M.P.Evans GROUP PLC

ANNUAL REPORT 2009

MALAYSIA

PROPERTY

MAJORITY HELD 70 ha
MINORITY HELD 507 ha

INDONESIA

OIL-PALM PLANTATIONS

MAJORITY HELD 34,000 ha
MINORITY HELD 25,000 ha

AUSTRALIA

BEEF-CATTLE FARMING

MAJORITY HELD 31,000 ha
MINORITY HELD 5,800,000 ha

Location of the Group's properties
and those of its associates as at 30 April 2010

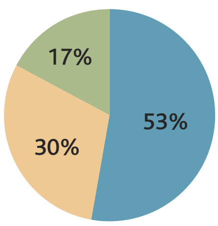
We are committed to producing environmentally-sustainable palm oil and adopting the highest standards of animal welfare for our beef cattle

EXISTING PORTFOLIO AS AT 30 APRIL 2010

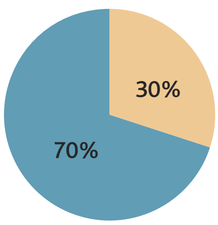
- 10,000 hectares of majority-held, mature oil-palm plantations in Sumatra, Indonesia
- 25,000 hectares of minority-held (equivalent to Group's share of 9,000 hectares) mature oil-palm plantations in Sumatra, Indonesia
- Estimated 24,000 hectares of majority-held new land in Bangka and Kalimantan, Indonesia suitable for oil-palm development – some 10,000 hectares (plus 4,000 hectares of smallholders' areas) 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 5.8 million hectares in Queensland and Northern Territory
- 70 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 500 hectares
- Net current assets of US$37 million as at 31 December 2009

LAND ASSETS BY VALUE

31 DECEMBER 2009



TARGET



INDONESIA AUSTRALIA
MALAYSIA

CONTENTS

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

HIGHLIGHTS 2009

FINANCIAL

- Profit for the year US$20,710,000 (2008 US$53,596,000)
- Earnings per share (continuing and discontinued operations) US cents 34.94 (2008 US cents 96.26 cents)
- Dividends for the year maintained: 5.00 pence per share final (2.00 pence interim already paid)

INDONESIAN PALM OIL

- Plantation profits 12% lower at US$13,143,000 (2008 US$14,893,000)
- Palm-oil price averaged US$680 per tonne – down on 2008's US$941 per tonne, but still an historically-high level
- Indonesian crops of f.f.b., including first crop from new Bangka project, 18% higher than in 2008; 9% higher on associates' estates

SUMMARY OF RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2009

	2009	2008
	US$'000	*US$'000*
Revenue	28,391	30,387
Gross profit	11,705	13,834
Profit on ordinary activities before taxation	15,338	23,447
Profit on ordinary activities attributable to members	18,250	49,789
Shareholders' funds	275,498	249,178
Net cash outflow from operating activities	(9,809)	(21,724)
	US Cents	*US Cents*
Basic earnings per 10p share – (continuing and discontinued operations)	34.94	96.26
	Pence	*Pence*
Dividend per 10p share in respect of the year	7.00	7.00

- Group's total planted area, including its share of associates' areas, increased to 25,700 hectares (21,500 hectares at end 2008)
- Palm-oil market trading strongly in 2010, currently around US$835 per tonne
- First crops from Kalimantan project expected in second half of 2010

AUSTRALIAN BEEF CATTLE

- Loss on both Woodlands and associate, NAPCo, as a result of adverse weather in Australia
- Widespread rainfall in Australia in late 2009 and early 2010 has benefited Woodlands and NAPCo properties
- Australian beef-cattle prices continue to strengthen in 2010
- Woodlands continues to be marketed for sale as a non-core asset

MALAYSIAN PROPERTY AND OTHER ASSET DISPOSALS

- Thai rubber factory sold in 2009
- Plan to dispose of remaining, Malaysian, assets, with expected value of some US$50 million, at opportune time

Managing director's statement

As anticipated, profits were lower than in 2008. Crops were higher but palm-oil prices, although at healthy levels, could not match the unsustainable levels seen in 2008. 2008 also included exceptional items and significant gains from Malaysian estate disposals. Progress continues to be made on the new oil-palm projects. The Australian cattle businesses experienced a difficult year with adverse weather conditions but 2010 has got off to a good start. It remains the Group's policy to dispose of the remaining Malaysian assets.

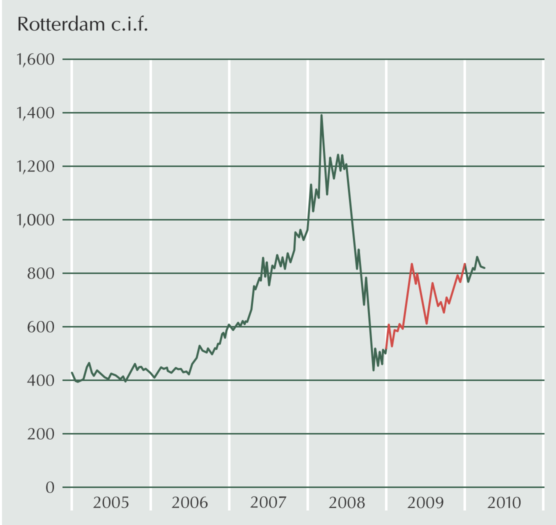
"Excellent progress has been made on our new oil-palm projects"

MARKET INFORMATION

In 2009, palm-oil prices were significantly lower than 2008's unsustainable record levels but nonetheless traded at a historically-robust average of US$680 per tonne. They have continued to trade strongly in 2010 around US$800 per tonne.

Australian beef-cattle prices fluctuated in response to volatile seasonal conditions in 2009 but have surged in 2010 following excellent widespread rainfall and lower herd numbers worldwide.

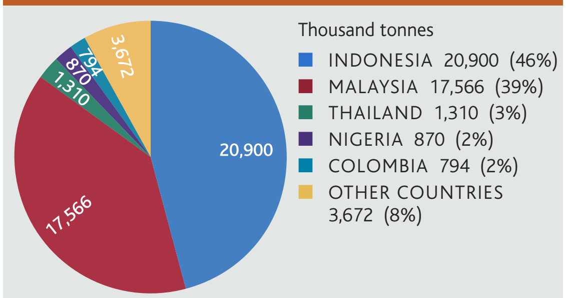
PALM-OIL PRICE US$ PER TONNE



AGE PROFILE OF THE GROUP'S OIL PALMS

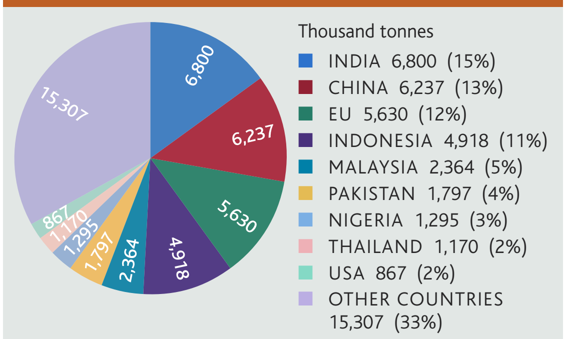
DISTRIBUTION OF PLANTED HECTARAGE BY AGE INTERVAL AS AT 31 DECEMBER 2009

MAIN PRODUCERS OF PALM OIL - 2009



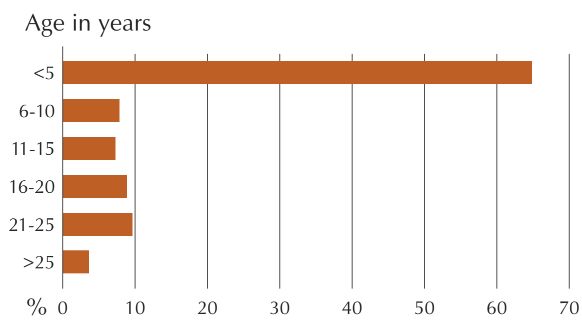
SOURCE: OIL WORLD

MAIN USERS OF PALM OIL – 2009

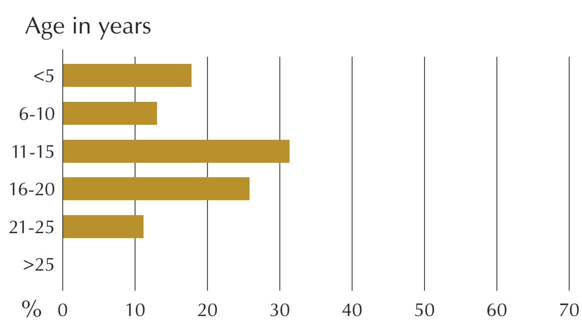


SOURCE: OIL WORLD

SUBSIDIARIES

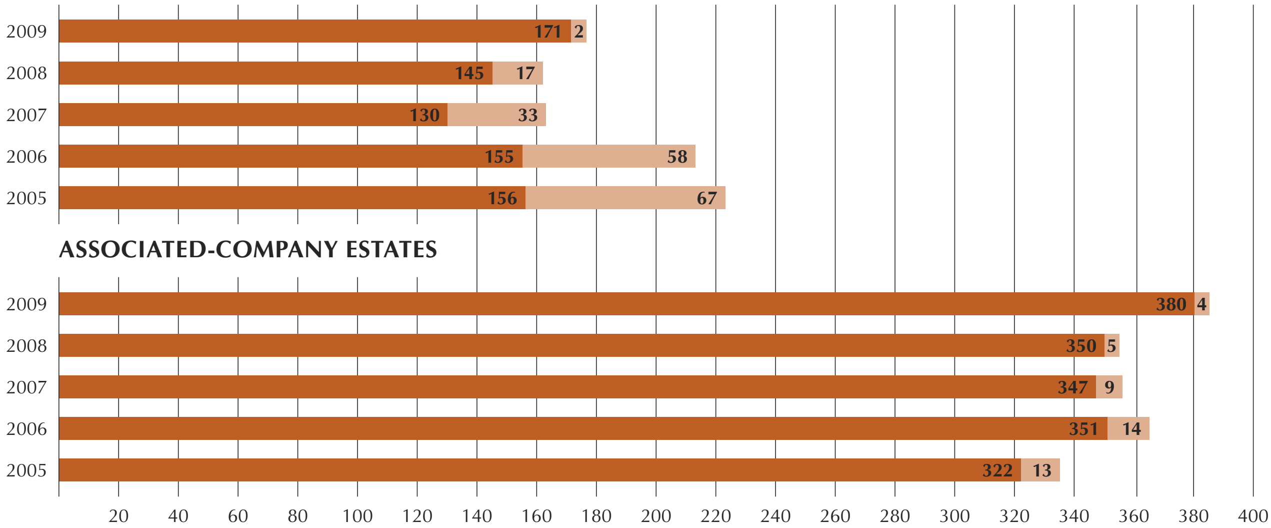


ASSOCIATES



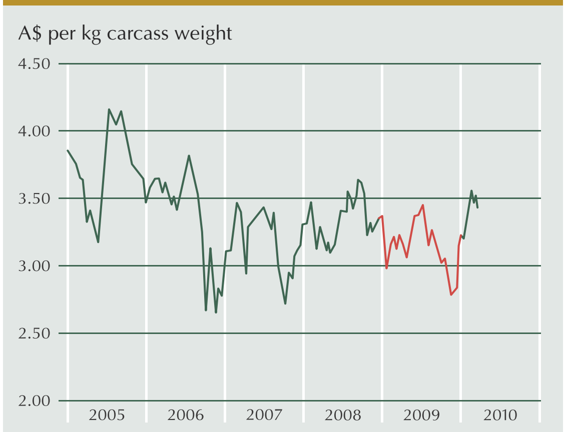
CROP OF OIL-PALM FRESH FRUIT BUNCHES '000 TONNES

MAJORITY-OWNED ESTATES IN INDONESIA ■ AND MALAYSIA ■

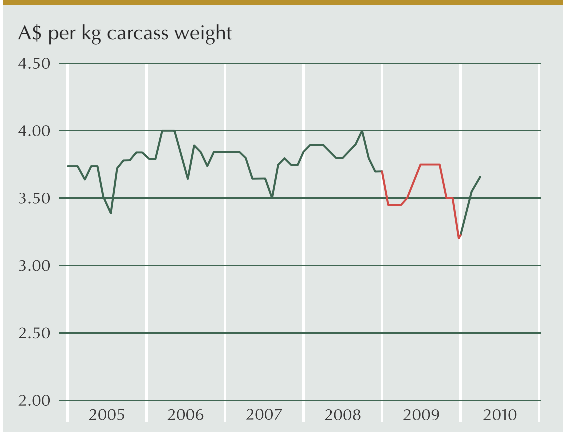


- Palm oil is used mainly as a cooking oil but also in margarine, shortenings (cakes, biscuits), soap, cosmetics, lubricants and increasingly in bio-diesel.
- Palm oil has the lowest cost of production and is the most productive of all the major vegetable oils. Over 5.5 tonnes per hectare per annum can 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 production in 2009 of 45.4 million tonnes and 34.1% of the global production of major vegetable oils. Soybean oil is the second largest with 35.9 million tonnes and 27.0%. Palm-kernel oil accounts for a further 5.3 million tonnes (4.0%).

EASTERN YOUNG CATTLE INDICATOR (EYCI) – WOODLANDS



100-DAY SHORTFED CATTLE – NAPCo



- 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 5.8 million hectares.

CHAIRMAN'S STATEMENT

OVERALL RESULTS

As foreshadowed in the interim report, the profit for the year, US$20,710,000, was lower than the record US$53,596,000 achieved in 2008. Earnings per share (continuing and discontinued operations) fell accordingly to 34.94 cents (2008 - 96.26 cents). It should be noted, however, that 2008 included one-off gains from the disposal of Malaysian plantation assets and exceptional credits mainly relating to negative goodwill, amounting to US$28,409,000. Fresh fruit bunches ("f.f.b.") crops were higher but the exceptionally robust, unsustainable, palm-oil prices of 2008 (average US$941/tonne) were not repeated to the same extent. Nevertheless, the average for 2009, at US$680/tonne, was still an historically-high price. The biological gain in the year was similar to last year's. It is pleasing to note that the Group's total planted area, including its share of the associates' areas, increased to 25,700 hectares from 21,500 at the end of 2008.

The Australian beef operations, both on the Group's own property, Woodlands, and in the associated company, The North Australian Pastoral Company Pty Limited ("NAPCo"), encountered another difficult year and losses were incurred. Despite promising rainfall in the early part of the year, hot and dry conditions later on affected pastures and forage crops resulting in lower weight gains. Bertam Properties Sdn. Bhd. ("Bertam Properties") recorded lower profits largely because no land was sold during the year.

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 2009, makes 7.00p for the year, the same as for 2008. A scrip-dividend alternative is being offered this year.

STRATEGIC DEVELOPMENTS

Indonesia

Further good progress was made with planting on the new projects in 2009, with some 5,600 hectares (including smallholder co-operative areas) in total planted, the largest annual planting ever achieved by the Group. A total of nearly 13,000 hectares had been planted by the end of 2009 – all to a high standard.

The Bangka project produced its first f.f.b. crop – and the yield achieved promises well. During the second half of 2010, f.f.b. harvesting is expected to commence on the new Kalimantan project. The fruit will initially be processed by an external mill and it is anticipated that the Group's own mill will be commissioned towards the end of 2011.

As referred to in the 2009 interim report, in order to facilitate both the quicker release of land for planting and more rapid compliance with obligations in respect of smallholder development, it has been decided to sell (at around cost) to the smallholder co-operative schemes significant areas of land already developed on both the Kalimantan and Bangka projects. The total developed land sold, or to be sold, in this way amounted to some 3,600 hectares at 31 December 2009. The co-operatives will all be managed by the Group for a fee and their f.f.b. will be processed under contract by the Group's palm-oil mills. After the re-ordering of the areas in this way, the Group's planted land at 31 December 2009 amounted to 7,250 hectares in Kalimantan (co-operatives 2,570 hectares) and 2,030 hectares in Bangka (co-operatives 1,000 hectares).

A routine re-evaluation has also been undertaken of the areas available to the Group for planting on the Kalimantan and Bangka projects. In common with all new oil-palm projects, the ultimate plantable area, after excising land unsuitable for planting, conservation areas and land where no settlement can be reached with the local population, is established with more precision as the development progresses. In addition, the original expectation was that significant areas outside the Group's allocated land would be utilised for the co-operative schemes. This, however, has not proved to be the case and most of the co-operatives' land falls within the Group's land area. Accordingly, the expectation now is that 17,000 hectares will be available in Kalimantan (plus 4,000 hectares for the co-operatives) and 7,000 hectares in Bangka (plus 4,200 hectares for the co-operatives). Since the Group's plantable land bank is therefore smaller than originally anticipated, a search for suitable new land, preferably in the vicinity of the Kalimantan project, is being actively undertaken.

The co-operatives and the revised land area are reviewed in more detail below under "New projects" on page 14.

“Further good progress was made with planting on the new projects... the largest annual planting ever achieved by the Group”

Australia

The board continues to seek opportunities to build on its current investment in the Australian beef-cattle sector. It has selected NAPCo as the appropriate vehicle through which to invest in this sector and, although no further shares were acquired in 2009 (or in 2010), the board will review any opportunities to acquire additional shares as and when they arise. A number of significant strategic initiatives have recently been introduced at NAPCo. These include the sale of a Channel-Country property in 2009 and the decision to expand the company’s feedlot. They also include a continuing programme of drilling new boreholes, thereby increasing the cattle-carrying capacity on the company’s premier breeding station, Alexandria. Together, these measures improve the company’s resilience to drought. 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 which stood at A$16.46 per share at the end of 2009. The board continues to regard NAPCo as a sound investment with attractive prospects for growth.

With regard to Woodlands, whilst the strategic reasons for selling the property remain valid, it will only be sold if an acceptable offer is received. To date, there have been significant expressions of interest but no firm offers. The property has benefited considerably from the welcome rainfall of the past few months, which has brought the pastures on markedly in the newly-improved areas. This has substantially increased the cattle-carrying capacity. Pending a possible sale, operations at Woodlands are proceeding on a business-as-usual basis.

Malaysia

The programme of disposing of the Group’s Malaysian assets has progressed well with some US$110 million having been realised over the last four years. The plan is to dispose of the remaining assets, with an expected value of approximately US$50 million, as and when acceptable prices can be obtained. The proceeds of the sales have been, and will continue to be, utilised in the Group’s expansion in Indonesian palm oil and Australian cattle.

PALM-OIL ACTIVITIES AND MARKET

Palm-oil prices recovered strongly in 2009. Demand from the traditional Asian (particularly India, which became the largest buyer during the year) and European buyers, was at robust levels. This, combined with drought-affected, and therefore lower, soybean crops in South America, resulted in strong support for the palm-oil price.

F.f.b. crops both on the majority-owned Sumatran estates and on the estates owned by the Indonesian associates, were markedly ahead of 2008. Good first yields were achieved during the year on the new Bangka project as the initial, 2006, plantings came into maturity.

BEEF-CATTLE ACTIVITIES AND MARKET

Prices for lighter-weight cattle, such as those fattened on Woodlands, fluctuated during 2009 in response to seasonal conditions but on average traded around the middle of the range of the last three years.

Prices for the grain-finished, heavier cattle, such as those produced by NAPCo, similarly traded around, or a little below, the range of the last three years. Downward pressure was felt both following fallout from the global financial crisis and from the strengthening Australian Dollar, which affected demand from Australia’s traditional export markets, Japan, Korea and the United States. There was at least some compensating demand from Japan as a result of its continuing ban on U.S. beef from cattle greater than 21 months old following BSE concerns.

CURRENT TRADING AND PROSPECTS

Since the end of 2009, the palm-oil price has traded around the US$800/tonne level, and is currently at US$835. Despite the prospect of a much higher soybean crop in South America and generally high stocks of palm oil, continuing strong demand from the traditional markets of China, India, Europe and Indonesia itself, as well as the renewed strength of crude-oil prices, has sustained palm oil. Rubber prices have recently hit historic highs to the benefit of the Group’s associate, PT Agro Muko.

F.f.b. crops to date on the Sumatran estates (both majority-owned and associates) have been similar to those of last year, whilst the crop from the new Bangka project is increasing markedly. It is too early to predict the likely crop for the year with any degree of accuracy.

Following some delays in reaching compensation settlements with smallholders, 650 hectares in total have been planted to date on the new projects. It is expected that the rate of planting will accelerate as the year progresses. Work continues on the mill in Kalimantan and the earthworks are nearing completion.

Encouragingly, prices for both the lighter- and heavier-weight cattle, produced by Woodlands and NAPCo respectively, have moved considerably higher in the first few months of 2010 following welcome rainfall in many parts of Australia and a general improvement in world beef prices. Prospects for continuing heightened global demand appear favourable in the short and longer term following the significant downsizing of the cattle herd in both Australia and the United States (Australia's major competitor). The decline in cattle numbers resulted from both the drought and the poor returns experienced following the sharp hike in grain prices in 2008. On average, grain-fed cattle in the United States spend significantly longer in the feedlots than in Australia. U.S. profit margins are therefore more sensitive to fluctuations in the price of grain, which provides Australia with a competitive edge.

FINANCE

It is also pleasing to report that the Group has agreed a new RM60 million (approximately US$18.75 million at the current rate of exchange) facility with AmBank (Malaysia) Berhad in Malaysia, which will be used in developing the Group's new projects in East Kalimantan. The loan facility with the German development bank, Deutsche Investitions-und Entwicklungsgesellschaft mbh (DEG) has been terminated following its withdrawal from the Indonesian palm-oil sector, and the US$2 million drawn down by the Group to date will shortly be repaid. The situation remains that the Group's development programme will be determined by the funding available.

BOARD CHANGES

The proposed board changes set out in the 2009 interim report duly took place on 1 January 2010. I should like to take this opportunity to welcome Tristan Price as Group finance director. I should also like, on behalf of the board, to thank Richard Robinow who has acted as non-executive chairman since the merger with Bertam Holdings PLC and Lendu Holdings PLC in 2005. He ably steered the Group through the initial, post-amalgamation, period and oversaw the first stages of the Group's exciting expansion in Indonesia and Australia. We are pleased that he will be staying on in the capacity of non-executive director.

In addition to these changes, with effect from 1 July 2010, David Wilkinson, who is based in Malaysia, will continue as an executive director, but in a part-time capacity. He will continue to oversee the Group's operations in both Malaysia and Indonesia.

ACKNOWLEDGEMENTS

As foreshadowed in the 2008 annual report, the Group took over management of the majority-owned Sumatran estates with effect from 1 January 2010. I should like to take the opportunity, on behalf of the board, to thank the directors and staff (past and present) of PT Tolan Tiga (part of the SA SIPEF NV group) for managing the Group's estates for a period in excess of 25 years. The Group will continue to have close links with the SA SIPEF NV group as fellow shareholders of PT Agro Muko and PT Kerasaan Indonesia.

I am sure that shareholders will join my board colleagues and me in thanking the managers, staff and workforces in the Group's various operations for their hard work during what has been another successful year.

Peter Hadsley-Chaplin
Chairman
5 May 2010

REVIEW

OF THE 2009 RESULTS

In Indonesia, average palm-oil prices for 2009 were at the historically-high level of US$680 per tonne (Rotterdam cif) although this was 28% lower than 2008's US$941, which reflected the exceptionally robust levels achieved in that year. F.f.b. crops were 10% higher on the established Sumatran estates and the first crops from the new Bangka project were harvested and sold during the year. As a result of the above, a gross profit of US$13,143,000 was achieved, only 12% lower than last year's US$14,893,000.

In Australia, lower throughput of cattle, downward pressure on valuations of the cattle at the year-end, disappointing crops and lower world grain prices resulted in a loss of US$1,315,000, compared with the loss of US$975,000 for 2008.

As a result of the above, the Group's gross profit for the year amounted to US$11,705,000 compared with US$13,834,000 for 2008.
A detailed breakdown of this is set out in note 4 to the consolidated accounts on pages 44 and 46. The results of the Group's palm-oil and cattle activities are reviewed in more detail in the reports on pages 12 and 17.

BEARER BIOLOGICAL-ASSET ADJUSTMENT

The palm-oil price persisted at historically-high levels during 2009 leading to an increase of US$16, to US$502, in the long-term average price used to evaluate the Group's biological assets. Whilst the gain arising from this increase was to some extent offset by increases in the costs of maintaining and harvesting the Group's palms, it nevertheless accounted for more than half the biological gain in the year of US$23,518,000 (2008 US$24,226,000). The remaining biological gain was mainly due to the recognition of plantings which took place on the Group's new projects, but also on 391 hectares of replanting on its established estates. The same factors that affected the Group's own estates also resulted in an increase of US$2,692,000 in the Group's shares of the associated companies' profits for the year.

As referred to in the 2009 interim report, the Group took the strategic decision during 2009 to sell land which had already been developed to the co-operative schemes attached to the Kalimantan and Bangka projects. This decision is reviewed in more detail in the section entitled "New projects" on page 14.

Indonesian regulations govern the price at which land can be sold to co-operatives and in some cases this is below the cost, including a share of administrative overheads, which has been incurred by the Group. In respect of the hectares which have been treated in this way in 2009, the amount by which the costs incurred to date exceed the selling price was US$637,000. However, there are also areas on which the selling price may well be above cost but recognition of this will not be taken until exact terms have been agreed and the land handed over.

At the point that bank finance is provided to the co-operatives, the amounts due (in the meantime treated as debtors by the Group) in respect of the land sold or to be sold to the co-operatives (US$8,772,000 at 31 December 2009) will be repaid to the Group.

OTHER ADMINISTRATIVE EXPENSES

Administrative expenses were higher in 2009, compared with the previous year. This arose primarily from an increase in the provision for National Insurance on the future exercise of share options. The provision is based on the Company's share price at the balance-sheet date which was 309.50p at 31 December 2009 compared with 198.50p at the end of 2008. Also, the Indonesian head-office team is increasing in size to deal with the maturing new projects and the milling facilities which are presently under construction.

ASSOCIATED COMPANIES

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

		2009			2008		
	% HELD	POST-TAX PROFIT/(LOSS) BEFORE BIOLOGICAL BEARER-ASSET ADJUSTMENTS US$'000	BIOLOGICAL BEARER-ASSET ADJUSTMENTS (SEE NOTE BELOW) US$'000	POST-TAX PROFIT/(LOSS) AFTER BIOLOGICAL BEARER-ASSET ADJUSTMENTS US$'000	POST-TAX PROFIT/(LOSS) BEFORE BIOLOGICAL BEARER-ASSET ADJUSTMENTS US$'000	BIOLOGICAL BEARER-ASSET ADJUSTMENTS (SEE NOTE BELOW) US$'000	POST-TAX PROFIT/(LOSS) AFTER BIOLOGICAL BEARER-ASSET ADJUSTMENTS US$'000
PT Agro Muko	31.53	**5,992**	**2,432**	**8,424**	8,049	361	8,410
PT Kerasaan Indonesia	38.00	**1,399**	**260**	**1,659**	1,588	(132)	1,456
Total Indonesia		**7,391**	**2,692**	**10,083**	9,637	229	9,866
NAPCo	34.37	**(1,041)**	**—**	**(1,041)**	(1,264)	—	(1,264)
Bertam Properties Sdn. Berhad	40.00	**984**	**—**	**984**	3,528	—	3,528
Total		**7,334**	**2,692**	**10,026**	11,901	229	12,130

Biological bearer-asset adjustment	2009		2008	
	PT AGRO MUKO US$'000	PT KERASAAN INDONESIA US$'000	PT AGRO MUKO US$'000	PT KERASAAN INDONESIA US$'000
Cost of sales	**441**	**12**	172	16
Gain on biological assets	**2,491**	**223**	268	(292)
Planting expenditure	**(578)**	**(112)**	(581)	(72)
Deferred tax	**78**	**137**	502	216
	2,432	**260**	361	(132)

INDONESIA

As with the majority-owned estates, the Indonesian associated companies, PT Agro Muko and PT Kerasaan Indonesia, achieved higher f.f.b. crops but suffered from the lower average palm-oil prices. PT Agro Muko's rubber operations, as expected, were less profitable than last year as an extensive replanting programme is being undertaken, resulting in significantly lower crops. As with palm oil, rubber prices fell during the year. As a result of the above, the Group's share of the post-tax (pre-biological-bearer-asset adjustments) results of these two associated companies was some 23% lower in 2009 than 2008.

The valuation of biological assets increased sharply, particularly in PT Agro Muko, as the 20-year average palm-oil price increased and significant new areas were planted replacing old, low-value oil-palm and rubber areas. This was partially offset by the increased operating cost base. The Group's share of the post-tax, post-biological-bearer-asset-adjustment profit amounted to US$10,083,000, a 2% increase over 2008's US$9,866,000.

Since the year end, the Group has purchased for cash (US$7.31 million), another 5.31% in PT Agro Muko, bringing the shareholding to 36.84%. Two of the shareholders, International Finance Corporation and Deutsche Investitions-Und Entwicklungsgesellschaft mbh, who between them owned 14.42%, sold their shares pro rata to the remaining three shareholders, the SA SIPEF NV Group, PT Austindo Nusantara

Jaya and the Group. As a result of this transaction, PT Agro Muko is now owned as to 47.29% by the SA SIPEF NV Group, 15.87% by PT Austindo Nusantara Jaya and 36.84% by the Group. More details of the transaction are set out in note 35, "Post-balance-sheet events", on page 66.

Arising from the above-mentioned transaction, it was decided that PT Agro Muko would suspend dividend payments during 2009 but would re-start such payments after the transaction had been completed in 2010. Accordingly, the Group received a dividend of US$4.42 million (gross) in April 2010 on its 36.84% holding. The Group's 31.53% share of dividends from PT Agro Muko in 2008 was US$5.68 million (gross). The Group's share of PT Kerasaan Indonesia's dividends in 2009 amounted to US$1.31 million (gross), compared with US$1.52 million (gross) in 2008.

AUSTRALIA

NAPCo incurred a loss in 2010 which was largely attributable to the significantly-reduced number of cattle sold at below-average prices and weights. These factors, in turn, stemmed from the effects of the poor season suffered in 2008.

Prospects for 2010, however, are substantially more encouraging. As on Woodlands, all the NAPCo properties have in recent months benefited from excellent rainfall and consequent good pasture growth. This should help both towards an improvement in the results for 2010 and towards the rebuilding of the herd after it had to be downsized in 2008.

The Group's share of NAPCo's dividends for 2009 amounted to US$542,000, compared with US$604,000 in 2008. Dividends are likely to remain at relatively low levels in the short term as revenue is directed towards the capital improvements described under "Associated company – NAPCo" on page 18.

MALAYSIA

Unlike the last few years, Bertam Properties did not sell any pieces of land in 2009, although a number of likely sales are now in the pipeline. Property development continued successfully during the year although profits were down on 2008. The Group's share of Bertam Properties' dividends in 2009 amounted to US$5.11 million, compared with US$10.41 million in 2008.

The results and operations of the Indonesian, Australian and Malaysian associated companies are reviewed in more detail in the reports on pages 12 to 25.

DISCONTINUED OPERATIONS

The Thai rubber-manufacturing operations were sold during 2009 for RM7.85 million (approximately US$2.20 million), realising a gain of US$1.56 million.

PROFIT FOR THE YEAR

As a result of all of the above, the Group profit for the year amounted to US$20,710,000, compared with US$53,596,000 in 2008.

"The Group's plantation profit for the year ... may be regarded as more than satisfactory"

INDONESIAN Palm oil

Clockwise from top:

Truck with f.f.b. on weighbridge.

Recently – harvested f.f.b.

Harvesting of mature, very tall, oil-palms.

"Pleasing first yields from the Bangka project"

MAJORITY-OWNED SUMATRAN ESTATES

CROPS AND PRODUCTION

		2009 US$	2008 US$
Crops – f.f.b.	– Pangkatan group	**121,100**	106,000
	– Simpang Kiri	**38,500**	38,700
		159,600	144,700
Production (Pangkatan mill)	– crude palm oil	**27,000**	22,300
	– palm kernels	**6,800**	6,100
		%	%
Extraction rate	– crude palm oil	**22.41**	21.06
	– palm kernels	**5.62**	5.79

As significant young plantings matured, f.f.b. crops continued their improvement of last year and were some 10% higher than in 2008. The extraction rate achieved at the Pangkatan mill also continued its marked improvement in 2009. Management has focussed attention on field and mill standards and the improvement has continued into 2010 with extraction rates in excess of 23% pleasingly having been achieved.

PALM-OIL MARKET

Having briefly reached the very high level of US$1,400 per tonne (Rotterdam cif) in early 2008, the palm-oil price declined steadily during the remainder of that year. At the beginning of 2009, it stood at around US$525 but during the rest of the year it was, as can be seen from the graph on page 4, mainly on an upward trend, with one brief but significant reversal in the third quarter. Overall, the price spent the majority of the year in the US$650 to US$800 range, an historically robust level.

Demand continued from the traditional major markets of China, India, Europe and Indonesia with India being particularly predominant. Production of palm oil worldwide increased in 2009 but soybean oil production was lower, as were soybean crushings. The mineral-oil price strengthened as the year progressed and this, combined with the upcoming mandatory requirements in some South East Asian countries for blending road fuel with bio diesel, kept strong support under the price of palm oil. The price has held up well in the first part of 2010 and is currently around US$830 per tonne.

OPERATING COSTS

As the price of mineral oil fell back during 2009, so too did that for two of the major plantation costs, fertiliser and fuel. However, owing to the deferral, because of wet weather, of some fertiliser applications from late 2008 into early 2009, upkeep costs, in US-Dollar terms, remained similar to those in 2008.

MANAGEMENT

The Group's Indonesian management company, PT Evans Indonesia, took over the management of the North Sumatran, majority-owned estates with effect from 1 January 2010. A general manager based on Pangkatan Estate has, together with a small team, been appointed to look after these estates.

REVIEW OF AGRICULTURAL OPERATIONS

Significant replantings have been undertaken over the last six or so years. These are starting to mature and, looking forward, an increasing yield pattern for the North Sumatran estates is expected. A replanting programme was budgeted for 2009 but it has been decided that it will be deferred for a year to enable the new management team to settle into its new role and to allow work on the estate infrastructure, mainly roads, to be undertaken. With continuing strong palm-oil prices, the areas which were scheduled for replanting remain profitable and cash positive.

Tractor with rotary slasher maintaining harvesters' paths.

NEW PROJECTS

Further good progress was made during 2009 with over 5,600 hectares in total planted in Kalimantan and Bangka, the largest area ever planted by the Group in one year. The quality of planting continues at a high standard.

The area developed during the year could have been even greater had it not been for the slow pace in obtaining the release of land experienced by the management team in Jakarta. The main reasons for this are twofold. First, it is a very time-consuming process identifying the location and then agreeing with village representatives the number of hectares which the Group is prepared to manage and develop (and in the early stages, finance), for the co-operative schemes. These co-operatives are owned by the eligible members of the various villages within or close to the project land. Second, in respect of the Group's own areas, agreeing compensation terms with the local people for any cultivation they may have undertaken on this Government-owned land is also a very lengthy process. The areas are, in most cases, very small so a great number of people are involved in these negotiations. The Group is at pains, in the areas it is developing, to establish friendly relations with the local population, many of whom will in due course work and live on the plantations. Negotiations are conducted in a fair and transparent manner and detailed records are maintained so that any future disputes can be resolved quickly and openly.

Against this background, management decided that, in order to hasten agreement between the numerous parties, the best way forward would be to allow areas that had already been developed (and initially been regarded as land belonging to the Group) to be transferred at around cost to the co-operative schemes. The area involved in both East Kalimantan and Bangka at 31 December 2009 was approximately 3,600 hectares. The details of the various areas are set out in the table on page 73.

When the Group's development areas were initially agreed in East Kalimantan and Bangka, it was difficult to establish what exact land area would be available for development by the Group in its own right. The total areas over which the Group was granted an initial permit (an "izin lokasi") amounted to approximately 40,000 hectares in Kalimantan and 17,000 hectares on Bangka. The initial estimate of the land which would be available to the Group was 24,000 hectares in East Kalimantan and 12,000 hectares in Bangka. However, whereas it was initially expected that a considerable amount of land outside the project area would be made available for the co-operative schemes,

F.f.b. being transported to nearby mill.

this has latterly not proved to be the case to the extent expected. In addition, when areas on which it has proved impossible to agree compensation terms, conservation areas and land which has proved unsuitable for planting are excluded, the available land has proved to be less than originally anticipated. This is very common in new plantation ventures as it is notoriously difficult to establish exactly what area of land will be available to the investor until all of the lengthy negotiations have been completed and the land extensively surveyed. The latest estimate of the area of land that can be developed by the Group in its own right is 17,000 hectares in East Kalimantan and 7,000 hectares in Bangka. The co-operative-owned areas, which the Group will manage for a fee and whose f.f.b. will be processed on commercial terms, are expected to amount to some 4,000 hectares in East Kalimantan and 4,200 hectares in Bangka. The Group has stepped-up its search for further land and it is hoped that areas in the vicinity of the existing projects can be found.

EAST KALIMANTAN

4,770 hectares were planted during the year, of which 1,200 related to the co-operative schemes. As at 31 December 2009, the total area planted amounted to 9,830 hectares of which 7,256 were owned by the Group and 2,574 by the co-operative schemes. The 2007 plantings will mature during 2010 and the first f.f.b. crops will be sold to outside mills until such time as the construction of the Group's own mill has been completed.

Work is already well advanced on the earthworks in preparation for both the mill and for the bulking tanks and jetty on the Mahakam River. The construction of the 60-tonne mill is expected to start in October and to be completed towards the end of 2011.

Some 530 hectares have been planted so far in 2010. It is expected that the pace of planting will accelerate as the year progresses.

BANGKA

	2009 TONNES	2008 TONNES
F.f.b. crop	**11,700**	—

The first 1,200 hectares, to be planted on the project came into maturity during the course of 2009 and achieved a pleasing yield of 8 tonnes per hectare which is more than satisfactory, given their young age. As would be expected at this early stage in their development, a loss was incurred. The f.f.b. were, and continue to be, sold to a nearby mill until such time as the Group's own mill is built. The decision on this

Crude-palm-oil storage tanks at the Pangkatan mill.

will relate to the area already planted and the likely prospect and timing of further plantings.

Planting progress so far in 2010 has been slow. Only some 110 hectares in total have been planted but it is hoped that the pace of development will soon accelerate.

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:

	2009 US$	2008 US$
F.f.b. crops – PT Agro Muko – own	**328,200**	300,600
– outgrowers	**23,000**	13,500
	351,200	314,100
– PT Kerasaan Indonesia	**52,000**	49,800
	403,200	363,900
Production (PT Agro Muko) – crude palm oil	**79,400**	68,000
– palm kernels	**18,200**	15,400
	%	%
Extraction rate – crude palm oil	**22.63**	21.66
– palm kernels	**5.19**	4.90
	TONNES	*TONNES*
Rubber crops (PT Agro Muko) – own	**1,221**	1,498
– outgrowers	**—**	332

After a sharp, short-term downturn in its f.f.b. crop in the first half of 2009, PT Agro Muko's crop picked up markedly in the second half and, for the full year, was some 9% ahead of 2008. However, the lower average palm-oil and palm-kernel prices for the year reduced profits compared with the previous year.

During the period in which the programme is under way of planting rubber in areas near to the crumb factory and replanting ex-rubber areas with oil palms in the inland, higher-rainfall areas, there will be markedly lower rubber crops. Accordingly, the crop in the year amounted to 1,221,000 kg compared with 1,498,000 kg in 2008. This, combined with selling prices substantially below those of the previous year, resulted in a marked fall off in profits. Since the year end, rubber prices have recovered to record levels.

The estates owned by PT Agro Muko are now virtually fully planted. Over the next few years, attention will be focussed, as referred to above, on concentrating rubber plantings around the crumb-rubber factory on areas, some of which are currently under older oil palms. At the same time, the rubber areas on the hillier, high-rainfall areas inland will be replanted with oil palms to which they are more suited.

Kerasaan Estate's f.f.b. crop recovered during 2009 but lower palm-oil and palm-kernel prices resulted in lower profits. This is a fully-developed, mature estate and the replanting of approximately 5% of the area each year is under way.

PERFORMANCE EVALUATION

MATURE PLANTATION AND MILL OPERATIONS

Management monitors and assesses the efficiency of operations with regard to crops and production by means of 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 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 22%.

As referred to above, under "Crops and production", the extraction rate has shown a promising improvement in 2009. This is expected to improve in time 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

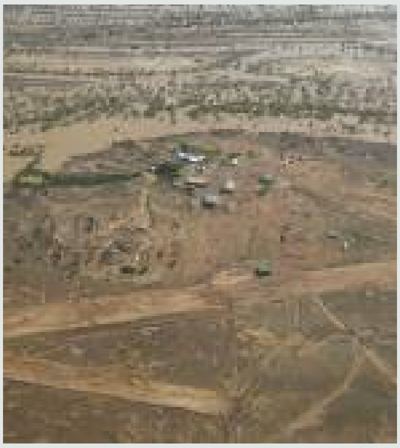
Management monitors and assesses the efficiency of plantation operations in terms of cost by means of performance indicators which identify field costs per hectare and per kilogramme of f.f.b. and factory costs per tonne of palm products (palm oil plus palm kernels). A significant proportion of costs 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 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 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. They are monitored by management for each individual estate.

AUSTRALIAN Beef cattle



Top and bottom left:

NAPCo cattle with abundant feed.

Bottom right:

Beneficial floodwater in the Channel-Country.

"Encouragingly, 2010 has started well, with abundant rain. Pastures are looking in first-class order"

MAJORITY-OWNED OPERATIONS

WOODLANDS

The rain in the early part of 2009 promised well but unusually hot and dry weather later on prevented pasture and crop growth to the extent hoped for. As a result, cattle weight gains were disappointing and the turnover of the Group's own cattle was well down, at some 1,250 head, compared with the approximately 2,750 in 2008, although over 3,000 head of cattle on agistment from NAPCo were turned off during the year. The market value per kg ascribed to the herd at the end of the year was some 17% lower than at the beginning of the year, resulting in a considerably lower cattle-trading profit than the previous year. As can be observed from the graph of the Eastern Young Cattle Indicator ("EYCI") on page 5, prices dropped sharply right at the end of December before a welcome recovery in January 2010. This reduction in the stock valuation will have a corresponding positive influence on the cattle trading results in 2010.

The weather pattern again had an adverse effect on the wheat and sorghum crops in 2009 and disappointing yields were achieved. Indeed, a decision has been taken not to continue with grain crops but to concentrate on forage crops and further upgrading the pastures. The Group's focus will now, until the property is sold, be fully on cattle fattening to which it is felt the property is best suited.

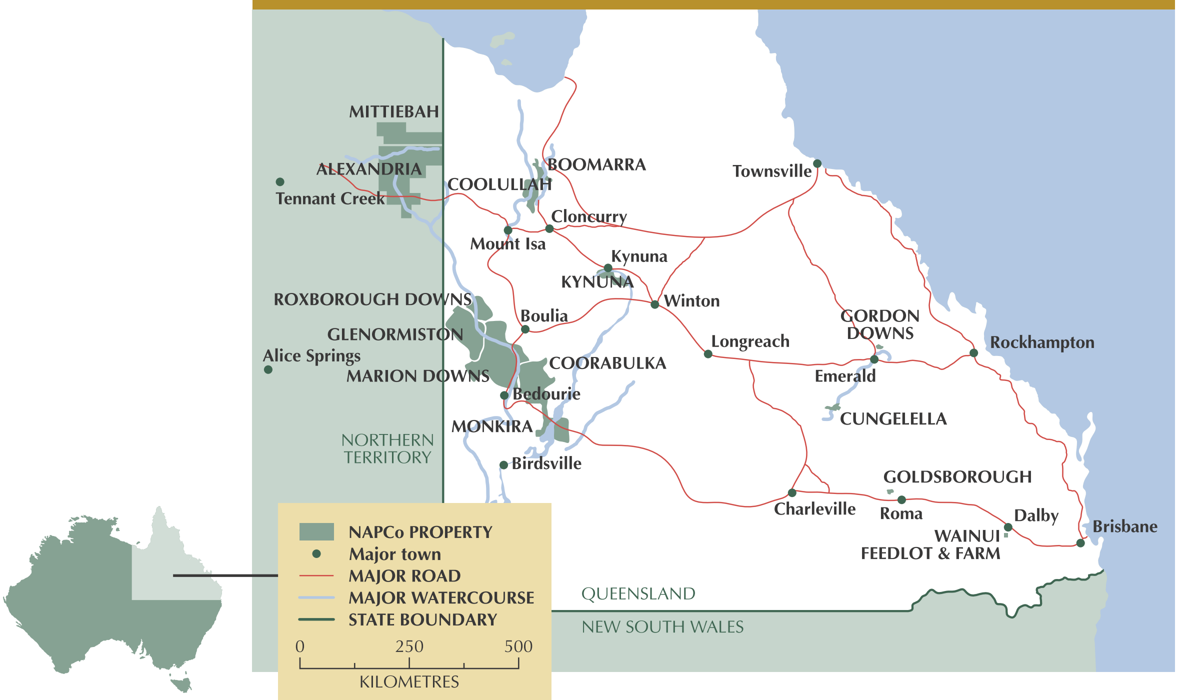
Encouragingly, 2010 has started well, with abundant rain. Pastures are looking in first-class order and the forage crops are being planted into a good profile of moisture. The promising pasture conditions have enabled 4,000 good-quality cattle to be purchased so far this year and, as at the date of this report, the herd consists of 7,600 head. The intention is, if circumstances permit, to maintain the herd at around 8,000 head at any one time.

As referred to in the 2008 annual report, the board took the strategic decision to sell the property in order to concentrate on the Group's investment in NAPCo. Despite some interest during the last year or so, no sale has yet been concluded but the plan remains to sell it, although only at an acceptable price.

ASSOCIATED COMPANY – NAPCo (34.37% OWNED)

A loss after tax was incurred, of which the Group's share amounted to US$1,041,000. This compares with its share of NAPCo's loss last year of US$1,264,000. The loss was largely attributable to the low number of cattle sold. Many young cattle had been sold in

NAPCo PROPERTIES



NAPCo breeder cow with twin calves.

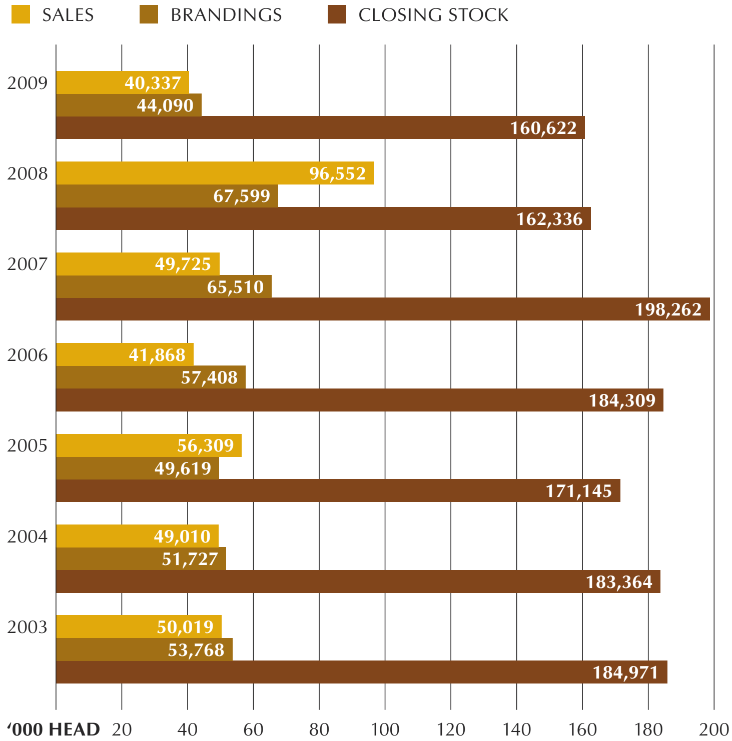
the previous year as a result of the drought conditions and were therefore unavailable to be fattened in 2009. The need to hold back heifers to replace breeder cows which had also been sold down in 2008 further reduced the number of cattle available for sale. In addition, the cattle sold in 2009 were at lighter-than-usual weights; again, a direct result of 2008's poor season.

At the end of 2009, the herd stood at 161,000 head, a small overall decrease from the end of 2008 (162,000 head). Over the next three years or so, it is planned to build the number back up to around 200,000 head.

With regard to beef-market conditions, the global recession continued to affect demand from Australia's traditional export markets, Japan, Korea and the United States during 2009. This was compounded by the steady increase in the value of the Australian Dollar. However, Australia was at least fortunate in that Japan maintained its ban on U.S. beef from cattle greater than 21 months old following BSE concerns.

Some significant strategic initiatives were introduced in 2009 to improve the company's ability to manage drought. First, following the sale in 2007 of Connemara, another of the company's Channel Country properties, Roxborough Station, was sold. These two properties had been the poorest performers in recent years. Second, the decision was taken to double the size of the company's feedlot. The feedlot expansion will give rise to further economies of scale but, more importantly, will improve the business as a whole by helping to compensate for the uncertainty of the seasons experienced by the company's growing-out properties. Even in poor seasons, the young weaner cattle will be able to be moved on down the "fattening chain" rather than having to be held back on the breeder properties.

CATTLE SALES AND BRANDINGS



Third, a large breeder property in a safer rainfall area is being sought. This will provide greater economies of scale than exists with some of the smaller breeder properties, freeing them up for more suitable use as growing-out properties.

Lush pasture on NAPCO backgrounding property.

In addition to the new strategic measures referred to above, the programme of drilling new bore holes on the company's premier breeding property, Alexandria Station, continues apace. This allows more breeders to be run on the property and has helped to lift its value. Whilst, in line with a general tapering off in Australia's pastoral-property values, some of the NAPCo properties have declined in value in the past year or so, the compensating gain in the value of Alexandria resulted in the company's property portfolio as a whole being valued at a similar amount at the end of 2009 to that at the end of 2008.

The weather at the end of 2009 and following on into 2010 has been most promising. All the NAPCo properties have received widespread, beneficial rainfall and there has been welcome flooding of the river systems running through the Channel-Country growing-out properties. With the resultant pasture growth, there is more than sufficient feed for the company's herd and it is planned to acquire additional cattle for fattening and onward sale.

Prospects for the beef-cattle market globally appear favourable too, both in the short and longer term. Despite the maintenance of the strength of the Australian Dollar, Australian-cattle prices have improved. Low herd numbers in both Australia and the United States are likely to lead to further price increases as demand for beef returns to more normal levels.

PERFORMANCE EVALUATION

Management monitors and assesses the efficiency of operations with regard to cattle fattening by means of 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 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 performance indicator that is under constant review by management.

Part of the NAPCo herd.

MALAYSIAN Property

Right and above:

New housing on the Bertam Properties project.

"It remains the Group's intention to dispose of its remaining Malaysian assets at an opportune time"

MAJORITY-OWNED OPERATIONS

BERTAM ESTATE

The only remaining, majority-owned, activity in, or managed from, Malaysia is the small, 70-hectare, Bertam Estate.

Bertam Estate's crops were as follows:

	2009 TONNES	2008 TONNES
F.f.b.	**1,700**	2,100

It is intended that this estate will be sold when it is deemed that market conditions are suitable. In the view of the board, based on recent independent advice, the value of this land is in excess of US$13 million.

THAI RUBBER MANUFACTURING

The wholly-owned subsidiary company owning the Thai rubber factory, Supara Co. Limited, was sold in July 2009 for RM7.85 million (approximately US$2.20 million). The profit on the sale of the company (US$1,555,000) and the net profit for the year up to the date of disposal (US$23,000) have been included under "Discontinued operations".

ASSOCIATED COMPANY – BERTAM PROPERTIES (40% OWNED)

Unlike in recent years, no land sales were concluded during 2009. However, a number of sales are in the process of being finalised and the results from these, at least in part where deferred terms have been agreed, are likely to be recognised in 2010.

Although at a lower level than in the previous year, development activities continued successfully in 2009, resulting in a pre-tax profit of US$3.70 million (Group share US$1.48 million) compared with US$5.36 million (Group share US$2.14 million) in 2008.

The remaining plantation activities resulted in an f.f.b. crop of 3,900 tonnes compared with 2008's 4,800 tonnes. The combination of lower crops and a weaker palm-oil price resulted in lower profits from this activity.

Bertam Properties' 507 hectares at the year end remain a valuable piece of real estate. It is the intention to continue the programme of disposals (at acceptable prices) and the development of housing and other projects. In line with the Group's stated strategy of divesting the Malaysian assets and reinvesting in Indonesian palm oil and Australian cattle, it remains the Group's long-term intention to dispose of this investment at an opportune time.

New houses on the Bertam Properties project.

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, indeed strength, under the presidency of Mr Susilo Bambang Yudhoyono. The parliamentary elections in 2009, in which Mr Yudhoyono's party substantially increased its share of the vote, were conducted in a peaceful and orderly fashion. The presidential election was held in July and, as expected, Mr Yudhoyono was comfortably 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 (vegetable oil) for these plants 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.

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 other 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.

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 and Malaysian Ringgit against the US Dollar has an effect in US-Dollar terms when Australian and Malaysian 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

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.

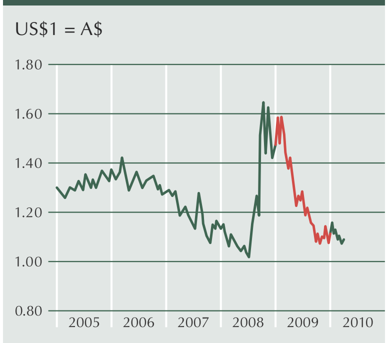
GENERAL

SECURITY OF LIQUID FUNDS

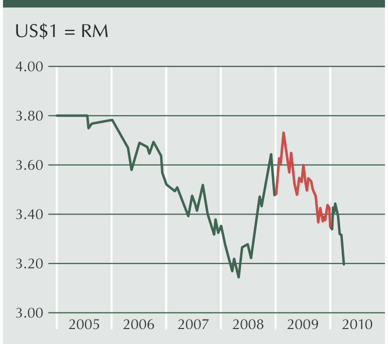
With the onset of the recent worldwide banking crisis, the board is concerned to ensure that the Group's liquid funds, which are in excess of US$33 million worldwide at the date of this report, are deposited in a secure environment and not at risk of loss. The Group's policy is, and has been for many years, only to deposit funds either with banks with a high rating from reputable rating agencies or with banks that are majority owned by sovereign governments.

US DOLLAR -V- INDONESIAN RUPIAH

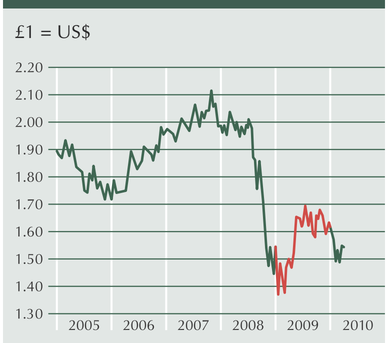
US DOLLAR -V- AUSTRALIAN DOLLAR



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 oil-palm 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

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

- 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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BOARD OF DIRECTORS

Peter E Hadsley-Chaplin, MA MBA 1
CHAIRMAN
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 52)

Philip A Fletcher, FCA 2
MANAGING 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 his initial career in accountancy with KPMG in London and Sydney and in industry with the Rio Tinto plc group.
(Age 60)

O David Wilkinson, BSc (3)
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 51)

Tristan R J Price, MA MSc FCA (4)
FINANCE DIRECTOR
Appointed a director in 2010. Qualified as a Chartered Accountant with Coopers & Lybrand. Worked in the Diplomatic Service, and as an economist at the Organisation for Economic Co-operation and Development (OECD). Prior to joining the Group, was head of financial planning and policy at the Foreign & Commonwealth Office. (Age 43)

Konrad P Legg (5)
SENIOR INDEPENDENT NON-EXECUTIVE
Appointed a director in 1987. Chairman of Coburg Group PLC. A former non-executive director of Lendu Holdings PLC. Chairman of the audit and remuneration committees. (Age 66)

Richard M Robinow (6)
INDEPENDENT NON-EXECUTIVE
Appointed a director in 1999 and chairman from 2005 to 2009. 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 64)

J Derek Shaw, FRAgS (7)
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 69)

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 DECEMBER 2009

PRINCIPAL ACTIVITIES

At 31 December 2009, 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.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

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 to 8 and in the review of operations on pages 9 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 (2008 - 2.00p) per share was paid on 4 November 2009. The board recommends a final dividend of 5.00p (2008 - 5.00p) per share. This dividend will be paid on or after 25 June 2010 to those shareholders on the register at the close of business on 7 May 2010. This final dividend is not provided for in the 2009 financial statements.

SHARE CAPITAL

The Company has one class of share. Details of the issued share capital of the Company is as follows:

	SHARES OF 10P EACH
Issued (fully-paid and voting) capital at 1 January 2009	**52,211,585**
Share options exercised	
1 May 2009	**10,800**
5 May 2009	**10,000**
26 May 2009	**10,000**
6 November 2009	**10,000**
7 December 2009	**3,000**
15 December 2009	**930**
16 December 2009	**15,000**
Issued (fully-paid and voting) capital at 31 December 2009	**52,271,315**
Share options exercised	
18 January 2010	**7,000**
29 January 2010	**956,100**
Issued (fully-paid and voting) capital at 30 April 2010	**53,234,415**

DIRECTORS AND DIRECTORS' INTERESTS

The present membership of the board is set out on pages 28 and 29. Mr Tristan Price was appointed to the board on 1 January 2010. All other directors served throughout the year. Messrs Price and Legg 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. Mr Price has a service contract with the Company the details of which are summarised in the report of the board to the shareholders on directors' remuneration on page 35.

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 2009	BENEFICIAL	NON-BENEFICIAL	OPTIONS
R M Robinow	**42,086**	—	—
P A Fletcher	**585,953**	**51,361**	**1,108,235**
P E Hadsley-Chaplin	**848,865**	**57,237**	**1,150,000**
O D Wilkinson	—	—	**78,496**
K P Legg	**584,389**	**22,412**	—
J D Shaw	**655,747**	—	—
AT 1 JANUARY 2009			
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	—	—

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.

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 66.

As permitted by the Company's articles of association, there was throughout the year to 31 December 2009, and is at the date of this report, a qualifying indemnity provision, as defined in section 236 of the Companies Act 2006 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**	**10.88**
JPMorgan Fleming Mercantile Investment Trust Plc	**3,517,103**	**6.61**
M M Hadsley-Chaplin	**2,642,254**	**4.96**
Indirect interest		
Invesco Limited	**3,098,331**	**5.82**
Aberdeen Asset Management PLC	**2,658,946**	**5.00**

AUTHORITY TO ALLOT SHARES

At the annual general meeting a general authority is being sought, under resolution 5, for the directors to allot shares up to a maximum nominal amount of £1,774,303, 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 724 of the Companies Act 2006. 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 £532,344, representing 10% of the Company's issued share capital. Prior to 2009, the latter limit had 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 again seeking shareholders' approval for an increased 10% limit so as to be able to raise funds at short notice, where appropriate, 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 5 and 7. These authorities will lapse on 30 June 2011 or, if earlier, the date of the Company's next annual general meeting.

AUTHORITY TO PAY SCRIP DIVIDENDS

At the annual general meeting a general authority is being sought, under resolution 6, for the directors to offer shareholders the choice of taking new fully-paid shares in the Company instead of cash dividends, subject to the terms of the Company's articles of association, at any time in the five years from the date of the annual general meeting. The directors have decided to offer a scrip-dividend alternative in respect of the final dividend for the year ended 31 December 2009 and also to make a scrip-dividendmandate arrangement available to enable shareholders to elect to receive all future dividends automatically in the form of shares, should the directors decide to make a scrip-dividend alternative available in respect of such future dividends. Further details of these scrip-dividend arrangements are contained in the accompanying circular.

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 AIM Market of the London Stock Exchange until 30 June 2011 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 AIM 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 5,323,441 shares, on the AIM 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 2011 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 1,593,631 shares outstanding under the executive share-option schemes. If all of the options were exercised, the resulting number of shares would represent (a) 2.91% of the enlarged issued share capital at that date; and (b) if the proposed authority to purchase shares was exercised in full 3.22% of the enlarged issued equity share capital at that date (excluding any share capital which may be purchased and held in treasury).

ADOPTION OF NEW ARTICLES OF ASSOCIATION

It is proposed that the Company adopts new articles of association. The proposed changes from the Company's current articles of association reflect the final implementation of the Companies Act 2006 and include an increase in the aggregate remuneration payable to the non-executive directors from a sum not exceeding £75,000 to a sum not exceeding £150,000. This figure has remained unchanged since 1994.

An explanation of the main changes between the current articles of association and the new articles of association is set out in the appendix to the annual report on pages 77 and 78.

PAYMENTS TO SUPPLIERS

It is the Group's normal practice to make payments to suppliers in line 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 2009 amounted to 23 days (2008 - 26 days).

FINANCIAL INSTRUMENTS

Details of the Group's financial instruments, and the board's policy with regard to their use, are given in note 33 to the consolidated accounts on page 65.

CHARITABLE AND POLITICAL DONATIONS

The Group made cash donations for charitable purposes in the year of US$2,407 (2008 US$2,911). Of this US$150 was donated to an Indonesian earthquake appeal with the balance being donated to various UK based charities.

No political donations were made during the year (2008 nil).

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 2006 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 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for 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.

POST-BALANCE-SHEET EVENTS

On 18 March 2010 the Group contracted to acquire a further 5.31% of its Indonesian associated plantation company, PT Agro Muko. The cost of this investment was US$7.31 million and the holding in PT Agro Muko has increased from 31.53% to 36.84%.

In March 2010 the Group agreed a 4½-year loan facility of 60 million Ringgit with AmBank (Malaysia) Berhad, a regional bank based in Malaysia.

GOING CONCERN

After having made appropriate enquiries, the directors have a reasonable expectation that the Group and the Company have adequate resources to continue their established activities for the foreseeable future, being a period of at least 12 months from the date of the approval of the accounts. Accordingly, they continue to adopt the going-concern basis in preparing these financial statements.

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 he is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- he 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 418(2) of the Companies Act 2006.

INDEPENDENT AUDITORS

On 10 August 2009 PricewaterhouseCoopers LLP were appointed by the board as auditors to the Company following the resignation of Deloitte LLP. PricewaterhouseCoopers 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.

Approved by the board of directors
and signed on its behalf

J F Elliott *Secretary*
5 May 2010

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 an executive chairman, three further executive directors and three 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 and their shareholdings, 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 and 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 35, 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 four times during 2009 and each meeting was attended by all the members with the exception of Mr Robinow being absent from one meeting.

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 are discussed at a full board meeting and each member of the board is 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 pages 31 and 32.

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;
- political instability and social unrest in Indonesia;
- weather and natural disasters;
- environmental damage; and
- security of liquid funds.

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 in Indonesia noted in the review of operations on pages 13 to 16. 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 board has concluded that, given the current level of cash resources in the Group, the level of existing borrowings and the new facility agreed in April 2010, 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 2009 and each meeting was attended by all of the members with the exception of Mr Shaw 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.

During 2009, the audit committee led an exercise to invite tenders for the Group audit. This exercise took 16 weeks and, following a thorough evaluation of four firms invited to tender, the audit committee decided to appoint PricewaterhouseCoopers LLP as the Group auditors.

The Group's auditors have not provided 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

All of the executive directors have service contracts. Messrs Hadsley-Chaplin, Fletcher and Price have service contracts with the Company. Mr Wilkinson's contract is with a wholly-owned subsidiary undertaking. These contracts 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 Hadsley-Chaplin, Fletcher and Price is determined by the remuneration committee 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 committee has sanctioned appropriate incentives by means of share options with a view to aligning the interests of these three executives with those of the shareholders. In addition, with effect from 1 January 2010, they may qualify for a discretionary bonus of up to a maximum of 6% of salary.

Mr Wilkinson's remuneration is determined by the committee 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 in disposing of the Group's Malaysian assets, and with regard to its new and existing Indonesian projects. Mr Wilkinson also participates in the executive share-option schemes.

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 2009 was as follows:

	2009 US$	2008 US$
Emoluments	**966,714**	1,103,662
Gains on exercise of share options	**128,406**	188,173
Group money-purchase pension contributions	**116,978**	164,786
	1,212,098	1,456,621

The details of the remuneration of the directors for the year ended 31 December 2009 are set out below:

	SALARY AND FEES 2009 US$	BONUS 2009 US$	PENSION COSTS 2009 US$	BENEFITS IN KIND 2009 US$	TOTAL 2009 US$	TOTAL 2008 US$
Executive directors						
P E Hadsley-Chaplin	**246,359**	**—**	**43,113**	**31,289**	**320,761**	362,574
P A Fletcher	**246,359**	**—**	**43,113**	**64,434**	**353,906**	400,002
O D Wilkinson	**181,375**	**57,497**	**30,752**	**7,983**	**277,607**	358,605
	674,093	**57,497**	**116,978**	**103,706**	**952,274**	1,121,181
Non-executive directors						
R M Robinow	**46,683**	**—**	**—**	**—**	**46,683**	52,464
K P Legg	**38,052**	**—**	**—**	**—**	**38,052**	42,339
J D Shaw	**46,683**	**—**	**—**	**—**	**46,683**	52,464
	131,418	**—**	**—**	**—**	**131,418**	147,267
Total	**805,511**	**57,497**	**116,978**	**103,706**	**1,083,692**	1,268,448

NOTES

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

	2009 US$	2008 US$
P E Hadsley-Chaplin	**—**	63,510
O D Wilkinson	**128,406**	124,663
	128,406	188,173

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 2009 options over 2,336,731 (2008 - 2,396,461) shares which were granted to the executive directors between 17 July 2001 and 2 February 2005 remain outstanding. During the year 59,730 (2008 - 71,250) options granted to directors were exercised and none (2008 – none) lapsed.

No performance criteria are attached to the options and no options are held by the non-executive directors. At 31 December 2009 the middle-market quotation for the Company's shares, as derived from the London Stock Exchange Daily Official List, was 309.5p, as compared with the high and low quotations for the year of 365p and 198.5p respectively.

The details of the options held over shares of the Company by the executive directors during the year ended 31 December 2009 are set out in the table below:

Number of shares under option

	BALANCE AT 1 JANUARY 2009	EXERCISED IN THE YEAR	BALANCE AT 31 DECEMBER 2009	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	41,765	—	41,765	75.50	—	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
	1,150,000	**—**	**1,150,000**					
O D Wilkinson	3,750	3,750	—	126.50	324.00	—	—	—
	10,800	10,800	—	101.78	306.50	—	—	—
	6,250	6,250	—	101.78	324.00	—	—	—
	10,000	10,000	—	101.78	330.50	—	—	—
	10,000	10,000	—	101.78	300.00	—	—	—
	3,000	3,000	—	101.78	310.00	—	—	—
	930	930	—	101.78	294.25	—	—	—
	26,258	15,000	11,258	101.78	293.50	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
	138,226	**59,730**	**78,496**					
Total	**2,396,461**	**59,730**	**2,336,731**					

* 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*
5 May 2010

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF M.P.EVANS GROUP PLC

We have audited the Group financial statements of M.P. Evans Group PLC for the year ended 31 December 2009 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash-flow statement and the related notes. The financial-reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the directors' responsibilities statement set out on pages 31 and 32, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for, and only for, the Company's members as a body in accordance with chapter 3 of part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion the Group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2009 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the directors' report for the financial year for which the Group financial statements are prepared is consistent with the Group financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

OTHER MATTER

We have reported separately on the parent-Company financial statements of M.P.Evans Group PLC for the year ended 31 December 2009.

David A. Snell *(Senior Statutory Auditor)*

for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors, London

5 May 2010

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

	NOTE	RESULT BEFORE BIOLOGICAL BEARER-ASSET ADJUSTMENT* US$'000	BIOLOGICAL BEARER-ASSET ADJUSTMENT* US$'000	YEAR ENDED 31 DECEMBER 2009 US$'000	RESULT BEFORE BIOLOGICAL BEARER-ASSET ADJUSTMENT* US$'000	BIOLOGICAL BEARER-ASSET ADJUSTMENT* US$'000	YEAR ENDED 31 DECEMBER 2008 US$'000
Continuing operations							
Revenue	4	**28,391**	**—**	**28,391**	30,387	—	30,387
Cost of sales		**(17,167)**	**481**	**(16,686)**	(16,759)	206	(16,553)
Gross profit	4	**11,224**	**481**	**11,705**	13,628	206	13,834
Gain on biological assets	15	**(637)**	**23,518**	**22,881**	—	24,226	24,226
Planting expenditure		**—**	**(15,154)**	**(15,154)**	—	(13,283)	(13,283)
Foreign-exchange gains		**1,460**	**—**	**1,460**	44	—	44
Other administrative expenses		**(5,177)**	**—**	**(5,177)**	(4,182)	—	(4,182)
Other income		**226**	**—**	**226**	283	—	283
Operating profit		**7,096**	**8,845**	**15,941**	9,773	11,149	20,922
Exceptional credit	6	**—**	**—**	**—**	3,900	—	3,900
Profit on continuing operations before interest and tax		**7,096**	**8,845**	**15,941**	13,673	11,149	24,822
Finance income	7	**623**	**—**	**623**	1,012	—	1,012
Finance costs	8	**(1,226)**	**—**	**(1,226)**	(2,387)	—	(2,387)
Group-controlled profit before tax	9	**6,493**	**8,845**	**15,338**	12,298	11,149	23,447
Tax on profit on ordinary activities	10	**(5,654)**	**(578)**	**(6,232)**	(4,181)	(2,309)	(6,490)
Group-controlled profit after tax		**839**	**8,267**	**9,106**	8,117	8,840	16,957
Share of associated companies' profit after tax	4	**7,334**	**2,692**	**10,026**	11,901	229	12,130
Profit after tax on continuing operations		**8,173**	**10,959**	**19,132**	20,018	9,069	29,087
Discontinued operations	11	**1,578**	**—**	**1,578**	29,895	(5,386)	24,509
Profit for the year		**9,751**	**10,959**	**20,710**	49,913	3,683	53,596
Attributable to:							
Owners of M. P. Evans Group PLC		**8,076**	**10,174**	**18,250**	47,885	1,904	49,789
Minority interests		**1,675**	**785**	**2,460**	2,028	1,779	3,807
		9,751	**10,959**	**20,710**	49,913	3,683	53,596
				US CENTS			US CENTS
Basic earnings per 10p share	13						
Continuing operations				**31.92**			48.88
Discontinued operations				**3.02**			47.38
Continuing and discontinued operations				**34.94**			96.26
Diluted earnings per 10p share	13						
Continuing operations				**31.01**			47.30
Discontinued operations				**2.93**			45.86
Continuing and discontinued operations				**33.94**			93.16

* Non-statutory column (see note 15)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

	2009 US$'000	2008 US$'000
Other comprehensive income		
Unrealised share of movements in associated undertakings' reserves	**876**	1,321
Previously unrealised profit on sale of land to associated undertaking released to the consolidated income statement on sale of that land by the associate	**(33)**	(193)
Exchange differences on translation of foreign operations	**11,805**	(20,208)
Other	**—**	416
Other comprehensive gain/(loss) for the year	**12,648**	(18,664)
Profit for the year	**20,710**	53,596
Total comprehensive income	**33,358**	34,932
Attributable to:		
Owners of M. P. Evans Group PLC	**32,194**	31,125
Minority interests	**1,164**	3,807
	33,358	34,932

CONSOLIDATED BALANCE SHEET

AT 31 DECEMBER 2009

	NOTE	BEFORE BIOLOGICAL BEARER-ASSET ADJUSTMENT* US$'000	BIOLOGICAL BEARER-ASSET ADJUSTMENT* US$'000	31 DECEMBER 2009 US$'000	BEFORE BIOLOGICAL BEARER-ASSET ADJUSTMENT* US$'000	BIOLOGICAL BEARER-ASSET ADJUSTMENT* US$'000	31 DECEMBER 2008 US$'000
Non-current assets							
Goodwill	14	**1,157**	**—**	**1,157**	1,157	—	1,157
Biological assets	15	**—**	**93,480**	**93,480**	—	78,779	78,779
Property, plant and equipment	16	**96,307**	**(36,375)**	**59,932**	77,973	(30,519)	47,454
Investments in associates	17	**89,885**	**22,702**	**112,587**	78,234	20,010	98,244
Investments	18	**2,642**	**—**	**2,642**	2,679	—	2,679
Deferred tax asset	25	**1,373**	**—**	**1,373**	2,334	—	2,334
		191,364	**79,807**	**271,171**	162,377	68,270	230,647
Current assets							
Biological assets	19	**2,650**	**—**	**2,650**	1,872	—	1,872
Inventories	20	**8,454**	**—**	**8,454**	10,292	—	10,292
Trade and other receivables	21	**14,852**	**—**	**14,852**	5,176	—	5,176
Current tax asset		**3,030**	**—**	**3,030**	933	—	933
Cash and cash equivalents	22	**38,081**	**—**	**38,081**	56,472	—	56,472
Assets held for sale	11	**—**	**—**	**—**	275	—	275
		67,067	**—**	**67,067**	75,020	—	75,020
Total assets	4	**258,431**	**79,807**	**338,238**	237,397	68,270	305,667
Current liabilities							
Borrowings	24	**22,297**	**—**	**22,297**	18,986	—	18,986
Trade and other payables	23	**7,516**	**—**	**7,516**	5,238	—	5,238
Current tax liabilities		**632**	**—**	**632**	1,510	—	1,510
Liabilities related to assets held for sale	11	**—**	**—**	**—**	109	—	109
		30,445	**—**	**30,445**	25,843	—	25,843
Net current assets		**36,622**	**—**	**36,622**	49,177	—	49,177
Non-current liabilities							
Borrowings	24	**2,011**	**—**	**2,011**	2,018	—	2,018
Deferred tax liability	25	**2,796**	**14,020**	**16,816**	1,612	13,442	15,054
Retirement-benefit obligations	26	**1,251**	**—**	**1,251**	1,377	—	1,377
		6,058	**14,020**	**20,078**	5,007	13,442	18,449
Total liabilities	4	**36,503**	**14,020**	**50,523**	30,850	13,442	44,292
Net assets		**221,928**	**65,787**	**287,715**	206,547	54,828	261,375
Equity							
Share capital	27	**8,821**	**—**	**8,821**	8,812	—	8,812
Other reserves	29	**70,610**	**22,702**	**93,312**	60,111	20,010	80,121
Retained earnings	29	**138,188**	**35,177**	**173,365**	133,846	26,399	160,245
Equity attributable to the owners of M.P. Evans Group PLC		**217,619**	**57,879**	**275,498**	202,769	46,409	249,178
Minority interests	30	**4,309**	**7,908**	**12,217**	3,778	8,419	12,197
Total equity		**221,928**	**65,787**	**287,715**	206,547	54,828	261,375

* Non-statutory column (see note 15)

These financial statements were approved by the board of directors on 5 May 2010 and signed on its behalf

Tristan Price **Philip Fletcher**

Directors

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

	SHARE CAPITAL US$'000	SHARE-PREMIUM ACCOUNT US$'000	REVALUATION RESERVE US$'000	CAPITAL-REDEMPTION RESERVE US$'000	MERGER RESERVE US$'000	SHARE-OPTION RESERVE US$'000	SHARE OF ASSOCIATES' RESERVES US$'000	FOREIGN-EXCHANGE RESERVE US$'000	RETAINED EARNINGS US$'000	TOTAL US$'000	MINORITY INTERESTS US$'000	TOTAL EQUITY US$'000
Profit for the year	—	—	—	—	—	—	10,026	—	8,224	18,250	2,460	20,710
Other comprehensive income for the year	—	—	1,695	—	—	—	11,468	(3,148)	3,929	13,944	(1,296)	12,648
Total comprehensive income for the year	—	—	1,695	—	—	—	21,494	(3,148)	12,153	32,194	1,164	33,358
Issue of share capital	9	90	—	—	—	—	—	—	—	99	—	99
Dividends	—	—	—	—	—	—	(6,966)	—	933	(6,033)	(1,144)	(7,177)
Credit to equity for equity-settled share-based payments	—	—	—	—	—	26	—	—	34	60	—	60
Transactions with owners	9	90	—	—	—	26	(6,966)	—	967	(5,874)	(1,144)	(7,018)
Balance at 1 January 2009	8,812	19,680	10,280	3,896	1,056	514	43,136	1,559	160,245	249,178	12,197	261,375
At 31 December 2009	8,821	19,770	11,975	3,896	1,056	540	57,664	(1,589)	173,365	275,498	12,217	287,715
Profit for the year	—	—	—	—	—	—	12,130	—	37,659	49,789	3,807	53,596
Other comprehensive income for the year	—	—	(6,694)	—	—	—	(9,165)	1,699	(4,504)	(18,664)	—	(18,664)
Total comprehensive income for the year	—	—	(6,694)	—	—	—	2,965	1,699	33,155	31,125	3,807	34,932
Issue of share capital	84	1,328	—	—	—	—	—	—	—	1,412	—	1,412
Dividends	—	—	—	—	—	—	(17,266)	—	10,447	(6,819)	(1,085)	(7,904)
Acquisitions of shares from minority	—	—	—	—	—	—	—	—	—	—	(2,472)	(2,472)
Credit to equity for equity-settled share-based payments	—	—	—	—	—	31	—	—	17	48	—	48
Transactions with owners	84	1,328	—	—	—	31	(17,266)	—	10,464	(5,359)	(3,557)	(8,916)
Balance at 1 January 2008	8,728	18,352	16,974	3,896	1,056	483	57,437	(140)	116,626	223,412	11,947	235,359
At 31 December 2008	8,812	19,680	10,280	3,896	1,056	514	43,136	1,559	160,245	249,178	12,197	261,375

CONSOLIDATED CASH-FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2009

	NOTE	YEAR ENDED 31 DECEMBER 2009 US$'000	YEAR ENDED 31 DECEMBER 2008 US$'000
Net cash outflow from operating activities	32	**(9,809)***	(21,724)*
Investing activities			
Interest received	7	**623**	1,267
Dividends from associated undertakings	17	**6,966**	17,266
Dividends from trading investments		**—**	283
Proceeds on disposal of assets held for sale		**2,914**	50,570
Purchase of property, plant and equipment	16	**(9,333)**	(3,688)
Investment in subsidiary undertaking		**—**	(2,616)
Investment in associated undertaking		**—**	(5,475)
Disposal of subsidiary		**—**	145
Net cash from investing activities		**1,170**	57,752
Financing activities			
Dividends paid to Company shareholders	12	**(6,033)**	(6,819)
Repayment of borrowings		**10**	—
Proceeds on issue of shares		**99**	280
Dividend paid to minorities	30	**(1,144)**	(1,070)
Net cash used by financing activities		**(7,068)**	(7,609)
Net (decrease)/increase in cash and cash equivalents		**(15,707)**	28,419
Net cash and cash equivalents at beginning of the year		**37,486**	7,374
Effect of foreign-exchange rates on cash and cash equivalents		**(5,995)**	1,693
Net cash and cash equivalents at end of the year	22	**15,784**	37,486

* Including expenditure on new planting of US$15,154,000 (2008 US$13,283,000).

NOTES TO THE CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2009

NOTE 1 General information

M.P. Evans Group PLC is incorporated in the United Kingdom under the Companies Act 2006. The address of its registered office is given on page 79. The nature of the Group's operations and its principal activities are set out in note 4 and in the review of operations on pages 9 to 25. The Group is domiciled in the UK.

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.

As permitted by section 230 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year. M. P. Evans Group PLC reported a loss for the financial year ended 31 December 2009 of US$3,454,000 (2008 profit US$27,843,000).

NOTE 2 Adoption of new and revised accounting standards

The adoption of IAS 1 (revised 2007) Presentation of financial statements has introduced some changes to the format and presentation of the financial statements. Furthermore, the amendments to IFRS7 Financial Instrument Disclosures, amplify information about the Group's liquidity risk. In accordance with transitional relief offered in the standard, the Group has not provided comparative information in line with the new disclosure.

In the current year, the following new and revised standards have been adopted but have not affected the amounts reported in these financial statements:

IFRS2 (amended)	Share-based payments: vesting conditions and cancellations
IFRS7 (amended)	Financial instruments: disclosures
IFRS8	Operating segments
IAS20 (amended)	Accounting for government grants
IAS23 (revised 2007)	Borrowing costs
IAS32 (amended)	Financial instruments: presentation
IAS38	Intangible assets
IAS39 (amended)	Financial instruments: recognition and measurement
IAS40 (amended)	Investment property
IFRIC15	Agreements for the construction of real estate
IFRIC16	Hedges of a net investment in a foreign operation
IFRIC18	Transfers of assets from customers

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:

IFRS1 (amended)	Share-based payment
IFRS3 (revised 2008)	Business combinations
IAS27 (amended)	Cost of an investment in a subsidiary, jointly-controlled entity or associate
IAS27 (revised 2008)	Consolidated and separate financial statements
IAS28 (revised 2008)	Investments in associates
IFRIC17	Distribution of non-cash assets to owners
Improvements to IFRS: (April 2009)	

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 3 Accounting policies

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

These financial statements have been prepared under the historical-cost convention, as modified by 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. The Group treats as subsidiaries those entities in which it has the power to determine financial and operating policies. 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.

Minority interests in the net assets of subsidiaries are separately identified. They consist of minority interests at the date of business combination, and the minority's share of subsequent changes in equity.

(d) **Revenue**

Revenue represents the invoiced value of crops, livestock and produce sold during the year, excluding sales taxes. Income, other than for crops (see note 3i (iii)), 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.

(f) **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.

(g) **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. At each balance-sheet date, the Group estimates the number of options it expects to vest. Any changes from the previous estimate are recognised in the income statement.

(h) **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 ascribed to an operating subsidiary and capitalised, with provision being made for any impairment. Goodwill is tested for impairment at least annually but, once made, provisions are not reversed. "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 at least annually. Negative goodwill on the acquisition of shares in the Group's Australian associated undertaking was eliminated on transition to IFRS.

(i) **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 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 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 on 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 cows 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 based on recent purchases and current market data. 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.

(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.

Within the consolidated 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.

(j) **Property, plant and equipment**
Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes all expenditure incurred in acquiring the asset. 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. Estimated useful lives are reviewed at each balance-sheet date.

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.

(k) **Investments in associated companies**
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 held in the consolidated financial statements at fair value 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 2009. 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.

(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 complete 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) **Inventories**
Inventories are valued at the lower of cost and net realisable value. In the case of palm oil and rubber, cost represents the weighted-average cost of production, including appropriate overheads. Other inventories are valued on the basis of first in, first out.

(n) **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.

NOTE 3 Accounting policies CONTINUED

(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) **Foreign currencies**

As set out in note 1, the functional currency of the parent Company and of subsidiaries operating in the palm-oil sector is the US Dollar. The functional currency of Group companies operating in the cattle and property-development sectors is the local currency. Where relevant, results of all Group companies are translated for the purposes of consolidation into the Group's presentational currency, the US Dollar. The monetary assets and liabilities of the Group's foreign operations are translated at exchange rates on the balance-sheet date. Items in the income statement are translated at the average exchange rate for the period.

Exchange differences are recognised as a profit or loss of the period in which they arise except for exchange differences on monetary items payable to foreign operations where settlement is neither planned nor likely to occur, in which case the difference is recognised initially in other comprehensive income.

(q) **Segmental reporting**

Operating segments are consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, which is responsible for allocating resources and assessing performance of the operating segments, is the board.

(r) **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 15. 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 15.

(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 3(j).

(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 25.

(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 property, plant and equipment, 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 4 Segment information

The Group's reportable segments follow the three areas of activity set out in the review of operations. These are distinguished by location and product: plantation crops (predominantly palm oil) in Indonesia, with a residual balance in Malaysia; cattle in Australia, and property development in Malaysia. As described in note 11, during the year the Group disposed of its rubber-manufacturing operation in Thailand.

2009	PLANTATION			CATTLE	PROPERTY	MANUFACTURING	OTHER	TOTAL
	INDONESIA	MALAYSIA	TOTAL	AUSTRALIA	MALAYSIA	THAILAND		
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Total revenue	**25,554**	**561**	**26,115**	**2,231**	—	**806**	**45**	**29,197**
Total gross profit	**13,143**	**(168)**	**12,975**	**(1,315)**	—	**(50)**	**45**	**11,655**
Continuing operations								
Revenue	**25,554**	**561**	**26,115**	**2,231**	—	—	**45**	**28,391**
Gross profit/(loss)	**13,143**	**(168)**	**12,975**	**(1,315)**	—	—	**45**	**11,705**
Gain on biological assets	**22,881**	—	**22,881**	—	—	—	—	**22,881**
Planting expenditure	**(15,154)**	—	**(15,154)**	—	—	—	—	**(15,154)**
Foreign-exchange gains								**316**
Other administrative expenses	**(1,902)**	**(172)**	**(2,074)**	**(51)**	—	—	**(3,052)**	**(5,177)**
Other income	—	**29**	**29**	—	—	—	**197**	**226**
Operating profit								**15,941**
Exceptional charge	—	—	—	—	—	—	—	—
Profit before interest								**15,941**
Finance income	**250**	**171**	**421**	**11**	—	—	**191**	**623**
Finance costs	**(85)**	—	**(85)**	**(1,141)**	—	—	—	**(1,226)**
Group-controlled profit before tax								**15,338**
Tax	**(5,008)**	**(6)**	**(5,014)**	**(511)**	—	—	**(707)**	**(6,232)**
Group-controlled profit after tax								**9,106**
Share of associated companies' profit/(loss) after tax	**10,083**	—	**10,083**	**(1,041)**	**984**	—	—	**10,026**
Discontinued operations:								
Revenue	—	—	—	—	—	**806**	—	**806**
Gross losss	—	—	—	—	—	**(50)**	—	**(50)**
Other income and expenses	—	**1,555**	**1,555**	—	—	**73**	—	**1,628**
								1,578
Profit after tax								**20,710**
Minority interests								**(2,460)**
								18,250
Assets	**161,328**	**5,816**	**167,144**	**34,893**	—	—	**22,128**	**224,165**
Interest in associates	**42,866**	—	**42,866**	**51,157**	**18,564**	—	—	**112,587**
	204,194	**5,816**	**210,010**	**86,050**	**18,564**	—	**22,128**	**336,752**
Unallocated assets								**1,486**
Consolidated total assets								**338,238**
Liabilities	**21,473**	**306**	**21,779**	**25,164**	—	—	**3,580**	**50,523**
Unallocated liabilities								—
Consolidated total liabilities								**50,523**
Other information								
Additions to non-current assets	**8,793**	**25**	**8,818**	**507**	—	—	**8**	**9,333**
Depreciation and amortisation	**2,069**	**77**	**2,146**	**323**	—	—	**48**	**2,517**
Retirement-benefit obligations	**(249)**	—	**(249)**	—	—	—	—	**(249)**

NOTE 4 Segment information CONTINUED

2008	PLANTATION			CATTLE	PROPERTY	MANUFACTURING	OTHER	TOTAL
	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	(2,344)	(86)	(2,430)	(120)	—	—	(1,632)	(4,182)
Other income	—	68	68	—	—	—	215	283
Group operating profit								20,922
Exceptional credit	—	193	193	3,707	—	—	—	3,900
Profit before interest								24,822
Finance income	314	164	478	7	—	—	527	1,012
Finance costs	(352)	—	(352)	(2,035)	—	—	—	(2,387)
Group-controlled profit before tax								23,447
Tax	(5,538)	(967)	(6,505)	(183)	—	—	198	(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		21,934	21,934			(111)	—	21,823
								24,509
Profit after tax								53,596
Minority interests								(3,807)
								49,789
Assets	127,695	14,009	141,704	27,857	—	1,020	—	170,581
Interest 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								
Additions to non-current assets	2,718	82	2,800	856	—	—	32	3,688
Depreciation and amortisation	1,553	94	1,647	322	—	40	49	2,058
Retirement-benefit obligations	331	—	331	—	—	—	—	331

NOTE 5 Employees

	2009 US$'000	2008 US$'000
Employee costs during the year		
Wages and salaries	**7,071**	5,635
Social-security costs	**299**	178
Retirement-benefit obligations (see note 26)	**(249)**	331
Other pension costs	**110**	176
	7,231	6,320
	NUMBER	NUMBER
Average number of persons employed (including executive directors)		
Estate manual	**1,321**	1,267
Local management	**89**	145
United Kingdom head office	**6**	6
	1,416	1,418

Details of directors' remuneration required by the Companies Act 2006 are shown within the report of the board to the shareholders on directors' remuneration on pages 35 and 36 and form part of these audited financial statements.

NOTE 6 Exceptional credit

	2009 US$'000	2008 US$'000
Continuing operations		
Credit on purchase of shares in associated undertaking (see note 3h)	—	3,707
Previously unrealised profit on sale of land to associated undertaking released through the income statement on sale of that land to a third party	—	193
Total exceptional credit	—	3,900

There was no material impact on the tax charge resulting from the exceptional credit in 2008.

NOTE 7 Finance income

Interest receivable on bank deposits	**623**	1,012

NOTE 8 Finance costs

	2009 US$'000	2008 US$'000
Interest payable on bank loans and overdrafts	**1,226**	2,057
Diminution in value of investment	**—**	330
	1,226	2,387

NOTE 9 Group-controlled profit before taxation

Profit before tax is stated after charging		
Depreciation of property, plant and equipment	**2,517**	2,058
Auditors' remuneration	**266**	427
Staff costs (note 5)	**7,231**	6,320

The analysis of auditors' remuneration is as follows:

Fees payable to the Company's auditor and their associates for services to the Group:*		
Audit of UK parent Company	**20**	20
Audit of consolidated financial statements	**79**	188
Total audit services	**99**	208
Audit of overseas subsidiaries	**102**	114
Total fees payable	**201**	322

* In addition to the above, fees of US$65,000 (2008 US$105,000) were payable to other firms for the audit of subsidiary companies.

NOTE 10 Tax on profit on ordinary activities

United Kingdom corporation tax charge for the year	**2,643**	5,314
Relief for overseas taxation	**(2,643)**	(5,314)
	—	—
Overseas taxation	**4,188**	5,420
Adjustments in respect of prior years	**(229)**	1
Total current tax	**3,959**	5,421
Deferred taxation – origination and reversal of timing differences (see note 25)	**2,273**	1,069
	6,232	6,490

The standard rate of tax for the year, based on the United Kingdom standard rate of corporation tax, is 28% (2008 – 28.5%). The standard rate of Indonesian tax is 28% for the current year (2008 – 30%). The actual tax charge is higher (2008 lower) than the standard rate for the reasons set out in the following reconciliation.

NOTE 10 Tax on profit on ordinary activities CONTINUED

	2009 CONTINUING *US$'000*	2009 DISCONTINUED *US$'000*	2008 CONTINUING *US$'000*	2008 DISCONTINUED *US$'000*
Profit on ordinary activities before tax	**15,338**	**1,590**	23,447	25,724
Tax on profit on ordinary activities at standard rate	**4,295**	**445**	6,681	7,330
Factors affecting the charge for period:				
Non-taxable gain	**—**	**(435)**	(1,056)	—
Expenses not deductible for tax purposes	**114**	**2**	492	116
Deferred tax asset on Australian losses written back	**774**	**—**	—	—
Unrelieved losses	**875**	**—**	757	—
Utilisation of losses brought forward	**(380)**	**—**	—	—
Unrealised Indonesian exchange gains not included in group profit	**2,145**	**—**	—	—
Other exchange differences	**(72)**	**—**	(366)	695
Withholding tax on overseas dividends	**571**	**—**	880	—
Lower rate applicable to disposals of fixed assets	**(9)**	**—**	—	(6,661)
Biological assets	**(1,899)**	**—**	(868)	—
Other differences	**(182)**	**—**	(30)	(265)
Total actual amount of current tax	**6,232**	**12**	6,490	1,215

The Group tax charge incurred on discontinued operations is set out in note 11.

NOTE 11 Discontinued operations and assets held for sale

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, and the sale completed on 30 July 2009. The sale of land, planting and buildings of the Malaysian plantations, Perhentian Tinggi and Sungei Kruit Estates, was agreed during 2007 and completed during 2008. The results of discontinued operations are shown below.

	US$'000	2009 *US$'000*	*US$'000*	2008 *US$'000*
Revenue		**806**		8,910
Other income and expenses		**(771)**		(6,639)
Profit before tax		**35**		2,271
Attributable tax expense		**(12)**		(1,100)
		23		1,171
Gain on asset disposals by discontinued operations	**1,555**		23,453	
Attributable tax expense	**—**		(115)	
		1,555		23,338
		1,578		24,509

NOTE 11 Discontinued operations and assets held for sale CONTINUED

The effect of discontinued operations on segment results is shown in note 4. There were no assets classified as held for sale at the balance-sheet date:

	2009 US$'000	2008 US$'000
Leasehold land, non-depreciable	—	65
Buildings	—	196
Plant, equipment and vehicles	—	14
	—	275
Trade and other payables	—	(109)
	—	166

During the year, discontinued operations contributed US$ nil to the Group's net operating cash flows (2008 US$3.1 million), contributed US$2.2 million in respect of investing activities (2008 US$40.0 million) and made no payments in respect of financing activities (2008 US$ nil).

NOTE 12 Dividends paid and proposed

2009 interim dividend – 2.00p per 10p share (2008 interim dividend – 2.00p)	**1,724**	1,675
2008 final dividend – 5.00p per 10p share (2007 final dividend – 5.00p)	**4,309**	5,144
	6,033	6,819

Following the year end, the board has proposed a final dividend for 2009 of 5.00p per 10p share, amounting to US$4,086,000. If confirmed at the annual general meeting, shareholders will have the option to elect to receive the dividend in shares rather than in cash. The dividend will be paid on or after 25 June 2010 to those shareholders on the register at the close of business on 7 May 2010.

NOTE 13 Basic and diluted earnings per share

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

	2009 US$'000	2009 NUMBER OF SHARES	2008 US$'000	2008 NUMBER OF SHARES
Profit for the year attributable to the owners of M.P. Evans Group PLC				
Continuing operations	**16,672**		25,280	
Discontinued operations	**1,578**		24,509	
Continuing and discontinued operations	**18,250**		49,789	
Average number of shares in issue		**52,233,610**		51,721,726
Diluted average number of shares in issue*		**53,771,958**		53,446,285

* 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 14 Goodwill

	2009 US$'000	2008 US$'000
At 1 January	**1,157**	1,008
Additions	**—**	149
At 31 December	**1,157**	1,157

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 15 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 the best estimate of the prices to be achieved over the valuation period.

Assumptions

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

	31 DECEMBER 2009	31 DECEMBER 2008
Price of crude palm oil (US$/t, c.i.f Rotterdam)	**502**	486
Exchange rate (Rupiah per US dollar)	**9,400**	10,950

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 c.i.f. US$'000	+US$ 25 c.i.f. US$'000
Subsidiaries	**(11,766)**	11,766
Associated companies	**(11,721)**	11,721
	(23,487)	23,487

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	**8,162**	(7,310)
Associated companies	**5,475**	(5,034)
	13,637	(12,344)

NOTE 15 Biological assets CONTINUED

Non-current biological assets	2009 PLANTATION *US$'000*	2008 PLANTATION *US$'000*
Gain in fair value:		
Initial recognition	**11,090**	6,054
Current period	**12,428**	18,172
Total gain in fair value*	**23,518**	24,226
Decreases due to disposal and reclassification	**(8,817)**	—
Change in carrying value of biological assets	**14,701**	24,226
Brought forward at 1 January	**78,779**	54,553
Carried forward at 31 December	**93,480**	78,779

* Of the total gain in fair value, US$23,518,000 (2008 US$24,226,000) relates to continuing operations.

Oil-palm planting and crop	MATURE	IMMATURE	2009 TOTAL	MATURE	IMMATURE	2008 TOTAL
Planted area (hectares)						
Subsidiary companies	**9,509**	**9,148**	**18,657**	7,678	8,924	16,602
Associated undertakings (Group share)	**5,859**	**585**	**6,444**	5,594	757	6,351
	15,368	**9,733**	**25,101**	13,272	9,681	22,953

	2009	2008
Crop (f.f.b) – tonnes	**173,057**	161,538
Fair value of crop (US$'000)	**15,218**	13,324

The only restrictions over biological assets are described in note 3(i). The Group's financial risk-management strategy for agricultural activity is described in the review of operations on pages 23 to 25.

Presentation

In the balance sheet, the adjustment column shows that the recognition of the biological-asset valuation replaces depreciated-historical-planting costs of US$36,375,000 (2008 US$30,519,000) 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$102,162,000 (2008 US$85,347,000).

NOTE 16 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 2009	**19,959**	**12,095**	**15,046**	**8,857**	**143**	**56,100**
Additions	**—**	**4,943**	**1,884**	**2,056**	**450**	**9,333**
Exchange differences	**5,754**	**6**	**900**	**568**	**—**	**7,228**
Disposals	**—**	**(734)**	**(276)**	**(274)**	**(123)**	**(1,407)**
At 31 December 2009	**25,713**	**16,310**	**17,554**	**11,207**	**470**	**71,254**
Accumulated depreciation						
At 1 January 2009	**—**	**112**	**4,413**	**4,121**	**—**	**8,646**
Charge for the year	**—**	**304**	**983**	**1,230**	**—**	**2,517**
Exchange differences	**—**	**—**	**96**	**252**	**—**	**348**
Disposals	**—**	**(62)**	**(12)**	**(115)**	**—**	**(189)**
At 31 December 2009	**—**	**354**	**5,480**	**5,488**	**—**	**11,322**
Net book value						
At 31 December 2009	**25,713**	**15,956**	**12,074**	**5,719**	**470**	**59,932**
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 11)	—	(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 11)	—	—	(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
Net book value						
At 1 January 2008	24,889	11,802	11,576	4,281	95	52,643

As at 31 December 2009, the Group had entered into contractual commitments for the acquisition of property, plant & equipment amounting to US$611,000 (2008 US$3,062,000).

NOTE 17 Investments in associates

Details of the principal subsidiary and associated undertakings are given on page 72.

	SHARE OF NET ASSETS UNLISTED 2009 US$'000	SHARE OF NET ASSETS UNLISTED 2008 US$'000
Share of net assets		
At 1 January	**97,363**	106,429
Exchange differences	**10,674**	(15,300)
Purchases	**—**	6,342
Share of reserves	**609**	5,028
Profit for the year	**10,026**	12,130
Net dividends received	**(6,966)**	(17,266)
At 31 December	**111,706**	97,363
Positive goodwill		
At 1 January	**881**	615
Additions	**—**	266
At 31 December	**881**	881
Net book value		
At 31 December	**112,587**	98,244
At valuation		
Unlisted (directors' valuation)	**162,000**	130,000

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

	PT AGRO MUKO (31.53%) US$'000	PT KERASAAN INDONESIA (38.00%) US$'000	THE NORTH AUSTRALIAN PASTORAL COMPANY PTY LIMITED (34.37%) US$'000	BERTAM PROPERTIES SDN. BHD. (40.00%) US$'000	TOTAL US$'000
2009					
Revenue	**16,541**	**3,040**	**11,031**	**6,920**	**37,532**
Profit/(loss) after tax	**8,423**	**1,660**	**(1,041)**	**984**	**10,026**
Assets	**39,961**	**5,524**	**90,327**	**23,299**	**159,111**
Liabilities	**(2,307)**	**(312)**	**(39,170)**	**(4,735)**	**(46,524)**
Net assets	**37,654**	**5,212**	**51,157**	**18,564**	**112,587**
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

NOTE 18 Investments

Other available-for-sale financial investments (unlisted)	2009 US$'000	2008 US$'000
At 1 January	**2,679**	3,101
Exchange differences	**3**	(92)
Disposal of investment	**(40)**	—
Provision for diminution in value of investment	**—**	(330)
At 31 December*	**2,642**	2,679

* The directors have reviewed the fair values of the Group's available-for-sale investments. Previously, at 31 December 2008, they concluded provision should be made for the diminution of the value of the investment in Asia Green Environmental Sdn. Bhd. This investment was sold in October 2009, realising a profit over carrying value of US$103,000.

The Group continues to hold 20% of Kennedy, Burkill & Company Berhad, a company incorporated in Malaysia. Its net assets at 31 December 2009 and its results for the year then ended were US$14,998,000 and US$445,000. This was accounted for as trade investments, not using the equity method.

NOTE 19 Current biological assets

	2009			2008		
	LIVESTOCK US$'000	CROPS US$'000	TOTAL US$'000	LIVESTOCK US$'000	CROPS US$'000	TOTAL US$'000
Gain in fair value – initial recognition	**—**	**726**	**726**	—	801	801
Increase due to purchases	**1,314**	**—**	**1,314**	1,000	—	1,000
Decreases due to disposal and reclassification	**(841)**	**(801)**	**(1,642)**	(1,349)	(1,057)	(2,406)
Net exchange differences	**380**	**—**	**380**	(416)	—	(416)
Change in carrying value of biological assets	**853**	**(75)**	**778**	(765)	(256)	(1,021)
Brought forward at 1 January	**1,071**	**801**	**1,872**	1,836	1,057	2,893
Carried forward at 31 December	**1,924**	**726**	**2,650**	1,071	801	1,872

	2009	2008
Livestock		
Head sold (number)		
Subsidiary	**1,252**	2,777
Cattle revenue (US$'000)		
Subsidiary	**970**	2,300
Grain crops		
Crops harvested (tonnes)		
Subsidiary	**6,643**	9,617
Crop revenue (US$'000)		
Subsidiary	**883**	2,039

NOTE 20 Inventories

	2009 US$'000	2008 US$'000
Processed produce for sale	**2,647**	3,119
Estate stores	**452**	1,100
Nurseries	**5,355**	6,073
	8,454	10,292

NOTE 21 Trade and other receivables

	2009 US$'000	2008 US$'000
Trade receivables	**613**	2,093
Other receivables	**5,853**	2,119
Prepayments and accrued income	**8,386**	964
	14,852	5,176

Sales of palm oil are generally made for cash payment in advance of delivery. The Group makes full provision against invoices outstanding for more than 30 days. At 31 December 2009 there was no provision for impairment of trade receivables (2008 US$ nil). The directors consider the carrying amount of trade and other receivables approximates their fair value.

NOTE 22 Cash and cash equivalents

	2009 US$'000	2008 US$'000
Cash and cash equivalents	**38,081**	56,472

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.

	2009 US$'000	2008 US$'000
Cash and cash equivalent	**38,081**	56,472
Bank overdrafts (see note 24)	**(22,297)**	(18,986)
Net cash	**15,784**	37,486

NOTE 23 Trade and other payables

	2009 US$'000	2008 US$'000
Trade payables	**4,339**	3,061
Amounts owed to associated undertakings	**205**	118
Other payables	**2,972**	2,059
	7,516	5,238

The average credit period taken for trade purchases is 23 days. The Group has processes in place to ensure payables are paid within the agreed terms.

NOTE 24 Borrowings

	2009 US$'000	2008 US$'000
Secured borrowing at amortised cost		
Bank overdrafts	**22,297**	18,986
Bank loans	**2,011**	2,018
	24,308	21,004
Total borrowings		
Amount due for settlement within 12 months	**24,308**	18,986
Due in more than five years	**—**	2,018

Borrowings on bank overdraft are treasury bills which are payable within one year but can be rolled over within the limits of the facility. They are secured on the assets of the Woodlands cattle aggregation.

Analysis of borrowings by currency:

	AUSTRALIAN DOLLARS US$'000	US DOLLARS US$'000	TOTAL US$'000
31 December 2009			
Bank overdrafts	**22,297**	**—**	**22,297**
Bank loans	**—**	**2,011**	**2,011**
	22,297	**2,011**	**24,308**
31 December 2008			
Bank overdrafts	18,986	—	18,986
Bank loans	—	2,018	2,018
	18,986	2,018	21,004

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

(i) Bank overdrafts are repayable on demand. Overdrafts of US$23.7 million (2008 US$19 million) have been secured by a charge over certain Group assets in Australia.

(ii) The Group has one outstanding bank loan provided by Deutsche Investitions – und Entwicklungsgesellschaft (DEG), secured on the assets of the subsidiary developing the Group's estate on Bangka Island. This Group has arranged, in consultation with the lender, to repay this loan early, in May 2010.

	2009 US$'000	2008 US$'000
More than five years	**—**	2,018

Undrawn borrowing facilities

At 31 December 2009, the Group had available US$ nil (2008 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$500,000 (2008 A$500,000).

Interest rates

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

	2009 %	2008 %
Bank overdrafts	**4.5**	8.0
Bank loans	**5.7**	7.3

NOTE 25 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$'000	RETIREMENT-BENEFIT OBLIGATIONS US$'000	OTHER TIMING DIFFERENCES US$'000	TOTAL US$'000
At 1 January 2009	**559**	**2,567**	**13,442**	**(390)**	**(3,458)**	**12,720**
(Credit)/charge to income	**(10)**	**—**	**578**	**135**	**1,569**	**2,272**
Exchange differences	**131**	**740**	**—**	**(51)**	**(369)**	**451**
At 31 December 2009	**680**	**3,307**	**14,020**	**(306)**	**(2,258)**	**15,443**
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:

	2009 US$'000	2008 US$'000
Deferred tax assets		
To be recovered within 12 months	**—**	—
To be recovered after 12 months	**(1,373)**	(2,334)
	(1,373)	(2,334)
Deferred tax liabilities	**16,816**	15,054
	15,443	12,720

At the balance-sheet date, the Group had unused tax losses of US$21,218,000 (2008 US$20,983,000) available for offset against future profits. A deferred tax asset has been recognised in respect of US$9,074,000 (2008 US$13,999,000) of such losses. No deferred tax asset has been recognised in respect of the remaining US$11,514,000 (2008 US$6,984,000) 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$171,205,000 (2008 US$148,751,000). 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$34,961,000 (2008 US$23,946,000). 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$7,047,000 (2008 US$3,027,000). No asset has been recognised in respect of these differences due to the unpredictability of future profit streams.

NOTE 26 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:

	2009 %	2008 %
Discount rate	**10.5**	12.0
Salary increase per annum	**8.0**	8.0

	US$'000	*US$'000*
Reconciliation of scheme liabilities:		
Current-service cost	**193**	146
Interest cost	**168**	143
Actuarial gains and losses	**(3)**	42
Difference on settlement	**(607)**	—
	(249)	331
Less: Benefits paid out	**(68)**	(111)
Movement in the year	**(317)**	220
Brought forward at 1 January	**1,377**	1,375
Exchange differences	**191**	(218)
Carried forward at 31 December	**1,251**	1,377

NOTE 27 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 2009	**87,000,000**	**52,211,585**	**8,700**	**8,812**
Issued during the year	**—**	**59,730**	**—**	**9**
At 31 December 2009	**87,000,000**	**52,271,315**	**8,700**	**8,821**
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

During the year, 59,730 (2008 - 131,250) 10p shares were issued as a result of the exercise of share options. Total cash proceeds received by the Company were US$99,675 (2008 US$280,445).

NOTE 28 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:

	2009		2008	
	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	**2,566,461**	**116.2**	2,622,711	113.9
Granted during the period	**50,000**	**335.0**	75,000	159.5
Exercised during the period	**(59,730)**	**103.3**	(131,250)	95.4
Outstanding at the end of the period	**2,556,731**	**120.8**	2,566,461	116.2
Exercisable at the end of the period	**2,356,731**		2,416,461	

The weighted-average share price at the date of exercise for share options exercised during the period was 309p (2008 – 244p). The options outstanding at 31 December 2009 had a weighted-average remaining contractual life of 3.1 years and exercise prices in the range 75.5p to 385.0p. The Group recognised total expenses of US$60,000 related to equity-settled share-based payment transactions (2008 US$49,000).

The fair value of options granted in the year was established using the Black Scholes valuation model using the following inputs:

	2009	2008
Share price at issue (pence per share)	**335.0**	159.5
Volatility (%)	**20.7**	21.7
Dividend yield (%)	**2.1**	4.4
Expected option life (years)	**7.0**	7.0
Annual risk-free interest rate (%)	**3.1**	3.5

The details of the directors' share options are set out in the report of the board to the shareholders on directors' remuneration on page 36.

NOTE 29 Reserves

	SHARE-PREMIUM ACCOUNT *US$'000*	REVALUATION RESERVE *US$'000*	CAPITAL-REDEMPTION RESERVE *US$'000*	MERGER RESERVE *US$'000*	SHARE-OPTION RESERVE *US$'000*	SHARE OF ASSOCIATES' RESERVES *US$'000*	FOREIGN-EXCHANGE RESERVE *US$'000*	TOTAL *US$'000*	RETAINED EARNINGS *US$'000*
At 1 January 2009	**19,680**	**10,280**	**3,896**	**1,056**	**514**	**43,136**	**1,559**	**80,121**	**160,245**
Exchange differences	—	**1,728**	—	—	—	**10,592**	**(3,148)**	**9,172**	**2,633**
Issue of shares	**90**	—	—	—	—	—	—	**90**	—
Share-based payments	—	—	—	—	**26**	—	—	**26**	**34**
Other	—	**(33)**	—	—	—	—	—	**(33)**	—
Unrealised share of movements in associated undertakings' reserves	—	—	—	—	—	**876**	—	**876**	—
Transfer on acquisition of minority	—	—	—	—	—	—	—	—	**1,296**
Dividends from associated undertakings	—	—	—	—	—	**(6,966)**	—	**(6,966)**	**6,966**
Profit for the financial year	—	—	—	—	—	**10,026**	—	**10,026**	**8,224**
Dividend paid (see note 12)	—	—	—	—	—	—	—	—	**(6,033)**
At 31 December 2009	**19,770**	**11,975**	**3,896**	**1,056**	**540**	**57,664**	**(1,589)**	**93,312**	**173,365**

NOTE 29 Reserves CONTINUED

	SHARE-PREMIUM ACCOUNT US$'000	REVALUATION RESERVE US$'000	CAPITAL-REDEMPTION RESERVE US$'000	MERGER RESERVE US$'000	SHARE-OPTION RESERVE 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 12)	—	—	—	—	—	—	—	—	(6,819)
At 31 December 2008	19,680	10,280	3,896	1,056	514	43,136	1,559	80,121	160,245

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 30 Minority interests

	2009 US$'000	2008 US$'000
Opening balance 1 January	**12,197**	11,947
Share of profit in the year	**2,460**	3,807
Dividends paid	**(1,144)**	(1,085)
Sale of subsidiary	**—**	(2,472)
Transfer on sale to Group	**(1,296)**	—
Closing balance 31 December	**12,217**	12,197

NOTE 31 Disposal of subsidiary

On 30 July 2009, the Group disposed of its wholly-owned subsidiary Supara Company Limited for a cash consideration of US$2,231,000.

	SUPARA COMPANY LIMITED *US$'000*
Property , plant and equipment	**265**
Net current assets	**1,680**
Net assets at date of disposal	**1,945**
Gain on disposal	**1,555**
Total consideration	**2,692**
Satisfied by:	
Cash and cash equivalents	**2,231**
Cancellation of debts receivable from the Group	**461**
	2,692
Net cash inflow arising on disposal:	
Consideration received in cash	**2,231**
Less: cash and cash equivalent disposed of	**461**
	2,692

NOTE 32 Note to the consolidated cash-flow statement

	2009 *US$'000*	2008 *US$'000*
Operating profit – continuing operations	**15,941**	20,639
– discontinued operations	**35**	1,943
Biological gain	**(22,014)**	(23,205)
Goodwill	**—**	(3,441)
Depreciation of property, plant and equipment	**2,517**	2,058
Impairment	**—**	422
Retirement-benefit obligations	**358**	220
Share-based payments	**60**	49
Operating cash flows before movements in working capital	**(3,103)**	(1,316)
Decrease/(increase) in inventories	**2,505**	(861)
Increase in receivables	**(3,212)**	(165)
Increase/(decrease) in payables	**1,731**	(7,858)
Cash used in operating activities	**(2,079)**	(10,200)
Income tax paid	**(6,504)**	(9,467)
Interest paid	**(1,226)**	(2,057)
Net cash from operating activities	**(9,809)**	(21,724)

NOTE 33 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 while maximising the return to shareholders. The capital structure of the Group consists of debt, (see note 24), cash and cash equivalents and equity attributable to the owners 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$15,784,000 (2008 US$37,486,000) being the net of cash and cash equivalents as shown in note 22, and equity attributable to the owners of the parent of US$275,498,000 (2008 US$249,178,000). The board intends to fund the planned Indonesian expansion by a combination of the Group's cash resources, 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 18 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:

	2009 *US$'000*	2008 *US$'000*
US Dollar	**30,542**	37,818
Malaysian Ringgit	**3,892**	11,346
Sterling	**555**	5,896
Australian Dollar	**634**	910
Indonesian Rupiah	**2,458**	328
Thai Baht	**—**	174
	38,081	56,472

The currency profile of the Group's monetary liabilities, excluding trade and other payables, is shown in note 24.

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:

Australian Dollar		
Result for the year	**(487)**	(377)
Net assets	**(4,410)**	(3,738)
Malaysian Ringgit		
Result for the year	**(671)**	(1,288)
Net assets	**(2,755)**	(7,287)

NOTE 33 Financial instruments CONTINUED

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 24. 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.

All of the Group's monetary financial assets and liabilities have a maturity profile of less than one year. 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 24.

NOTE 34 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 pages 35 and 36. The directors' participation in the executive share-option scheme is disclosed on page 36.

Transactions with related parties

No director had an interest in any transaction with the Group at any time during the year. The Group undertook the following transactions with related parties:

	2009 US$'000	2008 US$'000
Agistment revenue on livestock belonging to The North Australian Pastoral Company Pty Limited	**378**	165

NOTE 35 Post-balance-sheet events

Purchase of shares in associated undertaking

On 18 March 2010 the Group contracted to acquire a further 5.31% of its Indonesian associated plantation company, PT Agro Muko. The cost of this investment was US$7.31 million and the holding in PT Agro Muko increased from 31.53% to 36.84%.

New financing facility

In March 2010 the Group agreed a 4½-year loan facility of 60 million Ringgit with AmBank (Malaysia) Berhad, a regional bank based in Malaysia.

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 2009 which comprise the Company balance sheet and the related notes. The financial-reporting framework that has been applied in their preparation is applicable law and UK Generally-Accepted Accounting Principles ("UK GAAP"), as adopted by the European Union and as applied in accordance with the Companies Act 2006.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the directors' responsibilities statement set out on page 31, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for, and only for, the Company's members as a body in accordance with chapter 3 of part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

OPINION ON FINANCIAL STATEMENTS

In our opinion the parent-Company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2009 and of its loss for the year then ended;
- have been properly prepared in accordance with UK GAAP; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the directors' report for the financial year for which the parent-Company financial statements are prepared is consistent with the parent-Company financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent-Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

OTHER MATTER

We have reported separately on the Group financial statements of M.P. Evans Group PLC for the year ended 31 December 2009

David A. Snell *(Senior Statutory Auditor)*

for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors, London

5 May 2010

PARENT-COMPANY BALANCE SHEET

AT 31 DECEMBER 2009

	NOTE	2009 US$'000	2009 US$'000	2008 US$'000	2008 US$'000
Fixed assets					
Tangible fixed assets	*(iv)*	**883**		922	
Investments	*(v)*	**44,210**		44,199	
			45,093		45,121
Current assets					
Debtors	*(vi)*	**41,579**		67,010	
Cash at bank and in hand		**19,723**		33,721	
			61,302		100,731
Total assets			**106,395**		145,852
Creditors – amounts falling due within one year	*(vii)*		**(52,363)**		(82,492)
Net current assets			**8,939**		18,239
Total assets less current liabilities			**54,032**		63,360
Capital and reserves					
Called-up share capital	*(viii)*		**8,821**		8,812
Other reserves	*(ix)*		**25,640**		25,524
Profit and loss account retained earnings	*(ix)*		**19,571**		29,024
			54,032		63,360

These financial statements were approved by the board of directors on 5 May 2010 and signed on its behalf

Tristan Price **Philip Fletcher**

Directors

NOTES TO THE PARENT-COMPANY BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2009

NOTE i Significant accounting policies

Basis of accounting
The financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical-cost convention and in accordance with applicable accounting standards in the United Kingdom.

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.

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.

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.

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

NOTE ii Profit for the year

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year. M.P.Evans Group PLC reported a loss for the financial year ended 31 December 2009 of US$3,454,000 (2008 profit US$27,843,000).

The auditors' remuneration for audit and other services is disclosed in note 9 to the consolidated financial statements.

NOTE iii Employees

	2009 US$'000	2008 US$'000
Employee costs during year		
Wages and salaries	**981**	1,113
Social security costs	**130**	138
Pension costs	**142**	161
	1,253	1,412
	NUMBER	NUMBER
Average number of persons employed		
Staff	**4**	4
Directors	**2**	2
	6	6

NOTE iv Tangible assets

	BUILDINGS US$'000	PLANT, EQUIPMENT AND VEHICLES US$'000	TOTAL US$'000
Cost			
At 1 January 2009	**834**	**578**	**1,412**
Additions	—	**9**	**9**
Disposals	—	—	—
At 31 December 2009	**834**	**587**	**1,421**

FOR THE YEAR ENDED 31 DECEMBER 2009

NOTE iv Tangible assets CONTINUED

	BUILDINGS US$'000	PLANT, EQUIPMENT AND VEHICLES US$'000	TOTAL US$'000
Accumulated depreciation			
At 1 January 2009	—	**490**	**490**
Disposals	—	—	—
Charge for the year	—	**48**	**48**
At 31 December 2009	—	**538**	**538**
Net book value			
At 31 December 2009	**834**	**49**	**883**
Net book value			
At 31 December 2008	834	88	922

NOTE v Investments

Subsidiary undertakings	AT COST US$'000	PROVISIONS FOR IMPAIRMENT US$'000	NET BOOK VALUE US$'000
At 1 January 2009	57,895	13,696	44,199
Additions	11	—	11
At 31 December 2009	**57,906**	**13,696**	**44,210**

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 72.

NOTE vi Debtors

	2009 US$'000	2008 US$'000
Amounts owed by subsidiary undertakings	**41,519**	66,966
Other debtors	**27**	19
Prepayments and accrued income	**33**	25
	41,579	67,010

NOTE vii Creditors – amounts falling due within one year

	2009 US$'000	2008 US$'000
Amounts owed to subsidiary undertakings	**50,676**	81,394
Other creditors	**1,687**	1,098
	52,363	82,492

NOTE viii Called-up share capital

See note 27 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
Issue of shares	**19,680**	**3,896**	**1,434**	**514**	**25,524**	**29,024**
Issue of shares	**90**	**—**	**—**	**—**	**90**	**—**
Share-based payments	**—**	**—**	**—**	**26**	**26**	**34**
Loss for the financial year	**—**	**—**	**—**	**—**	**—**	**(3,454)**
Dividend (see note 12)	**—**	**—**	**—**	**—**	**—**	**(6,033)**
At 31 December 2009	**19,770**	**3,896**	**1,434**	**540**	**25,640**	**19,571**

NOTE x Reconciliation of movements in shareholders' funds

	2009 US$'000	2008 US$'000
(Loss)/profit for the financial year	**(3,454)**	27,843
Dividends paid	**(6,033)**	(6,819)
	(9,487)	21,024
Issue of shares	**99**	1,412
Share-based payments	**60**	48
Net (reduction in)/addition to shareholders' funds	**(9,328)**	22,484
Opening shareholders' funds	**63,360**	40,876
Closing shareholders' funds	**54,032**	63,360

SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

SUBSIDIARY UNDERTAKINGS

Details of the principal subsidiary undertakings as at 31 December 2009 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

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 2009 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 2009

The information in the following pages does not form part of the audited financial statements.

	OWNERSHIP	MATURE	IMMATURE	UNPLANTED & CONSERVATION AREAS	GROUP COMPANIES	CO-OPERATIVE SCHEMES	TOTAL
	%	HA	HA	HA	HA	HA	HA
PLANTATION							
Subsidiaries							
– oil palm							
Pangkatan	80.00	2,250	205	131	2,586	—	2,586
Bilah	80.00	2,410	372	179	2,961	—	2,961
Sennah	80.00	1,290	323	200	1,813	—	1,813
Simpang Kiri	80.00	2,287	174	193	2,654	—	2,654
Bangka	90.00	1,207	818	5,825	7,850*	4,176	12,026
East Kalimantan	92.50	—	7,256	11,744	19,000*	4,060	23,060
Bertam	100.00	65	—	5	70	—	70
Total subsidiaries		9,509	9,148	18,277	36,934	8,236	45,170
Associates							
Agro Muko – oil palm	31.53	16,326	1,529	3,219	21,074	—	21,074
Agro Muko – rubber	31.53	1,288	552	—	1,840	—	1,840
		17,614	2,081	3,219	22,914	—	22,914
Kerasaan – oil palm	38.00	2,044	271	47	2,362	—	2,362
Total associates		19,658	2,352	3,266	25,276	—	25,276
Total land					62,210	8,236	70,466
Total effective ownership – Indonesia		15,774	9,907	19,305	44,986		
Of which: oil palm		15,368	9,733	19,305	44,906		
CATTLE							
Subsidiary							
Woodlands	100.00				31,000		
Associate							
NAPCo	34.37	—	—	—	5,800,000		
PROPERTY DEVELOPMENT							
Associate							
Bertam Properties Sdn. Berhad	40.00	177	—	330	507		

* Estimated area, of which the currently-estimated total plantable area is 17,000 hectares in East Kalimantan and 7,000 hectares on Bangka.

5-YEAR SUMMARY

		2009	2008	2007	2006	2005
		TONNES	*TONNES*	*TONNES*	*TONNES*	*TONNES*
Production						
Palm oil		**27,000**	22,300	19,500	24,000	21,600
Palm kernels		**6,800**	6,100	5,400	6,000	5,000
Crops						
Oil palm fresh fruit bunches ("f.f.b.")						
Majority-owned estates	– Indonesia	**171,300**	144,700	129,000	155,000	156,200
	– Malaysia	**1,700**	16,800	32,600	58,300	66,500
		173,000	161,500	162,500	213,300	222,700
Associated-company estates		**384,200**	355,200	355,800	364,600	334,900
		US$	*US$*	*US$*	*US$*	*US$*
Average sale prices						
Palm oil – Rotterdam c.i.f. per tonne		**680**	941	781	475	420
Exchange rates						
US$1 = Indonesian Rupiah	– average	**10,374**	9,657	9,140	9,167	9,712
	– year end	**9,400**	10,950	9,419	8,994	9,840
US$1 = Australian Dollar	– average	**1.28**	1.20	1.20	1.33	1.31
	– year end	**1.11**	1.43	1.14	1.27	1.36
US$1 = Malaysian Ringgit	– average	**3.52**	3.33	3.44	3.67	3.79
	– year end	**3.42**	3.46	3.31	3.53	3.78
£1 = US Dollar	– average	**1.57**	1.85	2.00	1.84	1.82
	– year end	**1.61**	1.44	1.99	1.96	1.72
		US$'000	*US$'000*	*US$'000*	*US$'000*	*£'000*
Revenue		**28,391**	30,387	21,265	20,425	12,182
Gross profit		**11,705**	13,834	10,619	6,345	5,082
Group-controlled profit before taxation		**15,338**	23,447	17,286	8,211	7,482
		US CENTS	*US CENTS*	*US CENTS*	*US CENTS*	*PENCE*
Basic earnings per share	– continuing	**31.92**	48.88	70.94	32.71	8.67
	– continuing and discontinued	**34.94**	96.26	82.32	49.75	—
		PENCE	*PENCE*	*PENCE*	*PENCE*	*PENCE*
Dividend per share		**7.00**	7.00	7.00	6.50	6.25
		US$'000	*US$'000*	*US$'000*	*US$'000*	*£'000*
Equity attributable to members of M. P. Evans Group PLC		**275,498**	249,178	223,412	183,695	70,970
Net cash (outflow)/inflow from operating activities		**(9,809)**	(21,724)	(4,850)	(9,234)	5,499

* *The figures for 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 11 June 2010 at 12 noon for the following purposes:

AS ORDINARY BUSINESS

1 To receive and consider the report of the directors and the audited consolidated financial statements for the year ended 31 December 2009.

RESOLUTION ON FORM OF PROXY **No 1**

2 To re-elect Mr T R J Price as a director.

RESOLUTION ON FORM OF PROXY **No 2**

3 To re-elect Mr K P Legg as a director.

RESOLUTION ON FORM OF PROXY **No 3**

4 To re-appoint PricewaterhouseCoopers LLP as auditors and to authorise the directors to determine their remuneration.

RESOLUTION ON FORM OF PROXY **No 4**

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions, of which resolution 5 will be proposed as an ordinary resolution and resolutions 6, 7, 8, and 9 will be proposed as special resolutions:

5 That, in substitution for all existing unexercised authorities, the directors are generally and unconditionally authorised to exercise all the Company's powers to allot shares or to grant rights to subscribe for, or to convert any security into shares in the Company (within the meaning of section 551 of the Companies Act 2006) up to a total nominal amount of £1,774,303 on the following terms:

(a) this authority expires (unless previously renewed, varied or revoked) on the earlier of the date of the Company's next annual general meeting and 30 June 2011; and

(b) before this authority expires, the directors may make an offer or agreement which would or might require shares in the Company to be allotted or rights to be granted after it expires and the directors may allot shares in the Company in pursuance of such an offer or agreement as if this authority had not expired.

RESOLUTION ON FORM OF PROXY **No 5**

6 That the directors be generally and unconditionally authorised to exercise the power contained in the articles of association of the Company as from time to time varied so that, to the extent and in the manner announced and determined by the directors, shareholders will be entitled to elect to receive an allotment of additional shares credited as fully paid in lieu of any cash dividend (or part thereof) paid by the directors or declared by the Company provided that this resolution shall expire at the end of the fifth annual general meeting of the Company after the date on which this resolution is passed.

RESOLUTION ON FORM OF PROXY **No 6**

7 That the directors are empowered for the purposes of section 570 of the Companies Act 2006 to:

(a) allot equity securities (within the meaning of section 560 of that Act) for cash pursuant to the authority conferred by resolution 6; and

(b) sell equity securities (within the meaning of section 560 of that Act) for cash which before the sale were held by the Company as treasury shares

as if section 561 of that Act did not apply to that allotment or sale on the following terms:

(a) this power is limited to the allotment or sale of equity securities:

(i) in connection with a rights or other issue in favour of shareholders where the equity securities respectively attributable to the interests of all shareholders (other than the Company) are proportionate (as nearly as may be) to the respective numbers of shares held by them but the directors may make such exclusions or other arrangements as they judge necessary or expedient to deal with fractional entitlements or legal or practical problems under the laws in any territory or the requirements of a regulatory body or stock exchange or other authority in any territory; and

(ii) otherwise than under paragraph (i), up to a total nominal value of £532,344;

(b) This power expires (unless previously renewed, varied or revoked) on the earlier of the date of the Company's next annual general meeting and 30 June 2011;

(c) before this power expires, the directors may make an offer or agreement which would or might require equity securities to be allotted or sold after it expires and the directors may allot or sell equity securities in pursuance of such an offer or agreement as if this power had not expired; and

(d) this power is in substitution of all unexercised existing powers given for the purposes of section 570 of that Act.

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 693 of the Companies Act 2006) 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 5,323,441;

(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 2011 whichever shall be the earlier save that the Company may, before the expiry of this authority, make a contract of purchase which will or may be executed wholly or partly after such expiry and may make a purchase of shares pursuant to any such contract.

RESOLUTION ON FORM OF PROXY **No 8**

9 That the articles of association in the form of those produced to the meeting and signed for the purpose of identification by the chairman of the meeting be adopted as the articles of association of the Company in substitution for the existing articles of association.

RESOLUTION ON FORM OF PROXY **No 9**

AS ORDINARY BUSINESS

10 To declare a final dividend.

RESOLUTION ON FORM OF PROXY **No 10**

By order of the board

J F Elliott
Company Secretary
5 May 2010

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 9 June 2010 (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 9 June 2010 (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 As at 30 April 2010, the Company’s issued share capital consisted of 53,234,415 shares carrying one vote each. Therefore the total number of voting rights in the Company as at that date was 53,234,415.

6 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.

7 Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member, but powers purported to be exercised by more than one authorised representative in respect of the same shares will be treated as not exercised.

8 Members who wish to communicate with the Company in relation to the meeting should do so using the following means: by writing to the Registrars at The Pavilions, Bridgewater Road, Bristol BS99 6ZZ. No other methods of communication will be accepted. In particular, no person may use any electronic address to communicate with the Company for any purposes other than those expressly stated in the relevant document.

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.

APPENDIX TO THE NOTICE OF THE ANNUAL GENERAL MEETING

EXPLANATION OF THE PROPOSED AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION

INTRODUCTION

It is proposed to adopt new articles of association ("**New Articles**"), principally to reflect the final implementation of the Companies Act 2006 (as amended and together with the regulations made under it, the "**CA 2006**"), which took effect on 1 October 2009. It is also proposed to make some other updating changes, such as increasing the maximum amount of non-executive directors' remuneration.

As the proposed changes affect various provisions in the Company's existing articles of association ("**Current Articles**"), it is considered more practical to seek to replace the Current Articles in full rather than to seek approval for numerous individual amendments. The principal changes introduced in the New Articles are described below. Changes which are of a minor, technical or clarifying nature have not been separately noted.

The numbering in the New Articles is different from the numbering in the Current Articles. The number identifying each article principally affected by the amendment corresponds to the numbering in the New Articles (unless otherwise indicated).

GENERAL

Generally the opportunity has been taken to bring clearer language into the New Articles and in some areas to conform the language of the New Articles with that used in the model articles for public companies produced by the Department for Business, Innovation and Skills.

THE COMPANY'S OBJECTS AND STATEMENT OF SHAREHOLDERS' LIMITED LIABILITY (ARTICLE 3)

The provisions regulating the operations of the Company were until 1 October 2009 set out in the Company's memorandum and articles of association. The Company's memorandum contains, among other things, the objects clause setting out the scope of the activities the Company is authorised to undertake, which was drafted to give a wide scope.

The CA 2006 significantly reduces the constitutional significance of a company's memorandum. The CA 2006 provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the CA 2006 the objects clause and all other provisions which were previously contained in an existing company's memorandum, were, with effect from 1 October 2009, deemed to be contained in a company's articles of association, but the company can remove these provisions by special resolution.

Further the CA 2006 states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the CA 2006, are to be treated as forming part of the Current Articles.

AUTHORISED SHARE CAPITAL AND UNISSUED SHARES (ARTICLE 4 OF THE CURRENT ARTICLES)

The CA 2006 abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the CA 2006, save in respect of employee share schemes.

REDEEMABLE SHARES (ARTICLE 4.2)

Until 1 October 2009, if a company wished to issue redeemable shares, it was required to include in its articles the terms and manner of redemption. The CA 2006 enables directors to determine such matters instead provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the directors would need shareholders' authority to issue new shares in the usual way.

SUSPENSION OF REGISTRATION OF SHARE TRANSFERS (ARTICLE 37 OF THE CURRENT ARTICLES)

The Current Articles permit the directors to suspend the registration of transfers. Under the CA 2006 share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

AUTHORITY TO PURCHASE OWN SHARES, CONSOLIDATE AND SUB-DIVIDE SHARES, AND REDUCE SHARE CAPITAL (ARTICLE 49 OF THE CURRENT ARTICLES AND ARTICLE 6)

Under the old law a company required specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves, as well as shareholder authority to take the relevant action. The Current Articles include these enabling provisions. Under the CA 2006 a company only requires shareholder authority to do any of these things and it is no longer necessary for articles to contain enabling provisions. Accordingly the relevant enabling provisions have been removed in the New Articles. The New Articles also permit the Company to retain the proceeds of the sale of fractional share entitlements arising on a consolidation, rather than paying them to members, up to a maximum amount of £5.00 (or such other amount as the board may determine) per member.

VOTING BY PROXIES ON A SHOW OF HANDS (ARTICLE 75)

The CA 2006 provides that each proxy appointed by a member has one vote on a show of hands unless the proxy is appointed by more than one member, in which case the proxy has one vote for and one vote against if the proxy has been instructed by one or more members to vote for the resolution and by one or more members to vote against the resolution. The New Articles state that a proxy representing two or more members has a vote for and a vote against a resolution.

CHAIRMAN'S CASTING VOTE (ARTICLE 73 OF THE CURRENT ARTICLES)

The New Articles remove the provision giving the chairman a casting vote in the event of an equality of votes, in accordance with current practice.

VOTING BY CORPORATE REPRESENTATIVES (ARTICLE 75)

The CA 2006 enables multiple representatives appointed by the same corporate member to vote in different ways on a show of hands and a poll. The New Articles contain provisions which reflect this.

REMUNERATION OF NON-EXECUTIVE DIRECTORS (ARTICLE 101)

The New Articles increase the aggregate remuneration payable to the non-executive directors from a sum not exceeding £75,000 to a sum not exceeding £150,000. This figure has remained unchanged since 1994.

USE OF SEALS (ARTICLE 134)

The New Articles provide an alternative option for execution of documents (other than share certificates). Under the New Articles, when the seal is affixed to a document it may be signed by one authorised person in the presence of a witness, whereas the Current Articles require signature by either a director and the secretary or two directors or such other person or persons as the directors may approve. This reflects the new formalities for execution of documents laid down in the CA 2006.

GIVING NOTICE IN THE EVENT OF A POSTAL STRIKE (ARTICLE 173)

The Current Articles provide that in the event of a postal strike, the Company can convene a general meeting by putting the notice of meeting in two national daily newspapers. Following changes made by the CA 2006, there is now some doubt as to whether companies will be able to use this route in the future, and so the New Articles enable to Company to decide, in the event of curtailment of postal services, that it need only send notices electronically to those shareholders who have agreed that the Company can communicate with them in this way. To try to ensure that all shareholders (including those who have not yet agreed to electronic communication) receive information about the meeting, the Company must also advertise the notice in a national daily newspaper and on its website, and as under the Current Articles, must send confirmatory copies of the notice by post to those who did not receive it electronically, if it again becomes practicable to do so.

COPY OF THE NEW ARTICLES

A copy of the New Articles is available for inspection at the Company's registered office.

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NOTES

VENUE OF ANNUAL GENERAL MEETING

on Friday 11 June 2010 at 12 noon
Tallow Chandlers' Hall
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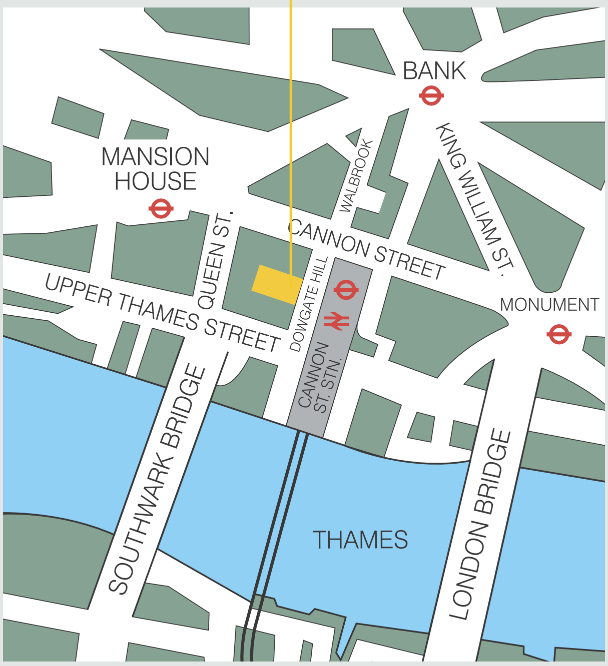

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