at a similar level to 2007. Rubber prices were at historically high levels for most of the year which benefited the Group, resulting in an increased pre-tax profit of US$0.4 million compared with US$0.2 million in 2007. Because the factory is in the process of disposal, its results (in both 2008 and 2007) have been treated under "Discontinued operations" in the consolidated income statement (see note 10 on page 49).

BERTAM PROPERTIES (40% OWNED) ACTIVITIES

Bertam Properties' profits primarily arise from sales of land and property development activities. The sales of land have already been reviewed above under "Land disposals". The company also had a successful year developing and selling houses and commercial premises. A pre-tax profit of US$5.36 million was realised, with the Group's share amounting to US$2.14 million.

Although it is unclear at this stage as to the level of land sales which will be achieved in 2009, it is likely to be below that achieved in 2008. Whilst trading conditions have to some extent slowed on the Bertam Properties development projects, along with the Malaysian economy as a whole, there continues to be reasonable demand for the types of housing developed by the company.

The company's land bank has diminished markedly in recent years as it has either been sold outright or developed and then sold. Consequently, the plantation activities have similarly diminished. The f.f.b. crop fell to 4,800 tonnes in 2008 compared with 2007's 8,600 tonnes but, because of the robust palm-oil price throughout most of the year, the company recorded a slightly higher profit from this source compared with 2007.

PERFORMANCE EVALUATION

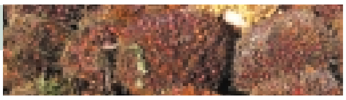
As with the Indonesian plantations, management monitors and assessed the efficiency of operations with regard to crops and production by means of key performance indicators. The assessment of crops is measured for each year's planting on each estate in terms of yield per hectare. The yield per hectare on each individual estate, indeed on each year's planting on each estate, is recorded and monitored. Yields can vary widely because of factors such as soil type, terrain, sunshine hours, rainfall, distribution of rainfall and the fertility cycle of the palms and, because of this, monitoring is not carried out on a Group basis but rather takes into account the conditions on each estate. Factors which are under management's control are husbandry standards, fertiliser application, the quality of infrastructure (f.f.b. evacuation roads, for example) and these are monitored by management on the ground. Decisions, such as when and how to replant, are taken based on local conditions.

Bertam Properties sales office.

Risk management

The board reviews risk management on an annual basis. Set out below is the board's evaluation of the areas of potential risk and the steps taken, where possible, to mitigate that risk.

Indonesia



COUNTRY

The Group relies heavily on political stability in Indonesia, given the substantial investments that have been made, and will continue to be made in greater measure, in the country. Although the Group has not encountered any security problems over the years, except to a minor extent for a period at Simpang Kiri Estate in Aceh, there have been outbreaks of social unrest in the country, particularly during the monetary crisis of 1997/98. These problems have, however, tended to be restricted to the larger towns and cities. Indonesia has recently benefited from a period of political stability, economic growth and exchange-rate stability under the presidency of Mr Susilo Bambang Yudhoyono. The recent parliamentary elections, in which Mr Yudhoyono's party substantially increased its share of the vote, were conducted in a peaceful and orderly fashion. The presidential election will be held in July and current expectations are that Mr Yudhoyono will be re-elected.

Security of land tenure is a concern to plantation operators. The Group holds its land under 25 or 30-year renewable leases (HGU's) which have, to date, been renewed when falling due without problem.

PALM-OIL AND KERNEL SELLING PRICES

The Group relies on its ability to sell its palm oil, palm kernels and f.f.b. through a world market over which it has no control. The price of palm oil is determined both by disposable income around the world generated by economic activity and by the supply, pricing and demand for competing vegetable oils. These factors can result in fluctuations in the price.

Palm oil is a permanent tree crop with f.f.b. being harvested every day of the year. Palm oil and palm kernels are sold on a weekly basis by open tender and f.f.b. are sold on a day-by-day basis under contract at a price derived from the quoted world price. Over a year, by selling on a "spot" basis, an average price is therefore achieved although forward contracts are from time to time entered into when conditions are deemed appropriate.

As with any commodity, over supply does occur in the vegetable-oil market which exerts downward pressure on prices. The competing oils, the main ones of which are soybean, oilseed rape and sunflower, are annual crops and producers tend to react to low prices by switching to other crops which has, in the past, quickly reduced oversupply and restored upward pressure on prices as demand returns.

The board is satisfied that the fundamental structure of the vegetable-oil market, and particularly the palm-oil market, is sound. Continuing strong demand from the fast-developing economies, such as China and India, as well as from more established markets in Europe, for vegetable oil for human consumption has supported prices. In addition to this, the strength of the mineral-oil price in 2008, following concerns about dwindling supply and global warming, focussed attention on vegetable oil as a bio-fuel. Many bio-fuel processing plants have been set up around the world and the demand for feedstock for these plants (vegetable oil) has had, and may continue to have, an underpinning effect on vegetable-oil prices. Increasingly, there is evidence of the food industry, particularly in the US, moving away from the use of unhealthy, hydrogenated oils (trans fats) and, as a consequence, a new and growing demand for palm oil has evolved. Palm oil is the vegetable oil with the highest production in the world and is the lowest cost and the most productive, by a wide margin, in terms of yield per hectare.

Very high palm-oil prices have, in the past, caused problems in Indonesia. The oil is widely used as a cooking medium in the country and high prices have given rise to protests which caused the Government to impose high temporary export taxes or other restrictions on the sale of palm oil in order to bring down the domestic price by increasing supply into the local market. This was the case in 2008 with export tax coming into play at levels ranging from 2.5% when the palm-oil price (Rotterdam cif) was between US$550 to US$650 per tonne to 25% when the price was over US$1,300 per tonne. The export tax is still in place although the rates have been changed and the current lower prices mean that the tax is at a low level.

EXCHANGE RATES

Palm oil is a US-Dollar-denominated commodity and a significant proportion of revenue costs in Indonesia (such as fertiliser and fuel) and development costs (such as heavy machinery and fuel) are US-Dollar related. Adverse movements in the Rupiah against the US Dollar can have a negative effect on revenue costs in US-Dollar terms. The board has taken the view that these risks are part of the business and feels that adopting hedging mechanisms to counter the negative effects of exchange movements are both difficult to achieve and would not be cost effective.

WEATHER AND NATURAL DISASTERS

Oil palms rely on regular sunshine and rainfall but these patterns can vary and extremes such as unusual dry periods or, conversely, heavy rainfall leading in some locations to flooding, can occur. Dry periods, in particular, will affect yields in the short and medium terms but any deficits so caused tend to be made up at a later date. Where appropriate, bunding is built around flood-prone areas and drainage constructed and adapted either to evacuate surplus water or to maintain water levels in areas quick to dry out. As far as possible, insurance cover for natural disasters is purchased.

Whilst a remarkably hardy plant, the oil palm can be subject to attack from such pests as caterpillars and other insects. Proper management and husbandry should identify and prevent these attacks from becoming widespread.

ENVIRONMENTAL

Concerns about global warming and particularly the destruction of tropical rainforest are subjects which have received, and are continuing to receive, close scrutiny in the media. The palm-oil industry, unfairly in many cases, is closely associated with cutting down rainforest and destroying the habitat of endangered species such as the orang-utan, elephant, tiger and rhinoceros. The Group is therefore likely to receive attention from the many organisations connected with climate change and South East Asian tropical rainforests.

The estates in Sumatra are all long established. Management follows industry best-practice guidelines and abides by Indonesian law with regard to such matters as fertiliser application and health and safety. With regard to the mill at Pangkatan, the Group has installed a composting system which utilises both the empty fruit bunches (after the fruit has been removed from them) and the liquid effluent from the mill. The resulting nutritious compost is applied in the field and reduces the requirement for inorganic fertiliser. No effluent reaches external water courses.

The Group is a member of the Round Table on Sustainable Palm Oil ("RSPO"). The RSPO has instituted strict guidelines which members must abide by in order to be able to state that they are producing sustainable palm oil. The Group endorses the General Principles which have so far been produced and is actively preparing to make an application for RSPO certification for its palm-oil production both on its mature estates and on the new projects.

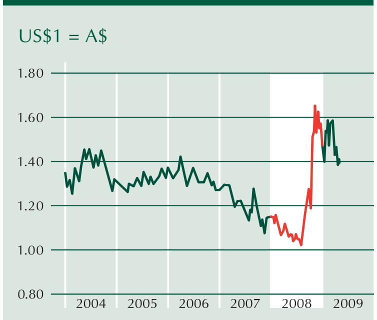
With regard to the new projects on Bangka and Kalimantan, the Group has a clear policy that only heavily degraded land will be acquired and developed. It is the board's policy to have an environmental-impact assessment undertaken by an independent consultant for any new project. The study undertaken for the new land in Kalimantan has been made public on the Group's website. Implicit in these studies is the requirement to abide by riparian buffer zones and nature-conservation areas and to compensate people cultivating parts of the land to be developed in an open and fair way.

DEVELOPMENT OF NEW PROJECTS

There are a number of operational risks associated with the development of new land into an oil-palm-plantation project. These cover a wide range, from delays caused by the inability to agree appropriate compensation terms with local people, to weather disruptions, to unavailability of suitable contractors. The Group aims to mitigate these risks by ensuring that there is a strong, professional management team on the ground that is able, as far as is practicable, to anticipate such problems and take pre-emptive steps to avoid difficulties.

US DOLLAR -V- INDONESIAN RUPIAH

US DOLLAR -V- AUSTRALIAN DOLLAR



Australia

WEATHER

Rainfall is of crucial importance to cattle farming in Australia and is unpredictable. The level of rainfall will determine the ability of existing pastures to be maintained and of management to plant forage and grain crops. In turn, the quality and quantity of feed will determine the carrying capacity of the property. Clearly, management is not in a position to control rainfall but the board has taken the view that acceptance of this risk is part of the business.

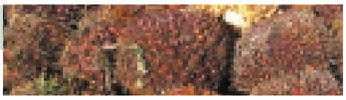
CATTLE PRICES

The price that the Group achieves for the sale of its fattened cattle is substantially determined by a world market over which the Group has no control. The price of live cattle and beef is determined by economic activity around the world, giving the wherewithal for demand for red meat to be created. This activity fluctuates, as does the beef price. Australia is a high-quality, efficient producer free of BSE and foot-and-mouth disease, whose markets are mainly in South East Asia and the United States with its principal competitors being South America and the United States itself. The board accepts price fluctuation as a risk of the business and has concluded that the structure of the Australian cattle industry is sound and that its proximity to its main markets in South East Asia gives the business a competitive advantage over its rivals.

EXCHANGE RATES

The movement of the Australian Dollar against the US Dollar has an effect in US-Dollar terms when Australian earnings and assets are translated. The board accepts this risk as part of the business and has concluded that adopting hedging mechanisms to counter the negative effects of exchange movements is both difficult to achieve and would not be cost effective.

Malaysia



PALM-OIL AND KERNEL SELLING PRICES

The remaining three Malaysian estates that were in the Group during 2008 were at risk, in the same way as the Indonesian estates, from fluctuating palm-oil and kernel prices. This is described under "Palm-oil and kernel selling prices" on page 23.

EXCHANGE RATES

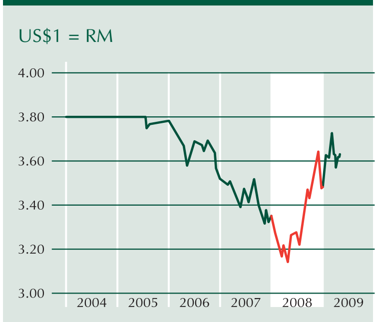
With the remainder of the Malaysian assets in the process of being sold or available for sale, adverse exchange movements will reduce the value of these disposals in US-Dollar terms. Given the uncertainty of the timing of the asset disposals, it would be difficult to adopt hedging mechanisms to counter exchange movements and this would be unlikely to be cost effective. When funds are raised from asset sales, it is the board's policy to keep the funds on deposit chiefly in US Dollars but partly in Sterling and Ringgits.

General

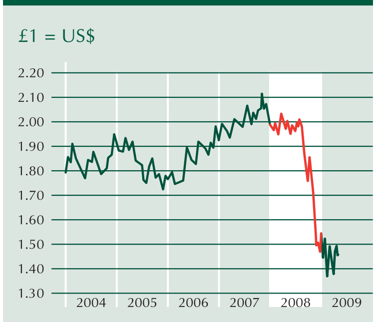
SECURITY OF LIQUID FUNDS

With the onset of the recent worldwide banking crisis, the board is concerned to ensure that the Group's liquid funds, which are in excess of US$50 million worldwide, are deposited in a secure environment and not at risk of loss. The Group's policy is, and has been for many years, only to deposit funds either with banks with a high rating from reputable rating agencies or with banks which are majority owned by sovereign governments.

US DOLLAR -V- MALAYSIAN RINGGIT



STERLING -V- US DOLLAR



ENVIRONMENTAL, CORPORATE AND SOCIAL

responsibility

- The Group is committed to producing environmentally-sustainable palm oil
- The Group is a member of the Roundtable for Sustainable Palm Oil ("RSPO"). The membership covers a wide variety of interests from plantation owners to non-governmental organisations to supermarkets. The Group endorses the General Principles which have been adopted by the RSPO in relation to environmental, social and ethical plantation practices. The Group has set in motion the process to obtain RSPO certification for its palm-oil plantations
- The Group ensures that any new plantation development is undertaken only in heavily degraded areas which will not be suitable habitats for orang-utans. Full environmental-impact assessments are conducted on new project areas by internationally-recognised, independent environmental consultants. The assessment of the Kalimantan project has been posted on the Group's website, www.mpevans.co.uk
- At the Group's Pangkatan palm-oil mill, liquid effluent is applied to empty bunches to create nutritious compost which, in turn, is applied in the field, reducing the requirement for inorganic fertilisers. No effluent reaches rivers or water courses
- The Group gives priority to the health and safety of its employees and those affected by its activities

- The Group undertakes to train and motivate its workforce, to help employees build on skill levels and to extend their education and qualifications
- In Indonesia, the Group provides, inter alia, medical care, free housing, clean water and sanitation to its workforce as well as kindergartens and school transport
- In Australia, besides its commitment to the health and safety of its employees, the Group adopts the highest standards of animal welfare in relation to its cattle. Through NAPCo, which has won a number of environmental awards, it is also involved in the preservation, and rehabilitation, of indigenous flora and fauna

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

Clockwise from opposite page:

NAPCo dedicates significant areas of land to nature-conservation schemes (first two photographs). This does not, however, impede the cattle operations.

Lake and wildlife refuge on the PT Agro-Muko oil-palm project.

Estate primary school.

Compost processing on Pangkatan Estate.

Estate health clinic.

BOARD OF directors

RICHARD M ROBINOW
Chairman
Independent non-executive

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 63)

PHILIP A FLETCHER, FCA
Joint chief executive
and finance director

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 Rio Tinto plc group. (Age 59)

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 51)

Report of the directors FOR THE YEAR ENDED 31 DECEMBER 2008

PRINCIPAL ACTIVITIES

At 31 December 2008, the Company, through its subsidiary and associated undertakings, has interests in oil-palm and rubber plantations in Indonesia, beef-cattle operations in Australia and oil-palm plantations and property development in West Malaysia.

A review of the year and future prospects (including the principal risks and uncertainties facing the Company) is included in the chairman's statement on pages 6 and 7 and in the review of operations on pages 8 to 25 and is incorporated in this report by reference.

RESULTS AND DIVIDEND

Details of the profit for the year are given in the consolidated income statement on page 38.

An interim dividend of 2.00p (2007 - 2.00p) per share was paid on 4 November 2008. The board recommends a final dividend of 5.00p (2007 - 5.00p) per share. This dividend will be paid on or after 19 June 2009 to those shareholders on the register at the close of business on 22 May 2009. This final dividend is not provided for in the 2008 financial statements.

SHARE CAPITAL

Details of the authorised and issued share capital of the Company are as follows:

O DAVID WILKINSON, BSc
Executive

Appointed a director in 2005. Based in S.E. Asia, overseeing the development of the new Indonesian projects whilst continuing to oversee the mature plantation operations in North Sumatra and the remaining Malaysian operations. Former executive director of Bertam Holdings PLC. Formerly a planter with Harrisons Malaysian Plantations Berhad (now Sime Derby Berhad) before involvement in the retail and property-development sectors in Malaysia. (Age 50)

KONRAD P LEGG
Senior independent non-executive

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 65)

J DEREK SHAW, FRAgS
Independent non-executive

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 68)

	SHARES OF 10P EACH
Authorised capital (from 1 January 2008 to 30 April 2009)	**87,000,000**
Issued (fully-paid and voting) capital at 1 January 2008	**51,690,758**
Share options exercised	
7 May 2008	**5,000**
16 May 2008	**5,000**
12 June 2008	**1,250**
27 June 2008	**10,000**
13 November 2008	**30,000**
27 November 2008	**30,000**
5 December 2008	**50,000**
Allotment re purchase of Sandlark Pty. Limited 5 November 2008	**389,577**
Issued (fully-paid and voting) capital at 31 December 2008 and 30 April 2009	**52,211,585**

DIRECTORS AND DIRECTORS' INTERESTS

The present membership of the board, all of whom served through the year, is set out above. 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. Both of these directors have service contracts with the Company, the details of which are summarised in the report of the board to the shareholders on directors' remuneration on page 34.

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

AT 31 DECEMBER 2008	BENEFICIAL	NON-BENEFICIAL	OPTIONS
R M Robinow	**42,086**	—	—
P A Fletcher	**578,453**	**51,361**	**1,108,235**
P E Hadsley-Chaplin	**841,365**	**91,279**	**1,150,000**
O D Wilkinson	—	—	**138,226**
K P Legg	**584,389**	**22,412**	—
J D Shaw	**655,747**	—	—
AT 1 JANUARY 2008			
R M Robinow	42,086	—	—
P A Fletcher	568,453	51,361	1,108,235
P E Hadsley-Chaplin	773,865	91,279	1,200,000
O D Wilkinson	—	—	159,476
K P Legg	584,389	22,412	—
J D Shaw	266,170	—	—

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 35.

Messrs Fletcher and Hadsley-Chaplin are beneficially interested in 4,500 (0.51%) and 3,600 (0.41%) shares respectively of M.P. Evans (Malaysia) Sdn. Berhad, a company now in members' voluntary liquidation. 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 other than as disclosed as a related-party transaction on page 31.

As permitted by the Company's articles of association, there was throughout the year to 31 December 2008, and is at the date of this report, a qualifying indemnity provision, as defined in section 236 of the Companies Act 2006 (or a qualifying third-party indemnity provision as defined in section 309 of the Companies Act 1985 in respect of the period before 1 October 2007), in force for the benefit of the directors.

SUBSTANTIAL INTERESTS

The following substantial interests have been disclosed to the Company as at the date of this report:

	SHARES	%
Direct interests		
Alcatel Bell Pensioenfonds VZW	**5,793,497**	**11.10**
JPMorgan Fleming Mercantile Investment Trust Plc	**3,517,103**	**6.74**
M M Hadsley-Chaplin	**2,642,254**	**5.06**
Indirect interest		
Amvescap Plc	**3,186,368**	**6.10**

LAND AND BUILDINGS

In the opinion of the directors the open-market value of the Group's interests in land (including biological assets) and buildings at the year end was approximately US$143 million compared to US$122 million as shown in notes 10, 14 and 15 to the consolidated accounts on pages 49 to 52. The Group's liability to taxation if the land and buildings were sold at their estimated value would be approximately US$26 million, of which US$13 million relates to biological assets and has been provided for in these financial statements.

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 £1,740,212, which represents 33.33% of the Company's issued share capital. The Company does not currently hold any shares as treasury shares within the meaning of section 162A of the Companies Act 1985. 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 £522,116, representing 10% of the Company's issued share capital. In previous years, the latter limit has been fixed at 5% of the Company's issued share capital but, in accordance with the current guidelines of the National Association of Pension Funds, the board is seeking shareholders' approval for an increased 10% limit so as to be able to raise funds at short notice, where appropiate, from the issue of new share capital for the purpose of taking advantage of investment opportunities that may arise. The directors do not have any present intention of using the authorities sought under resolutions 6 and 7. These authorities will lapse on 30 June 2010 or, if earlier, the date of the Company's next annual general meeting.

AUTHORITY TO MAKE MARKET PURCHASES OF SHARES

The directors propose to seek authority under resolution 8 for the Company to purchase its own shares on the Alternative Investment Market of the London Stock Exchange until 30 June 2010 or, if earlier, the date of the Company's next annual general meeting. 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 5,221,159 shares, on the Alternative Investment Market of the London Stock Exchange, representing 10% of the Company's current issued 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.

The authority conferred by resolution 8 will lapse on 30 June 2010 or, if earlier, the date of the company's next annual general meeting.

As at the date of this report there were options to subscribe for 2,566,461 shares outstanding under the executive share-option schemes. If all of the options were exercised, the resulting number of shares would represent (a) 4.69% of the enlarged issued share capital at that date; and (b) if the proposed authority to purchase shares was exercised in full 5.18% of the enlarged issued equity share capital at that date (excluding any share capital which may be purchased and held in treasury).

THE SHAREHOLDER RIGHTS DIRECTIVE

The Shareholder Rights Directive (the "Directive") is intended to be implemented in the UK in August 2009. One of the requirements of the Directive is that all general meetings must be held on 21 days' notice unless shareholders agree to a shorter notice period. The Company is currently able to call general meetings (other than annual general meetings) on 14 days' notice. Resolution number 9 will be proposed at the annual general meeting so that the Company can continue to be able to do so after the Directive is implemented.

PAYMENTS TO SUPPLIERS

It is the Group'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 Group's average creditor days calculated as at 31 December 2008 amounted to 26 days (2007 – 47 days).

FINANCIAL INSTRUMENTS

Details of the Group's financial instruments, and the board's policy with regard to their use, are given in note 31 to the consolidated accounts on pages 63 and 64.

CHARITABLE AND POLITICAL DONATIONS

The Group made cash donations for charitable purposes in the year of US$2,911(2007 US$18,029). Of this US$2,000 was donated to Indonesian environmental charities with the balance being donated to UK emergency rescue charities.

No political donations were made during the year (2007 nil).

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 234ZA of the Companies Act 1985.

INDEPENDENT AUDITORS

On 1 December 2008 Deloitte & Touche LLP changed its name to Deloitte LLP. Deloitte 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.

RELATED-PARTY TRANSACTION

As announced on 5 November 2008 the Company acquired Sandlark Pty Limited ("Sandlark") from Mr Shaw and his wife. Its principal asset was its holding of 302,607 shares in The North Australian Pastoral Company Pty. Limited. The purchase price for Sandlark was settled by way of the issue to Mr & Mrs Shaw of 389,577 new M.P. Evans Group PLC shares. Details of Mr Shaw's interests in the issued share capital of the Company are disclosed on page 30.

Approved by the board of directors
and signed on its behalf

J F Elliott *Secretary*
30 April 2009

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 Group 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 pages 28 and 29. 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.

The board considers Messrs Robinow, Legg and Shaw to be independent, notwithstanding their length of service, shareholdings and Mr Robinow's position as chairman, on account of the nature and extent of their relationships with the Company

The board reserves to itself a range of key decisions to ensure it retains proper direction and control of the Company, whilst delegating authority to individual directors who are responsible for the day-to-day management of the business. All major and strategic decisions of the Company are made in the United Kingdom. The executive officers and the non-executive directors have discussions on an informal yet frequent basis to discuss progress against budget and business issues.

2 DIRECTORS' REMUNERATION AND APPOINTMENT

As set out in the report on page 34, the remuneration of the executive directors is determined by the remuneration committee whilst that of the non-executives is determined by the whole board. The committee met three times during 2008 and each meeting was attended by all of the members.

The Company does not currently have a nominations committee. Owing to the size of the board, it is considered inappropriate to establish such a committee at this time. Any new appointments to the board will be discussed at a full board meeting and each member of the board will be given the opportunity to meet the individual concerned prior to an appointment being made.

3 RELATIONS WITH SHAREHOLDERS

The Company attaches importance to effective communications with its institutional and private shareholders. All shareholders have at least twenty-one clear 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 36.

b) Risk management

The directors acknowledge their responsibilities for the Group's system of risk management. 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 discussion and 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 exchange-rate fluctuations on profitability and assets;
- security of liquid funds.
- political instability and social unrest in Indonesia;
- weather and natural disasters; and
- environmental damage;

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 its 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) **Going-concern basis**

The Group's operations are funded through a combination of long-term equity capital, cash resources, project finance and overdrafts.

The board has undertaken a recent review of the Group's current financial position, forecasts, associated risks and sensitivities. This review was conducted in the light of the board's current plans for the development of the Group's business which incorporates the planned future planting expenditure noted in the review of operations on pages 11 to 15. The forecasts indicate that the Group will have sufficient resources to meet its obligations as they fall due with the use of existing facilities. The Group's overdraft facility in Australia is due for renewal in December 2009. The board has no reason to believe that this facility will not continue to be available to the Group for the foreseeable future.

The board has concluded that, given the current level of cash resources in the Group, the level of existing borrowings and the level of available project-finance facilities, the Group is expected to be able to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of the approval of the accounts. As a result, the board has concluded that the going-concern basis continues to be appropriate in preparing the financial statements.

5 AUDIT COMMITTEE

The audit committee is formally constituted with written terms of reference and is chaired by Mr K P Legg; the other members are Messrs R M Robinow and J D Shaw. All served throughout the year. 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 committee met four times during 2008 and each meeting was attended by all of the members with the exception of Mr Robinow being absent from one meeting.

The audit committee may examine any matters relating to the financial affairs of the Group or 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.

The Group's auditors do not provide non-audit services.

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 provides appropriate incentives by means of share options with a view to aligning the interests of these two executive joint chief executives 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 S.E. Asia, where his responsibilities are undertaken and where he resides. He participates in a discretionary bonus scheme related to the committee's evaluation both of his performance and of the progress achieved during the year on the Group's new and existing Indonesian projects.

NON-EXECUTIVE DIRECTORS

The fees of the non-executive directors are determined by the board. The total amount of directors' remuneration for the year ended 31 December 2008 was as follows:

	2008 US$	2007 US$
Emoluments	**1,103,662**	1,225,462
Gains on exercise of share options	**188,173**	3,750,299
Group money-purchase pension contributions	**164,786**	156,790
	1,456,621	5,132,551

The details of the remuneration of the directors for the year ended 31 December 2008 are set out below:

	SALARY AND FEES 2008 US$	BONUS 2008 US$	PENSION COSTS 2008 US$	BENEFITS IN KIND 2008 US$	TOTAL 2008 US$	TOTAL 2007 US$
Executive directors						
P A Fletcher	**277,966**	—	**85,463**	**36,573**	**400,002**	410,730
P E Hadsley-Chaplin	**277,966**	—	**55,583**	**29,025**	**362,574**	375,533
O D Wilkinson	**215,986**	**78,563**	**23,740**	**40,316**	**358,605**	443,753
	771,918	**78,563**	**164,786**	**105,914**	**1,121,181**	1,230,016
Non-executive directors						
R M Robinow	**52,464**	—	—	—	**52,464**	54,228
K P Legg	**42,339**	—	—	—	**42,339**	43,780
J D Shaw	**52,464**	—	—	—	**52,464**	54,228
	147,267	—	—	—	**147,267**	152,236
Total	**919,185**	**78,563**	**164,786**	**105,914**	**1,268,448**	1,382,252

NOTES

1. In addition to the above, the gain in respect of options exercised during the year amounted to:

	2008 US$	2007 US$
P A Fletcher	—	2,464,000
P E Hadsley-Chaplin	**63,510**	882,328
O D Wilkinson	**124,663**	403,971
	188,173	3,750,299

Notes continue on next page.

2. Apart from the discretionary bonus paid to Mr Wilkinson referred to above, no performance-related bonuses were awarded to the directors during the year.
3. The pension costs for Messrs Hadsley-Chaplin and Fletcher set out above are the contributions made by the Company to company-sponsored Self-Invested Personal Pensions ("SIPPs") as described below. The pension costs for Mr Wilkinson are contributions made by a subsidiary undertaking to the Employees' Provident Fund in Malaysia.
4. No long-term incentives, other than the share options described below, have been awarded to directors.
5. Fees for Mr K P Legg were paid to a third party.

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 2008 options over 2,396,461 (2007 – 2,467,711) shares which were granted to the executive directors between 17 July 2001 and 2 February 2005 remain outstanding. During the year 71,250 (2007 – 612,710) options granted to directors were exercised and none (2007 none) lapsed.

No performance criteria are attached to the options and no options are held by the non-executive directors. At 31 December 2008 the middle-market quotation for the Company's shares, as derived from the London Stock Exchange Daily Official List, was 198.5p, as compared with the high and low quotations for the year of 506.5p and 158.5p respectively.

The details of the options held over shares of the Company by the executive directors during the year ended 31 December 2008 are set out in the table below:

Number of shares under option

	Balance at 1 January 2008	Exercised in the year	Balance at 31 December 2008	Exercise price pence	Market price when exercised pence	Date of grant	Date from which normally first exercisable	Expiry date
P A Fletcher	200,000	—	200,000	96.50	—	1 May 2002	1 May 2005	1 May 2012
	200,000	—	200,000	126.50	—	2 May 2003	2 May 2006	2 May 2013
	358,600	—	358,600	85.05	—	2 Feb 2005*	2 Feb 2005	17 July 2011
	179,300	—	179,300	101.78	—	2 Feb 2005*	1 May 2005	1 May 2012
	143,440	—	143,440	138.04	—	2 Feb 2005*	2 May 2006	2 May 2013
	26,895	—	26,895	158.95	—	2 Feb 2005*	4 May 2007	4 May 2014
	1,108,235	**—**	**1,108,235**					
P E Hadsley-Chaplin	91,765	50,000	41,765	75.50	165.00	17 July 2001	17 July 2004	17 July 2011
	200,000	—	200,000	96.50	—	1 May 2002	1 May 2005	1 May 2012
	200,000	—	200,000	126.50	—	2 May 2003	2 May 2006	2 May 2013
	358,600	—	358,600	85.05	—	2 Feb 2005*	2 Feb 2005	17 July 2011
	179,300	—	179,300	101.78	—	2 Feb 2005*	1 May 2005	1 May 2012
	143,440	—	143,440	138.04	—	2 Feb 2005*	2 May 2006	2 May 2013
	26,895	—	26,895	158.95	—	2 Feb 2005*	4 May 2007	4 May 2014
	1,200,000	**50,000**	**1,150,000**					
O D Wilkinson	5,000	5,000	—	126.50	463.00	2 May 2003	2 May 2006	2 May 2013
	5,000	5,000	—	126.50	449.25	2 May 2003	2 May 2006	2 May 2013
	1,250	1,250	—	126.50	398.75	2 May 2003	2 May 2006	2 May 2013
	13,750	10,000	3,750	126.50	405.25	2 May 2003	2 May 2006	2 May 2013
	67,238	—	67,238	101.78	—	2 Feb 2005*	1 May 2005	1 May 2012
	53,790	—	53,790	138.04	—	2 Feb 2005*	2 May 2006	2 May 2013
	13,448	—	13,448	158.95	—	2 Feb 2005*	4 May 2007	4 May 2014
	159,476	**21,250**	**138,226**					
Total	**2,467,711**	**71,250**	**2,396,461**					

* Transferred from Bertam Holdings PLC executive share-option scheme in 2005.

PENSIONS

The Company sponsors SIPPs for the UK executive directors. Contributions made by the Company to the SIPPs and to a life-assurance company give the executives a pension at retirement, a pension to a spouse payable on death and life-assurance cover based on a multiple of salary. The members contribute a minimum of 5% of their pensionable salary to their SIPPs. 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*
30 April 2009

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The directors are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). Company law requires the directors to prepare such financial statements in accordance with IFRS and the Companies Act 1985 and the AIM Rules for companies.

International Accounting Standard 1 requires that financial statements present fairly for each financial year the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the Preparation and Presentation of Financial Statements". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. Directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The directors have elected to prepare the parent-Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The parent-Company financial statements are required by law to give a true and fair view of the state of affairs of the Company.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the Company will continue in business.

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

We have audited the Group financial statements of M. P. Evans Group PLC for the year ended 31 December 2008 which comprise the consolidated income statement, the consolidated balance sheet, the consolidated cash-flow statement, the consolidated statement of recognised income and expense, the reconciliation of movements in consolidated shareholders' funds and the related notes 1 to 32. These Group financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the parent-Company financial statements of M. P. Evans Group PLC for the year ended 31 December 2008.

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

The directors' responsibilities for preparing the annual report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union are set out in the statement of directors' responsibilities.

Our responsibility is to audit the Group financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Group financial statements give a true and fair view, whether the Group financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the report of the directors is consistent with the Group financial statements. The information given in the report of the directors includes that specific information presented in the chairman's statement and the review of operations that is cross referred from the principal activities section of the report of the directors.

In addition we report to you if, in our opinion, we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and other transactions is not disclosed.

We read the other information contained in the annual report as described in the contents section and consider whether it is consistent with the audited Group financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Group financial statements. Our responsibilities do not extend to any further information outside the annual report.

BASIS OF AUDIT 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 Group financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the Group financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, 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 Group 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 Group financial statements.

OPINION

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2008 and of its profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985;
- the information given in the report of the directors is consistent with the Group financial statements.

DELOITTE LLP
Chartered Accountants and Registered Auditors, Crawley, United Kingdom

30 April 2009

Consolidated income statement

FOR THE YEAR ENDED 31 DECEMBER 2008

	NOTE	RESULT BEFORE BIOLOGICAL BEARER-ASSET ADJUSTMENT[1] US$'000	BIOLOGICAL BEARER-ASSET ADJUSTMENT[1] US$'000	YEAR ENDED 31 DECEMBER 2008 US$'000	RESULT BEFORE BIOLOGICAL BEARER-ASSET ADJUSTMENT[1] US$'000	BIOLOGICAL BEARER-ASSET ADJUSTMENT[1,2] US$'000	YEAR ENDED 31 DECEMBER 2007[2] US$'000
Continuing operations							
Revenue	3	**30,387**	**—**	**30,387**	21,265	—	21,265
Cost of sales		**(16,759)**	**206**	**(16,553)**	(10,732)	86	(10,646)
Gross profit	3	**13,628**	**206**	**13,834**	10,533	86	10,619
Gain on biological assets	14	**—**	**24,226**	**24,226**	—	18,747	18,747
Planting expenditure		**—**	**(13,283)**	**(13,283)**	—	(8,636)	(8,636)
Foreign-exchange gains/(losses)		**44**	**—**	**44**	(1,487)	—	(1,487)
Other administrative expenses		**(4,182)**	**—**	**(4,182)**	(5,141)	—	(5,141)
Group operating profit		**9,490**	**11,149**	**20,639**	3,905	10,197	14,102
Exceptional credit	5	**3,900**	**—**	**3,900**	3,641	—	3,641
Group profit on continuing operations before interest and tax		**13,390**	**11,149**	**24,539**	7,546	10,197	17,743
Investment revenue	6	**1,295**	**—**	**1,295**	1,306	—	1,306
Finance costs	7	**(2,387)**	**—**	**(2,387)**	(1,763)	—	(1,763)
Group-controlled profit before taxation	8	**12,298**	**11,149**	**23,447**	7,089	10,197	17,286
Tax charge on profit on ordinary activities	9	**(4,181)**	**(2,309)**	**(6,490)**	(3,928)	(3,185)	(7,113)
Group-controlled profit after taxation		**8,117**	**8,840**	**16,957**	3,161	7,012	10,173
Share of associated companies' profit after tax	3	**11,901**	**229**	**12,130**	23,525	7,087	30,612
Profit after tax and before discontinued operations		**20,018**	**9,069**	**29,087**	26,686	14,099	40,785
Discontinued operations	3, 10	**29,895**	**(5,386)**	**24,509**	5,458	387	5,845
Profit for the year		**49,913**	**3,683**	**53,596**	32,144	14,486	46,630
Attributable to:							
Equity holders of M. P. Evans Group PLC		**47,885**	**1,904**	**49,789**	30,328	11,936	42,264
Minority interests		**2,028**	**1,779**	**3,807**	1,816	2,550	4,366
		49,913	**3,683**	**53,596**	32,144	14,486	46,630
				US CENTS			*US CENTS*
Basic earnings per 10p share	12						
Continuing operations				**48.88**			70.94
Discontinued operations				**47.38**			11.38
Continuing and discontinued operations				**96.26**			82.32
Diluted earnings per 10p share	12						
Continuing operations				**47.30**			68.56
Discontinued operations				**45.86**			11.01
Continuing and discontinued operations				**93.16**			79.57

[1] Non-statutory column (see note 14) [2] Restated (see note 14)

Consolidated statement of recognised income and expense

FOR THE YEAR ENDED 31 DECEMBER 2008

	2008 US$'000	2007 US$'000
Unrealised share of movements in associated undertakings' reserves	**1,321**	(1,780)
Previously unrealised profit on sale of land to associated undertaking released to the consolidated income statement on sale of that land by the associate	**(193)**	(3,855)
Exchange differences on translation of foreign operations	**(20,208)**	8,637
Other	**416**	—
Net income recognised directly in equity	**(18,664)**	3,002
Profit for the year	**53,596**	46,630
Total recognised income and expense for the year	**34,932**	49,632
Attributable to:		
Equity holders of M. P. Evans Group PLC	**31,125**	45,266
Minority interest	**3,807**	4,366
	34,932	49,632

Reconciliation of movements in shareholders' consolidated funds

FOR THE YEAR ENDED 31 DECEMBER 2008

	2008 US$'000	2007 US$'000
Profit attributable to members of the Company	**49,789**	42,264
Dividends paid (note 11)	**(6,819)**	(6,655)
	42,970	35,609
Issue of shares	**1,412**	1,095
Share-based payments	**48**	11
Other recognised gains and losses relating to the year	**(18,664)**	3,002
Net addition to shareholders' funds	**25,766**	39,717
Opening shareholders' funds	**223,412**	183,695
Closing shareholders' funds	**249,178**	223,412

Consolidated balance sheet

AT 31 DECEMBER 2008

	NOTE	BEFORE BIOLOGICAL BEARER-ASSET ADJUSTMENT[1] US$'000	BIOLOGICAL BEARER-ASSET ADJUSTMENT[1] US$'000	31 DECEMBER 2008 US$'000	BEFORE BIOLOGICAL BEARER-ASSET ADJUSTMENT[1] US$'000	BIOLOGICAL BEARER-ASSET ADJUSTMENT[1] US$'000	31 DECEMBER 2007 US$'000
Non-current assets							
Goodwill	13	**1,157**	**—**	**1,157**	1,008	—	1,008
Biological assets	14	**—**	**78,779**	**78,779**	—	54,553	54,553
Property, plant and equipment	15	**77,973**	**(30,519)**	**47,454**	70,086	(17,443)	52,643
Investments	16	**80,913**	**20,010**	**100,923**	90,363	19,782	110,145
Deferred tax asset	23	**2,334**	**—**	**2,334**	1,010	—	1,010
		162,377	**68,270**	**230,647**	162,467	56,892	219,359
Current assets							
Biological assets	17	**1,872**	**—**	**1,872**	2,893	—	2,893
Inventories	18	**10,292**	**—**	**10,292**	9,522	—	9,522
Trade and other receivables	19	**5,176**	**—**	**5,176**	5,256	—	5,256
Current tax asset		**933**	**—**	**933**	1,130	—	1,130
Cash and cash equivalents	20	**56,472**	**—**	**56,472**	31,765	—	31,765
Assets held for sale	10	**275**	**—**	**275**	15,922	7,694	23,616
		75,020	**—**	**75,020**	66,488	7,694	74,182
Total assets	3	**237,397**	**68,270**	**305,667**	228,955	64,586	293,541
Current liabilities							
Borrowings	22	**18,986**	**—**	**18,986**	24,391	—	24,391
Trade and other payables	21	**5,238**	**—**	**5,238**	13,339	—	13,339
Current tax liability		**1,510**	**—**	**1,510**	1,724	—	1,724
Liabilities related to assets held for sale	10	**109**	**—**	**109**	—	2,308	2,308
		25,843	**—**	**25,843**	39,454	2,308	41,762
Net current assets		**49,177**	**—**	**49,177**	27,034	5,386	32,420
Non-current liabilities							
Borrowings	22	**2,018**	**—**	**2,018**	2,003	—	2,003
Deferred tax liability	23	**1,612**	**13,442**	**15,054**	1,909	11,133	13,042
Retirement-benefit obligations	24	**1,377**	**—**	**1,377**	1,375	—	1,375
		5,007	**13,442**	**18,449**	5,287	11,133	16,420
Total liabilities	3	**30,850**	**13,442**	**44,292**	44,741	13,441	58,182
Net assets		**206,547**	**54,828**	**261,375**	184,214	51,145	235,359
Equity							
Share capital	25	**8,812**	**—**	**8,812**	8,728	—	8,728
Other reserves	27	**60,111**	**20,010**	**80,121**	78,276	19,782	98,058
Retained earnings	27	**133,846**	**26,399**	**160,245**	91,903	24,723	116,626
Equity attributable to members of M. P. Evans Group PLC		**202,769**	**46,409**	**249,178**	178,907	44,505	223,412
Minority interest	28	**3,778**	**8,419**	**12,197**	5,307	6,640	11,947
Total equity		**206,547**	**54,828**	**261,375**	184,214	51,145	235,359

[1] Non-statutory column (see note 14)

These financial statements were approved by the board of directors on 30 April 2009 and signed on its behalf

Philip Fletcher **Peter Hadsley-Chaplin**

Directors

Consolidated cash-flow statement

FOR THE YEAR ENDED 31 DECEMBER 2008

	NOTE	YEAR ENDED 31 DECEMBER 2008 US$'000	YEAR ENDED 31 DECEMBER 2007 US$'000
Net cash outflow from operating activities	30	**(21,724)***	(4,850)*
Investing activities			
Interest received		**1,267**	1,244
Dividends from associated undertakings		**17,266**	11,396
Dividends from trading investments		**283**	206
Proceeds on disposal of assets held for sale		**50,570**	4,091
Purchase of property, plant and equipment		**(3,688)**	(14,955)
Investment in subsidiary undertaking		**(2,616)**	(106)
Investment in associated undertaking		**(5,475)**	(1,414)
Disposal of subsidiary		**145**	—
Net cash from investing activities		**57,752**	462
Financing activities			
Dividends paid		**(6,819)**	(6,655)
Repayment of borrowings		**(575)**	(1,004)
Proceeds on issue of shares		**280**	1,095
New bank loans raised		**—**	10,130
Dividend paid to minorities		**(1,070)**	(498)
Net cash (used by)/from financing activities		**(8,184)**	3,068
Net increase/(decrease) in cash and cash equivalents		**27,844**	(1,320)
Cash and cash equivalents at beginning of the year		**31,765**	33,114
Effect of foreign-exchange rates		**(3,137)**	(29)
Cash and cash equivalents at end of the year		**56,472**	31,765

* Including expenditure on new planting of US$13,283,000 (2007 US$8,636,000).

NOTE 1 General information

M.P. Evans Group PLC is incorporated in the United Kingdom under the Companies Act 1985 and 2006. The address of its registered office is given on page 76. The nature of the Group's operations and its principal activities are set out in note 3 and in the review of operations on pages 8 to 25.

The functional currency of M.P. Evans Group PLC, determined under IAS 21, is the US Dollar. Likewise, the functional currency of subsidiaries operating in the palm-oil sector is the US Dollar. The functional currency of Group companies operating in the beef-cattle and property-development sectors is the local currency.

At the date of authorisation of these financial statements the following new and revised standards and interpretations, which were in issue but not yet effective, have not been applied in these financial statements:

IFRS2 (amended)	Share-based payment
IFRS3 (revised)	Business combinations
IFRS8	Operating segments
IASI (revised)	Presentation of financial statements
IAS23 (revised)	Borrowing costs
IAS27 (revised)	Consolidated and separate financial statements
IAS32 (amended)	Financial instruments: Presentation
IAS39 (amended)	Financial instruments: Recognition and measurement of eligible hedged items
IFRIC12	Service-concession arrangements
IFRIC13	Customer loyalty programmes
IFRIC16	Hedges of a net investment in a foreign operation
IFRIC17	Distribution of non-cash assets to owners
IFRIC18	Transfer of assets from customers

The directors do not anticipate that adoption of these standards and interpretations in future periods will have a material impact on the financial statements.

NOTE 2 Accounting policies

(a) **Accounting convention and basis of presentation**

These financial statements have been prepared under the historical-cost convention, except for the valuation of biological assets and available-for-sale investments, and comply with International Financial Reporting Standards (IFRSs) adopted by the European Union. The Group financial statements therefore comply with the AIM Rules.

(b) **Going concern**

The financial statements have been prepared on a going-concern basis. The directors have conducted a review of projected cash flows from operations, investing and financing, concluding that the Group has sufficient funds projected to carry on its business and its planned investment programme in the medium term. Furthermore, the Group has control over its main cash expenditure, investment in its new plantations, which it can manage according to the resources available.

(c) **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.

Where necessary, the financial statements of subsidiary and associated companies are adjusted prior to consolidation to bring them into line with the Group's accounting policies. All intra-Group transactions, balances, income and expenses are eliminated on consolidation. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from or up to the effective point of acquisition or disposal.

(d) **Revenue**

Revenue represents the invoiced value of crops, livestock and produce sold during the year, excluding sales taxes. Income is recognised at the point of delivery. Revenue and costs in respect of construction contracts are recognised in proportion to the independently-measured stage of contract completion at the balance-sheet date. Investment income is taken into account by reference to the date on which it is declared payable.

(e) **Operating profit and exceptional items**

The Group separately identifies gains and losses arising from significant asset disposals outside the ordinary course of business, gains and losses arising from acquisition and disposal of shares in subsidiary and associated undertakings, and restructuring costs as exceptional items. Exceptional items are excluded from operating profit.

NOTE 2 Accounting policies CONTINUED

(f) **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, with provision being made for any impairment. Goodwill is tested for impairment at least annually. Negative goodwill, where the fair value of the assets acquired exceeds the fair value of the consideration given, is taken to the income statement during the period in which it arises.

Goodwill arising on acquisitions before the IFRS transition date has been retained at the amount determined under UK-GAAP and is subjected to impairment testing. Negative goodwill on the acquisition of shares in the Group's Australian associated undertaking was eliminated on transition to IFRS.

(g) **Property, plant and equipment**

Leasehold land in Indonesia is held on 25 and 30-year leases and is not depreciated as the leases can be renewed without significant cost. Perpetual-leasehold land in Malaysia and freehold land in Australia is treated in the same way. Property, plant and equipment, 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.

The Group follows transitional arrangements made available under IFRS1 "First-time Adoption of International Financial Reporting Standards". The fair value of Indonesian leases (hak guna usaha) held by the Group on 1 January 2006 are taken to be their deemed cost. These long-term renewable leases are not depreciated.

(h) **Investments**

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 income statement includes the Group's share of the profit or loss on ordinary activities after taxation based on audited financial statements for the year ended 31 December 2008. 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.

(i) **Inventories**

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

(j) **Taxation**

The tax charge for the year comprises tax currently receivable and payable, and deferred tax. The Group's current tax asset or liability is calculated using tax rates that have been enacted or substantively enacted by the balance-sheet date.

Deferred tax is accounted for using the balance-sheet liability method, calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Liabilities are generally recognised for all taxable temporary differences; deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is not provided on initial recognition of goodwill.

The Group recognises deferred-tax liabilities arising from taxable temporary differences on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The carrying amount of deferred tax assets is reviewed at each balance-sheet date.

Deferred tax assets and liabilities are offset when there is a legally-enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(k) **Biological assets**

Biological gain or loss is measured in accordance with IAS 41 on two groups of bearer assets (oil-palm and rubber plantations) and two consumer biological assets (beef cattle and grain crops). The Group's only interest in rubber is through its associate company, PT Agro-Muko. Bearer assets, the Group's plantations, are classified as non-current assets. Consumer biological assets are classified as current assets since the Group generally sells or consumes these assets within one year of the balance-sheet date.

(i) **Plantation**

The Group has valued its biological assets on the basis of the discounted net present value of cash flows arising in producing fresh fruit bunches ("f.f.b.") from oil palms, or latex from rubber trees. It values its biological assets on the basis of discounted cash flows covering the assets' expected 25-year economic life. Areas are included in the valuation once they are planted. The valuation assumes that the concessions granted to exploit the land in which the biological assets are planted will be renewed when they expire. No account is taken in the valuation of future replanting. The Group estimates the future sales value of its crop production using a long-term (20-year) average price. Costs associated with the planting of the Group's estates are shown as planting expenditure on the face of the income statement.

(ii) **Beef cattle**

Cattle are recorded as assets at the year end at fair value less selling costs, taking into account the location of the cattle. The herd comprises breeding and non-breeding cattle. The breeding cattle comprise females and bulls. The non-breeding cattle comprise steers and heifers mainly between the age of 9 and 36 months that will be grown and sold on as either grain-fed or grass-fed cattle. Bulls are included in the balance sheet at a directors' valuation. All other cattle are valued at average weight multiplied by market price per kilogram.

(iii) **Crops**

The Group recognises revenue on grain crops at fair value at the point of harvest. The cost of forage crops is released to the income statement over the period during which they are consumed.

NOTE 2 Accounting policies CONTINUED

(iv) **Deferred tax**

Deferred tax is recognised at the relevant local rate on the difference between the cost of biological assets and their carrying value determined under IAS 41.

(l) **Non-current assets held for sale**

The Group treats assets as held for sale once the sale is considered highly probable and is expected to be completed within 12 months of the balance-sheet date. They are valued at the lower of fair value, and carrying value less costs to sell.

(m) **Retirement benefits**

The Group operates a defined-contribution pension scheme. The pension charge represents the contributions payable by the Group under the rules of the scheme. In Indonesia, as required by law, a lump sum is paid to employees on retirement or on leaving the Group's employment. This terminal benefit is accrued by the Group and charged in the income statement on the basis of individuals' service at the balance-sheet date.

(n) **Share-based payments**

The Group issues equity-settled, share-based payments to certain employees. Such share-based payments are measured at fair value (excluding the effect of any non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled, share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. Fair value is measured by use of the Black-Scholes model, based on management's best estimates.

(o) **Financial instruments**

Financial assets and financial liabilities are recognised on the Group's balance sheet at fair value when the Group becomes a party to the contractual provisions of the instrument.

AVAILABLE-FOR-SALE FINANCIAL ASSETS – the Group's investments in unlisted shares (other than associated undertakings) are classified as available for sale and stated at fair value, with gains and losses recognised directly in equity. Fair value is the directors' estimate of sales proceeds less costs to sell at the balance-sheet date.

TRADE AND OTHER RECEIVABLES – these represent amounts due from customers in the normal course of business, are not interest bearing, and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts, which are charged to the income statement.

CASH AND CASH EQUIVALENTS – these include cash at hand and deposits held with banks with original maturities of three months or less.

BANK BORROWINGS – interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges are accounted for on an accruals basis in the income statement using the effective-interest-rate method.

TRADE AND OTHER PAYABLES – these are initially measured at fair value, and are subsequently measured at amortised cost, using the effective-interest-rate method.

EQUITY INSTRUMENTS – equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(p) **Critical accounting judgements and key sources of estimation uncertainty**

The preparation of consolidated financial statements under IFRS requires the Group to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have the most significant impact on the carrying amount of assets and liabilities are discussed below.

(i) **Valuation of biological assets**

The key assumptions underlying the valuation of the biological assets are set out in note 14. These assumptions are reviewed at least annually. Sensitivity analysis on the impact of a variation in the palm-oil price and discount rate used in the valuation is also shown in note 14.

(ii) **Leasehold land in Indonesia**

The directors have concluded that leasehold land in Indonesia should not be depreciated. Further information on this policy is included in note 2(g).

(iii) **Deferred tax on unremitted earnings**

The Group's subsidiaries and associated undertakings hold a significant level of unremitted earnings. The directors have concluded that no deferred tax liability should be recognised in relation to these balances given the ability of the Group to control the remittance of these earnings and the Group's operational plans for the relevant entity. Further information on the level of these reserves is disclosed in note 23.

(iv) **Assets held for sale**

The directors review the fair value of the Group's available-for-sale investments to confirm that such assets are recorded at a value that does not exceed the fair value of the asset.

(v) **Goodwill arising on acquisition of subsidiaries and associates**

On acquisition of shares in subsidiary companies or associated undertakings, the directors compare the fair value of the consideration given for the shares with the fair value of the assets acquired, including the estimation of the fair value of tangible fixed assets, intangible fixed assets and biological assets. This comparison is used to establish the value of goodwill, or, the excess of fair value of the identifiable assets and liabilities acquired over their cost.

NOTE 3 Business and geographical segments

2008

PRIMARY SEGMENT:		PLANTATION		CATTLE	PROPERTY	MANUFACTURING	OTHER	TOTAL
SECONDARY SEGMENT:	INDONESIA	MALAYSIA	TOTAL	AUSTRALIA	MALAYSIA	THAILAND		
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Total revenue	25,205	3,624	28,829	4,504	—	5,916	48	39,297
Total gross profit	14,893	2,197	17,090	(975)	—	357	48	16,520
Continuing operations								
Revenue	25,205	630	25,835	4,504	—	—	48	30,387
Gross profit/(loss)	14,893	(132)	14,761	(975)	—	—	48	13,834
Gain/(loss) on biological assets	24,416	(190)	24,226	—	—	—	—	24,226
Planting expenditure	(13,283)	—	(13,283)	—	—	—	—	(13,283)
Foreign-exchange gains								44
Other administrative expenses								(4,182)
Group operating profit								20,639
Exceptional credit								3,900
Profit before interest								24,539
Net interest and financial income								(1,092)
Group-controlled profit before tax								23,447
Taxation								(6,490)
Group-controlled profit after tax								16,957
Share of associated companies' profit after tax	9,866	—	9,866	(1,264)	3,528	—	—	12,130
Discontinued operations:								
Revenue	—	2,994	2,994	—	—	5,916	—	8,910
Gross profit	—	2,329	2,329	—	—	357	—	2,686
Other income and expenses								21,823
								24,509
Profit for the year								53,596
Minority interests								(3,807)
Profit for the year attrubutable to equity holders								49,789
Assets	127,695	14,009	141,704	27,857	—	1,020	—	170,581
Interests in associates	34,314	—	34,314	41,352	22,578	—	—	98,244
	162,009	14,009	176,018	69,209	22,578	1,020	—	268,825
Unallocated assets								36,842
Consolidated total assets								305,667
Liabilities	20,911	1,275	22,186	17,761	—	109	—	40,056
Unallocated liabilities								4,236
Consolidated total liabilities								44,292
Other information								
Capital additions	2,718	82	2,800	856	—	—	32	3,688
Depreciation and amortisation	1,553	94	1,647	322	—	40	49	2,058

NOTE 3 Business and geographical segments CONTINUED

2007

PRIMARY SEGMENT:	PLANTATION			CATTLE	PROPERTY	MANUFACTURING	OTHER	TOTAL
SECONDARY SEGMENT:	INDONESIA	MALAYSIA	TOTAL	AUSTRALIA	MALAYSIA	THAILAND		
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Total revenue	19,417	4,989	24,406	1,284	—	2,332	45	28,067
Total gross profit	11,213	2,929	14,142	(580)	—	99	45	13,706
Continuing operations								
Revenue	19,417	519	19,936	1,284	—	—	45	21,265
Gross profit/(loss)	11,213	(59)	11,154	(580)	—	—	45	10,619
Gain/(loss) on biological assets	18,912	(165)	18,747	—	—	—	—	18,747
Planting expenditure	(8,636)	—	(8,636)	—	—	—	—	(8,636)
Foreign-exchange losses								(1,487)
Other administrative expenses								(5,141)
Group operating profit								14,102
Exceptional credit								3,641
Profit before interest								17,743
Net interest and financial income								(457)
Group-controlled profit before tax								17,286
Taxation								(7,113)
Group-controlled profit after tax								10,173
Share of associated companies' profit after tax	14,900	—	14,900	2,840	12,872	—	—	30,612
Discontinued operations:								
Revenue	—	4,470	4,470	—	—	2,332	—	6,802
Gross profit	—	2,988	2,988	—	—	99	—	3,087
Other income and expenses								2,758
								5,845
Profit for the year								46,630
Minority interests								(4,366)
Profit for the year attributable to equity holders								42,264
Assets	96,915	34,702	131,617	33,300	1,542	2,816	—	169,275
Interests in associates	31,406	—	31,406	46,202	29,436	—	—	107,044
	128,321	34,702	163,023	79,502	30,978	2,816	—	276,319
Unallocated assets								17,222
Consolidated total assets								293,541
Liabilities	20,196	8,032	28,228	22,199	323	135	—	50,885
Unallocated liabilities								7,297
Consolidated total liabilities								58,182
Other information								
Capital additions	5,118	7	5,125	9,808	19	3	—	14,955
Depreciation and amortisation	1,607	114	1,721	249	71	41	—	2,082

NOTE 4 Employees

	2008 US$'000	2007 US$'000
Employee costs during year		
Wages and salaries	**4,407**	5,174
Social-security costs	**178**	217
Past-service liabilities	**331**	278
Other pension costs	**381**	499
	5,297	6,168
	NUMBER	NUMBER
Average number of persons employed		
Estate manual	**1,267**	1,677
Local management	**145**	150
United Kingdom head office	**6**	6
	1,418	1,833

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 34 and 35 and form part of these audited financial statements.

NOTE 5 Exceptional credit

	2008 US$'000	2007 US$'000
Credit on purchase of shares in associated undertaking (see notes 2e and 2f)	**3,707**	—
Previously unrealised profit on sale of land to associated undertaking released through the income statement on sale of that land to third party	**193**	3,855
Restructuring	**—**	(247)
Group profit on sale of tangible fixed assets	**—**	33
Total net exceptional credit	**3,900**	3,641

There was no material impact on the tax credit resulting from the exceptional charge in either year.

NOTE 6 Investment revenue

Interest receivable on bank deposits	**1,012**	1,100
Dividends from equity investment held as available for sale	**283**	206
	1,295	1,306

NOTE 7 Finance costs

Interest payable on bank loans and overdrafts	**2,057**	1,763
Diminution in value of investment	**330**	—
	2,387	1,763

NOTE 8 Group-controlled profit before taxation

	2008 US$'000	2007 US$'000
Profit on ordinary activities before taxation is stated after charging		
Depreciation of property, plant and equipment	**2,058**	2,082
Auditors' remuneration – audit fee	**427**	574
Staff costs (note 4)	**5,297**	6,168
The analysis of auditors' remuneration is as follows:		
* **Fees payable to Deloitte LLP and their associates for services to the Group:**		
Audit of UK parent company	**20**	20
Audit of consolidated financial statements	**188**	264
Audit of UK subsidiaries	**—**	30
Audit of overseas subsidiaries	**114**	204
	322	518

* In addition to the above fees of US$105,000 (2007 US$56,000) were payable to other firms for the audit of subsidiary companies.

NOTE 9 Tax charge on profit on ordinary activities

United Kingdom corporation tax charge for the year	**5,314**	4,868
Relief for overseas taxation	**(5,314)**	(4,868)
	—	—
Overseas taxation	**5,420**	5,187
Adjustments in respect of prior periods	**1**	(20)
Total current tax	**5,421**	5,167
Deferred taxation - origination and reversal of timing differences	**1,069**	1,946
	6,490	7,113

The standard rate of tax for the year, based on the United Kingdom standard rate of corporation tax, is 28.5% (2007 – 30%). The standard rate of Indonesian tax is 30% for the current and previous years. The actual tax charge is lower (2007 higher) than the standard rate for the reasons set out in the following reconciliation.

	2008 CONTINUING OPERATIONS US$'000	2008 DISCONTINUED OPERATIONS US$'000	2007 CONTINUING OPERATIONS US$'000	2007 DISCONTINUED OPERATIONS US$'000
Profit on ordinary activities before tax	**23,447**	**25,724**	17,286	6,954
Tax on profit on ordinary activities at standard rate	**6,681**	**7,330**	5,186	2,086
Factors affecting the charge for the year				
Non-taxable gain	**(1,056)**	**—**	—	—
Expenses not deductible for tax purposes	**492**	**116**	249	21
Unrelieved losses	**757**	**—**	1,825	—
Utilisation of losses brought forward	**—**	**—**	(41)	—
Exchange differences	**(366)**	**695**	674	(352)
Differences on overseas dividends	**880**	**—**	565	—
Lower rate applicable to disposals of tangible fixed assets	**—**	**(6,661)**	(1,157)	(291)
Biological assets	**(868)**	**—**	—	—
Other differences	**(30)**	**(265)**	(188)	(355)
Total actual amount of current tax	**6,490**	**1,215**	7,113	1,109

The Group tax charge on discontinued operations is set out in note 10.

NOTE 10 Discontinued operations and assets held for sale

The sale of land, planting and buildings on the Malaysian plantations, Perhentian Tinggi and Sungei Kruit Estates, was agreed during 2007 and completed during 2008. The assets covered by the sales contracts were treated as assets held for sale at 31 December 2007. In September 2008, an agreement was made to dispose of the Group's Thai rubber-manufacturing subsidiary, Supara Company Limited. This is treated as held for sale at 31 December 2008, with the sale expected to be completed during the first half of 2009. No impairment losses have been recognised on this change of classification. The results of discontinued operations are shown below.

	US$'000	2008 US$'000	US$'000	2007 US$'000
Revenue		**8,910**		6,802
Other income and expenses		**(6,639)**		(1,910)
Profit before tax		**2,271**		4,892
Attributable tax expense		**(1,100)**		(970)
		1,171		3,922
Gain on asset disposals by discontinued operations	**23,453**		2,062	
Attributable tax expense	**(115)**		(139)	
		23,338		1,923
		24,509		5,845

The effect of discontinued operations on segment results is shown in note 3. The following assets of the one subsidiary (2007 – two estates) in question were classified as held for sale at the balance-sheet date:

	2008 US$'000	2007 US$'000
Freehold land	**—**	1,542
Leasehold land, non-depreciable	**65**	14,205
Biological assets	**—**	7,694
Buildings	**196**	115
Plant, equipment and vehicles	**14**	60
	275	23,616
Trade and other payables	**(109)**	—
Deferred-tax liability	**—**	(2,308)
	166	21,308

During the year, discontinued operations contributed US$3.1 million to the Group's net operating cash flows (2007 US$1.9 million), contributed US$40.0 million in respect of investing activities (2007 US$4.9 million) and made no payments in respect of financing activities (2007 US$ nil).

NOTE 11 Dividends paid and proposed

	2008 US$'000	2007 US$'000
2008 interim dividend – 2.00p per 10p share (2007 interim dividend – 2.00p)	**1,675**	2,067
2007 final dividend – 5.00p per 10p share (2006 final dividend – 4.50p)	**5,144**	4,588
	6,819	6,655

Following the year end, the board has proposed a final dividend for 2008 of 5.00p per 10p share. If confirmed at the annual general meeting, it will be paid on or after 19 June 2009 to those shareholders on the register at the close of business on 22 May 2009.

NOTE 12 Basic and diluted earnings per share

The calculation of earnings per 10p share is based on:

	2008 US$'000	2008 NUMBER OF SHARES	2007 US$'000	2007 NUMBER OF SHARES
Profit for the year				
Continuing operations	**25,280**		36,419	
Discontinued operations	**24,509**		5,845	
Continuing and discontinued operations	**49,789**		42,264	
Average number of shares in issue		**51,721,726**		51,341,761
Diluted average number of shares in issue*		**53,446,285**		53,118,232

* The difference between the number of shares in issue and the diluted number of shares relates to unexercised share options held by directors and key employees of the Group.

NOTE 13 Goodwill

	2008 US$'000	2007 US$'000
At 1 January	**1,008**	902
Additions	**149**	106
At 31 December	**1,157**	1,008

The directors have tested goodwill for impairment, concluding that the carrying amounts are recoverable. The goodwill has arisen in respect of the Group's new plantation projects in Indonesia on Bangka Island and in Kalimantan. Given the size of the goodwill balance, the directors do not consider it necessary to provide detailed disclosures regarding the impairment review.

NOTE 14 Biological assets

Non-current biological assets comprise plantation bearer assets. The Group values these plantation assets using a discounted cash flow over the expected 25-year economic life of the asset. The discount rate used in this valuation is 14%. The price of the crop (oil-palm fresh fruit bunches) is taken to be the 20-year average based on historic selling prices or, where the plantation has its own mill, an inference based on the widely-quoted commodity price for crude palm oil delivered c.i.f. Rotterdam. The directors have concluded that using a 20-year average provides their best estimate of the prices to be achieved over the valuation period.

Presentation

Following the publication of the 2007 annual report, the directors conducted a review of the way in which the gain/(loss) on biological assets was presented in the income statement. They concluded that a more meaningful presentation would be to classify the cost of new planting after gross profit, as is biological gain, rather than classify it within cost of sales. This change does not affect reported figures for revenue or operating profit. The effect on the comparative period has been to increase gross profit by US$8,636,000.

Assumptions

The long-term average price and exchange rates used in determining the valuations were as follows:

	31 DECEMBER 2008	31 DECEMBER 2007
Price of crude palm oil (US$/tonne, cif Rotterdam)	**486**	455
Exchange rate (Rupiah per US Dollar)	**10,950**	9,419

NOTE 14 Biological assets CONTINUED

Sensitivity in valuation of plantation assets

A change of US$25 in the price assumption for palm oil has the following effect on the valuation of plantation assets:

	-US$ 25 CIF *US$'000*	+US$ 25 CIF *US$'000*
Subsidiaries	**(8,235)**	**8,235**
Associated companies	**(2,886)**	**2,886**
	(11,121)	**11,121**

A change of 1% in the discount rate has the following effect on the valuation of plantation assets:

	-1% *US$'000*	+1% *US$'000*
Subsidiaries	**5,374**	**(4,803)**
Associated companies	**1,226**	**(1,404)**
	6,600	**(6,207)**

Biological non-current assets	2008 PLANTATION *US$'000*	2007 PLANTATION *US$'000*
Gain in fair value:		
Initial recognition	**6,054**	6,088
Current period	**18,172**	13,212
Total gain in fair value*	**24,226**	19,300
Decreases due to disposal and reclassification	**—**	(7,764)
Change in carrying value of biological assets	**24,226**	11,536
Brought forward at 1 January	**54,553**	43,017
Carried forward at 31 December	**78,779**	54,553

* Of the total gain in fair value, US$24,226,000 (2007 US$18,747,000) relates to continuing operations.

	MATURE	IMMATURE	2008 TOTAL	MATURE	IMMATURE	2007 TOTAL
Oil palm planting and crop						
Planted area (hectares)						
Subsidiary undertakings	**7,678**	**8,924**	**16,602**	7,479	4,838	12,317
Associated companies (Group share)	**5,594**	**757**	**6,351**	5,522	769	6,291
	13,272	**9,681**	**22,953**	13,001	5,607	18,608

	2008	2007
Crop (f.f.b.) – tonnes	**161,538**	162,558
Fair value of production (US$'000)	**13,324**	11,783

The only restrictions over biological assets are described in note 2(k) (i). The Group's financial risk-management strategy for agricultural activity is described in the review of operations on pages 23 to 25.

NOTE 14 Biological assets CONTINUED

Within the Group income statement and balance sheet additional, non-statutory, columns have been inserted to show the impact of the recognition of the valuation of biological bearer assets. The biological bearer-asset adjustment column shows the impact of recording the valuation of the Group's biological bearer assets, as well as its share of the equivalent asset recognised by associates, and the related deferred taxation.

In the balance sheet, the adjustment column shows that the recognition of the biological asset valuation replaces depreciated historical planting costs of US$30,519,000 (2007 US$17,443,000) which, prior to the adoption of IFRS, were included in the carrying value of property, plant and equipment. These costs are now replaced by the biological bearer-asset adjustment which, including the Group's share of the asset recognised by associates, together with the related deferred tax, amounts to US$85,347,000 (2007 US$68,588,000).

NOTE 15 Property, plant and equipment

	FREEHOLD LAND US$'000	LEASEHOLD LAND – NON-DEPRECIABLE US$'000	BUILDINGS US$'000	PLANT, EQUIPMENT AND VEHICLES US$'000	CONSTRUCTION IN PROGRESS US$'000	TOTAL US$'000
Cost or valuation						
At 1 January 2008	**24,889**	**11,802**	**15,677**	**8,215**	**95**	**60,678**
Transfers	**—**	**—**	**95**	**—**	**(95)**	**—**
Additions	**117**	**911**	**744**	**1,773**	**143**	**3,688**
Exchange differences	**(5,047)**	**(19)**	**(706)**	**(493)**	**—**	**(6,265)**
Reclassified as held for sale (see note 10)	**—**	**(65)**	**(673)**	**(472)**	**—**	**(1,210)**
Reclassified to current assets	**—**	**(534)**	**—**	**—**	**—**	**(534)**
Disposals	**—**	**—**	**(91)**	**(166)**	**—**	**(257)**
At 31 December 2008	**19,959**	**12,095**	**15,046**	**8,857**	**143**	**56,100**
Accumulated depreciation						
At 1 January 2008	**—**	**—**	**4,101**	**3,934**	**—**	**8,035**
Charge for the year	**—**	**112**	**919**	**1,027**	**—**	**2,058**
Exchange differences	**—**	**—**	**(89)**	**(215)**	**—**	**(304)**
Reclassified as held for sale (see note 10)	**—**	**—**	**(477)**	**(458)**	**—**	**(935)**
Disposals	**—**	**—**	**(41)**	**(167)**	**—**	**(208)**
At 31 December 2008	**—**	**112**	**4,413**	**4,121**	**—**	**8,646**
Net book value						
At 31 December 2008	**19,959**	**11,983**	**10,633**	**4,736**	**143**	**47,454**
Cost or valuation						
At 1 January 2007	16,965	20,845	14,248	5,704	4,510	62,272
Transfers	—	2,757	—	—	(2,757)	—
Additions	7,668	2,876	1,638	2,773	—	14,955
Exchange differences	1,798	356	381	314	—	2,849
Reclassified as held for sale (see note 10)	(1,542)	(14,205)	(590)	(537)	—	(16,874)
Disposals	—	(827)	—	(39)	(1,658)	(2,524)
At 31 December 2007	24,889	11,802	15,677	8,215	95	60,678
Accumulated depreciation						
At 1 January 2007	—	—	3,546	3,511	—	7,057
Charge for the year	—	—	1,240	842	—	2,082
Exchange differences	—	—	54	73	—	127
Reclassified as held for sale (see note 10)	—	—	(475)	(477)	—	(952)
Disposals	—	—	(264)	(15)	—	(279)
At 31 December 2007	—	—	4,101	3,934	—	8,035
Net book value						
At 31 December 2007	24,889	11,802	11,576	4,281	95	52,643

As at 31 December 2008 the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to US$3,062,000 (2007 US$3,080,000).

NOTE 16 Non-current investments

	2008 US$'000	2007 US$'000
Investments in associated undertakings	**98,244**	107,044
Other investments	**2,679**	3,101
	100,923	110,145

Details of the principal subsidiary and associated undertakings are given on page 71.

(a) Associated undertakings

	SHARE OF NET ASSETS UNLISTED US$'000
Share of net assets	
At 1 January 2008	**106,429**
Exchange differences	**(15,300)**
Purchases	**6,342**
Share of reserves	**5,028**
Profit for the year	**12,130**
Net dividends received	**(17,266)**
At 31 December 2008	**97,363**
Positive goodwill	
At 1 January 2008	**615**
Additions	**266**
At 31 December 2008	**881**
Net book value	
At 31 December 2008	**98,244**
At 31 December 2007	107,044

During the year the Group acquired 4.73% of The North Australian Pastoral Company Pty Limited. The fair value of the assets exceeded the fair value of the consideration by US$3,707,000, which has been credited to the income statement as an exceptional item.

	2008 US$'000	2007 US$'000
At valuation		
Unlisted (directors' valuation)	**130,000**	140,000

NOTE 16 Non-current investments CONTINUED

(a) Associated undertakings (continued)

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

	PT AGRO MUKO *US$'000*	PT KERASAAN INDONESIA *US$'000*	THE NORTH AUSTRALIAN PASTORAL COMPANY PTY LIMITED *US$'000*	BERTAM PROPERTIES SDN. BHD. *US$'000*	TOTAL *US$'000*
2008					
Revenue	**21,745**	**3,554**	**19,570**	**10,158**	**55,027**
Profit/(loss) after tax	**8,410**	**1,456**	**(1,264)**	**3,528**	**12,130**
Assets	**32,026**	**5,314**	**72,509**	**28,029**	**137,878**
Liabilities	**(2,687)**	**(339)**	**(31,157)**	**(5,451)**	**(39,634)**
Net assets	**29,339**	**4,975**	**41,352**	**22,578**	**98,244**
2007					
Revenue	15,465	2,961	11,953	17,753	48,132
Profit after tax	12,456	2,444	2,840	12,872	30,612
Assets	29,656	5,562	80,520	37,035	152,773
Liabilities	(3,240)	(572)	(34,318)	(7,599)	(45,729)
Net assets	26,416	4,990	46,202	29,436	107,044

(b) Other available-for-sale investments (unlisted)

	2008 *US$'000*	2007 *US$'000*
At 1 January	**3,101**	155
Exchange differences	**(92)**	10
Transfer from associated undertakings	**—**	2,936
Provision for diminution in value of investment	**(330)**	—
At 31 December[1]	**2,679**	3,101

[1] The directors have reviewed the fair values of the Group's available-for-sale investments and made provision for the diminution of the value of certain investments.

The Group held 20% of Kennedy, Burkill & Company Berhad ("KBH") and 30% of Asia Green Environmental Sdn. Berhad ("AG"), companies incorporated in Malaysia. Their net assets at 31 December 2008 and their results for the year then ended were, respectively, US$12,276,000 and US$893,000 for KBH and US$174,000 and US$(288,000) for AG. These were accounted for as investments, not using the equity method.

NOTE 17 Current biological assets

	2008			2007		
	LIVESTOCK US$'000	CROPS US$'000	TOTAL US$'000	LIVESTOCK US$'000	CROPS US$'000	TOTAL US$'000
Gain in fair value – initial recognition	—	801	801	—	1,057	1,057
Increase due to purchases	1,000	—	1,000	1,636	—	1,636
Decreases due to disposal and reclassification	(1,349)	(1,057)	(2,406)	(767)	—	(767)
Net exchange differences	(416)	—	(416)	99	—	99
Change in carrying value of biological assets	(765)	(256)	(1,021)	968	1,057	2,025
Brought forward at 1 January	1,836	1,057	2,893	868	—	868
Carried forward at 31 December	1,071	801	1,872	1,836	1,057	2,893

	2008	2007
Livestock		
Head sold (number)		
Subsidiary	2,777	1,266
Cattle revenue (US$'000)		
Subsidiary	2,300	988
Grain crops		
Crops harvested (tonnes)		
Subsidiary	9,617	935
Crop revenue (US$'000)		
Subsidiary	2,039	296

NOTE 18 Inventories

	2008 US$'000	2007 US$'000
Processed produce for sale	3,119	3,118
Estate stores	1,100	1,768
Nurseries	6,073	4,636
	10,292	9,522

NOTE 19 Trade and other receivables

	2008 US$'000	2007 US$'000
Trade receivables	**2,093**	1,416
Amounts owed by associated undertakings	**—**	3
Other receivables	**2,119**	3,284
Prepayments and accrued income	**964**	553
	5,176	5,256

Sales of palm oil are generally made for cash payment in advance of delivery. Sales of rubber are made for payment within 21 days. The Group makes full provision against invoices outstanding for more than 30 days. At 31 December 2008 there were no allowances for doubtful debts (2007 – nil). The directors consider the carrying amount of trade and other receivables approximates their fair value.

NOTE 20 Cash and cash equivalents

Cash and cash equivalents	**56,472**	31,765

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying value of these assets approximates their fair value.

NOTE 21 Trade and other payables

Trade payables	**3,061**	4,050
Amounts owed to associated undertakings	**118**	163
Other payables	**2,059**	9,126
	5,238	13,339

The average credit period taken for trade purchases is 26 days. The Group has processes in place to ensure payables are paid within the agreed terms.

NOTE 22 Borrowings

	2008 US$'000	2007 US$'000
Secured borrowing at amortised cost		
Bank overdrafts	**18,986**	24,391
Bank loans	**2,018**	2,003
	21,004	26,394
Total borrowings		
Amount due for settlement within 12 months	**18,986**	24,391
More than five years	**2,018**	2,003

The secured borrowings on bank overdraft are treasury bills which are payable within one year but can be rolled over within the limits of the facility.

Analysis of borrowings by currency:

	AUSTRALIAN DOLLARS US$'000	US DOLLARS US$'000	TOTAL US$'000
31 December 2008			
Bank overdrafts	**18,986**	**—**	**18,986**
Bank loans	**—**	**2,018**	**2,018**
	18,986	**2,018**	**21,004**
31 December 2007			
Bank overdrafts	24,391	—	24,391
Bank loans	—	2,003	2,003
	24,391	2,003	26,394

The other principal features of the Group's borrowings are as follows:

(i) Bank overdrafts are repayable on demand. Overdrafts of US$19 million (2007 US$24 million) have been secured by a charge over certain Group assets in Australia.

(ii) The Group has one outstanding bank loan:

(a) Deutsche Investitions – und Entwicklungsgesellschaft ("DEG"), secured on the assets of the subsidiary developing the Group's estate on Bangka Island.

	2008 US$'000	2007 US$'000
Due in more than five years	**2,018**	2,003

Undrawn borrowing facilities

At 31 December 2008, the Group had available US$17.8 million (2007 US$17.8 million) of undrawn committed borrowing facilities in respect of which all conditions precedent had been met in addition to an undrawn overdraft facility of A$0.5 million (2007 A$0.5 million).

NOTE 22 Borrowings CONTINUED

The weighed average interest rates paid during the year were as follows:

	2008 %	2007 %
Bank overdrafts	**8.0**	9.6
Bank loans	**7.3**	6.7

NOTE 23 Deferred tax

The following are the major deferred tax liabilities and assets recognised by the Group and movements thereon.

	ACCELERATED TAX DEPRECIATION *US$'000*	REVALUATION OF LAND *US$'000*	BIOLOGICAL ASSETS *US$'000*	PAST-SERVICE LIABILITIES *US$'000*	OTHER TIMING DIFFERENCES *US$'000*	TOTAL *US$'000*
At 1 January 2008	**482**	**3,220**	**11,133**	**(415)**	**(2,388)**	**12,032**
Charge/(credit) to income	**148**	**—**	**2,309**	**(40)**	**(1,348)**	**1,069**
Exchange differences	**(71)**	**(653)**	**—**	**65**	**278**	**(381)**
At 31 December 2008	**559**	**2,567**	**13,442**	**(390)**	**(3,458)**	**12,720**

Certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2008 *US$'000*	2007 *US$'000*
Deferred tax liabilities	**15,054**	13,042
Deferred tax assets	**(2,334)**	(1,010)
	12,720	12,032

At the balance-sheet date, the Group had unused tax losses of US$20,983,000 (2007 US$20,455,000) available for offset against future profits. A deferred tax asset has been recognised in respect of US$13,999,000 (2007 US$8,371,000) of such losses. No deferred tax asset has been recognised in respect of the remaining US$6,984,000 (2007 US$12,084,000) due to the unpredictability of future profit streams. These losses may be carried forward indefinitely.

At the balance-sheet date, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised was US$148,751,000 (2007 US$126,250,000). No liability has been recognised in respect of these differences because either the Group is in a position to control the timing of the reversal of the temporary differences or such a reversal would not give rise to an additional tax liability.

At the balance-sheet date, the aggregate amount of temporary differences associated with undistributed earnings of associates for which deferred tax liabilities have not been recognised was US$23,946,000 (2007 US$39,019,000). No liability has been recognised in respect of these differences because either the Group is in a position to control the timing of the reversal of the temporary differences or such a reversal would not give rise to an additional tax liability.

At the balance-sheet date, the aggregate amount of temporary differences associated with outstanding executive share options for which deferred tax assets have not been recognised was US$3,027,000 (2007 US$14,669,000). No asset has been recognised in respect of these differences due to the unpredictability of future profit streams.

NOTE 24 Retirement-benefit obligations

The Group's only obligation relates to an unfunded, non-contributory, post-employment benefit scheme in Indonesia. A lump sum is paid to employees on retirement or on leaving the Group's employment. This terminal benefit is accrued by the Group and charged in the income statement on the basis of individuals' service at the balance-sheet date. Retirement is assumed at the earlier of age 55 years or 30 years' service. No allowance is made for mortality or internal promotion.

The main assumptions used to assess the Group's liability are:

	2008 %	2007 %
Discount rate	**12.0**	10.0
Salary increase per annum	**8.0**	7.5
	US$'000	*US$'000*
Reconciliation of scheme liabilities:		
Current service cost	**146**	156
Interest cost	**143**	162
Actuarial gains and losses	**42**	(40)
	331	278
Less: Benefits paid out	**(111)**	(380)
Movement in the year	**220**	(102)
Brought forward at 1 January	**1,375**	1,542
Exchange differences	**(218)**	(65)
Carried forward at 31 December	**1,377**	1,375

NOTE 25 Called-up share capital

	AUTHORISED NUMBER	ALLOTTED, FULLY PAID AND VOTING NUMBER	AUTHORISED £'000	ALLOTTED, FULLY PAID AND VOTING US$'000
Shares of 10p each				
At 1 January 2008	**87,000,000**	**51,690,758**	**8,700**	**8,728**
Issued during the year	**—**	**520,827**	**—**	**84**
At 31 December 2008	**87,000,000**	**52,211,585**	**8,700**	**8,812**
At 1 January 2007	87,000,000	50,961,432	8,700	8,582
Issued during the year	—	729,326	—	146
At 31 December 2007	87,000,000	51,690,758	8,700	8,728

During the year, 131,250 (2007 – 729,326) 10p shares were issued as a result of the exercise of share options. Total cash proceeds received by the Company were US$280,445 (2007 US$1,095,000). In addition, 389,577 (2007 nil) 10p shares were issued as consideration for the acquisition of Sandlark Pty Limited (see note 32).

NOTE 26 Share-based payments

The Company has a share-option scheme for directors and selected employees of the Group. Options are exercisable at a price equal to the quoted market price of the Company's shares on the date of grant. The vesting period is three years. If the options remain unexercised after a period of ten years from the date of grant, the options expire. Options are forfeited if the employee leaves the Group before the options vest. Details of the share options outstanding during the year are as follows:

	2008		2007	
	NUMBER OF SHARE OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE *(IN BRITISH PENCE)*	NUMBER OF SHARE OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE *(IN BRITISH PENCE)*
Outstanding at beginning of period	**2,622,711**	**113.9**	3,277,037	100.0
Granted during the period	**75,000**	**159.5**	75,000	385.0
Exercised during the period	**(131,250)**	**95.4**	(729,326)	79.4
Outstanding at the end of the period	**2,566,461**	**116.2**	2,622,711	113.9
Exercisable at the end of the period	**2,416,461**		2,547,711	

The weighted-average share price at the date of exercise for share options exercised during the period was 244p. The options outstanding at 31 December 2008 had a weighted-average remaining contractual life of 5.6 years. The Group recognised total expenses of US$49,000 related to equity-settled share-based payment transactions (2007 – US$11,000).

The details of the directors' share options are set out in the report of the board to the shareholders on directors' remuneration on page 35.

NOTE 27 Reserves

	SHARE PREMIUM ACCOUNT *US$'000*	REVALUATION RESERVE *US$'000*	CAPITAL REDEMPTION RESERVE *US$'000*	MERGER RESERVE *US$'000*	SHARE OPTION RESERVES *US$'000*	SHARE OF ASSOCIATES' RESERVES *US$'000*	FOREIGN EXCHANGE RESERVE *US$'000*	TOTAL *US$'000*	RETAINED EARNINGS *US$'000*
At 1 January 2008	**18,352**	**16,974**	**3,896**	**1,056**	**483**	**57,437**	**(140)**	**98,058**	**116,626**
Exchange differences	**—**	**(1,532)**	**—**	**—**	**—**	**(14,193)**	**1,699**	**(14,026)**	**(6,182)**
Issue of shares	**1,328**	**—**	**—**	**—**	**—**	**—**	**—**	**1,328**	**—**
Share-based payments	**—**	**—**	**—**	**—**	**31**	**—**	**—**	**31**	**17**
Other	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**150**
Released to income statement	**—**	**(5,162)**	**—**	**—**	**—**	**—**	**—**	**(5,162)**	**4,969**
Unrealised share of movements in associated undertakings' reserves	**—**	**—**	**—**	**—**	**—**	**1,321**	**—**	**1,321**	**—**
Dividends from associated undertakings	**—**	**—**	**—**	**—**	**—**	**(17,266)**	**—**	**(17,266)**	**17,266**
Goodwill on acquisition of associate	**—**	**—**	**—**	**—**	**—**	**3,707**	**—**	**3,707**	**(3,441)**
Profit for the financial year	**—**	**—**	**—**	**—**	**—**	**12,130**	**—**	**12,130**	**37,659**
Dividend paid (see note 11)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(6,819)**
At 31 December 2008	**19,680**	**10,280**	**3,896**	**1,056**	**514**	**43,136**	**1,559**	**80,121**	**160,245**

NOTE 27 Reserves CONTINUED

	SHARE PREMIUM ACCOUNT *US$'000*	REVALUATION RESERVE *US$'000*	CAPITAL REDEMPTION RESERVE *US$'000*	MERGER RESERVE *US$'000*	OTHER RESERVES *US$'000*	SHARE OF ASSOCIATES' RESERVES *US$'000*	FOREIGN EXCHANGE RESERVE *US$'000*	TOTAL *US$'000*	RETAINED EARNINGS *US$'000*
At 1 January 2007	17,403	16,184	3,896	(7,620)	492	36,616	(226)	66,745	108,368
Exchange differences	—	1,002	—	—	—	6,255	86	7,343	1,294
Issue of shares	949	—	—	—	—	—	—	949	—
Share-based payments	—	—	—	—	(9)	—	—	(9)	20
Disposal of subsidiaries	—	7,092	—	8,676	—	—	—	15,768	(15,768)
Released to income statement	—	(7,304)	—	—	—	—	—	(7,304)	3,449
Unrealised share of movements in associated undertakings' reserves	—	—	—	—	—	(1,780)	—	(1,780)	—
Dividends from associated undertakings	—	—	—	—	—	(11,396)	—	(11,396)	11,396
Transfer to other investments	—	—	—	—	—	(923)	—	(923)	923
Write-off of negative goodwill	—	—	—	—	—	(1,947)	—	(1,947)	1,947
Profit for the financial year	—	—	—	—	—	30,612	—	30,612	11,652
Dividend paid (see note 11)	—	—	—	—	—	—	—	—	(6,655)
At 31 December 2007	18,352	16,974	3,896	1,056	483	57,437	(140)	98,058	116,626

The revaluation reserve relates to the revaluation surplus recognised under UK GAAP. On transition to IFRS the Group elected to treat the revalued amount of the fixed assets as their deemed cost.

NOTE 28 Minority interest

	2008 ***US$'000***	2007 *US$'000*
Opening balance 1 January	**11,947**	8,609
Share of profit in the year	**3,807**	4,366
Dividends paid	**(1,085)**	(498)
Sale of subsidiary	**(2,472)**	(794)
Acquisition of subsidiary	**—**	264
Closing balance 31 December	**12,197**	11,947

NOTE 29 Disposal of subsidiary

On 17 January 2008, the Group disposed of its interest in Straits Beach Properties Sdn. Bhd. for a cash consideration of US$1,400,000. The net assets of the company at the date of disposal and at the 31 December 2007 were:

	2008 US$'000
Property, plant and equipment	**1,542**
Trade and other payables	**(1,565)**
	(23)
Gain on disposal	**150**
Total consideration	**1,767**

NOTE 30 Note to the consolidated cash-flow statement

	2008 US$'000	2007 US$'000
Operating profit – continuing operations	**20,639**	14,102
– discontinued operations	**1,943**	4,747
Biological gain	**(23,205)**	(21,325)
Goodwill	**(3,441)**	—
Depreciation of property, plant and equipment	**2,058**	2,082
Impairment	**422**	—
Past-service liabilities	**220**	(102)
Share-based payments	**48**	11
Operating cash flows before movements in working capital	**(1,316)**	(485)
Increase in inventories	**(861)**	(6,187)
(Increase)/decrease in receivables	**(165)**	2,492
(Decrease)/increase in payables	**(7,858)**	6,413
Cash used in operating activities	**(10,200)**	2,233
Income tax paid	**(9,467)**	(5,320)
Interest paid	**(2,057)**	(1,763)
Net cash from operating activities	**(21,724)**	(4,850)

NOTE 31 Financial instruments

Capital-risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns whilst maximising the return to shareholders. The capital structure of the Group consists of debt, (see note 22), cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. The Group is not subject to any externally-imposed capital requirements.

The Group's board continues to monitor the capital structure based on the funding requirements of the Group. At the balance-sheet date the Group had net funds of US$35,468,000 (2007 US$5,371,000) being the net of cash and cash equivalents as shown in note 20 and borrowings as shown in note 22, and equity attributable to equity holders of the parent of US$249,178,000 (2007 US$223,412,000). The board intends to fund the planned Indonesian expansion by a combination of the disposal of its remaining Malaysian interests and by securing additional borrowings.

Categories of financial instruments

All of the Group's financial assets are classified as loans and receivables, with the exception of its other investments shown in note 16(b) which are classified as available-for-sale financial assets. All of the Group's financial liabilities are measured at amortised cost.

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

Financial-risk-management objectives

The main risks arising from the Group's financial instruments are foreign-currency risk, interest-rate risk, credit risk and liquidity 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.

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, relevant commodity prices are determined in US Dollars by a world market which reduces the Group's currency risk. The Group has a no hedging policy and does not make use of forward-currency contracts.

The currency profile of the Group's monetary assets, excluding trade and other receivables, are as follows:

	2008 US$'000	2007 US$'000
US Dollar	**37,818**	19,609
Malaysian Ringgit	**11,346**	7,671
Sterling	**5,896**	2,637
Australian Dollar	**910**	858
Indonesian Rupiah	**328**	720
Thai Baht	**174**	270
	56,472	31,765

The currency profile of the Group's monetary liabilities, excluding trade and other payables, are shown in note 22.

NOTE 31 Financial instruments CONTINUED

The Group is exposed to changes in foreign-currency exchange rates, both in relation to the impact of movements on its non-US Dollar monetary assets and also in relation to the consolidation of its non-US Dollar functional currency subsidiary and associated undertakings. The most significant sensitivities arise in respect of movements in the Australian Dollar and Malaysian Ringgit. Management estimates that a 10% weakening of the US Dollar against these currencies would have the following impact on the result and net assets of its two relevant associated undertakings:

	2008 US$'000	2007 US$'000
Australian Dollar		
Result for the year	**(377)**	(53)
Net assets	**(3,738)**	(4,701)
Malaysian Ringgit		
Result for the year	**(1,288)**	(1,297)
Net assets	**(7,287)**	(7,187)

Interest-rate risk

In order to optimise the income received on its cash deposits the Group continuously reviews the terms of these deposits to take advantage of the best market rates. UK funds are passed through a broker with banks who have a credit rating of at least AA minus.

The Group's only financial liabilities other than short-term trade and other payables are the borrowings referred to in note 22. 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 Group's net position means it is not materially exposed to changes in interest rates on its floating-rate financial assets and liabilities.

Credit risk

The Group's credit risk on cash deposits is described above. Regarding trade receivables, the Group performs a credit evaluation before extending credit to customers. The Group does not have any significant concentrations of credit risk (defined by management as more than 5% of gross monetary assets), other than in relation to bank deposits which management seeks to mitigate through the use of banks with high credit ratings.

The Group's maximum exposure to credit risk is represented by the carrying amount of financial assets in the financial statements.

Liquidity risk

The Group manages liquidity risk by maintaining adequate cash reserves and banking facilities through active monitoring of the Group's forecast and actual cash flows. The Group has undrawn borrowing facilities as described in note 22.

All of the Group's monetary financial assets and liabilities have a maturity profile of less than one year with the exception of the Group's bank loans. Certain of the Group's short-term borrowings are made under longer-term facility agreements. The maturity profile for those financial liabilities is shown in note 22.

NOTE 32 Related-party transactions

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Group, is set out in the report of the board to the shareholders on directors' remuneration on page 34. The directors' participation in the executive share-option scheme is disclosed on page 35.

Purchase of shares

On 5 November 2008 the Company acquired Sandlark Pty Limited ("Sandlark") from Mr J D Shaw and his wife. Its principal asset was its holding of 302,607 shares in The North Australian Pastoral Company Pty. Limited. The purchase price for Sandlark was settled by way of the issue to Mr & Mrs Shaw of 389,577 new M.P. Evans Group PLC shares.

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:

	2008 *US$'000*	2007 *US$'000*
Agistment revenue on livestock belonging to The North Australian Pastoral Company Pty Limited	**165**	—

Independent auditors' report TO THE MEMBERS OF M. P. EVANS GROUP PLC

We have audited the parent-Company financial statements of M. P. Evans Group PLC for the year ended 31 December 2008 which comprise the Company balance sheet and the related notes (i) to (x). These parent-Company financial statements have been prepared under the accounting policies set out therein.

We have reported separately on the Group financial statements of M. P. Evans Group PLC for the year ended 31 December 2008.

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

The directors' responsibilities for preparing the annual report and the parent-Company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the parent-Company financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the parent-Company financial statements give a true and fair view and whether the parent Company financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the report of the directors is consistent with the parent-Company financial statements. The information given in the report of the directors includes that specific information presented in the chairman's statement and the review of operations that is cross referred from the principal-activities section of the report of the directors.

In addition, we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the other information contained in the annual report as described in the contents section and consider whether it is consistent with the audited parent-Company financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the parent-Company financial statements. Our responsibilities do not extend to any further information outside the annual report.

BASIS OF AUDIT 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 parent-Company financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the parent-Company financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, 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 parent-Company 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 parent-Company financial statements.

OPINION

In our opinion:

- the parent-Company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2008 and its profit for the year then ended;
- the parent-Company financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the report of the directors is consistent with the parent-Company financial statements.

DELOITTE LLP
Chartered Accountants and Registered Auditors,
Crawley, United Kingdom

30 April 2009

Parent-Company balance sheet

AT 31 DECEMBER 2008

	NOTE	US$'000	2008 US$'000	US$'000	2007 US$'000
Fixed assets					
Tangible fixed assets	*(iv)*	**922**		938	
Investments	*(v)*	**44,199**		43,118	
			45,121		44,056
Current assets					
Debtors	*(vi)*	**67,010**		56,549	
Cash at bank and in hand		**33,721**		7,418	
			100,731		63,967
Total assets			**145,852**		108,023
Creditors – amounts falling due within one year	*(vii)*		**(82,492)**		(67,147)
Net current assets/(liabilities)			**18,239**		(3,180)
			63,360		40,876
Capital and reserves					
Called-up share capital	*(viii)*		**8,812**		8,728
Other reserves	*(ix)*		**25,524**		24,165
Profit and loss account retained earnings	*(ix)*		**29,024**		7,983
			63,360		40,876

These financial statements were approved by the board of directors on 30 April 2009 and signed on its behalf

Philip Fletcher **Peter Hadsley-Chaplin**

Directors

Notes to the parent-Company balance sheet

FOR THE YEAR ENDED 31 DECEMBER 2008

NOTE i Significant accounting policies

Basis of accounting

The separate financial statements of the Company are presented as required by the Companies Act 1985. They have been prepared under the historical-cost convention and in accordance with applicable United Kingdom Accounting Standards and law.

The principal accounting policies are summarised below. The directors have concluded that the functional currency is the US Dollar.

Tangible fixed assets

Freehold property is not depreciated as the charge would be immaterial, but is tested for impairment. Plant, equipment and vehicles are depreciated over their estimated useful lives at 25%.

Investments

Fixed-asset investments in subsidiaries are shown at cost less provision for impairment.

NOTE ii Profit for the year

As permitted by section 230 of the Companies Act 1985, the Company has elected not to present its own profit and loss account for the year. M. P. Evans Group PLC reported a profit for the financial year ended 31 December 2008 of US$27,843,000 (2007 US$7,906,000).

The auditors' remuneration for audit and other services is disclosed in note 8 to the consolidated financial statements.

NOTE iii Employees

	2008 US$'000	2007 US$'000
Employee costs during year		
Wages and salaries	1,113	1,277
Social security costs	138	669
Pension costs	225	255
	1,476	2,201
	NUMBER	NUMBER
Average number of persons employed		
Staff	4	4
Directors	2	2
	6	6

NOTE iv Tangible fixed assets

	BUILDINGS US$'000	PLANT, EQUIPMENT AND VEHICLES US$'000	TOTAL US$'000
Cost			
At 1 January 2008	834	571	1,405
Additions	—	33	33
Disposals	—	(26)	(26)
At 31 December 2008	834	578	1,412

NOTE iv Tangible fixed assets CONTINUED

	BUILDINGS US$'000	PLANT, EQUIPMENT AND VEHICLES US$'000	TOTAL US$'000
Accumulated depreciation			
At 1 January 2008	—	467	467
Disposals	—	(26)	(26)
Charge for the year	—	49	49
At 31 December 2008	—	490	490
Net book value			
At 31 December 2008	834	88	922
Net book value			
At 31 December 2007	834	104	938

NOTE v Fixed-asset investments

Subsidiary undertakings	AT COST US$'000	PROVISIONS US$'000	NET BOOK VALUE US$'000
At 1 January 2008	56,814	13,696	43,118
Additions	1,081	—	1,081
At 31 December 2008	57,895	13,696	44,199

The following companies are the principal direct subsidiary companies of M. P. Evans Group PLC:

	COUNTRY OF OPERATION	HOLDING %
M.P. Evans & Co. Limited	UK	100
Sungkai Holdings Limited	UK	100
Bertam (UK) Limited	UK, Australia	100
Sungkai Estates Limited	UK	100
The Singapore Para Rubber Estates, Limited	UK	100

Further information on the principal subsidiaries of the Group is given on page 71.

NOTE vi Debtors

	2008 US$'000	2007 US$'000
Amount falling due within one year		
Amounts owed by subsidiary undertakings	66,966	56,486
Other debtors	19	42
Prepayments and accrued income	25	21
	67,010	56,549

NOTE vii Creditors – amounts falling due within one year

	2008 US$'000	2007 US$'000
Amounts owed to subsidiary undertakings	**81,394**	64,472
Other creditors	**1,098**	2,675
	82,492	67,147

NOTE viii Called-up share capital

See note 25 to the consolidated financial statements.

NOTE ix Reserves

	SHARE PREMIUM ACCOUNT US$'000	CAPITAL REDEMPTION RESERVE US$'000	MERGER RESERVE US$'000	OTHER RESERVES US$'000	TOTAL US$'000	PROFIT AND LOSS ACCOUNT US$'000
At 1 January 2008	**18,352**	**3,896**	**1,434**	**483**	**24,165**	**7,983**
Issue of shares	**1,328**	**—**	**—**	**—**	**1,328**	**—**
Share-based payments	**—**	**—**	**—**	**31**	**31**	**17**
Profit for the financial year	**—**	**—**	**—**	**—**	**—**	**27,843**
Dividend (see note 11)	**—**	**—**	**—**	**—**	**—**	**(6,819)**
At 31 December 2008	**19,680**	**3,896**	**1,434**	**514**	**25,524**	**29,024**

NOTE x Reconciliation of movements in shareholders' funds

	2008 US$'000	2007 US$'000
Profit attributable to members of the company	**27,843**	7,906
Dividends paid	**(6,819)**	(6,655)
	21,024	1,251
Issue of shares	**1,412**	1,095
Share-based payments	**48**	11
Net addition in shareholders' funds	**22,484**	2,357
Opening shareholders' funds	**40,876**	38,519
Closing shareholders' funds	**63,360**	40,876

Subsidiary and associated undertakings

SUBSIDIARY UNDERTAKINGS

Details of the principal subsidiary undertakings as at 31 December 2008 are as follows:

NAME OF SUBSIDIARY	% OF SHARES AND VOTING RIGHTS HELD	COUNTRY OF INCORPORATION	COUNTRY OF OPERATION	FIELD OF ACTIVITY
PT Bilah Plantindo	80	Indonesia	Indonesia	Production of oil palm f.f.b.
PT Pangkatan Indonesia	80	Indonesia	Indonesia	Production of crude palm oil and palm kernels
PT Sembada Sennah Maju	80	Indonesia	Indonesia	Production of oil palm f.f.b.
PT Simpang Kiri Plantation Indonesia	80	Indonesia	Indonesia	Production of oil palm f.f.b.
PT Gunung Pelawan Lestari	90	Indonesia	Indonesia	In the process of development into an oil-palm plantation
PT Prima Mitrajaya Mandiri	92.5	Indonesia	Indonesia	In the process of development into an oil-palm plantation
PT Teguh Jayaprima Abadi	92.5	Indonesia	Indonesia	In the process of development into an oil-palm plantation
PT Evans Indonesia	100	Indonesia	Indonesia	Provision of consultancy services
Gubbagunyah Partnership	100	Australia	Australia	Beef-cattle farming
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
Supara Company Limited	100	Thailand	Thailand	Rubber manufacture

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

All of the above subsidiaries are held through intermediary holding companies with the exception of those marked * which are held directly by M. P. Evans Group PLC.

ASSOCIATED UNDERTAKINGS

Details of the associated undertakings as at 31 December 2008 are as follows:

	ISSUED, FULLY-PAID SHARE CAPITAL	% HELD	COUNTRY OF INCORPORATION	COUNTRY OF OPERATION	FIELD OF ACTIVITY
Unlisted					
PT Agro Muko	Rp54.58m	31.53	Indonesia	Indonesia	Production of palm oil, palm kernels and rubber
PT Kerasaan Indonesia	Rp138.07m	38.00	Indonesia	Indonesia	Production of oil-palm f.f.b.
The North Australian Pastoral Company Pty Limited	A$16.80m	34.37	Australia	Australia	Beef-cattle farming
Bertam Properties Sdn. Berhad.	Rp60.00m	40.00	Malaysia	Malaysia	Property development

The shareholdings in the above companies represent shares. The investments in associated undertakings are held by subsidiary undertakings.

Analysis of land areas

AT 31 DECEMBER 2008

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			
	%	HA	HA	HA	HA	HA	HA	HA	HA	HA
INDONESIA										
Subsidiary undertakings										
Bilah	80.00	2,369	348	2,717	—	—	—	244	—	2,961
Pangkatan	80.00	1,954	501	2,455	—	—	—	131	—	2,586
Sennah	80.00	1,093	511	1,604	—	—	—	209	—	1,813
Simpang Kiri	80.00	2,197	264	2,461	—	—	—	193	—	2,654
East Kalimantan	92.50	—	5,060	5,060	—	—	—	18,940	—	24,000
Bangka	90.00	—	2,240	2,240	—	—	—	9,760	—	12,000
Total majority-owned		**7,613**	**8,924**	**16,537**	**—**	**—**	**—**	**29,477**	**—**	**46,014**
Associated undertakings										
Agro Muko	31.53	15,311	2,042	17,353	1,560	487	2,047	3,514	—	22,914
Kerasaan	38.00	2,017	298	2,315	—	—	—	47	—	2,362
Total minority-owned		**17,328**	**2,340**	**19,668**	**1,560**	**487**	**2,047**	**3,561**	**—**	**25,276**
Total Indonesian majority and minority-owned		**24,941**	**11,264**	**36,205**	**1,560**	**487**	**2,047**	**33,038**	**—**	**71,290**
MALAYSIA										
Subsidiary undertakings										
Bertam	100.00	65	—	65	—	—	—	9	—	74
Associated undertaking										
Bertam Properties	40.00	243	—	243	—	—	—	314	—	557
Total Malaysian majority and minority-owned		**308**	**—**	**308**	**—**	**—**	**—**	**323**	**—**	**631**
AUSTRALIA										
Subsidiary undertaking										
Woodlands aggregation	100.00	—	—	—	—	—	—	—	31,000	31,000
Associated undertaking										
The North Australian Pastoral Company Pty Limited	34.37	—	—	—	—	—	—	—	6,000,000	6,000,000
Total Australian majority and minority-owned		**—**	**—**	**—**	**—**	**—**	**—**	**—**	**6,031,000**	**6,031,000**

5-year summary

		2008	2007	2006	2005	2004
		TONNES	*TONNES*	*TONNES*	*TONNES*	*TONNES*
Production						
Palm oil		**22,300**	19,500	24,000	21,600	—
Palm kernels		**6,100**	5,400	6,000	5,000	—
Crops						
Oil palm fresh fruit bunches ("f.f.b.")						
Majority-owned estates		**161,538**	162,558	213,392	222,683	228,287
Associated-company estates		**355,216**	355,768	364,594	334,830	335,997
		US$	*US$*	*US$*	*US$*	*US$*
Average sale prices						
Palm oil – Rotterdam c.i.f. per tonne		**941**	781	475	420	475
Exchange rates						
US$1 = Indonesian Rupiah	– average	**9,657**	9,140	9,167	9,712	8,953
	– year end	**10,950**	9,419	8,994	9,840	9,336
US$1 = Australian Dollar	– average	**1.20**	1.20	1.33	1.31	1.36
	– year end	**1.43**	1.14	1.27	1.36	1.29
US$1 = Malaysian Ringgit	– average	**3.33**	3.44	3.67	3.79	3.80
	– year end	**3.46**	3.31	3.53	3.78	3.80
£1 = US Dollar	– average	**1.85**	2.00	1.84	1.82	1.83
	– year end	**1.44**	1.99	1.96	1.72	1.92
		US$'000	*US$'000*	*US$'000*	*£'000*	*£'000*
Revenue		**30,387**	21,265	20,425	12,182	12,911
Gross profit		**13,834**	10,619	6,345	5,082	6,374
Group-controlled profit before taxation		**23,447**	17,286	8,211	7,482	10,862
		US CENTS	*US CENTS*	*US CENTS*	*PENCE*	*PENCE*
Basic earnings per share	– continuing	**48.88**	70.94	32.71	8.67	13.86
	– continuing and discontinued	**96.26**	82.32	49.75	—	—
		PENCE	*PENCE*	*PENCE*	*PENCE*	*PENCE*
Dividend per share		**7.00**	7.00	6.50	6.25	6.00
		US$'000	*US$'000*	*US$'000*	*£'000*	*£'000*
Equity attributable to members of M. P. Evans Group PLC		**249,178**	223,412	183,695	70,970	59,834
Net cash (outflow)/inflow from operating activities		**(21,724)**	(4,850)	(9,234)	5,499	8,684

* *The figures for 2004 and 2005 have not been restated following the adoption of IFRS, and hence reflect the Group's result expressed under UK-GAAP.*

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 17 June 2009 at 12 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 2008

RESOLUTION ON FORM OF PROXY **No 1**

2 To declare a final dividend.

RESOLUTION ON FORM OF PROXY **No 2**

3 To re-elect Mr P E Hadsley-Chaplin as a director

RESOLUTION ON FORM OF PROXY **No 3**

4 To re-elect Mr P A Fletcher as a director

RESOLUTION ON FORM OF PROXY **No 4**

5 To re-appoint Deloitte 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 £1,740,212 provided that this authority shall expire at the conclusion of the next annual general meeting of the Company or on 30 June 2010 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 £522,116 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 5,221,159;

(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 30 June 2010 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, until the earlier of 30 June 2010 and the date of the Company's next annual general meeting, a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

RESOLUTION ON FORM OF PROXY **No 9**

By order of the board
J F Elliott
Secretary
30 April 2009

NOTES

1 A member of the Company entitled to attend, speak and vote at the meeting convened by this notice may appoint a proxy to exercise all or any of his rights to attend, speak and vote at the meeting on his or her behalf. A proxy need not be a member of the Company. Appointment of a proxy will not subsequently preclude a member from attending and voting at the meeting in person if he or she so wishes. A member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to different shares held by the member. The form of proxy contains instructions on how to appoint more than one proxy.

2 A form of proxy for use at the meeting is enclosed. Please return the form of proxy as soon as possible. To be valid, it must be received by post or (during normal business hours only) by hand at the office of the registrars, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY no later than 12 noon on 15 June 2009 (or, if the meeting is adjourned, no later than 48 hours before the time for holding the adjourned meeting, or, if a poll is taken otherwise than at or on the same day as the meeting at which it is demanded, no later than 24 hours before the time appointed for the taking of the poll).

3 The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

4 Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered on the register of members of the Company at 11.00 p.m. on 15 June 2009 (or, if the meeting is adjourned, 48 hours before the time of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to the register of members after that time will be disregarded in determining the rights of any person to attend and vote at the meeting.

5 In order to facilitate voting by corporate representatives at the meeting, arrangements will be put in place at the meeting so that (i) if a corporate shareholder has appointed the chairman of the meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the meeting, then on a poll those corporate representatives will give voting directions to the chairman and the chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the meeting but the corporate shareholder has not appointed the chairman of the meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives (www.icsa.org.uk) for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in (i) above.

6 As at 30 April 2009, the Company's issued share capital consisted of 52,211,585 shares carrying one vote each. Therefore the total number of voting rights in the Company as at that date was 52,211,585.

7 Copies of the directors' service contracts and terms and conditions of appointment will be available for inspection at the registered office of the Company during normal business hours and at the place of the meeting from 15 minutes prior to the meeting until its conclusion.

Any addressee of this notice who has sold or transferred all of the shares of the Company held by him or her should pass the annual report of which this notice forms part (including the form of proxy enclosed herewith) to the person through whom the sale was effected for transmission to the transferee or purchaser.

Professional advisers and representatives

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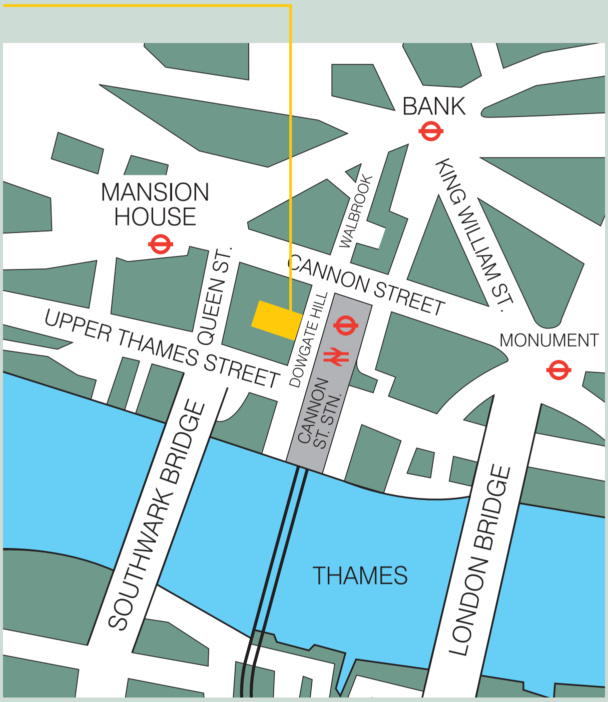
Venue of annual general meeting

on Wednesday, 17 June 2009 at 12 noon

Tallow Chandlers' Hall
4 Dowgate Hill
London EC4R 2SH



M.P.Evans
GROUP PLC

www.mpevans.co.uk