2010 annual report

Indonesian palm oil and Australian beef cattle

M.P. Evans
GROUP PLC

MALAYSIA

PROPERTY

MAJORITY HELD 70 ha
MINORITY HELD 470 ha

INDONESIA

OIL-PALM PLANTATIONS

MAJORITY HELD 29,500 ha
MINORITY HELD 25,000 ha

AUSTRALIA

BEEF-CATTLE FARMING

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

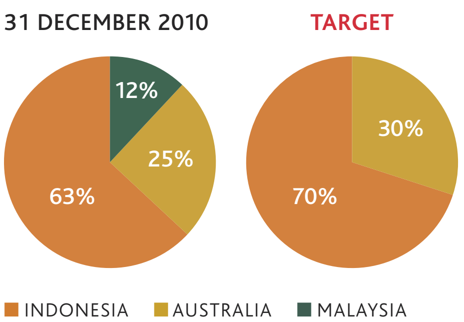
Location of the Group's properties
and those of its associates as at 31 December 2010

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 31 DECEMBER 2010

- 9,400 planted hectares of majority-held, mature oil-palm plantations in Sumatra, Indonesia
- 10,900 hectares of oil palms planted on new projects in Kalimantan and Bangka Island together with 4,200 hectares of associated co-operative smallholder schemes
- 22,000 planted hectares of minority-held (equivalent to Group's share of 8,100 planted hectares) mature oil-palm and rubber plantations in Sumatra, Indonesia
- 31,000 hectares of cattle-backgrounding land in southern Queensland, Australia
- 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 property-development premium
- 40% share of a substantial property-development company, Bertam Properties, near Penang Island, Malaysia with a land bank of some 470 hectares
- Net current assets of US$31.34 million as at 31 December 2010

LAND ASSETS BY VALUE



CONTENTS

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

SUMMARY OF RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2010	2010 US$'000	2009 US$'000
Revenue	42,091	28,391
Gross profit	22,569	11,705
Group-controlled profit before tax	19,359	15,338
Profit for the year	24,448	20,710
Equity attributable to the owners of M. P. Evans Group PLC	307,578	275,498
Net cash generated by operating activities	19,417	12,311
	US Cents	US Cents
Basic earnings per 10p share – (continuing operations)	41.17	31.92
	Pence	Pence
Dividend per 10p share in respect of the year	7.50	7.00

MANAGING DIRECTOR'S STATEMENT

A substantial increase in profits was achieved in 2010.

High production of palm oil and robust prices resulted in sharply-improved profits for both the majority-owned and the associated companies with Indonesian palm-oil interests. Much improved rainfall resulted in good quality and quantity of feed on Woodlands and enabled the herd to be built up to over 10,000 head at the year end. Stronger beef prices resulted in a significant improvement in the results of both Woodlands and the associated company, NAPCo.

Progress, although slower than in 2009, continues to be made on the oil-palm plantation new projects. A Malaysian investment was sold in 2010 and it continues to be the policy to dispose of the other Malaysian assets when suitable opportunities arise.

Philip A Fletcher, FCA

Group highlights

FINANCIAL

- Profit for the year US$24.45 million (2009 US$20.71 million)
- Earnings per share (continuing and discontinued operations) US cents 41.17 (2009 US cents 34.94 cents)
- Dividends for the year increased: 5.50 pence per share final (2009 – 5.00 pence), 2.00 pence interim already paid (2009 – 2.00 pence)

AUSTRALIAN BEEF CATTLE

- Profit on both Woodlands and associate, NAPCo
- Widespread rainfall in Australia in late 2010 and early 2011 has benefited Woodlands and NAPCo properties. Fortunate to escape widespread flooding in Queensland
- Australian beef-cattle prices strengthened markedly in 2010

INDONESIAN PALM OIL

- Plantation profits 70% higher at US$22.36 million (2009 US$13.14 million)
- Palm-oil price averaged US$905 per tonne – 2009's US$680 per tonne
- Indonesian crops of f.f.b., including first crop from new Kalimantan project, 15% higher than in 2009; 4% lower on associates' estates
- Group's total planted area, including its share of associates' areas, increased to 28,400 hectares (25,700 hectares at end 2009)
- Palm-oil market continues to trade strongly in 2011, currently around US$1,150 per tonne

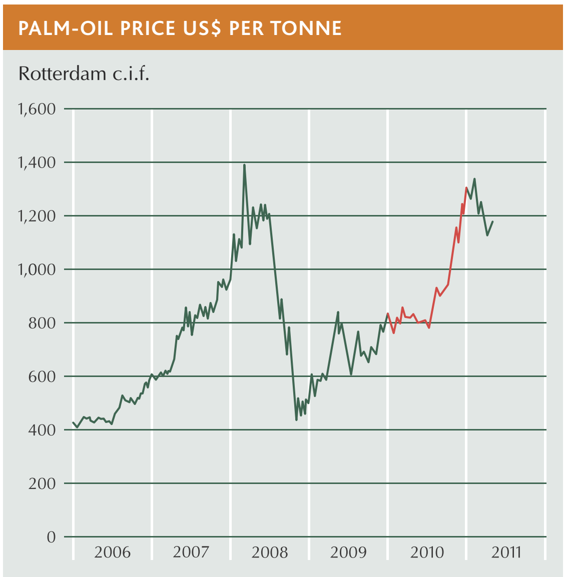
MALAYSIAN PROPERTY AND OTHER ASSET DISPOSALS

- Investment in Kennedy, Burkill & Co Berhad sold in 2010 for US$3.22 million
- Plan to dispose of remaining Malaysian assets, with expected value of some US$50 million, at opportune time

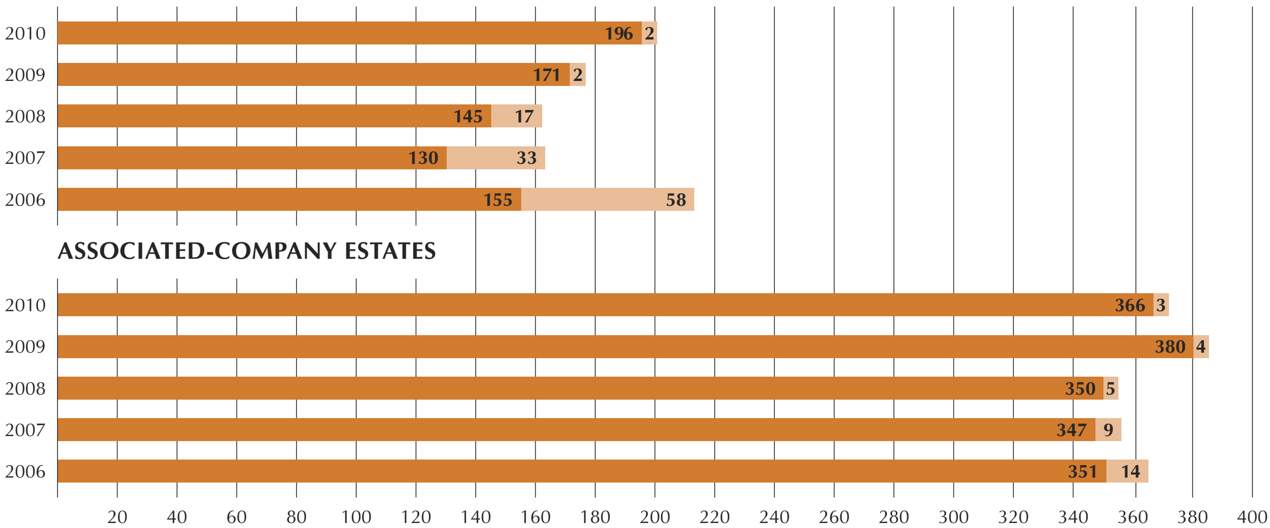
An excellent year with increasing oil-palm crops in Indonesia together with strong prices, as well as a marked improvement in the Australian beef-cattle operations

Market information

PALM OIL In the first half of 2010, palm-oil prices hovered around US$800 per tonne before climbing steadily during the second half to over US$1,250 at the end of the year. After increasing to around US$1,300 since the year end, the price has since eased to the current level of around US$1,150, still a historically-robust level.



CROPS OF OIL-PALM FRESH FRUIT BUNCHES '000 TONNES
MAJORITY-OWNED ESTATES IN INDONESIA AND MALAYSIA

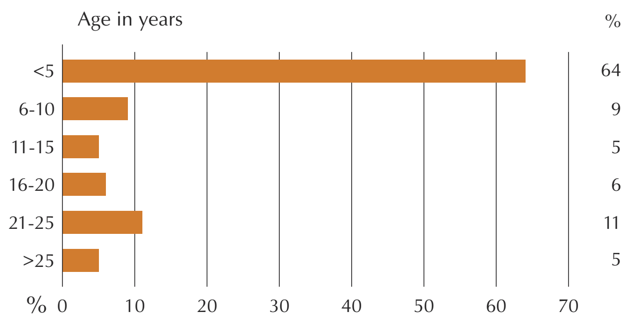


- Palm oil is used mainly as a cooking oil but also in margarine, shortenings (cakes, biscuits), soap, cosmetics, lubricants and more recently in bio-diesel.
- Palm oil has the lowest cost of production and is the most productive of all the major vegetable oils. Over 5.5 tonnes per hectare per annum 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 2010 of 45.9 million tonnes and 26.8% of the global production of vegetable oils and animal fats. Soybean oil is the second largest with 40.1 million tonnes and 23.3%. Palm-kernel oil accounts for a further 5.3 million tonnes (3.1%). (Source: Oil World).

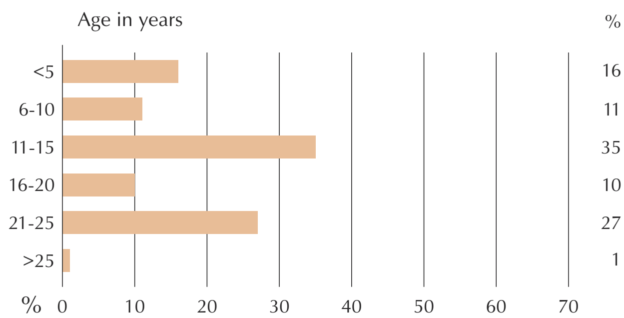
AGE PROFILE OF THE GROUP'S OIL PALMS

DISTRIBUTION OF PLANTED HECTARAGE BY AGE INTERVAL AS AT 31 DECEMBER 2010

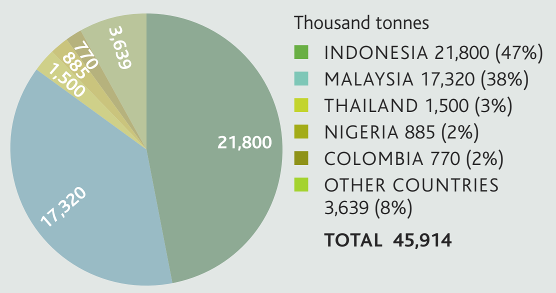
SUBSIDIARIES



ASSOCIATES

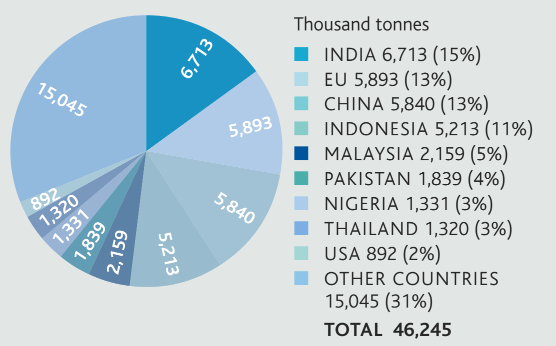


MAIN PRODUCERS OF PALM OIL – 2010



SOURCE: OIL WORLD

MAIN USERS OF PALM OIL – 2010

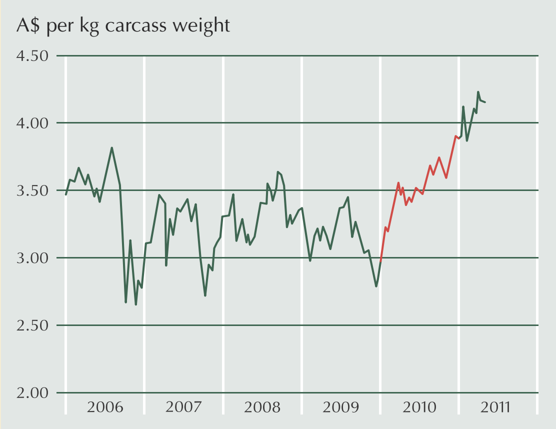


SOURCE: OIL WORLD

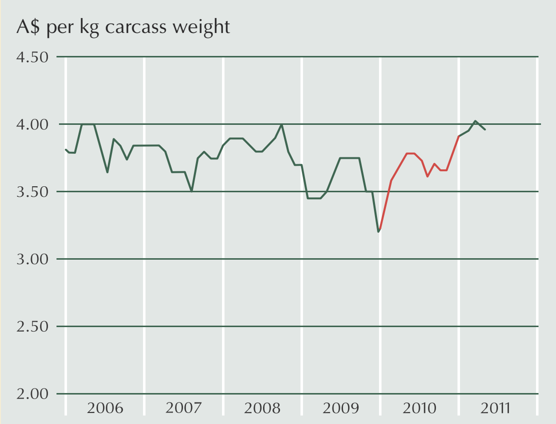
BEEF CATTLE Australian beef-cattle prices moved sharply higher during 2010 as the US herd shrank to its lowest level since 1958.

- 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.

EASTERN YOUNG CATTLE INDICATOR (EYCI) – WOODLANDS



100-DAY SHORTFED CATTLE – NAPCo



Chairman's statement

Stronger palm-oil prices and much-improved results at NAPCo have contributed to another successful year

OVERALL RESULTS

I am delighted to report that the profit for the year increased to US$24.45 million, compared with US$20.71 million in 2009. Earnings per share increased accordingly to 41.17 cents (2009 - 34.94 cents). The significant improvement in the result was attributable to a number of factors, the most notable of which were the exceptionally robust palm-oil price, an increased crop of oil-palm fresh fruit bunches ("f.f.b.") and a strong Australian beef-cattle market, buoyed by an excellent season. Offsetting these positive factors was a biological-asset-value decline on PT Agro Muko.

DIVIDEND

The board is pleased to recommend a final dividend of 5.50p per share which, together with the interim dividend of 2.00p, paid in November 2010, makes 7.50p for the year, an increase of 0.50p on last year. A scrip-dividend alternative is, again, being offered this year.

STRATEGIC DEVELOPMENTS

Indonesia

Since the start of the Group's expansionary initiative in 2005, substantial progress has been achieved in Indonesia. New oil-palm development areas have been secured both in East Kalimantan and on Bangka Island. The total new areas developed by the Group at the end of 2010 amounted to some 10,900 hectares, in addition to which some 4,200 hectares have been developed on behalf of smallholders' co-operatives, which will be managed by the Group and whose fruit will be processed by the Group's mills. Of these total areas, 1,200 hectares were planted during 2010 in East Kalimantan, plus 450 hectares for the co-operatives, and 450 hectares planted on Bangka, plus 200 hectares for the co-operatives. During the latter part of the year, harvesting of the first plantings in East Kalimantan commenced (harvesting on Bangka commenced in 2009) and the new palm-oil mill in Kalimantan is scheduled to be commissioned at the end of 2011. In the meantime, the Kalimantan fruit, like that on Bangka, is being processed by an external mill.

Largely as a result of the development and planting of the new project areas, and without taking account of any further plantings, production of f.f.b. from the Group's majority-owned estates is forecast to increase from the 2010 level of some 200,000 tonnes to some 300,000 tonnes in 2012 and 500,000 tonnes in 2015. These are very significant increases and, subject to palm-oil prices remaining at healthy levels, are likely to impact extremely favourably on the Group's revenue in the near future, and to provide the means to maintain the Group's continuing development programme.

It is hoped to continue to develop and plant new areas at a rate of approximately 3,000 hectares per annum but this is by no means guaranteed, as agreeing compensation terms with the local people, and settling other land-title issues on areas which the Group plans to develop, is increasingly complicated and time-consuming. It continues to be hard to determine what land areas covered by the initial permit are available to be developed. It is currently estimated that approximately a further 5,000 hectares are available in East Kalimantan (plus 1,500 hectares for the co-operatives) and a further 3,600 hectares in Bangka (plus 2,800 hectares for the co-operatives). Management is seeking to secure additional, environmentally-suitable land, ideally in the vicinity of the East Kalimantan project.

Australia

Whilst the Group's shareholding in The North Australian Pastoral Company Pty Limited ("NAPCo") remained unchanged during the year, the board continues to review any opportunities to acquire additional shares in the company as and when they arise.

Two strategic initiatives at NAPCo are still under way. The first is the expansion of the company's feedlot, Wainui. Some delays were experienced as a result of the heavy rainfall and flooding in the latter part of the year and in early 2011, and it is currently estimated that the work will be completed by mid-2011, a few months behind the original schedule. The expansion will give rise to further economies of scale and improve the capacity to manage fluctuating seasons by bringing cattle into the feedlot at younger ages when conditions warrant it. The second initiative is the continuing programme of drilling new boreholes, principally on the company's main breeding property, Alexandria Station. Another five bores were drilled during 2010. This allows more breeders to be run on the property and has helped to lift its value.

Woodlands, like NAPCo, benefited from the significant rainfall during 2010. Pasture improvement and new fencing previously carried out reaped handsome dividends, with a magnificent body of feed produced during the year. This enabled a substantially-larger herd to be grazed and, accordingly, it increased to some 10,200 head at the end of 2010 from 3,700 at the end of 2009.

Notwithstanding the attractive prospects for Woodlands, it remains the board's intention in the longer term to sell the property, once market conditions are more propitious, and continue, if possible, to build on the Group's investment in NAPCo.

Malaysia

The Group's divestment from Malaysia continued in 2010 with the Group's sale of its 20% interest in Kennedy, Burkill & Company Berhad. The Group's two principal remaining interests in Malaysia are the 70-hectare Bertam Estate and its 40% share of Bertam Properties Sdn. Berhad ("Bertam Properties"), which are estimated to have a combined value of some US$50 million. It is planned to sell both these interests, in favour of continued expansion in Indonesian palm oil and Australian cattle, as and when market conditions are suitable.

PALM-OIL ACTIVITIES AND MARKET

After fluctuating around the US$800 per tonne mark in the first half of 2010, palm oil staged an impressive upsurge during the second half when it reached near-record highs. This strength was deemed attributable to continuing strong demand, especially from India, China and the EU, and to a decline in production following heavy rainfall in some parts of South East Asia. A lower-than-expected US soybean crop also contributed to a vegetable-oil supply imbalance.

F.f.b. crops on the Group's majority-held Sumatran estates, and on Bangka, at 190,300 tonnes, were pleasingly 11% ahead of last year, while this figure was enhanced by a further 6,100 tonnes, representing the first fruit harvested in Kalimantan. The extraction rate from Pangkatan's crude-palm-oil mill also increased – from 22.4% to 23.0% – as field-collection and mill standards continued to improve. Crops from the Group's two associates declined a little, by 3% to 317,900 tonnes for PT Agro Muko and by 7% to 48,200 tonnes for PT Kerasaan Indonesia.

BEEF-CATTLE ACTIVITIES AND MARKET

Prices for lighter-weight cattle, such as those fattened on Woodlands, rose sharply during the course of 2010, in response to growing demand from graziers with an increasing abundance of good pasture following the excellent seasonal conditions. Prices for the grain-finished, heavier cattle, such as those produced by NAPCo, increased markedly too, despite the strength of the Australian Dollar which would normally reduce demand from the company's traditional export markets, Japan, Korea and the USA.

As a result of both the stronger prices and the improved weight gains derived from the much better season, both Woodlands and NAPCo enjoyed sharply-improved results in 2010, compared with 2009.

CURRENT TRADING AND PROSPECTS

Since the end of 2010, the palm-oil price increased to over US$1,300 per tonne (cif Rotterdam) – close to the all-time high of US$1,400 per tonne reached in 2008 – before easing slightly to fluctuate around the US$1,150 mark – still a very attractive price in spite of the export tax which continues to be imposed by the Indonesian government. With the outlook for demand continuing to be strong, and the supply of vegetable oils generally remaining tight, price prospects appear favourable for the short to medium term. With regard to production, 2011 has got off to a good start. F.f.b. crops on the Group's majority-owned estates to the end of March were 54,400 tonnes compared with 39,900 tonnes for the same period in 2010, a 36% increase. I refer earlier to the exciting, sharp increase in the Group's f.f.b. crops projected in the next few years.

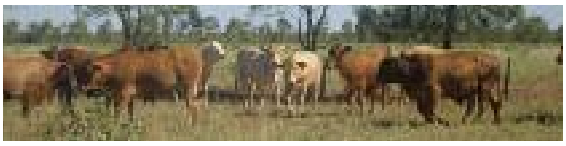
Cattle prices too look set to remain firm, in view of the continuing shortage of supply, not least since the size of the US herd has now diminished to its lowest level since 1958. This augurs well for the growing production on both Woodlands and the NAPCo properties.

ACKNOWLEDGEMENTS

I should like to express the board's appreciation to the Group's managers, staffs and workforces in our various operations in Indonesia, Australia and Malaysia for their hard work and dedication, sometimes in difficult circumstances, in what has proved to be another successful year.

Peter Hadsley-Chaplin
Chairman
21 April 2011

Review OF THE 2010 RESULTS



The gross profit in Indonesia for 2010 amounted to US$22.36 million, 70% higher than the US$13.14 million recorded for 2009. Palm-oil prices in 2010 were at robust levels, averaging US$905 per tonne (cif Rotterdam), 33% higher than the average in 2009. F.f.b. crops were 7% higher on the mature North Sumatran estates, 62% higher on the Bangka project and the first crop was also recorded on the Kalimantan project.

In Australia, the beef-cattle operations on Woodlands achieved a gross profit of US$0.25 million compared to 2009's loss of US$1.32 million. A significant expansion of the herd and improved cattle prices, offset by the negative effect on the cattle market of the strength of the Australian Dollar, gave rise to this marked improvement.

As a result of the above, the Group gross profit amounted to US$22.57 million compared with US$11.71 million in 2009. A detailed breakdown of this is set out in note 4 to the consolidated accounts on pages 47 and 48. The results of the Group's palm-oil and cattle activities are reviewed in more detail in the reports commencing on pages 11 and 17.

BEARER BIOLOGICAL-ASSET ADJUSTMENT

Following a period during the first seven months of 2010 when the palm-oil price remained stable, though at historically-elevated levels, the price rose monotonically for the rest of 2010 closing at a near all-time high. The effect of this was to increase the 20-year average price per tonne used in valuing the Group's biological assets by US$31 to US$533. Despite some cost pressure and an increase in the average age of planting on the Group's mature estates, the increase in the long-term average commodity price led the biological value of plantings already in existence at the beginning of the year to increase by US$14.46 million. Additionally, new hectarage planted and other replanting in the year added a further US$3.13 million, resulting in a total biological gain for the year under review of US$17.59 million. Similar factors affected the Group's share of the biological movement in its associated companies. However, the increase in the average age of their estates, and the associated fall in yield, outweighed the benefits of the increased long-term price of palm oil used in the valuation. Overall, this resulted in a reduction in biological value, and hence a biological loss in the income statement relating to associated companies.

OTHER ADMINISTRATIVE EXPENSES

Other administrative expenses increased in 2010 compared with the previous year. As highlighted in the Group's interim report, this is due mainly to an impairment loss on the expected sale of some land to smallholder co-operative schemes. It had been anticipated that the selling price of this land would approximately cover the cost of developing it. However, an impairment review has revealed that this will not be so in all cases. The board has decided to write off US$1.13 million so that the carrying value of these pieces of land now reflect a more realistic evaluation of what may be recovered from these co-operatives. The board will, of course, strive to ensure that as fair a price as possible is achieved in these transactions.

The sale of the Group's investment in Kennedy, Burkill & Co Berhad for US$3.22 million yielded a profit of US$0.75 million, although this was largely offset by foreign-exchange losses that crystallised on the liquidation of two Malaysian subsidiaries. A further reduction in other administrative costs arose from the treatment of costs arising in the Jakarta regional office. Following the takeover of the management of its estates in North Sumatra, the board has concluded that expenses incurred by the Jakarta regional office should be brought into line with the long-established policy in respect of its Sumatran estates and treated as cost of sales rather than administrative expenses. The effect has been to reduce other administrative expenses in 2010 in comparison with 2009: US$1.10 million in respect of the Jakarta office were included under this heading in the earlier year.

ASSOCIATED COMPANIES

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

		2010			2009		
	% HELD	**POST-TAX PROFIT BEFORE BIOLOGICAL BEARER-ASSET ADJUSTMENT** *US$'000*	**BIOLOGICAL BEARER-ASSET ADJUSTMENT (SEE NOTE BELOW)** *US$'000*	**POST-TAX PROFIT AFTER BIOLOGICAL BEARER-ASSET ADJUSTMENT** *US$'000*	POST-TAX PROFIT/(LOSS) BEFORE BIOLOGICAL BEARER-ASSET ADJUSTMENT *US$'000*	BIOLOGICAL BEARER-ASSET ADJUSTMENT (SEE NOTE BELOW) *US$'000*	POST-TAX PROFIT/(LOSS) AFTER BIOLOGICAL BEARER-ASSET ADJUSTMENT *US$'000*
PT Agro Muko	36.84*	**9,029**	**(2,933)**	**6,096**	5,992	2,432	8,424
PT Kerasaan Indonesia	38.00	**1,745**	**(68)**	**1,677**	1,399	260	1,659
Total Indonesia		**10,774**	**(3,001)**	**7,773**	7,391	2,692	10,083
NAPCo	34.37	**2,365**	**—**	**2,365**	(1,041)	—	(1,041)
Bertam Properties	40.00	**2,987**	**—**	**2,987**	984	—	984
Total		**16,126**	**(3,001)**	**13,125**	7,334	2,692	10,026

* *2009 31.53%*

Biological-bearer-asset adjustments	**2010**		2009	
	PT AGRO MUKO *US$'000*	**PT KERASAAN INDONESIA** *US$'000*	PT AGRO MUKO *US$'000*	PT KERASAAN INDONESIA *US$'000*
Cost of sales	**276**	**25**	441	12
(Loss)/gain on biological assets	**(2,615)**	**(56)**	2,491	223
Planting expenditure	**(1,572)**	**(60)**	(578)	(112)
Deferred tax	**978**	**23**	78	137
	(2,933)	**(68)**	2,432	260

INDONESIA

PT Agro Muko and PT Kerasaan Indonesia benefited from the strength of the palm-oil price during the year although f.f.b. crops in both cases were a little lower than in 2009. The results from PT Agro Muko's rubber, the crop of which was similar to last year, showed a marked improvement following the sharp increase in the price during the year (prices nearly doubled). 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 46% higher in 2010 than 2009.

Biological values fell during 2010, notably in PT Agro Muko. Increases in operating costs were accentuated by the strengthening of the Indonesian Rupiah against the US Dollar. Furthermore, yields included in the

Piling for the new jetty in Kalimantan.

valuation fell, reflecting the ageing of its palms. Together, these negative influences on the biological valuation outweighed the increase arising from a higher palm-oil price, resulting overall in a biological loss of which the Group's share was US$3.00 million, predominantly attributable to PT Agro Muko, whose biological value per hectare fell by 9% in the year. The Group's share of the post-tax, post-biological-bearer-asset-adjustment profit amounted to US$13.13 million, a 30.9% increase over 2009's US$10.03 million.

During the year, the Group acquired, at a cost of US$7.31 million, a further 5.31% in PT Agro Muko bringing the shareholding to 36.84%. Associated with this purchase of shares, PT Agro Muko did not make any dividend payments in 2009 but re-started the programme in 2010 to coincide with the three instalments required to be paid in connection with the share purchase. Accordingly, the Group's share of dividends in 2010 amounted to US$8.84 million (gross) compared with no dividends paid in 2009. The Group's share of PT Kerasaan Indonesia's dividends in 2010 amounted to US$1.41 million (gross) compared with US$1.31 million (gross) in 2009.

AUSTRALIA

NAPCo enjoyed an excellent year in 2010: many of its properties received beneficial, consistent rainfall, leading to good pasture growth; the herd increased in number from some 161,000 to 195,000 head; and cattle prices were strong. As a consequence, the Group's share of NAPCo's profit for the year was US$2.37 million, compared with a loss of US$1.04 million in 2009.

The Group's share of NAPCo's dividends for 2010 amounted to US$0.48 million, compared with US$0.54 million in 2009. Dividends are likely to remain at relatively low levels in the shorter term as revenue is directed towards capital improvements, such as the expansion of the company's feedlot, described under "Associated company – NAPCo" on page 18.

MALAYSIA

After no land sales in 2009, Bertam Properties resumed such sales in 2010, selling some 27 hectares and realising a post-tax profit of approximately US$6.68 million (Group's share US$2.67 million).

Lush pastures on Boomarra, one of NAPCo's breeding properties.

The company's full post-tax result for the year was a profit of US$7.47 million of which the Group's share amounted to US$2.99 million (2009 US$0.98 million).

The Group's share of Bertam Properties' dividends in 2010 amounted to US$3.73 million compared with US$5.11 million in 2009.

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

DISCONTINUED OPERATIONS

There was no profit or loss arising from discontinued operations in 2010. A profit of US$1.58 million was recorded in 2009, arising from the sale of the Thai rubber factory.

PROFIT FOR THE YEAR

As a result of all of the above, the Group profit for the year amounted to US$24.45 million compared with US$20.71 million in 2009.

Palm oil

INDONESIA

CLOCKWISE FROM TOP:

Young, newly-harvested f.f.b. on the Kalimantan project.

New development area in Kalimantan.

Nursery for cover crop in Kalimantan.

The palm-oil price began an inexorable climb in the second half of 2010, reaching over US$1,250 per tonne around the end of the year

MAJORITY-OWNED SUMATRAN ESTATES

CROPS AND PRODUCTION

		2010 *TONNES*	2009 *TONNES*
Crops – f.f.b.	– Pangkatan group	**130,200**	121,100
	– Simpang Kiri	**41,200**	38,500
		171,400	159,600
Production (Pangkatan mill)			
	– crude palm oil	**30,000**	27,000
	– palm kernels	**7,300**	6,800
		%	%
Extraction rate	– crude palm oil	**23.0**	22.4
	– palm kernels	**5.6**	5.6

As the new management team got to grips with the estates and concentrated on yield enhancement, the overall f.f.b. crop for the year recorded another increase. The crop for 2010 was 7% higher than in 2009. The improvement in the extraction rate, which had commenced in the first half of 2010, continued in the second half, giving a rate for the whole year of 23.0% which compares with 2009's 22.4%.

PALM-OIL MARKET

The palm-oil price stayed around the US$800-per-tonne mark (cif Rotterdam) for the first half of 2010 before beginning an inexorable climb in the second half, reaching over US$1,250 per tonne around the end of the year. The soybean crop in the US was lower than had originally been expected. This, together with the negative effect on crops of the heavy rainfall associated with the "La Niña" phenomenon in South East Asia and continuing strong demand by the traditional buyers of palm oil in India, China and Europe, pushed the price up to these historically-robust levels.

Palm-oil collection from the Pangkatan mill.

OPERATING COSTS

A significant proportion of operating costs (for example wages and salaries) are Rupiah denominated. The marked strengthening of the Rupiah against the US Dollar (the Group's reporting currency) during 2010 accordingly had a negative effect on costs when stated in US-Dollar terms. The average exchange rate in 2010 was US$1 = Rp9,081 which compared with Rp10,374 in 2009. This represents a weakening of the US Dollar of some 12.5%.

REVIEW OF AGRICULTURAL OPERATIONS

The new management team has been focussing on yield enhancement on these largely-mature estates. A replanting programme was originally planned for 2010. However, it was decided that it would be better to allow the new team time to find their feet and, accordingly, no replanting was undertaken in 2010, especially in the light of the continuing good palm-oil prices. In addition, management wanted to concentrate on improving infrastructure on these estates (and ultimately, therefore, yields).

Considerable effort has been expended in improving access and drainage. Estate roads have been raised and stoned in areas prone to flooding so that harvesting can continue properly during wet times of the year. Two of the estates, Bilah and Sennah, are in low-lying areas which makes drainage particularly important. An extensive programme of de-silting and widening drains has been undertaken during 2010. The road-stoning and drainage programmes will continue in 2011.

It is anticipated that, as a result of the work referred to above, yields should increase in the years to come.

Loading recently-harvested f.f.b. on Bilah Estate.

NEW PROJECTS

Some 2,300 hectares were planted during 2010 of which approximately 630 related to the co-operative schemes. The quality of planting continues at a high level. This area was, however, less than had originally been anticipated. Agreeing terms with local people in respect of areas to be developed by the co-operatives and also agreeing compensation for land that the Group wants to develop in its own right continues to be time-consuming. Management goes to great lengths to ensure that such negotiations are carried out in a fair and transparent manner and all aspects of these negotiations are meticulously documented so that there is a basis for resolving any future disputes by reference to recorded facts.

As referred to in the 2009 annual report, it is notoriously difficult to determine in advance what area will be available for planting (either by the Group or on behalf of co-operatives) out of the total area covered by the initial permit (izin lokasi). Much depends upon the success of negotiations with local people and the satisfactory resolution of land-title issues. The board's latest broad estimate is that 13,500 hectares in total (including what has already been planted) will be able to be planted in Kalimantan (plus 4,500 hectares for the co-operatives) and 6,000 hectares on Bangka (plus 4,000 hectares for the co-operatives). Management has already set in train applications to the Indonesian authorities to obtain the ultimate title document, the hak guna usaha ("HGU"), in respect of some 17,400 hectares (including 3,500 hectares for the co-operatives) in Kalimantan and 7,200 hectares (including 3,200 hectares for the co-operatives) in Bangka. Additional HGU's will be applied for when final planting areas are known.

EAST KALIMANTAN

	2010 TONNES	2009 TONNES
F.f.b. crop	**6,100**	—

The first plantings on the project, in 2007, were harvested for the first time in 2010. Initial yields and fruit quality have been most encouraging. Until the new mill on the project is in operation (expected to be completed by the end of 2011 – see below), the fruit is being temporarily sold to a third-party mill.

Management is focussing on ensuring that the necessary infrastructure (roads, harvesters' paths etc.) is in place and up to standard and that upkeep of the planted areas is at an acceptable level. The project promises to be a first-class plantation, having, as it does, good soils, rainfall and terrain.

1,650 hectares were planted during 2010 of which 450 related to the co-operative schemes. As at 31 December 2010, 11,500 hectares had been planted, of which 3,000 hectares relate to the co-operative schemes.

New mill building taking shape on the Kalimantan project.

The construction of the mill on the project and of the bulking-station complex on the Mahakam River is now well under way. They are expected to be completed around the end of the year. The mill is rated at 60 tonnes per hour and has been designed to a high specification. One feature of interest is that methane from the effluent-settlement pond will be captured, cleaned and used as fuel for a biogas engine which will, in turn, generate electricity for nearby plantation buildings and workers' villages. 30% of the methane will, at this stage, be captured but it is hoped that, at some point in the future, there will be commercial justification to utilise the remaining 70% in the same way. The mill effluent will be utilised by pumping it onto the fibrous bunches from which the fruitlets have been removed, thereby creating a nutritious compost. This will, after approximately a 45-day period during which it will break down, be applied to the field and it is anticipated that the need for inorganic fertiliser will be reduced.

Planting progress to date in 2011 has been slow, with only some 60 hectares planted. However, it is expected that the rate of planting will pick up in the remainder of the year.

BANGKA

	2010 *TONNES*	2009 *TONNES*
F.f.b. crop	**18,900**	11,700

The f.f.b. crop from the 2006 and 2007 plantings is, as would be expected, increasing markedly. Given that some of the soil is sandy and therefore not of the highest quality, the yields per hectare (16 tonnes for the 2006 planting and 9 tonnes for the 2007 planting) have been most encouraging. With the strong palm-oil prices experienced in 2010, the Bangka project recorded a small profit, a commendable achievement so early in its development. The f.f.b. are still being processed by a third-party mill and a decision on the timing of the construction of a mill will be taken shortly, depending upon the continuing estimated planting programme.

Approximately 650 hectares were planted during 2010, of which 185 related to the co-operatives. As at 31 December 2010, 3,650 hectares in total had been planted, of which 1,250 hectares related to the co-operatives. Planting progress has also been slower than desired to date in 2011, with 60 hectares

Young palms in Kalimantan.

planted to date. This has primarily arisen because, as a result of robust tin prices, there has been intense competition for contractors from tin miners on Bangka Island with a consequent sharp increase in prices. The situation has been exacerbated by temporary fuel shortages. It is hoped that planting progress will increase in the remaining part of the year.

ASSOCIATED-COMPANY ESTATES

Crops and production from the estates owned by PT Agro Muko (36.84%) and PT Kerasaan Indonesia (38.00% owned) were as follows:

		2010 *TONNES*	2009 *TONNES*
F.f.b. crops – PT Agro Muko	– own	**317,900**	328,200
	– outgrowers	**16,100**	23,000
		334,000	351,200
– PT Kerasaan Indonesia		**48,200**	52,000
		382,200	403,200
Production (PT Agro Muko)	– crude palm oil	**75,800**	79,400
	– palm kernels	**17,100**	18,200
		%	%
Extraction rate	– crude palm oil	**22.7**	22.6
	– palm kernels	**5.1**	5.2
		TONNES	*TONNES*
Rubber crops (PT Agro Muko)	– own	**1,189**	1,221

PT Agro Muko's f.f.b. crop was some 3% lower than the previous year as the effects were felt of re-aligning the oil-palm and rubber areas so that the new rubber areas will be concentrated around the existing rubber factory. As with the majority-owned estates, the company benefited from the strength of the palm-oil price. The replanting of some of the rubber areas into oil palm was delayed in the light of the unusually strong rubber price. As a result, the rubber crop for the year, 1,189,000 kg, was only slightly lower than that for 2009 (1,221,000 kg). World rubber prices have benefited from strong demand from the automotive business in China and India and a reduction in rubber production because of the effect of La Niña on the weather in South East Asia. A reduction is expected in the company's rubber crop in the next couple of years until the new plantings start to yield. The programme will continue for the next two or three years of replanting with rubber some existing oil-palm areas near the rubber factory. At the same time, some existing rubber areas which are not close to the rubber factory will be replanted with oil palms.

Kerasaan Estate's f.f.b. crop fell back during the year by some 7% compared with 2009. However, the healthy palm-oil price resulted in increased profits for the year.

F.f.b. on the loading ramp before processing at the Pangkatan mill.

PERFORMANCE EVALUATION

MATURE PLANTATION AND MILL OPERATIONS

Management monitors and assesses the efficiency of operations with regard to crops and production by means of 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. Key factors which are under management's control are husbandry standards, fertiliser application and the quality of infrastructure (estate roads, drains, for example). 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.

Harvesting of mature, tall, oil palms on Pangkatan Estate.

With regard to mill production, the key performance indicators are the extraction rate of palm oil and palm kernels per tonne of f.f.b., oil losses and dirt and moisture content. 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 until 2010 been below 23%. However, as referred to above, under "Crops and production", the extraction rate has shown another promising improvement in 2010 to just over 23%. This should 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. Oil losses, dirt and moisture content are expressed in terms of percentages and actual achievement against maximum standards are monitored by management.

MATURE PLANTATION AND MILL COSTS

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

NEW PROJECTS

Management monitors and assesses the performance of the development of the new projects by means of key performance indicators which identify the area to be planted in a given year and also the cost per hectare of that planting. Programmes for planting are set, with sufficient planting material in place in the previous year. This type of activity is normally undertaken by contractors and management monitors the progress achieved on the contracted areas. As with other plantation activities, costs per hectare are determined by such factors as the weather pattern, the soil type and the terrain. They are monitored by management for each individual estate.

Beef cattle

AUSTRALIA

TOP:

Cattle mustering on Monkira, one of NAPCo's Channel Country properties.

BOTTOM LEFT AND RIGHT:

Cattle on Cungelella, one of NAPCo's fattening properties.

Australian beef cattle benefited from good rains in the early part of the year which enabled cattle numbers to be increased

MAJORITY-OWNED OPERATIONS

WOODLANDS

The property received good rains during the year. This, combined with the extensive pasture development that has taken place over the last few years, resulted in abundant feed and enabled the programme of stocking the property to go ahead unabated. Forage oats were grown but, because of the good pasture, it was deemed unnecessary to cultivate forage sorghum during the year. At the end of 2010, the herd consisted of some 10,200 head compared with 3,700 at the end of 2009. 2,200 head were sold during the year compared with 1,250 in 2009. Cattle prices were on an upward trend during 2010 and the valuation per kg at the end of the year was approximately 30% higher than at the end of 2009 notwithstanding the strength of the Australian Dollar.

2011 has started well with continuing and extensive rainfall. Fortunately, Woodlands was not affected by the devastating floods that extended over large parts of Queensland in the early part of the year. Cattle prices have recently hit record highs.

Pasture development continues on the property. A programme of subsoil cultivation has been under way for some time and will continue. This breaks the top crust of the soil, opening it up to the air and also allows the soil to retain moisture. It is estimated that this will increase the carrying capacity significantly.

Although the prospects for Woodlands appear positive, it remains the board's longer-term intention to dispose of this property and to focus on building on the Company's holding in NAPCo. The decision will be taken to place Woodlands on the market again as and when market conditions are suitable.

ASSOCIATED COMPANY – NAPCo
(34.37% OWNED)

RESULTS FOR THE YEAR

A profit after tax was achieved, of which the Group's share amounted to US$2.37 million. This compares with its share of NAPCo's loss last year of US$1.04 million.

HERD STATISTICS

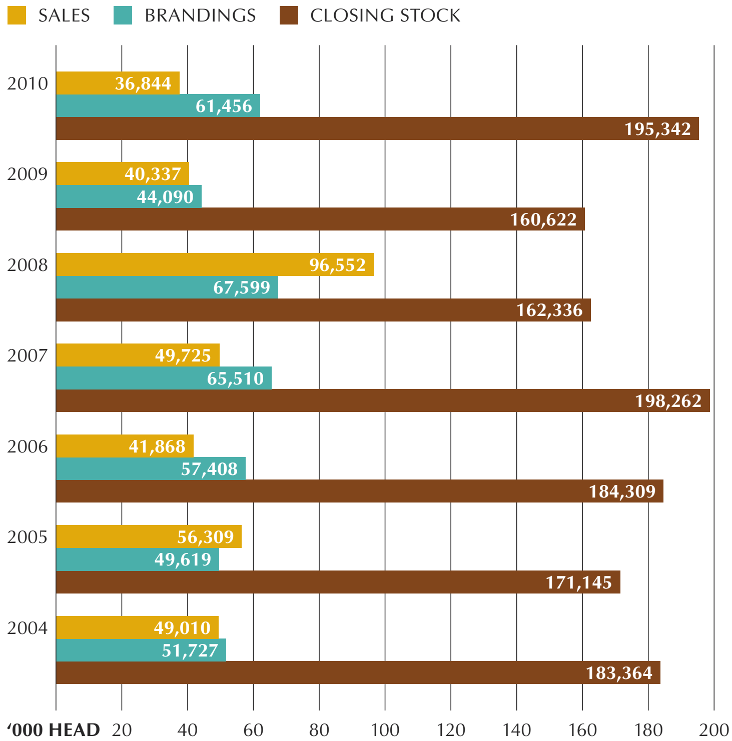
At the end of 2010 the company's cattle herd stood at some 195,300 head, a significant increase compared with the end of 2009 (160,600 head).

The increased herd number resulted from a combination of factors. First, brandings of 62,000 head were significantly higher than the previous year's total (44,000).

Pasture improvement on Woodlands.

Woodlands cattle grazing on forage oats.

CATTLE SALES AND BRANDINGS



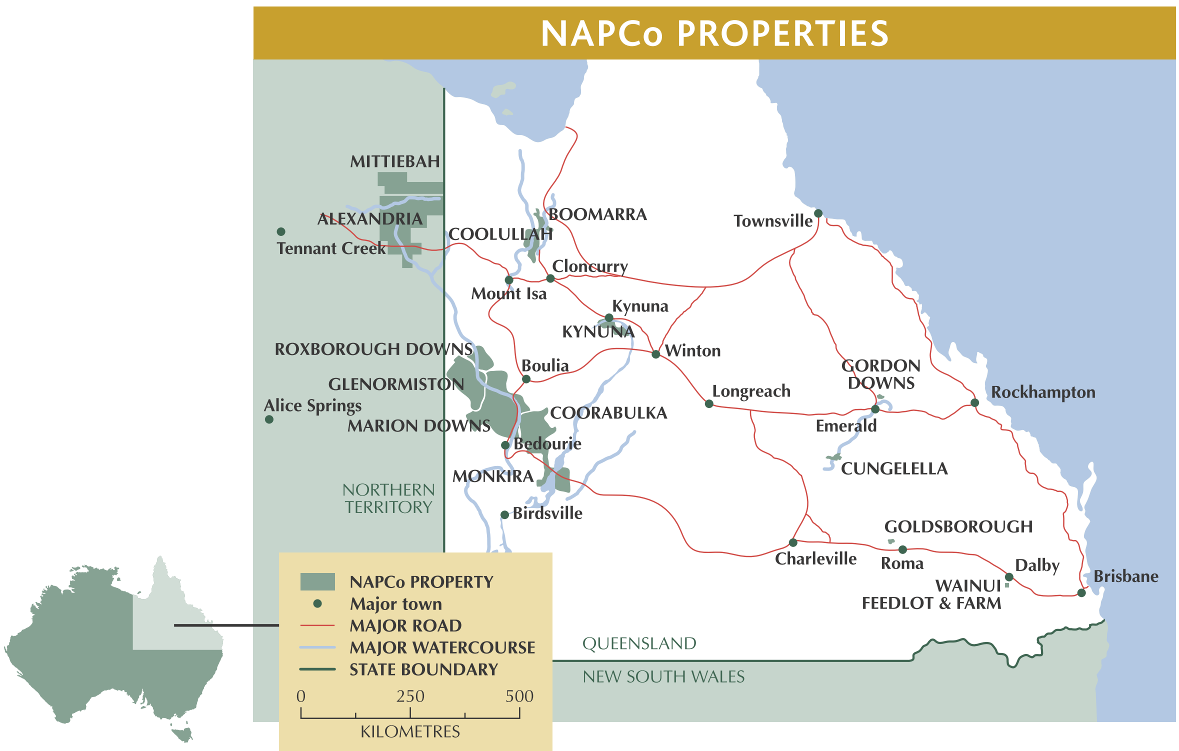
Secondly, only 36,800 cattle were sold during the year, which was partly the result of the deliberate strategy to increase the company's herd size after the very poor 2008 season, but which also reflected an inability to sell as many cattle as planned because of disruptions arising from rainfall throughout the year. Finally, given NAPCo's temporarily-reduced herd numbers and the abundant season, the opportunity was taken to purchase approximately 14,000 cattle during the course of the year, for both grass and grain finishing. The majority of these cattle will be sold in 2011. Subject to seasonal conditions and prices, it is intended to purchase cattle for fattening again in 2011.

SEASONAL CONDITIONS

All the company's properties enjoyed an excellent start to 2010, with the Channel Country in particular benefiting from widespread rain in late November of the preceding year, which gave a strong initial boost to pasture growth. 2010 was remarkable not just for the very high rainfall received across the growing and backgrounding sectors of the business, but also because rain fell on at least some properties in every month of the year.

Contrary to the usual pattern, the western grower properties enjoyed significantly higher rainfall than the breeder properties, allowing them ultimately to accommodate all of the year's weaner crop (the first time this has occurred for some years) as well as the purchased cattle noted above. On some Channel Country properties the season was described as "the best in a decade".

The farm attached to the Wainui feedlot also enjoyed an excellent start to 2010, which benefited the summer



sorghum crop, although ongoing rain significantly affected the quality of winter crops due to difficulties in harvesting these on time. For the first time in several years, Wainui storage tanks were able to capture significant water volumes via overland flows and pumping from a local creek.

PROPERTY DEVELOPMENT

Expansion of the Wainui feedlot progressed satisfactorily during 2010, albeit more slowly than previously envisaged. Following the planning and design process, significant earthworks commenced in the second half of the year. Although it was originally hoped that commissioning of the new feedlot would occur by the end of 2010, this is now expected to occur (subject to no further significant rain delays) in mid 2011.

The development programme of new watering points on Alexandria continued in 2010 with a further five successful bores drilled and equipped.

BEEF-MARKET CONDITIONS

Despite a very strong Australian Dollar throughout 2010, export beef prices to NAPCo's major customers (Japan, United States and Korea) all improved progressively through the year. Strong seasonal conditions in Australia saw graziers retain stock to add weight, while at the same time competing with meat processors and feedlotters to buy additional stock to rebuild herd numbers. The only market to be negatively affected during the year was the live export market, when the Indonesian government chose to enforce stringent protocols concerning maximum cattle weights. Affected producers then needed to offload cattle heavier than 350 kilograms into other markets, which provided the company with the opportunity to purchase some of these cattle at reasonable prices.

Domestically, despite tighter supply and subsequent higher prices, beef retained its market share of protein sales, while still commanding higher prices due to the limited volumes available. The Eastern Young Cattle Index ("EYCI"), which is a useful benchmark for young cattle prices in eastern Australia over a range of classes, finished 2010 approximately 27% higher than it started. In 2011, the EYCI has reached an all-time high, supported by good conditions and supply constraints due to Queensland's flood-affected infrastructure.

Australia's main competitor in international markets, the United States, has experienced a significant reduction in herd size in recent years due to drought and the impact of higher US corn prices (the majority of US cattle are grain finished). Currently at its lowest level since 1958, the US herd will produce fewer cattle to compete with Australia's exports in coming years. Providing demand can be sustained, this augurs well for beef prices during this period.

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 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.

Beneficial flooding on Glenormiston.

Property
MALAYSIA

CLOCKWISE FROM TOP:

Bertam Properties golf course and housing development.

Bertam Properties housing development.

Bertam Properties sales office.

One of the premium houses constructed by Bertam Properties.

MAJORITY-OWNED OPERATIONS

BERTAM ESTATE

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

Bertam Estate's crops were as follows:

	2010 *TONNES*	2009 *TONNES*
F.f.b.	**1,600**	1,700

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.

ASSOCIATED COMPANY

BERTAM PROPERTIES (40% OWNED)

The property market on the mainland near Penang Island remained reasonably robust during 2010 and Bertam Properties enjoyed an improved year, largely due to a resumption of land sales in 2010 after a pause in 2009. The residual plantation activities are now quite modest as the land area diminishes. The f.f.b. crop amounted to 2,900 tonnes compared with 3,900 tonnes in 2009. Strong oil-palm prices resulted in a slightly higher profit in 2010 despite the lower crop. The Group's share of Bertam Properties' 2010 post-tax profit amounted to US$2.99 million compared with 2009's US$0.98 million.

Bertam Properties' 473 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.

Bertam Properties new housing development.

Risk management

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

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. The country has recently benefited from a period of political stability, economic growth and exchange-rate stability, indeed strength. The board perceives a very low risk of the imposition of exchange controls, and the attendant risk that the Group will be unable to extract profits from its subsidiaries and associated companies in Indonesia.

Security of land tenure is a matter of fundamental 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 problems.

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 India, China and Indonesia itself, 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 (and indeed the current strength of the price), 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 hydrogenated oils which give rise to unhealthy trans fatty acids 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 has the lowest cost and is 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. Where practical, 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 is discharged into 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 Principles and Criteria which have been adopted by the membership 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. An RSPO audit of the North Sumatran estates is expected to take place in the second half of 2011 and accreditation is hoped for later in the year. A project can only be accredited if it is producing crude palm oil. Accordingly, the RSPO audit of the new project in Kalimantan is expected to take place in mid-2012 after the anticipated commissioning in late 2011 of the mill which is currently under construction.

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 a transparent 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. These together affect the rate at which the Group is able to plant and so, in turn, its future growth. 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. Particular attention is paid to the Group's relationship with the local populations where development is taking place. On each of the projects there has been extensive communication not only with local government officials but also with local people collectively and through their representatives: the local mayor (bupati) and village heads (kepala desa). Smallholder cooperative schemes (KKPA) are being developed alongside the Group's areas and managed by the Group. Staff members have been appointed to deal with compensation (ganti rugi) for loss of land and crops, and to explain the basis and workings of the KKPA schemes and to gain the support of the villages surrounding the Group's project areas. This is a time-consuming process.

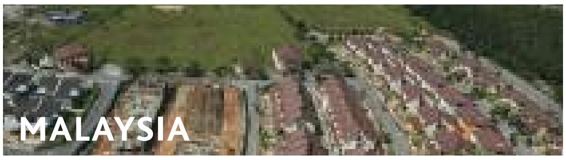
AUSTRALIA

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 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

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$55 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.

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.

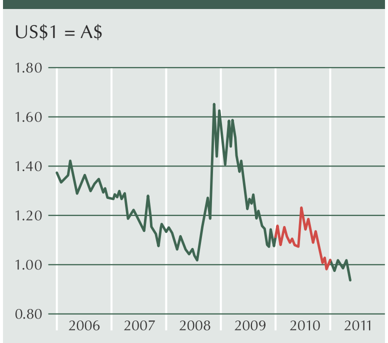
SUPERVISION OF OPERATIONS

Geographical distance between the UK head office and operations located in Indonesia, Australia and Malaysia puts a premium on strong supervision of the Group's operations. Regular written reporting from all operating companies is supplemented with routine telephone contact and frequent visits by the executive directors to all areas of the Group's operations. At the Group's regional office in Jakarta, the local president director has put together a team of senior managers (agricultural, engineering and finance) with extensive experience and expertise, well qualified to confront the problems that arise on new and existing plantation projects. Senior regional managers are now resident in Sumatra and Samarinda. Additionally, independent scrutiny of agricultural operations is provided by an independent UK-based consultant.

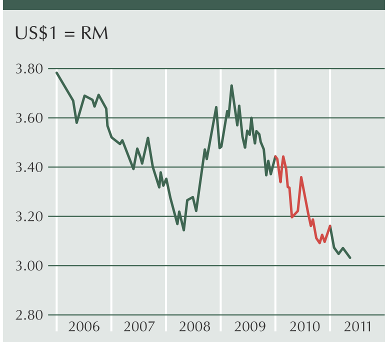
A new training school has been erected in Kalimantan. This is now being used to instil the Group's systems and high standards into new and existing staff.

US DOLLAR -V- INDONESIAN RUPIAH

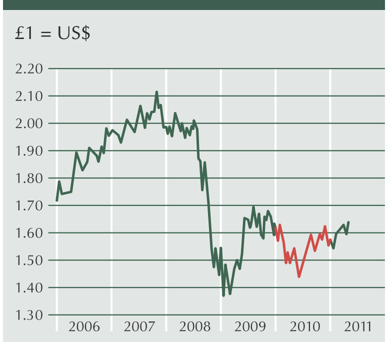
US DOLLAR -V- AUSTRALIAN DOLLAR



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 Principles and Criteria 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.

- 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.

- 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 is discharged into rivers or water courses. At the mill currently under construction in Kalimantan, methane will be captured from part of the mill effluent and will be utilised to fuel a biogas engine. This engine will, in turn, generate electricity for office compounds and housing in workers' villages in the vicinity of the mill. This will give rise to a significant reduction in the use of diesel for the generators which would otherwise have been needed to generate this electricity.

- 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.

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 53)

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 61)

O David Wilkinson, BSc 3
EXECUTIVE DIRECTOR
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 52)

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 44)

Konrad P Legg 5
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR
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 67)

Richard M Robinow 6
INDEPENDENT NON-EXECUTIVE DIRECTOR
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 65)

J Derek Shaw, FRAgS 7
INDEPENDENT NON-EXECUTIVE DIRECTOR
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 70)

Report of the directors

FOR THE YEAR ENDED 31 DECEMBER 2010

PRINCIPAL ACTIVITIES

At 31 December 2010, 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 and 7 and in the review of results and operations on pages 8 to 25 and is incorporated in this report by reference.

RESULTS AND DIVIDEND

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

An interim dividend of 2.00p (2009 - 2.00p) per share was paid on 4 November 2010. The board recommends a final dividend of 5.50p (2009 - 5.00p) per share. This dividend will be paid on or after 17 June 2011 to those shareholders on the register at the close of business on 3 May 2011. This final dividend is not provided for in the 2010 financial statements.

SCRIP-DIVIDEND SCHEME

The board has decided to make the scrip dividend option available for the final dividend. Shareholders who have previously elected to receive their dividends in this manner will therefore automatically receive this dividend as scrip. Forms of election will be dispatched to remaining shareholders under separate cover. **Shareholders who now wish to make an election to receive this and future dividends as scrip, or who wish to revoke a previous election, should contact the Company's registrars without delay. Any such elections or revocations will not be effective unless they have been sent in accordance with the Company's instructions and received by the Company's registrars no later than 5:00 p.m. on 26 May 2011.**

The Company will accept partial scrip elections for this dividend, subject to such terms and conditions as it or its registrar may require, but will not carry forward partial election instructions for future payments.

To calculate the basis of the allotments the Company will use the average of the middle-market quotations of the Company's shares for the five business days commencing on the ex-dividend date for the dividend as derived from the London Stock Exchange Daily Official List. The scrip-dividend scheme is conditional on the directors allotting the necessary new shares for the purposes of section 551 of the Companies Act 2006 and the admission of the new shares allotted to trading on the AIM market of the London Stock Exchange. The scrip-dividend scheme is operated with the authority of the resolution passed at the Company's annual general meeting in 2010 (which is valid for five years). The scheme is subject to the terms and conditions set out in the circular to shareholders dated 14 May 2010 and may be amended, suspended or terminated at the discretion of the board without notice.

SHARE CAPITAL

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

	SHARES OF 10P EACH
Issued (fully-paid and voting) capital at 1 January 2010	**52,271,315**
Share options exercised	
18 January 2010	**7,000**
29 January 2010	**956,100**
3 June 2010	**5,000**
4 October 2010	**8,000**
Shares issued in lieu of a cash dividend	
25 June 2010	**76,753**
4 November 2010	**33,287**
Issued (fully-paid and voting) capital at 31 December 2010 and 21 April 2011	**53,357,455**

DIRECTORS AND DIRECTORS' INTERESTS

The present membership of the board, all of whom served throughout the year, is detailed on page 28. Messrs Wilkinson, Legg, Robinow and Shaw 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.

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 2010	BENEFICIAL	NON-BENEFICIAL	OPTIONS
P E Hadsley-Chaplin	**1,067,112**	**25,000**	**670,000**
P A Fletcher	**739,300**	**51,361**	**632,135**
O D Wilkinson	—	—	**63,496**
T R J Price (appointed 01/01/2010)	—	—	**150,000**
K P Legg	**591,591**	**22,412**	—
R M Robinow	**42,086**	—	—
J D Shaw	**610,747**	—	—
AT 1 JANUARY 2010			
P E Hadsley-Chaplin	**848,865**	**57,237**	**1,150,000**
P A Fletcher	**585,953**	**51,361**	**1,108,235**
O D Wilkinson	—	—	**78,496**
T R J Price (appointed 01/01/2010)	—	—	**150,000**
K P Legg	**584,389**	**22,412**	—
R M Robinow	**42,086**	—	—
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 pages 35 and 36.

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.

As permitted by the Company's articles of association, there was throughout the year to 31 December 2010 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**	**10.86**
JP Morgan Fleming Mercantile Investment Trust Plc	**3,517,103**	**6.59**
M M Hadsley-Chaplin	**2,642,254**	**4.95**
Indirect interests		
Aberdeen Asset Management PLC	**5,431,563**	**10.18**
Invesco Limited	**2,568,264**	**4.81**

AUTHORITY TO ALLOT SHARES

At the annual general meeting a general authority is being sought, under resolution 8, for the directors to allot shares up to a maximum nominal amount of £1,778,404, 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 9, 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 £533,575, 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 8 and 9. These authorities will lapse on 30 June 2012 or, if earlier, the date of the Company's next annual general meeting.

AUTHORITY TO MAKE MARKET PURCHASES OF SHARES

The directors propose to seek authority under resolution 10 for the Company to purchase its own shares on the AIM Market of the London Stock Exchange until 30 June 2012 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. The directors would 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 10 set out in the notice of the annual general meeting will accordingly be proposed to authorise the purchase of up to a maximum of 5,335,745 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 10 will lapse on 30 June 2012 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 1,580,631 shares outstanding under the executive share-option schemes. If all of the options were exercised, the resulting number of shares would represent (a) 2.88% of the enlarged issued share capital at that date; and (b) if the proposed authority to purchase shares was exercised in full 3.19% of the enlarged issued equity share capital at that date (excluding any share capital which may be purchased and held in treasury).

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 2010 amounted to 32 days (2009 – 23 days).

FINANCIAL INSTRUMENTS

Details of the Group's financial instruments, and the board's policy with regard to their use, are given in note 30 to the consolidated accounts on pages 64 and 65.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the parent-Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union and applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Group and parent-Company financial statements respectively;
- 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 adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group 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 Company'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

There are no post-balance-sheet events.

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 person 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

The auditors, 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*
21 April 2011

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 page 28. 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 Legg, Robinow 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 2010 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 page 31.

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. In summary this is reported on pages 23 to 25.

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 planting expenditure in Indonesia on the areas noted in the review of operations on pages 11 to 22. 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 facilities agreed in April 2010 and March 2011, 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 twice during 2010 and each meeting was attended by all of the members.

The audit committee may examine any matters relating to the financial affairs of the Group or the Group's audit; this includes reviews of the annual accounts and announcements, accounting policies, compliance with accounting standards, the appointment and fees of auditors and such other related matters as the board may require.

The Group's auditors 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. 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, for the year commencing 1 January 2010, they qualified 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 2010 was as follows:

	2010 US$	2009 US$
Emoluments	**1,070,936**	966,714
Gains on exercise of share options	**3,932,063**	128,406
Group money-purchase pension contributions	**133,856**	116,978
	5,136,855	1,212,098

The details of the remuneration of the directors for the year ended 31 December 2010 are set out below:

	SALARY AND FEES US$	BONUS US$	PENSION COSTS US$	BENEFITS IN KIND US$	TOTAL 2010 US$	TOTAL 2009 US$
Executive directors						
P E Hadsley-Chaplin	**152,955**	**9,420**	**26,767**	**31,472**	**220,614**	320,761
P A Fletcher	**254,925**	**15,700**	**44,612**	**62,678**	**377,915**	353,906
O D Wilkinson	**157,819**	**59,183**	**41,233**	**7,265**	**265,500**	277,607
T R J Price (appointed 01/01/2010)	**169,950**	**10,205**	**21,244**	**19,703**	**221,102**	—
	735,649	**94,508**	**133,856**	**121,118**	**1,085,131**	952,274
Non-executive directors						
K P Legg	**38,780**	**—**	**—**	**—**	**38,780**	38,052
R M Robinow	**33,295**	**—**	**—**	**—**	**33,295**	46,683
J D Shaw	**47,586**	**—**	**—**	**—**	**47,586**	46,683
	119,661	**—**	**—**	**—**	**119,661**	131,418
Total	**855,310**	**94,508**	**133,856**	**121,118**	**1,204,792**	1,083,692

NOTES

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

	2010 US$	2009 US$
P A Fletcher	**1,919,928**	—
P E Hadsley-Chaplin	**1,949,792**	—
O D Wilkinson	**62,343**	128,406
	3,932,063	128,406

Notes continue on next page.

2. The pension costs for Messrs Hadsley-Chaplin, Fletcher and Price set out above are the contributions made by the Company to a 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.
3. No long-term incentives, other than the share options described below, have been awarded to directors.
4. 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 2010 options over 1,515,631 (2009 - 2,336,731) shares granted to executive directors remain outstanding. These were granted to the executive directors between 17 July 2001 and 2 February 2005, except that options over 150,000 shares were granted to Mr T R J Price between 16 November 2007 and 24 November 2008. During the year 971,100 (2009 - 59,730) options granted to directors were exercised and none (2009 none) lapsed.

No performance criteria are attached to the options and no options are held by the non-executive directors. At 31 December 2010 the middle-market quotation for the Company's shares, as derived from the London Stock Exchange Daily Official List, was 500.5p, as compared with the high and low quotations for the year of 500.5p and 311.5p respectively.

The details of the options held over shares of the Company by the executive directors during the year ended 31 December 2010 are set out in the table below:

Number of shares under option	Balance at 1 January 2010	Exercised in the year	Balance at 31 December 2010	Exercise price pence	Market price when exercised pence	Date of grant	Date from which normally first exercisable	Expiry date
P A Fletcher	200,000	117,500	82,500	96.50	340	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	340	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	**476,100**	**632,135**					
P E Hadsley-Chaplin	41,765	41,765	—	75.50	340	17 July 2001	17 July 2004	17 July 2011
	200,000	79,635	120,365	96.50	340	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	340	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	**480,000**	**670,000**					
O D Wilkinson	7,000	7,000	—	101.78	341	2 Feb 2005*	1 May 2005	1 May 2012
	4,258	4,258	—	101.78	399	2 Feb 2005*	1 May 2005	1 May 2012
	53,790	3,742	50,048	138,04	399	2 Feb 2005*	2 May 2006	2 May 2013
	13,448	—	13,448	158.95	—	2 Feb 2005*	4 May 2007	4 May 2014
	78,496	**15,000**	**63,496**					
T R J Price**	75,000	—	75,000	385.00	—	16 Nov 2007	16 Nov 2010	16 Nov 2017
	75,000	—	75,000	159.50	—	24 Nov 2008	24 Nov 2011	24 Nov 2018
	150,000	**—**	**150,000**					
Total	**2,486,731**	**971,100**	**1,515,631**					

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

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 directors'-remuneration package, other than basic salary, is pensionable.

Approved by the board of directors
and signed on its behalf

J F Elliott *Secretary*
21 April 2011

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 2010 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 statement of directors' responsibilities 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 and express an opinion on 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 2010 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 report of the directors 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 2010.

Simon O'Brien *(Senior Statutory Auditor)*

for and on behalf of

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors, London

21 April 2011

Consolidated income statement

FOR THE YEAR ENDED 31 DECEMBER 2010

	NOTE	RESULT BEFORE BIOLOGICAL BEARER-ASSET ADJUSTMENT* US$'000	BIOLOGICAL BEARER-ASSET ADJUSTMENT* US$'000	YEAR ENDED 31 DECEMBER 2010 US$'000	RESULT BEFORE BIOLOGICAL BEARER-ASSET ADJUSTMENT* US$'000	BIOLOGICAL BEARER-ASSET ADJUSTMENT* US$'000	YEAR ENDED 31 DECEMBER 2009 US$'000
Continuing operations							
Revenue	4	**42,091**	**—**	**42,091**	28,391	—	28,391
Cost of sales		**(20,533)**	**1,011**	**(19,522)**	(17,167)	481	(16,686)
Gross profit	4	**21,558**	**1,011**	**22,569**	11,224	481	11,705
Gain/(loss) on biological assets	13	**—**	**17,589**	**17,589**	(637)	23,518	22,881
Planting expenditure		**—**	**(15,204)**	**(15,204)**	—	(15,154)	(15,154)
Foreign-exchange gains		**739**	**—**	**739**	1,460	—	1,460
Other administrative expenses		**(5,616)**	**—**	**(5,616)**	(5,177)	—	(5,177)
Other income		**218**	**—**	**218**	226	—	226
Operating profit		**16,899**	**3,396**	**20,295**	7,096	8,845	15,941
Finance income	6	**711**	**—**	**711**	623	—	623
Finance costs	7	**(1,647)**	**—**	**(1,647)**	(1,226)	—	(1,226)
Group-controlled profit before tax	8	**15,963**	**3,396**	**19,359**	6,493	8,845	15,338
Tax on profit on ordinary activities	9	**(7,459)**	**(577)**	**(8,036)**	(5,654)	(578)	(6,232)
Group-controlled profit after tax		**8,504**	**2,819**	**11,323**	839	8,267	9,106
Share of associated companies' profit after tax	4, 15	**16,126**	**(3,001)**	**13,125**	7,334	2,692	10,026
Profit after tax on continuing operations		**24,630**	**(182)**	**24,448**	8,173	10,959	19,132
Discontinued operations		**—**	**—**	**—**	1,578	—	1,578
Profit for the year		**24,630**	**(182)**	**24,448**	9,751	10,959	20,710
Attributable to:							
Owners of M. P. Evans Group PLC		**21,636**	**271**	**21,907**	8,076	10,174	18,250
Minority interests		**2,994**	**(453)**	**2,541**	1,675	785	2,460
		24,630	**(182)**	**24,448**	9,751	10,959	20,710
				US CENTS			*US CENTS*
Basic earnings per 10p share	11						
Continuing operations				**41.17**			31.92
Discontinued operations				**—**			3.02
Continuing and discontinued operations				**41.17**			34.94
Diluted earnings per 10p share	11						
Continuing operations				**40.52**			31.01
Discontinued operations				**—**			2.93
Continuing and discontinued operations				**40.52**			33.94

* Non-statutory column (see note 13)

Consolidated statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 US$'000	2009 US$'000
Other comprehensive income		
Unrealised share of movements in associated undertakings' reserves	—	876
Previously unrealised profit on sale of land to associated undertaking released to the consolidated income statement on sale of that land by the associate	**(327)**	(33)
Exchange differences on translation of foreign operations	**14,203**	11,805
Other comprehensive gain for the year	**13,876**	12,648
Profit for the year	**24,448**	20,710
Total comprehensive income	**38,324**	33,358
Attributable to:		
Owners of M. P. Evans Group PLC	**35,777**	32,194
Minority interests	**2,547**	1,164
	38,324	33,358

Consolidated balance sheet

AT 31 DECEMBER 2010

	NOTE	BEFORE BIOLOGICAL BEARER-ASSET ADJUSTMENT* US$'000	BIOLOGICAL BEARER-ASSET ADJUSTMENT* US$'000	31 DECEMBER 2010 US$'000	BEFORE BIOLOGICAL BEARER-ASSET ADJUSTMENT* US$'000	BIOLOGICAL BEARER-ASSET ADJUSTMENT* US$'000	31 DECEMBER 2009 US$'000
Non-current assets							
Goodwill	12	**1,157**	**—**	**1,157**	1,157	—	1,157
Biological assets	13	**—**	**110,862**	**110,862**	—	93,480	93,480
Property, plant and equipment	14	**120,476**	**(52,416)**	**68,060**	96,307	(36,375)	59,932
Investments in associates	15	**106,776**	**22,803**	**129,579**	89,885	22,702	112,587
Investments	16	**149**	**—**	**149**	2,642	—	2,642
Deferred-tax asset	23	**808**	**—**	**808**	1,373	—	1,373
		229,366	**81,249**	**310,615**	191,364	79,807	271,171
Current assets							
Biological assets	17	**7,991**	**—**	**7,991**	2,650	—	2,650
Inventories	18	**7,921**	**—**	**7,921**	8,454	—	8,454
Trade and other receivables	19	**24,388**	**—**	**24,388**	14,852	—	14,852
Current-tax asset		**1,962**	**—**	**1,962**	3,030	—	3,030
Cash and cash equivalents	20	**35,399**	**—**	**35,399**	38,081	—	38,081
		77,661	**—**	**77,661**	67,067	—	67,067
Total assets	4	**307,027**	**81,249**	**388,276**	258,431	79,807	338,238
Current liabilities							
Borrowings	20, 22	**35,430**	**—**	**35,430**	22,297	—	22,297
Trade and other payables	21	**8,278**	**—**	**8,278**	7,516	—	7,516
Current-tax liability		**2,611**	**—**	**2,611**	632	—	632
		46,319	**—**	**46,319**	30,445	—	30,445
Net current assets		**31,342**	**—**	**31,342**	36,622	—	36,622
Non-current liabilities							
Borrowings	22	**—**	**—**	**—**	2,011	—	2,011
Deferred-tax liability	23	**3,178**	**14,597**	**17,775**	2,796	14,020	16,816
Retirement-benefit obligations	24	**1,840**	**—**	**1,840**	1,251	—	1,251
		5,018	**14,597**	**19,615**	6,058	14,020	20,078
Total liabilities	4	**51,337**	**14,597**	**65,934**	36,503	14,020	50,523
Net assets		**255,690**	**66,652**	**322,342**	221,928	65,787	287,715
Equity							
Share capital	25	**8,987**	**—**	**8,987**	8,821	—	8,821
Other reserves	27	**82,250**	**22,803**	**105,053**	70,610	22,702	93,312
Retained earnings	27	**157,149**	**36,389**	**193,538**	138,188	35,177	173,365
Equity attributable to the owners of M.P. Evans Group PLC		**248,386**	**59,192**	**307,578**	217,619	57,879	275,498
Minority interests	28	**7,304**	**7,460**	**14,764**	4,309	7,908	12,217
Total equity		**255,690**	**66,652**	**322,342**	221,928	65,787	287,715

* Non-statutory column (see note 13)

These financial statements were approved by the board of directors on 21 April 2011 and signed on its behalf

Tristan Price Philip Fletcher

Directors

Consolidated statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2010

	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	—	—	—	—	—	—	13,125	—	8,782	21,907	2,541	24,448
Other comprehensive income for the year	—	—	553	—	—	—	10,237	496	2,584	13,870	6	13,876
Total comprehensive income for the year	—	—	553	—	—	—	22,362	496	11,366	35,777	2,547	38,324
Issue of share capital	166	1,727	—	—	—	—	—	—	—	1,893	—	1,893
Dividends	—	—	—	—	—	—	(14,455)	—	8,799	(5,656)	—	(5,656)
Credit to equity for equity-settled share-based payments	—	—	—	—	—	58	—	—	8	66	—	66
Transactions with owners	166	1,727	—	—	—	58	(14,455)	—	8,807	(3,697)	—	(3,697)
Balance at 1 January 2010	8,821	19,770	11,975	3,896	1,056	540	57,664	(1,589)	173,365	275,498	12,217	287,715
At 31 December 2010	8,987	21,497	12,528	3,896	1,056	598	66,571	(1,093)	193,538	307,578	14,764	322,342
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

Consolidated cash-flow statement

FOR THE YEAR ENDED 31 DECEMBER 2010

	NOTE	**YEAR ENDED 31 DECEMBER 2010 *US$'000***	YEAR ENDED 31 DECEMBER 2009 *US$'000*
Net cash generated by operating activities*	*29*	**19,417**	12,311
Investing activities			
Interest received	*7*	**711**	623
Proceeds on disposal of assets		**690**	2,914
Proceeds on disposal of investments		**3,255**	—
Purchase of property, plant and equipment	*14*	**(9,920)**	(9,333)
Planting expenditure		**(15,204)**	(15,154)
Investment in associated undertaking		**(7,310)**	—
Net cash used by investing activities		**(27,778)**	(20,950)
Financing activities			
Dividends paid to Company shareholders	*10, 25*	**(5,064)**	(6,033)
Repayment of borrowings		**(2,011)**	10
Proceeds on issue of shares	*25*	**1,301**	99
Dividend paid to minorities	*28*	**—**	(1,144)
Net cash used by financing activities		**(5,774)**	(7,068)
Net decrease in cash and cash equivalents		**(14,135)**	(15,707)
Net cash and cash equivalents at 1 January	*20*	**15,784**	37,486
Effect of foreign-exchange rates on cash and cash equivalents		**(1,680)**	(5,995)
Net cash and cash equivalents at 31 December	*20*	**(31)**	15,784

* In order better to represent cash flows occurring in the Group's activities, the board has changed the classification of planting expenditure from an operating cost to an investment activity similar to the purchase of property, plant and equipment. Furthermore, given the operating nature of the Group's associated undertakings, it has included dividends from these companies within operating cash flow. These reclassifications have been applied to the comparative figures shown for 2009.

NOTES TO THE CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 1 General information

M.P. Evans Group PLC is incorporated in the United Kingdom under the Companies Act 2006 and listed on the London Stock Exchange's Alternative Investment Market ("AIM"). The address of its registered office is given on page 77. The nature of the Group's operations and its principal activities is set out in note 4 and in the review of operations on pages 11 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 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 2010 of US$3,558,000 (2009 loss US$3,454,000).

NOTE 2 Adoption of new and revised accounting standards

(a) **New standards adopted by the Group**

IFRS 3 (revised), "Business combinations", and consequential amendments to IAS 27, "Consolidated and separate financial statements", IAS 28, "Investments in associates", and IAS 31, "Interests in joint ventures", are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

IFRS 3 (revised) continues to apply the acquisition method to business combinations, but with some significant changes, for example, the change in the treatment of acquisition-related expenses discussed in the basis of preparation section. Further, any revisions to contingent cash consideration in the period following the acquisition will be recorded in the income statement.

As the Group has adopted IFRS 3 (revised), it is also required to adopt IAS 27 (revised), "Consolidated and separate financial statements". IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. Such transactions will no longer result in either goodwill or in a gain or a loss being recognised. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in the income statement.

(b) **Amended standards and interpretations mandatory for the first time for the financial year beginning 1 January 2010**

Amendments to existing standards:-
Amendment to IFRS 2, "Share-based Payments" (effective 1 January 2010).
Amendment to IFRS 3 (Revised), "Business Combinations" (effective 1 July 2010).
Amendment to IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations" (effective 1 January 2010).
Amendment to IFRS 8, "Operating Segments" (effective 1 January 2010).
Amendment to IAS 1, "Presentation of Financial Statements" (effective 1 January 2010).
Amendment to IAS 7, "Statement of Cash Flows" (effective 1 January 2010).
Amendment to IAS 17, "Leases" (effective 1 January 2010).
Amendment to IAS 27, "Consolidated and Separate Financial Statements" (effective 1 February 2010).
Amendment to IAS 36, "Impairment of Assets" (effective 1 January 2010).
Amendment to IAS 32, "Financial Instruments: Presentation" (effective 1 February 2010).
Amendment to IAS 39, "Financial Instruments: Recognition and Measurement" (effective 1 January 2010).

International Financial Reporting Interpretations Committee ("IFRIC") interpretations IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments" (effective 1 July 2010).

The above amendments and interpretations are either not currently relevant for the Group (although they may affect the accounting for future transactions and events) or have not had a significant impact on the Group and its disclosures.

(c) **New standards, amended standards or interpretations issued, but not effective for the financial year beginning 1 January 2010 and not adopted early:**

New IFRS standard:-
IFRS 9, "Financial Instruments" (effective 1 January 2013).

Amendments to existing standards:-
Amendment to IAS 24, "Related-Party Disclosures" (effective 1 January 2011).
Annual improvements to IFRSs 2011 affecting:
IFRS 7, "Financial Instruments: Disclosures" (effective 1 January 2011).
IAS 1, "Presentation of Financial Statements" (effective 1 January 2011).
IAS 34, "Interim Financial Reporting".

IFRIC interpretations:-
IFRIC 14, "The Limit on a Defined-Benefit Asset, Minimum Funding Requirements and their Interaction" (effective 1 January 2011).

It is considered that the above standards, amendments and interpretations will not have a significant effect on the results or net assets of the Group but may impact the level of disclosure to be made in the financial statements.

NOTES TO THE CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2010

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 estates and mills, which it can manage according to the resources available. As set out in note 22, the directors believe the loan classified as a current liability will provide financing in line with its agreed terms ending in 2014. Subsequent to the year end, the Group has signed an arrangement with an Indonesian bank for a US$21 million term facility.

(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 is recognised at the point of delivery. Revenue in respect of construction contracts is recognised at the point the development is sold. 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. However, these are included within 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 to 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 "Agriculture" on two groups of bearer assets (oil-palm and rubber plantations), and one consumer biological asset (beef cattle). The Group's only interest in rubber is through its associated 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 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 re-planting. The Group estimates the future sales value of its crop production using a long-term (20-year) average price. Costs associated with 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 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 recognising biological-bearer assets. The biological-bearer-asset adjustment column shows the impact of introducing 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 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 through shareholdings and board membership 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 2010. 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.

NOTES TO THE CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2010

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 presentation 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 13. 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 13.

(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 23.

(iv) **Assets held for sale**

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

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

On acquisition of shares in subsidiary companies or associated undertakings, the directors compare the fair value of the consideration given for the shares with the fair value of the assets acquired, including an 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; property development in Malaysia.

2010	PLANTATION			CATTLE	PROPERTY	OTHER	TOTAL
	INDONESIA	MALAYSIA	TOTAL	AUSTRALIA	MALAYSIA		
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Total revenue	39,162	698	39,860	2,184	—	47	42,091
Total gross profit/(loss)	22,362	(91)	22,271	251	—	47	22,569
Continuing operations							
Revenue	39,162	698	39,860	2,184	—	47	42,091
Gross profit/(loss)	22,362	(91)	22,271	251	—	47	22,569
Gain on biological assets	17,589	—	17,589	—	—	—	17,589
Planting expenditure	(15,204)	—	(15,204)	—	—	—	(15,204)
Foreign-exchange gains							739
Other administrative expenses	(2,900)	207	(2,693)	(172)	—	(2,751)	(5,616)
Other income	—	218	218	—	—	—	218
Operating profit							20,295
Finance income	625	26	651	19	—	41	711
Finance costs	—	—	—	(1,647)	—	—	(1,647)
Group-controlled profit before tax							19,359
Tax	(6,645)	(10)	(6,655)	(52)	—	(1,329)	(8,036)
Group-controlled profit after tax							11,323
Share of associated companies' profit after tax	7,773	2,987	10,760	2,365	—	—	13,125
Profit after tax							24,448
Minority interests							(2,541)
							21,907
Assets	205,535	5,095	210,630	44,769	—	3,298	258,697
Investments in associates	49,345	—	49,345	60,379	19,855	—	129,579
	254,880	5,095	259,975	105,148	19,855	3,298	388,276
Unallocated assets							—
Consolidated total assets							388,276
Liabilities	23,233	10,342	33,575	28,738	—	3,621	65,934
Unallocated liabilities							—
Consolidated total liabilities							65,934
Other information							
Additions to non-current assets	9,303	24	9,327	547	—	46	9,920
Depreciation and amortisation	2,136	37	2,173	379	—	33	2,585
Retirement-benefit obligations	529	—	529	—	—	—	529

NOTES TO THE CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE 4 Segment information CONTINUED

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								1,460
Other administrative expenses	(1,902)	(172)	(2,074)	(51)	—	—	(3,052)	(5,177)
Other income	—	29	29	—	—	—	197	226
Operating profit								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
Investments 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)

* The Group's Thai rubber factory was sold in 2009.

NOTE 5 Employees

	2010 US$'000	2009 US$'000
Employee costs during the year		
Wages and salaries	**7,979**	7,071
Social-security costs	**359**	299
Retirement-benefit obligations (see note 24)	**529**	(249)
Other pension costs	**208**	110
	9,075	7,231
	NUMBER	NUMBER
Average number of persons employed (including executive directors)		
Estate manual	**1,334**	1,189
Local management	**68**	89
United Kingdom head office	**6**	6
	1,408	1,284

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 Finance income

	2010 US$'000	2009 US$'000
Interest receivable on bank deposits	**711**	623

NOTE 7 Finance costs

Interest payable on bank loans and overdrafts	**1,647**	1,226

NOTE 8 Group-controlled profit before tax

	TOTAL 2010 US$'000	TOTAL 2009 US$'000
Profit before tax is stated after charging		
Depreciation of property, plant and equipment	**2,585**	2,517
Auditors' remuneration	**288**	266
Employee costs (note 5)	**9,075**	7,231

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	**74**	79
Total audit services	**94**	99
Audit of overseas subsidiaries	**125**	102
Total fees payable	**219**	201

* In addition to the above, fees of US$69,000 (2009 US$65,000) were payable to other firms for the audit of subsidiary companies.

NOTE 9 Tax on profit on ordinary activities

United Kingdom corporation tax charge for the year	**303**	2,643
Relief for overseas taxation	**(303)**	(2,643)
	—	—
Overseas taxation	**6,865**	4,188
Adjustments in respect of prior years	**9**	(229)
Total current tax	**6,874**	3,959
Deferred taxation – origination and reversal of timing differences (see note 23)	**1,162**	2,273
	8,036	6,232

The standard rate of tax for the year, based on the United Kingdom standard rate of corporation tax, was 28% (2009 – 28%). The standard rate of Indonesian tax was 25% for the current year (2009 – 28%). The actual tax charge is higher than the standard rate for the reasons set out in the following reconciliation.

NOTE 9 Tax on profit on ordinary activities CONTINUED

	2010 US$'000	2009 CONTINUING OPERATIONS US$'000	2009 DISCONTINUED OPERATIONS US$'000
Profit on ordinary activities before tax	**19,359**	15,338	1,590
Tax on profit on ordinary activities at standard rate	**5,421**	4,295	445
Factors affecting the charge for the year:			
Non-taxable gain	**—**	—	(435)
Expenses not deductible for tax purposes	**96**	114	2
Deferred-tax asset on Australian losses written back	**—**	774	—
Unrelieved losses	**108**	875	—
Utilisation of losses brought forward	**(17)**	(380)	—
Unrealised Indonesian exchange gains not included in Group profit	**913**	2,145	—
Other exchange differences	**656**	(72)	—
Withholding tax on overseas dividends from associated companies	**1,079**	571	—
Lower rate applicable to disposals of fixed assets	**(301)**	(9)	—
Biological assets	**(374)**	(1,899)	—
Other differences	**455**	(182)	—
Total actual amount of current tax	**8,036**	6,232	12

NOTE 10 Dividends paid and proposed

	2010 US$'000	2009 US$'000
2010 interim dividend – 2.00p per 10p share (2009 interim dividend – 2.00p)	**1,663**	1,724
2009 final dividend – 5.00p per 10p share (2008 final dividend – 5.00p)	**3,993**	4,309
	5,656	6,033

Following the year end, the board has proposed a final dividend for 2010 of 5.50p per 10p share, amounting to US$4.78 million. Shareholders will again have the option to elect to receive the dividend in shares rather than in cash. Further information is published in the directors report on page 29. The dividend will be paid on or after 17 June 2011 to those shareholders on the register at the close of business on 3 May 2011.

NOTE 11 Basic and diluted earnings per share

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

	2010 US$'000	2010 NUMBER OF SHARES	2009 US$'000	2009 NUMBER OF SHARES
Profit for the year attributable to the owners of M.P. Evans Group PLC				
Continuing operations	**21,907**		16,672	
Discontinued operations	**—**		1,578	
Continuing and discontinued operations	**21,907**		18,250	
Average number of shares in issue		**53,206,617**		52,233,610
Diluted average number of shares in issue*		**54,059,915**		53,771,958

* 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 12 Goodwill

	2010 US$'000	2009 US$'000
At 1 January and 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 13 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 historical 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 2010	31 DECEMBER 2009
Price of crude palm oil (US$/t, c.i.f Rotterdam)	**533**	502
Exchange rate (Rupiah per US$)	**8,891**	9,400

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 ***US$'000***	+US$ 25 *US$'000*
Subsidiaries	**(19,628)**	19,628
Associated companies	**(10,848)**	10,848
	(30,476)	30,476

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	**9,013**	(8,095)
Associated companies	**2,154**	(1,982)
	11,167	(10,077)

NOTE 13 Biological assets CONTINUED

Non-current biological assets	2010 US$'000	2009 US$'000
Gain in fair value:		
Initial recognition	**3,131**	11,090
Current period	**14,458**	12,428
Total gain*	**17,589**	23,518
Decreases due to disposal and reclassification	**(207)**	(8,817)
Change in carrying value of biological assets	**17,382**	14,701
At 1 January	**93,480**	78,779
At 31 December	**110,862**	93,480

* All of the gain in fair value relates to continuing operations.

Oil-palm planting and crop	2010 MATURE	2010 IMMATURE	2010 TOTAL	2009 MATURE	2009 IMMATURE	2009 TOTAL
Planted area (hectares)						
Subsidiary companies	**12,101**	**8,196**	**20,297**	9,509	9,148	18,657
Associated undertakings (Group share)	**6,879**	**660**	**7,539**	5,859	585	6,444
	18,980	**8,856**	**27,836**	15,368	9,733	25,101

	2010	2009
Crop (f.f.b.) – tonnes	**198,034**	173,057
Fair value of crop (US$'000)	**18,830**	15,218

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$52,416,000 (2009 US$36,375,000) 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$119,068 (2009 US$102,162,000).

NOTE 14 Property, plant and equipment

	FREEHOLD LAND US$'000	LEASEHOLD LAND US$'000	BUILDINGS US$'000	PLANT, EQUIPMENT AND VEHICLES US$'000	CONSTRUCTION IN PROGRESS US$'000	TOTAL US$'000
Cost or valuation						
At 1 January 2010	**25,713**	**16,310**	**17,554**	**11,207**	**470**	**71,254**
Additions	**52**	**893**	**1,451**	**1,623**	**5,901**	**9,920**
Re-classification	**—**	**—**	**(5,100)**	**5,100**	**—**	**—**
Exchange differences	**3,411**	**27**	**587**	**443**	**—**	**4,468**
Disposals	**—**	**(1,993)**	**(24)**	**(1,276)**	**(727)**	**(4,020)**
At 31 December 2010	**29,176**	**15,237**	**14,468**	**17,097**	**5,644**	**81,622**
Accumulated depreciation						
At 1 January 2010	**—**	**354**	**5,480**	**5,488**	**—**	**11,322**
Charge for the year	**—**	**4**	**675**	**1,906**	**—**	**2,585**
Re-classification	**—**	**—**	**(2,841)**	**2,841**	**—**	**—**
Exchange differences	**—**	**—**	**85**	**250**	**—**	**335**
Disposals	**—**	**—**	**(6)**	**(674)**	**—**	**(680)**
At 31 December 2010	**—**	**358**	**3,393**	**9,811**	**—**	**13,562**
Net book value						
At 31 December 2010	**29,176**	**14,879**	**11,075**	**7,286**	**5,644**	**68,060**
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
Net book value						
At 1 January 2009	19,959	11,983	10,633	4,736	143	47,454

As at 31 December 2010, the Group had entered into contractual commitments for the acquisition of property, plant and equipment of US$1,227,000 (2009 US$611,000).

NOTE 15 Investments in associates

Details of the principal subsidiary and associated undertakings are given on page 72. Associated companies are all unlisted.

	SHARE OF NET ASSETS 2010 US$'000	SHARE OF NET ASSETS 2009 US$'000
Share of net assets		
At 1 January	**111,706**	97,363
Exchange differences	**11,011**	10,674
Acquisitions	**7,190**	—
Share of reserves	**—**	609
Profit for the year	**13,125**	10,026
Net dividends received	**(14,454)**	(6,966)
At 31 December	**128,578**	111,706
Goodwill		
At 1 January	**881**	881
Acquisition	**120**	—
At 31 December	**1,001**	881
Carrying value		
At 31 December	**129,579**	112,587
At valuation		
Unlisted (directors' valuation)	**184,000**	162,000

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

	PT AGRO MUKO (36.84%*) 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
2010					
Revenue	**23,275**	**3,720**	**13,405**	**8,484**	**48,884**
Profit after tax	**6,096**	**1,677**	**2,365**	**2,987**	**13,125**
Assets	**46,774**	**5,726**	**112,328**	**24,903**	**189,731**
Liabilities	**(2,873)**	**(282)**	**(51,949)**	**(5,048)**	**(60,152)**
Net assets	**43,901**	**5,444**	**60,379**	**19,855**	**129,579**
2009					
Revenue	16,541	3,040	11,031	6,920	37,532
Profit/(loss) after tax	8,424	1,659	(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

* 2009 – 31.53%

NOTE 16 Investments

Other available-for-sale financial investments (unlisted)	2010 US$'000	2009 US$'000
At 1 January	**2,642**	2,679
Exchange differences	**15**	3
Disposal of investment	**(2,508)**	(40)
At 31 December*	**149**	2,642

* The directors have reviewed the fair values of the Group's available-for-sale investments and concluded that their realisable market value exceeds their carrying value.

NOTE 17 Current biological assets

	2010			2009		
	LIVESTOCK US$'000	**CROPS US$'000**	**TOTAL US$'000**	LIVESTOCK US$'000	CROPS US$'000	TOTAL US$'000
Gain in fair value – initial recognition	**2,869**	**—**	**2,869**	—	726	726
Increase due to purchases	**5,131**	**—**	**5,131**	1,314	—	1,314
Decreases due to disposal and reclassification	**(2,188)**	**(726)**	**(2,914)**	(841)	(801)	(1,642)
Net exchange differences	**255**	**—**	**255**	380	—	380
Change in carrying value of biological assets	**6,067**	**(726)**	**5,341**	853	(75)	778
At 1 January	**1,924**	**726**	**2,650**	1,071	801	1,872
At 31 December	**7,991**	**—**	**7,991**	1,924	726	2,650

	2010	2009
Livestock		
Head sold (number)		
Subsidiary	**2,181**	1,252
Cattle revenue (US$'000)		
Subsidiary	**2,184**	970
Grain crops		
Crops harvested (tonnes)		
Subsidiary	**—**	6,643
Crop revenue (US$'000)		
Subsidiary	**—**	883

NOTE 18 Inventories

	2010 US$'000	2009 US$'000
Processed produce for sale	**2,216**	2,647
Estate stores	**925**	452
Nurseries	**4,780**	5,355
	7,921	8,454

NOTE 19 Trade and other receivables

	2010 US$'000	2009 US$'000
Trade receivables	**1,635**	613
Other receivables	**8,446**	5,853
Prepayments and accrued income	**14,307**	8,386
	24,388	14,852

Trade and other receivables analysed by currency of receivable:

Indonesian Rupiah	**22,775**	13,529
Malaysian Ringitt	**1,292**	548
Australian Dollar	**216**	715
Sterling	**55**	60
US Dollar	**50**	—
	24,388	14,852

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 2010, there was no provision for impairment of trade receivables (2009 US$ nil). The directors consider the carrying amount of trade and other receivables approximates their fair value.

NOTE 20 Cash and cash equivalents

Cash and cash equivalents	**35,399**	38,081

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.

Cash and cash equivalents	**35,399**	38,081
Bank overdrafts and loans (see note 22)	**(35,430)**	(22,297)
Net cash	**(31)**	15,784

NOTE 21 Trade and other payables

Trade payables	**4,508**	4,339
Amounts owed to associated undertakings	**133**	205
Other payables	**3,637**	2,972
	8,278	7,516

The average credit period taken for trade purchases is 32 days. The Group has processes in place to ensure payables are paid within the agreed terms.

NOTE 22 Borrowings

	2010 US$'000	2009 US$'000
Secured borrowing at amortised cost		
Bank overdrafts	**25,255**	22,297
Bank loans	**10,175**	2,011
	35,430	24,308
Total borrowings		
Amount due for settlement within 12 months	**25,255**	24,308
Due for settlement in one to five years*	**10,175**	—
	35,430	24,308

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.

* These loans are structured as long-term loans with an agreed repayment schedule. However, the legal agreement gives the bank the right to terminate the loan and consequently, despite the commercial substance of the agreement, it has been classified as a current liability.

Analysis of borrowings by currency:

	US DOLLARS US$'000	AUSTRALIAN DOLLARS US$'000	MALAYSIAN RINGITT US$'000	TOTAL US$'000
31 December 2010				
Bank overdrafts	—	**25,255**	—	**25,255**
Bank loans	—	—	**10,175**	**10,175**
	—	**25,255**	**10,175**	**35,430**
31 December 2009				
Bank overdrafts	—	22,297	—	22,297
Bank loans	2,011	—	—	2,011
	2,011	22,297	—	24,308

Undrawn borrowing facilities

At 31 December 2010, the Group had available MYR18.75 million (2009 US$ nil) 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 (2009 A$500,000).

Interest rates

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

	2010 %	2009 %
Bank overdrafts	**4.7**	4.5
Bank loans	**7.0**	5.7

NOTE 23 Deferred tax

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

	ACCELERATED TAX DEPRECIATION US$'000	REVALUATION OF LAND US$'000	BIOLOGICAL ASSETS US$'000	RETIREMENT-BENEFIT OBLIGATIONS US$'000	OTHER TIMING DIFFERENCES US$'000	TOTAL US$'000
At 1 January 2010	**680**	**3,307**	**14,020**	**(306)**	**(2,258)**	**15,443**
Charge/(credit) to income	**1,574**	**—**	**577**	**(139)**	**(850)**	**1,162**
Exchange differences	**89**	**439**	**—**	**(15)**	**(151)**	**362**
At 31 December 2010	**2,343**	**3,746**	**14,597**	**(460)**	**(3,259)**	**16,967**
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

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:

	2010 US$'000	2009 US$'000
Deferred-tax assets		
To be recovered within 12 months	**—**	—
To be recovered after 12 months	**(808)**	(1,373)
	(808)	(1,373)
Deferred-tax liabilities	**17,775**	16,816
	16,967	15,443

At the balance-sheet date, the Group had unused tax losses of US$16,417,000 (2009 US$21,218,000) available for offset against future profits. A deferred-tax asset has been recognised in respect of US$8,316,000 (2009 US$9,074,000) of such losses. No deferred-tax asset has been recognised in respect of the remaining US$8,074,000 (2009 US$11,514,000) 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$209,560,000 (2009 US$171,205,000). 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$86,226,000 (2009 US$34,961,000). 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$17,236,000 (2009 US$7,047,000). No asset has been recognised in respect of these differences due to the unpredictability of future profit streams.

NOTE 24 Retirement-benefit obligations

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

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

	2010 %	2009 %
Discount rate	**8.75**	10.50
Salary increase per annum	**8.00**	8.00

	US$'000	US$'000
Reconciliation of scheme liabilities:		
Current-service cost	**444**	193
Interest cost	**125**	168
Actuarial gains	**(40)**	(3)
Difference on settlement	**—**	(607)
	529	(249)
Less: Benefits paid out	**—**	(68)
Movement in the year	**529**	(317)
At 1 January	**1,251**	1,377
Exchange differences	**60**	191
At 31 December	**1,840**	1,251

NOTE 25 Called-up share capital

	AUTHORISED *NUMBER*	ALLOTTED, FULLY PAID AND VOTING *NUMBER*	AUTHORISED *£'000*	ALLOTTED, FULLY PAID AND VOTING *US$'000*
Shares of 10p each				
At 1 January 2010	**87,000,000**	**52,271,315**	**8,700**	**8,821**
Issued during the year	**—**	**1,086,140**	**—**	**166**
At 31 December 2010	**87,000,000**	**53,357,455**	**8,700**	**8,987**
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

During the year 976,100 (2009 - 59,730) 10p shares were issued as a result of the exercise of share options. In addition, a further 110,040 shares were issued to shareholders who elected to take scrip in lieu of the cash dividends. Total cash benefits received by the Company in respect of these allotments amounted to US$1,301,000 (2009 US$99,675).

NOTE 26 Share-based payments

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

	2010		2009	
	NUMBER OF SHARE OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE *(IN BRITISH PENCE)*	NUMBER OF SHARE OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE *(IN BRITISH PENCE)*
Outstanding at the beginning of the period	**2,556,731**	**120.8**	2,566,461	116.2
Granted during the period	**—**	**—**	50,000	335.0
Exercised during the period	**(976,100)**	**87.6**	(59,730)	103.3
Outstanding at the end of the period	**1,580,631**	**141.3**	2,556,731	120.8
Exercisable at the end of the period	**1,455,631**		2,356,731	

The weighted-average share price at the date of exercise for share options exercised during the period was 340p (2009 – 309p). The options outstanding at 31 December 2010 had a weighted-average remaining contractual life of 2.7 years and exercise prices in the range 96.5p to 385.0p. The Group recognised total expenses of US$66,000 related to equity-settled share-based payment transactions (2009 US$60,000).

There were no options granted in the year. In 2009, the fair value of options granted in the year was established using the Black Scholes valuation model using the following inputs:

	2010	2009
Share price at issue (pence per share)	**—**	335.0
Volatility (%)	**—**	20.7
Dividend yield (%)	**—**	2.1
Expected option life (years)	**—**	7.0
Annual risk-free interest rate (%)	**—**	3.1

Details of the directors' share options are set out in the report of the board to the shareholders on directors' remuneration on pages 35 and 36.

NOTE 27 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 2010	**19,770**	**11,975**	**3,896**	**1,056**	**540**	**57,664**	**(1,589)**	**93,312**	**173,365**
Exchange differences	**—**	**1,039**	**—**	**—**	**—**	**10,236**	**496**	**11,771**	**2,432**
Issue of shares	**1,727**	**—**	**—**	**—**	**—**	**—**	**—**	**1,727**	**—**
Share-based payments	**—**	**—**	**—**	**—**	**58**	**—**	**—**	**58**	**8**
Other	**—**	**(486)**	**—**	**—**	**—**	**—**	**—**	**(486)**	**117**
Transfer on acquisition of minority	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**36**
Dividends from associated undertakings	**—**	**—**	**—**	**—**	**—**	**(14,454)**	**—**	**(14,454)**	**14,454**
Profit for the financial year	**—**	**—**	**—**	**—**	**—**	**13,125**	**—**	**13,125**	**8,782**
Dividend paid (see note 10)	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(5,656)**
At 31 December 2010	**21,497**	**12,528**	**3,896**	**1,056**	**598**	**66,571**	**(1,093)**	**105,053**	**193,538**

NOTE 27 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 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 10)	—	—	—	—	—	—	—	—	(6,033)
At 31 December 2009	19,770	11,975	3,896	1,056	540	57,664	(1,589)	93,312	173,365

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

NOTE 28 Minority interests

	2010 ***US$'000***	2009 *US$'000*
At 1 January	**12,217**	12,197
Share of profit in the year	**2,541**	2,460
Dividends paid	**—**	(1,144)
Transfer on sale to Group	**6**	(1,296)
At 31 December	**14,764**	12,217

NOTE 29 Note to the consolidated cash-flow statement

	2010 US$'000	2009 US$'000
Operating profit – continuing operations	**20,295**	15,941
– discontinued operations	**—**	35
Biological gain	**(20,251)**	(22,014)
Planting expenditure	**15,204**	15,154
Disposal of non-current assets	**1,903**	—
Write down of land to be sold to smallholders' cooperative schemes	**1,350**	—
Release of deferred profit	**(326)**	—
Depreciation of property, plant and equipment	**2,585**	2,517
Retirement-benefit obligations	**529**	358
Share-based payments	**66**	60
Dividends from associated companies	**14,454**	6,966
Operating cash flows before movements in working capital	**35,809**	19,017
Increase/(decrease) in inventories	**(622)**	2,505
Increase in receivables	**(10,760)**	(3,212)
Increase in payables	**515**	1,731
Cash used in operating activities	**24,942**	20,041
Income tax paid	**(3,878)**	(6,504)
Interest paid	**(1,647)**	(1,226)
Net cash from operating activities	**19,417**	12,311

NOTE 30 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 returns to shareholders. The capital structure of the Group consists of debt, (see note 22), cash and cash equivalents and equity attributable to 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 cash of US$(31,000) (2009 US$15,784,000) being the net of cash and cash equivalents as shown in note 20, and equity attributable to the owners of the parent of US$307,578,000 (2009 US$275,498,000). The board intends to fund its continuing 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 16 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.

NOTE 30 Financial instruments CONTINUED

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

	2010 US$'000	2009 US$'000
US Dollar	**18,446**	30,542
Indonesian Rupiah	**12,040**	2,458
Malaysian Ringgit	**2,924**	3,892
Sterling	**1,191**	555
Australian Dollar	**798**	634
	35,399	38,081

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

The Group is exposed to changes in foreign-currency exchange rates. This is in relation to the impact of movements on its non-US Dollar monetary assets, but 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	**502**	(487)
Net assets	**5,294**	4,410
Malaysian Ringgit		
Result for the year	**958**	(671)
Net assets	**2,839**	2,755

Interest-rate risk

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

The Group's only financial liabilities other than short-term trade and other payables are the borrowings referred to in note 22. The overdraft is denominated in Australian Dollars and interest is charged at a variable rate linked to the Australian base rate. The loan is denominated in Malaysian Ringgit and interest is charged at a floating rate related 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 five years. Certain of the Group's short-term borrowings are made under longer-term facility agreements. The maturity profile for those financial liabilities is shown in note 22.

NOTE 31 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 during the year. The Group undertook the following transactions with related parties:

	2010 ***US$'000***	2009 *US$'000*
Agistment revenue on livestock belonging to The North Australian Pastoral Company Pty Limited	—	378

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 2010 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 United Kingdom accounting standards (United Kingdom Generally Accepted Accounting Practice – "UK-GAAP").

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the statement of directors' responsibilities 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 and express an opinion on 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 2010;
- 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 report of the directors 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 2010.

Simon O'Brien *(Senior Statutory Auditor)*

for and on behalf of

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors, London

21 April 2011

Parent-Company balance sheet

AT 31 DECEMBER 2010

	NOTE	US$'000	2010 US$'000	US$'000	2009 US$'000
Fixed assets					
Tangible fixed assets	*(iv)*	**895**		883	
Investments	*(v)*	**44,210**		44,210	
			45,105		45,093
Current assets					
Debtors	*(vi)*	**53,989**		41,579	
Cash at bank and in hand		**2,139**		19,723	
			56,128		61,302
Total assets			**101,233**		106,395
Creditors – amounts falling due within one year	*(vii)*		**(54,456)**		(52,363)
Net current assets			**1,672**		8,939
Total assets less current liabilities			**46,777**		54,032
Capital and reserves					
Called-up share capital	*(viii)*		**8,987**		8,821
Other reserves	*(ix)*		**27,425**		25,640
Profit and loss account retained earnings	*(ix)*		**10,365**		19,571
			46,777		54,032

These financial statements were approved by the board of directors on 21 April 2011 and signed on its behalf

Tristan Price Philip Fletcher

Directors

NOTES TO THE PARENT-COMPANY BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2010

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 on a going-concern basis 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.

Cash-flow statement
As permitted by Financial Reporting Standard No. 1 (Revised) "Cash-flow statements" the Company has not included a cash-flow statement as part of its financial statements because the consolidated financial statements of the Group, of which the Company is a member, include a cash-flow statement and are publicly available.

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 Company's balance sheet at fair value when the Company 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 Loss 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 2010 of US$3,558,000 (2009 loss US$3,454,000).
The auditors' remuneration for audit and other services was US$20,000 (2009: US$20,000).

NOTE iii Employees

	2010 US$'000	2009 US$'000
Employee costs during year		
Wages and salaries	**902**	981
Social security costs	**115**	130
Pension costs	**129**	142
	1,146	1,253
	NUMBER	NUMBER
Average number of persons employed		
Staff	**3**	4
Directors	**3**	2
	6	6

NOTE iv Tangible assets

	BUILDINGS US$'000	PLANT, EQUIPMENT AND VEHICLES US$'000	TOTAL US$'000
Cost			
At 1 January 2010	**834**	**587**	**1,421**
Additions	—	**45**	**45**
At 31 December 2010	**834**	**632**	**1,466**

NOTES TO THE PARENT-COMPANY BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2010

NOTE iv Tangible assets CONTINUED

	BUILDINGS *US$'000*	PLANT, EQUIPMENT AND VEHICLES *US$'000*	TOTAL *US$'000*
Accumulated depreciation			
At 1 January 2010	—	**538**	**538**
Charge for the year	—	**33**	**33**
At 31 December 2010	—	**571**	**571**
Net book value			
At 31 December 2010	**834**	**61**	**895**
Net book value			
At 31 December 2009	834	49	883

NOTE v Investments

Subsidiary undertakings	AT COST *US$'000*	PROVISIONS FOR IMPAIRMENT *US$'000*	NET BOOK VALUE *US$'000*
At 1 January and 31 December 2010	**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

	2010 *US$'000*	2009 *US$'000*
Amounts owed by subsidiary undertakings	**53,934**	41,519
Other debtors	**28**	27
Prepayments and accrued income	**27**	33
	53,989	41,579

NOTE vii Creditors – amounts falling due within one year

	2010 US$'000	2009 US$'000
Amounts owed to subsidiary undertakings	**52,633**	50,676
Other creditors	**1,823**	1,687
	54,456	52,363

NOTE viii Called-up share capital

See note 25 to the consolidated financial statements on page 61.

NOTE ix Reserves

	SHARE-PREMIUM ACCOUNT US$'000	CAPITAL-REDEMPTION RESERVE US$'000	MERGER RESERVE US$'000	OTHER RESERVES US$'000	TOTAL US$'000	PROFIT AND LOSS ACCOUNT US$'000
At 1 January 2010	**19,770**	**3,896**	**1,434**	**540**	**25,640**	**19,571**
Issue of shares	**1,727**	**—**	**—**	**—**	**1,727**	**—**
Share-based payments	**—**	**—**	**—**	**58**	**58**	**8**
Loss for the financial year	**—**	**—**	**—**	**—**	**—**	**(3,558)**
Dividend*	**—**	**—**	**—**	**—**	**—**	**(5,656)**
At 31 December 2010	**21,497**	**3,896**	**1,434**	**598**	**27,425**	**10,365**

* See note 10 to the consolidated financial statements on page 51.

NOTE x Reconciliation of movement in shareholders' funds

	2010 US$'000	2009 US$'000
Loss for the financial year	**(3,558)**	(3,454)
Dividends paid	**(5,656)**	(6,033)
	(9,214)	(9,487)
Issue of shares	**1,893**	99
Share-based payments	**66**	60
Net reduction in shareholders' funds	**(7,255)**	(9,328)
Shareholders' funds at 1 January	**54,032**	63,360
Shareholders' funds at 31 December	**46,777**	54,032

Subsidiary and associated undertakings

SUBSIDIARY UNDERTAKINGS

Details of the principal subsidiary undertakings as at 31 December 2010 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 is a partnership and so has no class of share.

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

ASSOCIATED UNDERTAKINGS

Details of the associated undertakings as at 31 December 2010 are as follows:

	ISSUED, FULLY-PAID SHARE CAPITAL	% HELD	COUNTRY OF INCORPORATION	COUNTRY OF OPERATION	FIELD OF ACTIVITY
Unlisted					
PT Agro Muko	Rp54.58m	36.84	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.	MYR60.00m	40.00	Malaysia	Malaysia	Property development

The shareholdings in the above companies represent shares. The investments in associated undertakings are held by subsidiary undertakings of M. P. Evans Group PLC.

Analysis of land areas

AT 31 DECEMBER 2010

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

	OWNERSHIP %	MATURE HA	IMMATURE HA	PLANTED HA	UNPLANTED & CONSERVATION AREAS HA	GROUP COMPANIES HA	CO-OPERATIVE SCHEMES HA	TOTAL HA
PLANTATION								
Subsidiaries – oil palm								
Pangkatan	80.00	2,345	110	2,455	131	2,586	—	2,586
Bilah	80.00	2,520	262	2,782	179	2,961	—	2,961
Sennah	80.00	1,290	373	1,663	150	1,813	—	1,813
Simpang Kiri	80.00	2,370	91	2,461	193	2,654	—	2,654
Bangka	90.00	1,308	1,116	2,424	5,076	7,500*	4,000	11,500
East Kalimantan	92.50	2,203	6,244	8,447	10,553	19,000*	4,500	23,500
Bertam	100.00	65	—	65	5	70	—	70
Total subsidiaries		12,101	8,196	20,297	16,287	36,584	8,500	45,084
Associates								
Agro Muko – oil palm	36.84	16,518	1,559	18,077	3,239	21,316		
Agro Muko – rubber	36.84	981	638	1,619	—	1,619		
		17,499	2,197	19,696	3,239	22,935	—	22,935
Kerasaan – oil palm	38.00	2,090	225	2,315	47	2,362	—	2,362
Total associates		19,589	2,422	22,011	3,286	25,297	—	25,297
CATTLE								
Subsidiary								
Woodlands	100.00					31,000		
Associate								
NAPCo	34.37					5,800,000		
PROPERTY DEVELOPMENT								
Associate								
Bertam Properties Sdn. Berhad	40.00	166	—		307	473		

* Estimated area, of which the currently-estimated total plantable area is 13,500 hectares in East Kalimantan and 6,000 hectares on Bangka.

5-year summary

		2010	2009	2008	2007	2006
		TONNES	*TONNES*	*TONNES*	*TONNES*	*TONNES*
Production						
Palm oil		**30,000**	27,000	22,300	19,500	24,000
Palm kernels		**7,300**	6,800	6,100	5,400	6,000
Crops						
Oil-palm fresh fruit bunches ("f.f.b.")						
Majority-owned estates	– Indonesia	**196,400**	171,300	144,700	129,900	155,000
	– Malaysia	**1,600**	1,700	16,800	32,600	58,300
		198,000	173,000	161,500	162,500	213,300
Associated-company estates		**366,100**	384,200	355,200	355,800	364,600
		US$	*US$*	*US$*	*US$*	*US$*
Average sale prices						
Palm oil – Rotterdam c.i.f. per tonne		**905**	680	941	781	475
Exchange rates						
US$1 = Indonesian Rupiah	– average	**9,081**	10,374	9,657	9,140	9,167
	– year end	**8,991**	9,400	10,950	9,419	8,994
US$1 = Australian Dollar	– average	**1.09**	1.28	1.20	1.20	1.33
	– year end	**0.98**	1.11	1.43	1.14	1.27
US$1 = Malaysian Ringgit	– average	**3.22**	3.52	3.33	3.44	3.67
	– year end	**3.08**	3.42	3.46	3.31	3.53
£1 = US Dollar	– average	**1.55**	1.57	1.85	2.00	1.84
	– year end	**1.57**	1.61	1.44	1.99	1.96
		US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Revenue		**42,091**	28,391	30,387	21,265	20,425
Gross profit		**22,569**	11,705	13,834	10,619	6,345
Group-controlled profit before taxation		**19,359**	15,338	23,447	17,286	8,211
		US CENTS	*US CENTS*	*US CENTS*	*US CENTS*	*US CENTS*
Basic earnings per share	– continuing	**41.17**	31.92	48.88	70.94	32.71
	– continuing and discontinued	**41.17**	34.94	96.26	82.32	49.75
		PENCE	*PENCE*	*PENCE*	*PENCE*	*PENCE*
Dividend per share		**7.50**	7.00	7.00	7.00	6.50
		US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Equity attributable to the owners of M. P. Evans Group PLC		**307,578**	275,498	249,178	223,412	183,695
Net cash generated by operating activities		**19,417**	12,311	8,825	15,182	3,906

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 10 June 2011 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 2010.

RESOLUTION ON FORM OF PROXY **No 1**

2 To re-elect Mr O D Wilkinson 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-elect Mr R M Robinow as a director.

RESOLUTION ON FORM OF PROXY **No 4**

5 To re-elect Mr J D Shaw as a director.

RESOLUTION ON FORM OF PROXY **No 5**

6 To declare a final dividend

RESOLUTION ON FORM OF PROXY **No 6**

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

RESOLUTION ON FORM OF PROXY **No 7**

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions, of which resolution 8 will be proposed as an ordinary resolution and resolutions 9 and 10 will be proposed as special resolutions:

8 That, in substitution for all existing unexercised authorities, the authority conferred on the directors by article 7.2 of the Company's articles of association be renewed (unless previously renewed, varied or revoked) for a period ending on the earlier of the date of the Company's next annual general meeting and 30 June 2012 and, for that period, the Section 551 Amount is £1,778,404.

RESOLUTION ON FORM OF PROXY **No 8**

9 That, in substitution for all existing unexercised authorities, the authority conferred on the directors by article 7.3 of the Company's articles of association be renewed and extended (unless previously renewed, varied or revoked) for a period ending on the earlier of the date of the Company's next annual general meeting and 30 June 2012 so that the directors are authorised to allot shares pursuant to article 7.2 of the Company's articles of association and to sell treasury shares for that period in an aggregate amount of up to £533,575 (the section 561 amount).

RESOLUTION ON FORM OF PROXY **No 9**

10 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 5,335,745;

(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 2012 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 10**

By order of the board

J F Elliott
Company Secretary
21 April 2011

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 8 June 2011 (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 8 June 2011 (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 2011, the Company's issued share capital consisted of 53,357,455 shares carrying one vote each. Therefore the total number of voting rights in the Company as at that date was 53,357,455.

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, Bridgwater 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.

Professional advisers and representatives

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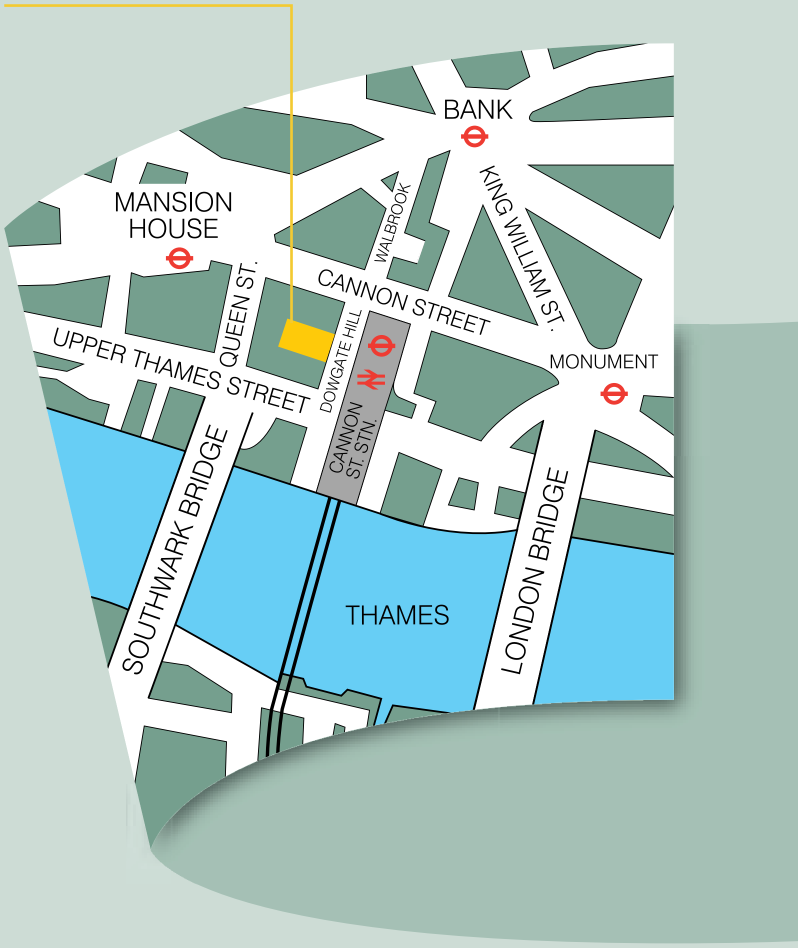
VENUE OF ANNUAL GENERAL MEETING

on Friday 10 June 2011 at 12 noon
Tallow Chandlers' Hall
4 Dowgate Hill
London EC4R 2SH



M.P.Evans GROUP PLC

www.mpevans.co.uk