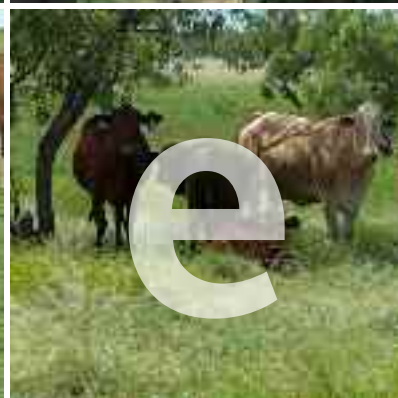


Annual report 2012





MALAYSIA

PROPERTY



MAJORITY HELD 70 ha
MINORITY HELD 453 ha

INDONESIA

PLANTATIONS



MAJORITY HELD 22,600 ha OIL PALM
MINORITY HELD 20,200 ha OIL PALM
AND 1,600 ha RUBBER

Location of the Group's properties
and those of its associated companies
as at 31 December 2012

AUSTRALIA

BEEF-CATTLE FARMING











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





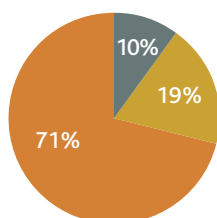
The M.P. Evans Group is committed to producing environmentally-sustainable palm oil and adopting the highest standards of animal welfare

PORTFOLIO OF ASSETS AS AT 31 DECEMBER 2012

-  22,600 planted hectares of majority-held, established oil-palm plantations in Indonesia plus a 40-tonne-per-hour mill in Sumatra and a 60-tonne-per-hour mill in Kalimantan
-  5,600 hectares of associated smallholder co-operative schemes
-  21,800 planted hectares of minority-held (of which Group's share 8,000 hectares) established oil-palm and rubber plantations in Sumatra, Indonesia plus two 60-tonne/-per-hour palm-oil mills and a crumb-rubber factory
-  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 the 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 453 hectares
-  Net current assets of US\$42.57 million as at 31 December 2012

LAND ASSETS BY VALUE

31 DECEMBER 2012



■ INDONESIA ■ AUSTRALIA ■ MALAYSIA

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

Summary of results

	2012	2011
FOR THE YEAR ENDED 31 DECEMBER 2012	<i>US\$ million</i>	<i>US\$ million</i>
Revenue	83.21	57.76
Gross profit	23.04	25.92
Group-controlled profit before tax	16.70	24.35
Profit for the year	21.55	39.70
Equity attributable to the owners of M. P. Evans Group PLC	351.08	337.98
Net cash inflow generated by operating activities	33.90	48.34
	<i>US Cents</i>	<i>US Cents</i>
Basic earnings per 10p share (continuing operations)	32.51	66.39
	<i>Pence</i>	<i>Pence</i>
Dividend per 10p share in respect of the year	8.00	8.00



Philip A Fletcher, FCA

Managing director's statement

The Group's Indonesian palm-oil operations performed well and the results were similar to last year. By contrast, the Australian cattle operations recorded a loss, as did the Malaysian property business. As a result, the Group's profit for the year was 46% lower than that for 2011.

As expected, f.f.b. crops on the new Indonesian projects continued their sharp upward trend in 2012 and the total crop from the Group's majority-owned estates comfortably exceeded the 300,000 tonnes that had been foreshadowed in previous reports to shareholders. It is pleasing to report that, despite a marked fall-off in the palm-oil price during the year, the gross profit from the Indonesian palm-oil operations was similar to that achieved in 2011. The Indonesian associated companies, with similar

crops to 2011, achieved lower profits than in the previous year.

The Australian cattle operations, both on Woodlands and in the associate, NAPCo, experienced lower year-end cattle prices and lower weight gains than in 2011. In Malaysia, the number of completed land and developed-property sales by Bertam Properties was less than in 2011. There are, however, a number of such disposals in the pipeline.

Planting continues on the remainder of the new projects in Indonesia and, as announced in November 2012, a further piece of land, Musi Rawas, was acquired for palm-oil development in South Sumatra. It is too early to tell exactly how much of this 20,000-hectare area will be able to be developed but this is first-class land which should produce exciting long-term results.

Group highlights

A good year for the plantation business which saw the first full year in operation of the Group's palm-oil mill in East Kalimantan. The Group exceeded its targeted crop of 300,000 tonnes of f.f.b. in 2012 and remains on track for 500,000 tonnes in 2015.



Financial

- ▶ Profit for the year US\$21.56 million (2011 US\$39.70 million)
- ▶ Earnings per share US Cents 32.51 (2011 US Cents 66.39)
- ▶ Dividend for the year maintained at 8.00 pence (2.25 pence interim already paid)

Indonesian palm oil

- ▶ Plantation profits similar at US\$25.16 million (2011 US\$25.83 million)
- ▶ Indonesian crops of f.f.b. 27% higher than in 2011 as crops increased on new projects and established estates; unchanged crop on associates' estates
- ▶ Palm-oil price averaged US\$998 per tonne (2011 US\$1,123 per tonne)
- ▶ Group's total planted area, including its share of associates' areas, increased to 30,700 hectares (2011 - 29,800 hectares)



- ▶ Palm-oil price has edged higher in 2013, currently around US\$830 per tonne
- ▶ Initial work has commenced on the newly-acquired land in South Sumatra, Musi Rawas

Australian beef cattle

- ▶ NAPCo achieved higher sales whilst maintaining its herd size
- ▶ Despite strong operating cash flows, NAPCO made a loss following weak year-end cattle prices and a modest property write down
- ▶ Difficult season for Woodlands led to loss but good rainfall in early 2013 has enabled substantial rebuilding of herd

Malaysian property

- ▶ Few sales of land or developed properties completed by associate Bertam Properties, leading to a small loss
- ▶ Bertam Estate benefiting from Bertam Properties' development activity

Market information

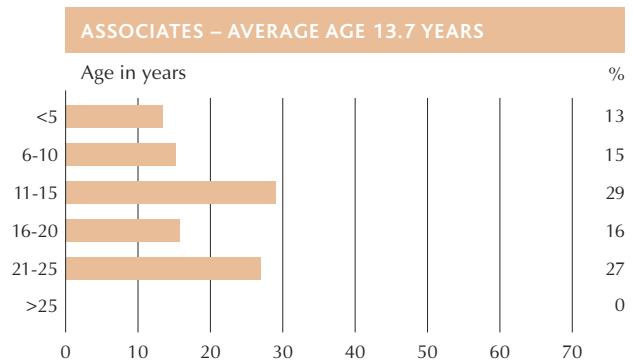
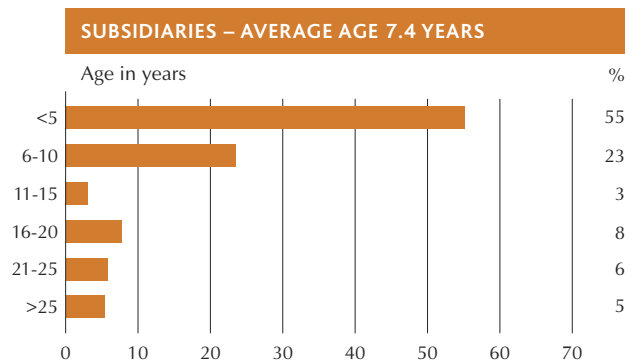
Palm oil The average palm-oil price (Rotterdam c.i.f.) was substantially lower, at US\$998 per tonne, compared with US\$1,123 in 2011. Although strong during the first quarter of 2012, prices began to fall in May, a trend which accelerated in September when concerns about rising stock levels led the price to fall to around US\$800 per tonne. Prices have strengthened gradually from this level in early 2013 to their current level of around US\$830.

- ▶ 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 2012 of 53.2 million tonnes and 35% of the global production of the major vegetable oils. Soybean oil is the second largest with 41.8 million tonnes and 27%. Palm-kernel oil accounts for a further 6.0 million tonnes (4%).

(SOURCE: OIL WORLD)

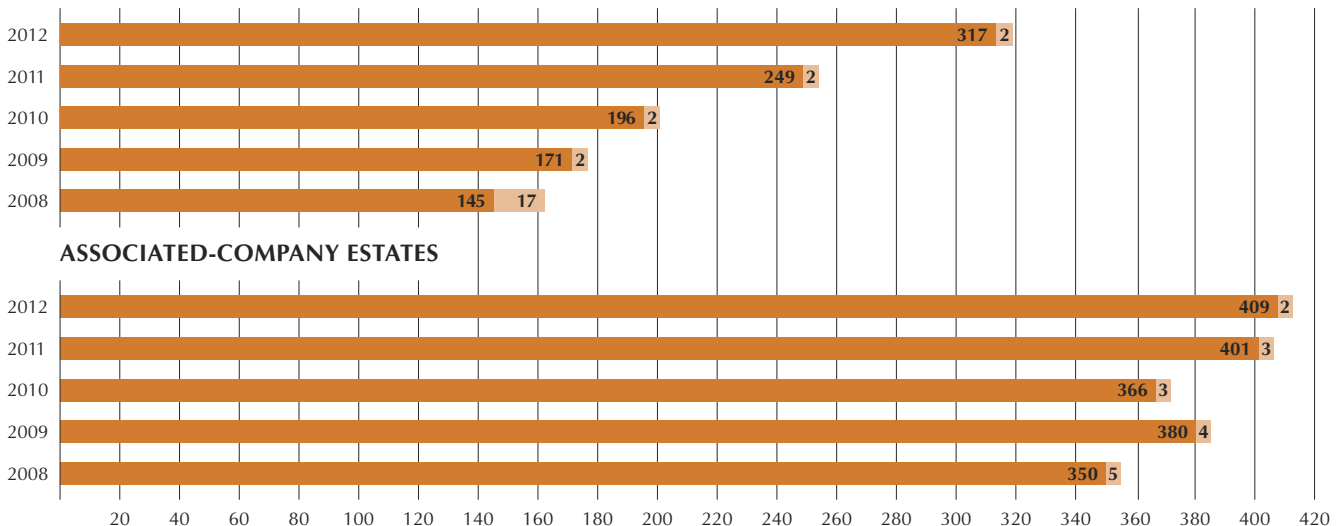
AGE PROFILE OF THE GROUP'S OIL PALMS

DISTRIBUTION OF PLANTED HECTARAGE BY AGE INTERVAL AS AT 31 DECEMBER 2012



CROPS OF OIL-PALM FRESH FRUIT BUNCHES '000 TONNES

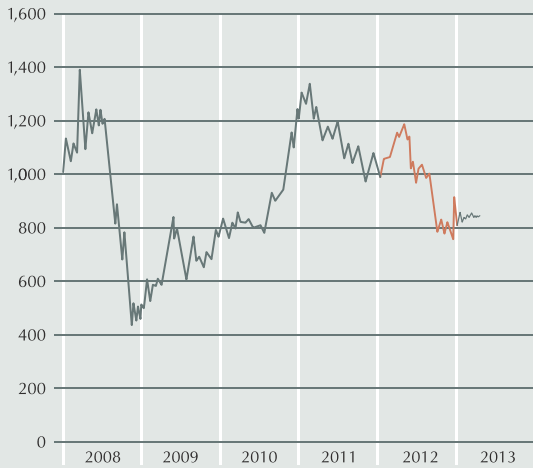
MAJORITY-OWNED ESTATES IN INDONESIA AND MALAYSIA



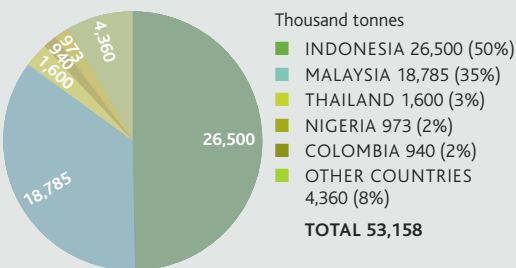


PALM-OIL PRICE US\$ PER TONNE

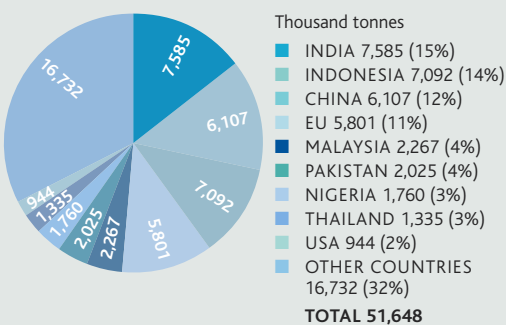
Rotterdam c.i.f.



MAIN PRODUCERS OF PALM OIL – 2012



MAIN USERS OF PALM OIL – 2012



SOURCE: OIL WORLD

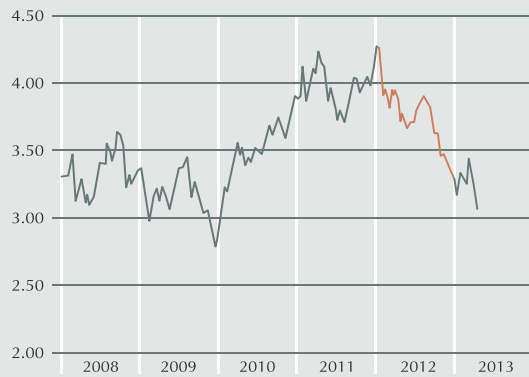
SOURCE: OIL WORLD

Beef cattle Australian beef-cattle prices fell in 2012, notably for backgrounded cattle destined for feedlot “finishing”. A strong Australian Dollar offset the positive impact of further reductions in the US herd.

- ▶ Australia is one of the world’s largest beef exporters 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.

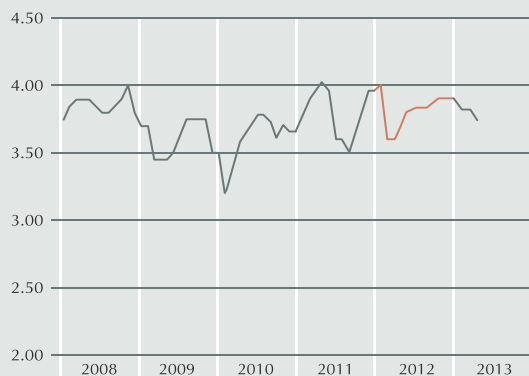
EASTERN YOUNG CATTLE INDICATOR (EYCI) – WOODLANDS

A\$ per kg carcass weight



100-DAY GRAIN-FED CATTLE – NAPCo

A\$ per kg carcass weight



Chairman's statement

The Group's crops more than trebled in Kalimantan and, overall, exceeded the targeted volume of 300,000 tonnes.

OVERALL RESULTS

The profit for 2012 was US\$21.55 million in a year when excellent crop increases were unable to make up for the falling prices of crude palm oil ("CPO") and beef cattle, leading to a reduction in profit of US\$18.14 million compared with 2011. Earnings per share fell to US cents 32.51 (2011 US cents 66.39). The principal reason for the lower results was a reduction in the Group's share of profits from its associated companies of US\$13.76 million, flowing from both plantation and beef-cattle operations.

DIVIDEND

The board is recommending a final dividend for the year of 5.75p per share, the same as for 2011. Together with the interim dividend of 2.25p per share paid in November 2012, the same as the interim dividend paid in November 2011, the total dividend for the year is unchanged at 8.00p. A scrip-dividend alternative is again being offered.

OPERATIONS

Indonesia

In 2012, increased crops resulted in a gross profit from the Group's majority-owned Indonesian plantations of US\$25.16 million, only marginally less than in 2011, despite an 11% fall in the price of CPO.

In what signals an important point in the Group's development, I am able to report that the crop of oil-palm fresh fruit bunches ("f.f.b.") harvested during 2012 from these plantations exceeded the targeted volume of 300,000 tonnes by 17,000 tonnes. This is a significant milestone in the Group's strategy of expanding its output, which stood at only 145,000 tonnes in 2008. The Group remains on track to achieve its target of 500,000 tonnes in 2015. These increased crops will generate significantly-higher revenues, profits and cash flow, although by how much depends on the level of CPO prices.

Whilst, as is to be expected, the main increase in crops came from the Group's new project in Kalimantan, where crops more than trebled, it is very encouraging that the Group was also able to record

an increase of more than 4% in the crops from its mature North Sumatran estates through improved supervision and careful attention to field standards and maintenance of plantation infrastructure.

2012 was the first full year of operation of the palm-oil mill, bulking and warehouse installation and the jetty in Kalimantan. The mill processed the Group's own, burgeoning, crop and that of the smallholder co-operative schemes attached to the project, and successfully bought in significant quantities of good-quality fruit from nearby commercial operations without their own mills. Whilst this opportunity is not expected to persist, the Group was able to take advantage of its position as the first mill operating in the area to extract good margins from buying additional fruit, as well as to benefit from the increased volumes processed by lowering its unit cost of production. Given the presence of third-party crop in its production and, indeed, crops from its own recently-matured areas, it is especially pleasing that the new mill achieved a CPO extraction rate of more than 24% during 2012.

The Group's major plantation associate, PT Agro Muko, saw its crops increase by 4%, although it produced less CPO than in 2011 since extraction rates at its two mills fell as unusually-dry conditions, beneficial to oil extraction, experienced in 2011 were not repeated. In these circumstances, a fall in the CPO price also led to a fall in profits. Rubber output and profits fell too, since significant areas of rubber were felled for replanting, as planned, in 2012. At the Group's other plantation associate, PT Kerasaan Indonesia, crops fell as the estate brought an attack by leaf pests under control.

I am delighted to report that in October 2012 the Group's Pangkatan mill in North Sumatra was accredited by the Roundtable on Sustainable Palm Oil ("RSPO"). This accreditation incorporates the crops produced on the Group's Pangkatan, Bilah and Sennah Estates, and recognises the CPO produced by the Pangkatan mill as being derived from a sustainable source. The RSPO audit process has already begun at the Group's palm-oil mill in Kalimantan and accreditation is expected towards the end of 2013 or the first part of 2014.



Australia

Despite selling significantly more cattle than in previous years, and generating a strong operating cash inflow, The North Australian Pastoral Company Pty Limited ("NAPCo" – 34.37% held) recorded a loss, the Group's share of which amounted to US\$2.01 million (2011 US\$4.23 million profit). This loss was predominantly due to a reduced (unrealised) year-end herd valuation, resulting from lower cattle prices and lighter average weights per head than in 2011, following a poor end to the season, and to a modest reduction in the value of the company's property portfolio. Notwithstanding higher sales made in 2012, herd numbers, at 197,300 head, were very similar to those at the end of 2011, an outcome bolstered by a good increase in the number of brandings which, at 62,500, were the highest since 2008.

On Woodlands, promising rains early in 2012 were not supplemented later in the year, with the consequence that the crop of forage oats did not become fully established and it was not possible to plant any additional forage crops. As a result, cattle could not be fattened as quickly as expected and overall weight gains during the year were 19% lower than in 2011. This, combined with a serious decline in the prices of the lighter-weight and the grass-finished cattle produced on Woodlands, led to a farm loss of US\$2.19 million in 2012 (2011 US\$0.11 million profit).

STRATEGIC DEVELOPMENTS

In Indonesia, the Group added 1,020 hectares of planting on its new projects during the course of 2012, with an additional 600 hectares planted for the smallholder co-operative schemes. The rate of planting on any project inevitably slows down as the area still to be planted diminishes and this is now the case in Kalimantan, where the development of the area is in its final stage. Negotiations with local people for land compensation become more intricate and so take longer to conclude and, along with our consistent policy of ensuring open and accurate

documentation of the resulting agreement, the time taken to release land for development has lengthened. Our current estimate is that the areas on these two new projects that may ultimately be planted is 15,000 hectares in Kalimantan and 10,000 hectares on Bangka, of which 10,600 hectares and 6,000 hectares respectively relate to the Group and the balance to smallholder co-operative schemes.

I am pleased to report that, as announced on 27 November 2012, the Group has acquired the rights to develop 20,000 hectares of land at Musi Rawas, an area near Lubuk Linggau in South Sumatra. The process of agreeing terms of compensation with local people who currently occupy or farm the land has already begun but, at this stage, it is still too early to know with any accuracy how much of the land will be released to the Group and what area will ultimately be planted. The Group has given an undertaking that 30% of the total land planted will be developed as smallholder co-operative schemes. It has become increasingly difficult to find areas of environmentally-suitable land of this sort. The acquisition of these rights is expected to lead to significant increases in the Group's crops in the latter part of the decade.

In Australia, in order to improve the capacity and efficiency of its grain-farming operation at Wainui, NAPCo purchased an adjoining 450-hectare irrigated farm at the end of 2012. The programme of investing in additional boreholes on NAPCo's main breeding property, Alexandria, has continued, thereby increasing carrying capacity but also mitigating the impact of dry seasons on the herd size. No further shares in NAPCo were acquired during the year. The board will continue to review any opportunities that arise in respect of the Group's shareholding.

On Woodlands, the infrastructure installation of fencing and watering points together with pasture-improvement work has now been largely completed. This is expected to result in the ability to carry larger numbers of cattle. It nonetheless remains the board's intention to dispose of Woodlands when market conditions are suitable.

Chairman's statement

CONTINUED

In Malaysia, the Group's two principal remaining interests are the 74-hectare Bertam Estate and its 40% share of Bertam Properties Sdn. Berhad ("Bertam Properties"). Whilst the board ultimately plans to sell both of these, this is not considered an urgent priority since it is expected that, in the short term (the next two to three years), Bertam Properties will continue to generate significant cash flows from land sales and from its successful property-development activities. As usual, surplus cash flows will be distributed by way of dividend. The value of Bertam Estate is likely to continue to escalate as a result of the continuing development of the (adjoining) Bertam Properties project.

PALM-OIL AND BEEF-CATTLE MARKETS

2012 started well with CPO prices reaching towards historical highs and, for the first three quarters of the year, prices remained at or above US\$1,000 per tonne. However, at this point the rising global supply of palm oil supported by good weather in the main producing countries, combined with lower-than-anticipated rates of growth in demand for vegetable oils, led to an accumulation of CPO stocks that eventually triggered a sudden fall in the price to around US\$800 per tonne.

Prices for lighter-weight, grass-fed and grain-finished cattle all fell in 2012, although the prices of lighter-weight cattle intended for sale to feedlots for grain finishing fell most as grain prices rose, reducing the profitability of feedlot operations. The strength of the Australian Dollar negatively affected export demand from both Japan and Korea, traditionally important markets for Australian beef, but this had begun to recover by the end of the year. A further decline in the US cattle herd provided some support, although not enough to prevent the market from weakening over the year.

CURRENT TRADING AND PROSPECTS

Crops of f.f.b. have continued in 2013 on the upward trajectory recorded in 2012 with 78,700 tonnes having been harvested in the first quarter of the year, an increase of 19% compared with last year.

Prices of crude palm oil (Rotterdam c.i.f.) have edged higher from the US\$810 level at which they closed at the end of 2012 to bring them to their current level of around US\$830 per tonne. Good crops expected from increased plantings of soybeans in South America, a competing source of vegetable oil, may be offset by falling palm-oil yields in Southeast Asia, with palm-oil prices further underpinned by a continuing

historically-large discount to soybean oil. There seems to be little prospect of an immediate return to the levels of CPO prices seen in the early part of 2012, with growth in demand for vegetable oils looking set to rise at lower levels than in recent years. However, market sentiment appears to support further gradual strengthening in CPO prices, suggesting a mildly-encouraging price outlook for the remainder of 2013.

Cattle prices have stabilised following the year end as some welcome rainfall has been received in some areas of Australia. Woodlands has benefited significantly from this and the scheduled planting of forage oats into a full moisture profile is under way. Cattle numbers on Woodlands have now returned to more than 10,000 head, half of which are being fattened on behalf of other commercial operators, for a fee linked to weight gain. Some NAPCo properties have also received rain, whilst others are experiencing drier-than-usual conditions. In the longer term, the prospects for the Australian beef-cattle market appear favourable, not least as the US cattle herd now stands at its lowest level for 60 years.

BOARD APPOINTMENT

Shareholders will note the resolution to appoint a new independent non-executive director. Having considered a short list of possible candidates, the board is pleased to recommend the appointment of Jock Green-Armytage, who brings long experience of the plantation sector, having served on the boards of Guthrie Corporation PLC, REA Holdings PLC and, indeed, of this company for five years in the late 1980's. He has also either chaired or served on the boards of a number of companies in other sectors, including NM Rothschild & Sons Limited, Kelt Energy plc, William Baird PLC and Amec plc, and he is currently chairman of JZ International and Star Capital Partners.

ACKNOWLEDGEMENTS

It has proved to be an important year in the Group's development and this progress would not have been possible without the hard work and loyalty of the Group's managers, staffs and workers in our operations worldwide to whom, on behalf of the board, I should like to express my thanks.

Peter Hadsley-Chaplin
Chairman

24 April 2013

Review of 2012

Results

GROSS PROFIT FROM AGRICULTURAL ACTIVITIES

Strong growth in the crop of oil-palm f.f.b., which increased by some 68,000 tonnes, and consequently sharply-rising revenue was not enough to prevent a slight fall in the gross profit of the Indonesian plantation operations to US\$25.16 million, 2.6% lower than the US\$25.83 million achieved in 2011. Overall, the impact of higher crops was offset by lower prices for both CPO and palm kernels, and a sizeable increase in the local cost of operating in Indonesia. Wage and salary costs and the costs of bought-in services, such as the contractors engaged in developing new areas of oil palm, have grown at an accelerating pace.

Excellent extraction rates and fast-growing yields on the Group's project in Kalimantan caused the project to break even during 2012 after the biological-asset adjustment. This is encouraging so early in its development.

At Woodlands, the Group's Australian cattle operation, dry conditions led to a reduction in its herd and hence lower total weight gains than were recorded in 2011. Combined with a significant fall in cattle prices, which affected the value of the herd at the year end, this resulted in a gross loss for the year of US\$2.19 million (2011 US\$0.11 million profit).

As a result of the above, the Group's gross profit amounted to US\$23.04 million (2011 US\$25.92 million). A detailed analysis of this is given in note 4 to the accounts on pages 52 to 53. The results of the Group's palm-oil and cattle operations are reviewed in the reports commencing on pages 12 and 18 respectively.

BEARER BIOLOGICAL-ASSET ADJUSTMENT

Notwithstanding the fall in the price of CPO, notably during the last quarter of 2012, prices remain at high levels seen in an historical context. As a result, the 20-year average price for CPO used in the valuation of the Group's plantation assets rose from US\$572 at the end of 2011 to US\$602 at the end of 2012. The resultant increase in biological value was, however, held back by an increase in costs, partly arising from the continuing improvement in field standards that has taken place over the last three years. Since it is a three-year basis period that is used to establish the costs applied in the valuation of biological assets, the pronounced negative effect of cost increases this year should be attenuated in future years' valuations.

Taken together, the increase in selling prices outweighed the increase in costs, and the value of palms already planted at the beginning of the year rose by US\$8.62 million, to which was added US\$3.29 million in respect of plantings carried out in 2012. In sum, therefore, US\$11.91 million was added to the value of the Group's biological assets during the year (2011 US\$16.57 million).

OTHER ADMINISTRATIVE EXPENSES

A sharp increase of US\$1.59 million is reported in other administrative expenses, to US\$4.29 million. This reflects both the absence of a credit for US\$0.96 million that occurred in 2011 in respect of the reduction in provisions against loans made to smallholder co-operatives, and an impairment provision of US\$0.26 million made exceptionally in 2012 against the value of the beef-cattle operation at Woodlands. Furthermore, the Group's share price was 53 pence higher at the end of 2012 than it had been at the end of 2011, resulting in a provision of US\$0.15 million against employers' National Insurance contributions which would fall due on unexercised executive share options as against a credit on the same item of US\$0.13 million in 2011, an adverse swing of US\$0.28 million.

Review of 2012 Results

CONTINUED

ASSOCIATED COMPANIES

The Group's share of its associated companies' profits, including the share of the Indonesian companies' biological-bearer-asset adjustment, compared with last year, was as follows:

	% HELD	2012			2011		
		POST-TAX PROFIT BEFORE BIOLOGICAL BEARER-ASSET ADJUSTMENT US\$'000	BIOLOGICAL BEARER-ASSET ADJUSTMENT US\$'000	POST-TAX PROFIT AFTER BIOLOGICAL BEARER-ASSET ADJUSTMENT US\$'000	POST-TAX PROFIT BEFORE BIOLOGICAL BEARER-ASSET ADJUSTMENT US\$'000	BIOLOGICAL BEARER-ASSET ADJUSTMENT US\$'000	POST-TAX PROFIT AFTER BIOLOGICAL BEARER-ASSET ADJUSTMENT US\$'000
PT Agro Muko	36.84	12,015	(26)	11,989	13,912	2,357	16,269
PT Kerasaan Indonesia	38.00	1,246	6	1,252	1,880	472	2,352
Total Indonesia		13,261	(20)	13,241	15,792	2,829	18,621
NAPCo	34.37	(2,012)	—	(2,012)	4,231	—	4,231
Bertam Properties	40.00	(347)	—	(347)	1,786	—	1,786
Total		10,902	(20)	10,882	21,809	2,829	24,638

The results of the Indonesian, Australian and Malaysian associated companies are described below and reviewed in more detail on pages 12 to 23.

INDONESIA

PT Agro Muko had a good year, although it was unable to match the outstanding year it had in 2011. Its results before the bearer-biological-asset adjustment were, at US\$12.02 million, 14% lower than in 2011. This was despite continuing good progress in crops, with f.f.b. from its own operations increasing by 3.8%, compared with 2011, to a record

367,400 tonnes. Unusually dry weather in 2011 resulted in a high extraction rate that was not maintained as a more normal pattern of weather asserted itself, leading to a small fall in production of CPO in 2012. The replanting of rubber areas, delayed in 2011 to take advantage of the then-high rubber prices, finally took place in 2012 and, in conjunction with lower rubber prices, resulted in a significantly weaker performance by PT Agro Muko's rubber operations. PT Kerasaan Indonesia recorded a 12.5% reduction in its crop during 2012 as it experienced a severe leaf-pest attack, undermining its results for

Oil-palm nursery



NAPCo cattle



the period. As a result of the above, the Group's combined share of the post-tax, pre-bearer-biological-asset-adjustment profit of these two associated companies in 2012 was US\$13.26 million, 16% lower than in 2011's US\$15.79 million.

As with the Group's own areas, the valuation of biological assets in the associated plantation companies benefited from an increase in the long-term CPO price. Improvement in yields further strengthened biological values although, as in the Group's own estates, increases in the costs of field maintenance worked in the opposite direction. Overall, there was little change in the value of PT Agro Muko's biological assets. There was a similar outcome in respect of PT Kerasaan Indonesia's biological assets, with the reduction of crop arising from the leaf-pest attack not expected to be permanent.

The Group's share of the post-tax, post-biological-bearer-asset-adjustment profit of the Indonesian associates amounted to US\$13.24 million (2011 US\$18.62 million), a reduction of some 29%. The Group received gross dividends of US\$9.21 million from PT Agro Muko in 2012 (2011 US\$16.58 million, gross). Gross dividends from PT Kerasaan Indonesia were US\$1.03 million (2011 US\$2.01 million).

AUSTRALIA

NAPCo followed the excellent year it enjoyed in 2011 with a loss, despite significantly increasing brandings and the herd remaining stable at 197,300 head. Relatively low rainfall resulted in lower weight gains, and a reduction in cattle prices towards the end of the

year, albeit not as pronounced as for the type of cattle produced on the Group's Woodlands operation, adversely affected the result. As a result of this, the Group's share of NAPCo's loss in 2012 amounted to US\$2.01 million (2011 US\$4.23 million profit). The Group's share of NAPCo's gross dividends amounted to US\$0.93 million (2011 US\$0.96 million, gross).

MALAYSIA

Whilst the Malaysian property market remains reasonably robust, slower completion of sales of developed properties during the first half of 2012 than in 2011 persisted through to the end of the year. As a result, the Group's share of Bertam Properties' post-tax loss for the year amounted to US\$0.35 million, compared with a profit of US\$1.79 million in 2011.

There were two small land sales during the year, amounting to 2.6 hectares, which generated a profit of US\$0.91 million, and between them the small remaining plantation operations and golf resort broke even. Neither sales of land, nor of developed properties, are brought to account until they are fully completed. Bertam Properties has a number of partially-completed sales that are expected to be reflected in the results for 2013.

The Group's share of Bertam Properties' dividends amounted to US\$2.59 million (2011 US\$2.61 million).

PROFIT FOR THE YEAR

As a result of all the above, the Group profit for the year amounted to US\$21.55 million, a reduction of US\$18.15 million compared with the US\$39.70 in 2011.

Palm oil

An excellent extraction rate of more than 24% at the Group's mill in Kalimantan, only commissioned in December 2011, augurs well for the future.

PALM-OIL MARKET

Prices finished 2012 significantly lower than they started the year. For the first three quarters, the CPO price remained at or above US\$1,000 per tonne (Rotterdam c.i.f.), before an increase in stocks occasioned by a pronounced recovery in Malaysian yields caused the price to recede to a level of around US\$800 per tonne during the last quarter of the year. Increasing global supply of CPO was generally underpinned by benign weather conditions in producer countries, with Indonesia, the largest producer, seeing production increase by 10% compared with 2011. Whilst demand for palm oil continues to rise, by an estimated 2.9 million tonnes in 2012 according to Oil World, supply increased by more than this, particularly during the last quarter, leading to an accumulation of stocks which put pressure on prices. In addition, ample supplies of sunflower-seed oil and news of increased plantings of soybeans in South America further limited the scope for increases in the price of CPO, notwithstanding its historically-high discount of more than US\$300 to soybean oil.

The factors which bore down on the CPO price during the last quarter of 2012 have persisted into 2013. Whilst there is evidence that the price incentive is leading demand to switch away from other vegetable oils towards palm oil, the weight of market opinion believes that the high level of CPO stocks will moderate any increase in the current price of approximately US\$830 per tonne until the latter part of the year.

Workers' housing behind oil-palm nursery



MAJORITY-OWNED ESTATES

CROPS AND PRODUCTION

Maturing plantings on the Group's new projects and the benefits of improved infrastructure and field standards on the Group's established North Sumatran estates resulted in f.f.b. crops for the year of 317,000 tonnes; an increase of 27% on the previous year and well ahead of the Group's targeted crop of 300,000 tonnes. A good extraction rate was maintained at Pangkatan, and an excellent rate of more than 24% at the Group's mill in Kalimantan, only commissioned in December 2011, augurs well for the future.

	2012 TONNES	INCREASE %	2011 TONNES
Crops			
Own crops			
Pangkalan group	157,000		149,300
Simpang Kiri	51,300		50,200
	208,300	4.4	199,500
Kalimantan	73,700	219.0	23,100
Bangka	35,000	31.1	26,700
	317,000	27.2	249,300
Smallholder co-operative crops			
Kalimantan	29,800	173.4	10,900
Bangka	19,700	29.6	15,200
	49,500	89.7	26,100
Outside crop purchased			
Kalimantan	60,100	—	—
Production			
Crude palm oil			
Pangkalan	35,900		34,700
Kalimantan	39,500		900
	75,400	111.8	35,600
Palm kernels			
Pangkalan	8,700		8,500
Kalimantan	6,100		200
	14,800	70.1	8,700
Extraction rates	%		%
Crude palm oil			
Pangkalan	23.1		23.2
Kalimantan	24.1		23.2
Palm kernels			
Pangkalan	5.6		5.7
Kalimantan	3.7		4.4



Young oil-palms on the Kalimantan project

REVIEW OF OPERATIONS

Sumatra

The drive to improve infrastructure and field standards in the established Sumatran estates continued to bear fruit during 2012 in the shape of increasing crops of f.f.b. (4.4%) on top of the increases recorded in 2011. Encouraging increases in yields per hectare are expected to continue as a result of more intensive supervision in addition to recent improvements in the road network and drains that have been carried out over the last two years. Whilst yields per hectare are expected to continue rising, the total crop in Sumatra is expected to remain approximately at the current level in the short term as the age of the palms on these estates means they are entering a period of sustained replanting.

The composting facility next to the Pangkatan mill saw its production of compost increase during the year by 17% to 31,100 tonnes. In addition to this nutritious compost, rich in potassium, some 52 hectares are now supplied by "land application". This is a system whereby mill effluent is applied directly to palms in the field through a network of pipes and trenches. This reduces the requirement for compost or inorganic fertilizer. Furthermore, the land-application system acts as a safety valve ensuring that, in the event of extreme rainfall, no effluent reaches local water courses.

The replanting programme that recommenced in 2011, after a pause for detailed evaluation in 2010, continued in 2012 with 421 hectares replanted during the year. This programme is set to continue with an average of 450 hectares annually due to be planted over the next seven years. A sustained programme of improvements to workers' housing began on all the Sumatran estates during 2012, and is expected to be completed in 2013.

At 35,900 tonnes of CPO, production at the Pangkatan mill was similar to that in the previous year. The extraction rate of 23.1% was marginally lower than in 2011, and represents a good rate for the area in which the mill is operating. Average extraction is constrained by the presence of poorer-quality planting material that was known to be present on Sennah Estate at the time of its acquisition by the Group in 2002. In due course, these areas will be replanted using higher-quality planting material but, for the time being, the Group's ability to extract very good crops has led it to defer replanting and accept the lower average extraction rate that this entails.

During the year, the Group announced that it had acquired a permit to develop 20,000 hectares at



Grading f.f.b. on the mill ramp

Review of operations

Palm oil

CONTINUED

Musi Rawas in South Sumatra, at a cost of US\$275 per hectare. Planting is not expected to begin until 2014, but a senior manager and small team are on the ground to begin the process of agreeing terms of compensation with local people who currently occupy or farm the land. At this early stage, it is impossible to predict with any accuracy how much of the land will be released to the Group and what area will ultimately be planted. The Group has given an undertaking that 30% of the total land planted will be developed as smallholder co-operative schemes.

The Group was pleased that the Pangkatan mill was accredited by the Round Table on Sustainable Palm Oil ("RSPO") in October 2012. This will enable the Group to market its oil as fully-certified "mass-balance" CPO (essentially a system of credits for sustainable oil that can be purchased by environmentally-concerned buyers of CPO), although Pangkatan does not produce CPO in sufficient volumes to harbour hopes of selling its output as "fully-segregated" oil.

Kalimantan

A more-than-trebling of crops on the Group's Kalimantan project signals that the expected phase of strong crop growth has begun, as the yield from newly-mature areas rapidly rises. The pace of crop growth in the smallholder co-operative schemes attached to the project has risen at a similar rate. The crop amounted to 73,700 tonnes; that of the smallholder co-operative schemes to another 29,800 tonnes. As the remaining area available for planting has shrunk, the attention of senior agricultural managers has shifted towards achieving excellent field standards. The soils in this area are good and the effort invested in high-quality planting and maintaining good field standards on the project are being rewarded with very satisfactory yields.

A total of 900 hectares was planted in 2012, of which 520 related to the Group and 380 to the smallholder co-operative schemes, bringing the total areas planted to 9,680 hectares and 4,000 hectares respectively. Inevitably, the rate of planting on any project slows

A fine fruit set



down as the remaining area to be planted diminishes. This is now the case in Kalimantan, where the development of the area is in its final stage when negotiations with local people for land compensation typically become more intricate and hence take longer to conclude. Management conducts its negotiations in a fair and open manner, in which any agreement is properly documented. This too lengthens the time it takes to release land for development. Whilst uncertainty still clouds any prediction of the total land that will be planted on this project, it remains possible that a total of 15,000 hectares may ultimately be planted, comprising 10,600 for the Group and 4,400 for the smallholder co-operative schemes.

The project borders the Mahakam river. The Group has built a jetty that has allowed it to bring purchases such as fertilizer into the project by river rather than road, resulting in significant cost savings, and it has also been able to dispatch by barge CPO and palm kernels from the new mill. The high standard of the facilities and the fact that the Group is amongst the first to develop infrastructure of this kind in the area has enabled the Group to earn good returns by renting out spare capacity in its bulking tanks that form a part of the complex. Indeed, the returns on this activity were sufficiently attractive for a planned, third, 5,000-tonne, bulking tank to be constructed early to take advantage of this opportunity.

As the Group's mill was one of the first to be completed in the area, the Group was able to buy good-quality fruit from other plantations to supplement its own crop and that of the smallholder co-operatives attached to the project. During the year under review, 60,100 tonnes of crop were purchased from other commercial operations. Tough quality standards applied to f.f.b. purchased from third parties and a rigorous approach to training the Group's own harvesters to harvest crop at the correct standard of ripeness have resulted in excellent oil extraction for the mill during only its first year of operation. The purchase of outside fruit has also improved the capacity utilization of the mill, helpfully lowering its unit cost of production.

In October 2012, the Group commissioned a gas engine attached to the mill in Kalimantan which produces electricity out of methane derived from part of the mill effluent. This power is used by the mill and neighbouring workers' and staff housing. The power output and costs of this facility will be carefully

monitored with a view to adding a biogas facility to the Pangkatan mill if it is commercially attractive.

Following the commissioning of the Kalimantan mill, the Group has pursued its certification by the RSPO. Preparatory work on this took place during 2012, and the first step towards certification took place at the end of February 2013. Final certification is expected towards the end of 2013 or the early part of 2014.

Bangka

The areas first planted on the Group's Bangka project are entering a phase of quickly-improving yields. For the project as a whole, crops increased by 31.1%, compared with 2011, to 35,000 tonnes. As would be expected, given that the Group was responsible for planting and managing the plantings, crops from the smallholder co-operative schemes attached to the project grew at a similar rate. There was a continued focus on field standards and improving drainage, but it is worth noting that the f.f.b. yields from some fields of the 2006 plantings touched 30 tonnes per hectare during 2012. The mature areas on the project now consist of 3,020 hectares, of which 1,970 relate to the Group and 1,050 to the smallholder co-operative schemes.

The total area planted at the end of 2012 amounted to 5,100 hectares, of which 3,500 related to the Group and 1,600 to the smallholder co-operative schemes. Progress on planting was slower than expected with 720 hectares planted during the year, of which 500 related to the Group. Whilst disappointing in total, the pattern of progress is encouraging with a faster pace of planting achieved in the last quarter and a constant, if low, weekly rate. Management remains optimistic that the success of existing smallholder co-operatives attached to the Bangka project is encouraging local people to agree compensation with the Group to release more land and that the low-but-steady rate of planting experienced in the latter part of 2012, will accelerate. Whilst the human factors make it difficult to predict the areas that will eventually be planted, management believe it is possible that these may ultimately reach 6,000 hectares for the Group and 4,000 for the smallholder co-operative schemes.

With planting progressing and the volume of crop increasing, the Group has considered again the appropriate time to build a mill on the Bangka project. No final decision has been taken, but it is currently planned to begin building a mill in

Review of operations

Palm oil

CONTINUED

2014, with a view to it becoming operational at the end of 2015. In the meantime, there is good competition between third-party mills to buy f.f.b. and the Group is able to sell its fruit at acceptable prices.

OPERATING COSTS

The Indonesian palm-oil industry has been subject to increased cost pressures, notably through increased wage costs. Good agricultural managers attract good salaries in an expanding industry. In relation to workers, increases in the legislated minimum wage, such as the newsworthy rates of up to 49% published at the end of 2012 to take effect in 2013, also have an impact on the Group's costs. However, increases in the minimum wage do not translate fully into cost increases for the Group, since a large proportion of its employees are already paid at a higher rate than the minimum, although it undoubtedly results in upward pressure on this cost. In US Dollar terms, this increase was mitigated during 2012 by the weakening of the Rupiah against the US Dollar. The unit costs of its CPO and palm kernels remain at competitive levels, although the effect of the depreciation charge on the new mill in Kalimantan make its costs higher than those of the Pangkatan mill.

The Group is vigilant in minimising its costs. It has established a specialist purchasing and procurement team in its Jakarta office, with satellite staff in North Sumatra and Kalimantan. Management takes every opportunity to drive down the cost of its inputs and obtain the maximum advantage from combining the orders of its different operating units to obtain bulk discounts.

New plantings on the Bangka project



ASSOCIATED-COMPANY ESTATES

CROPS AND PRODUCTION

An increase of 4% in PT Agro Muko's crop to 367,400 tonnes bears witness to the effectiveness of the programme of agricultural improvement that has taken place over the last few years, including the infilling of previously-unplanted areas and heavy investment in road building. As expected, the rubber crop fell markedly as the delayed felling and replanting of rubber took place during the year. Crops on Kerasaan Estate fell by 5,900 tonnes as the estate suffered a severe leaf-pest attack, which has largely been brought under control.

	2012 TONNES	INCREASE (DECREASE) %	2011 TONNES
F.f.b. crops			
PT Agro Muko			
- own	367,400	3.8	354,100
- outgrowers	8,600	(40.3)	14,400
	376,000	2.0	368,500
PT Kerasaan Indonesia	41,200	(12.5)	47,100
	417,200	0.4	415,600
Production (PT Agro Muko)			
Crude palm oil	87,100	(1.2)	88,200
Palm kernels	19,700	2.6	19,200
Extraction rates	%		%
Crude palm oil	23.2		23.9
Palm kernels	5.2		5.2
Rubber crops	TONNES		TONNES
PT Agro Muko - own	1,340	(13.5)	1,550

REVIEW OF OPERATIONS

Whilst previous investment in planting and roads underpinned strong crop growth in PT Agro Muko, benign weather conditions also played their part. Although its own crops increased by 13,300 tonnes, the company bought in less outside fruit as competition from other mills was driving up the price paid, rendering it insufficiently profitable to justify maintaining these purchases, with a consequential reduction of 5,800 tonnes of f.f.b. from this source.

Unusually dry conditions in 2011 were not repeated in 2012, which led to a fall in PT Agro Muko's oil-extraction rate from 23.9% to 23.2% with, as a consequence, marginally lower production of CPO than in the previous year. Rubber output too fell, as foreshadowed in the 2011 annual report, since unsustainably-intensive tapping during 2011 came to an end when the trees were felled in 2012 for replanting.

On Kerasaan Estate, intensive management effort arrested the leaf-pest attacks that had taken hold. This has involved repeated leaf spraying and trunk injection. Action on these multiple fronts has been effective, but nonetheless it is expected that the crops on the estate will be adversely affected for at least the next three years.

PERFORMANCE EVALUATION

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, harvester numbers and productivity, and the quality of infrastructure (estate roads and 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.

Management monitors and assesses the performance of the development of the new plantings 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.

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., percentage of free fatty acids, 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. Oil losses, dirt and moisture content are expressed in terms of percentages and actual achievement against maximum permitted levels is monitored by management.

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.

Inspecting mature oil palms



Beef cattle

NAPCo achieved higher sales and brandings, and a significantly-improved cash inflow.

THE BEEF MARKET

Prices for lighter-weight cattle, such as those produced on Woodlands, declined sharply, by some 14%, during the year, whilst prices for the heavier, grain-finished cattle, such as those produced by NAPCo, fell less steeply, by some 5%. The decline in both markets followed a general softening in demand from two of Australia's traditional export markets, Japan and Korea, although demand from these markets started to improve in the second half of the year. Export demand was also negatively influenced by the continuing strength of the Australian Dollar. Prices for the lighter-weight, domestic cattle were further affected by the dry conditions which prevailed in many parts of Australia in the second half of the year.

MAJORITY-OWNED OPERATIONS

WOODLANDS

Woodlands recorded a farm gross loss of US\$2.19 million (2011 US\$0.11 million profit), which was caused by volatile seasonal conditions. There were good rains in February and up to June, although they were not sustained into the second half of the year which suffered rainfall well below average. This meant that forage oats did not become fully established and finished earlier than normal, resulting in fewer cattle being fattened and cattle being sent to market at lower weights than projected. It also proved impossible to plant the intended area of forage sorghum and other fodder crops. Consequently, the farm could not fatten cattle as quickly as planned during this period. At the

NAPCo steers feeding on leguminous crop on Gordon Downs





NAPCo Wainui feedlot

beginning of the year there were 10,391 cattle on hand. During the year, 5,278 head were sold but, because of the dry period, only 540 head were purchased. After allowing for a small number of deaths, there were 5,562 head on hand at the end of the 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 1.0 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.

ASSOCIATED COMPANY - NAPCo

RESULTS FOR THE YEAR

The company recorded a loss of US\$5.85 million, of which the Group's share amounted to US\$2.01 million. This compares with a profit after tax in 2011, of which the Group's share amounted to US\$4.23 million.

Notwithstanding the overall loss, the company achieved a significantly-improved cash inflow of A\$ 12.26 million compared with A\$5.26 million in 2011 despite lower cattle sale prices. Whilst these lower prices were partly attributable to deteriorating seasonal conditions throughout the second half of the year, they were also the result of the ongoing impact of a very high Australian dollar and the continuing lacklustre demand from Australia's major export markets.

A reduction in the value of the company's major assets, brought about by a revaluation of its cattle and land, negatively affected its financial result. In 2012, the revaluation of all the company's stations saw a 4.5% reduction in their total value, US\$4.90 million of which was treated as an impairment in the income statement, the Group's share of which was US\$1.68 million. However, the impact has been less than that on others in the industry, owing not only to the quality of the assets but also to regular maintenance and improvements.

NAPCo Wainui feedlot



Beef cattle

CONTINUED



SEASONAL CONDITIONS

Seasonal conditions were mixed for the first part of the year, with some properties receiving plentiful rainfall and others receiving well below-average levels. However, in the latter part of the year, an exceptionally hot and dry spell of several months set in across the majority of the company's properties, which took its toll on weight gains.

COMPANY OPERATIONS

The 62,506 brandings recorded in 2012 were the highest since 2008. The growing and backgrounding

properties were again able to accommodate all the weaners transferred off the breeder properties without recourse to agistment or custom feeding as has been the case several times in the past. At the end of the year, the herd stood at 197,309 head, only marginally below last year's figure. However, unlike 2011, when the herd size was preserved with the assistance of 8,422 purchased cattle, the 2012 result was achieved after purchasing only 1,876 cattle.

After several years of low sales (driven mainly by the retention of females to rebuild the breeding herd), in 2012 the company sold 59,489 cattle, an increase on each of the last three years.

NAPCo cattle on Goldsborough





Cattle on Woodlands

In the current year, the company expects to sell approximately 61,000 head, approximately two thirds of which will be grain finished at Wainui.

Throughout 2012, the Wainui farming aggregation produced 13,750 tonnes of silage, 4,750 tonnes of sorghum and 1,500 tonnes of wheat, the majority of which was of premium quality and sold externally at a premium price, rather than being used for feeding to cattle.

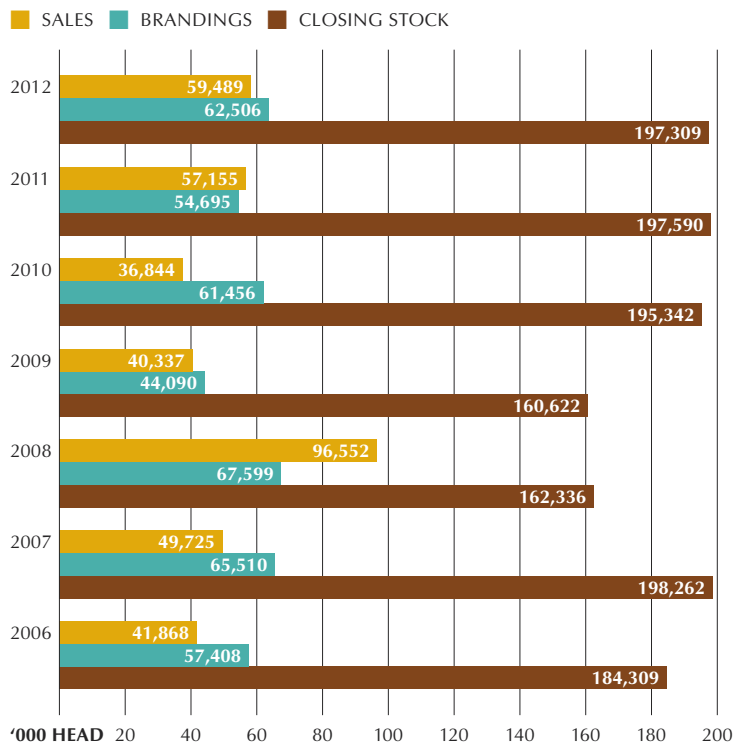
PROPERTY ACQUISITION AND DEVELOPMENT

Late in 2012, the company purchased “Munro”, a 450-hectare irrigated cultivation farm which adjoins Wainui. The purchase will create greater efficiencies in the Wainui farming enterprise, enabling the extra country to be farmed with existing staff numbers and plant infrastructure.

A further five boreholes were drilled on Alexandria in 2012. A total of 40 new waters have been developed on the property since 2006, not only increasing carrying capacity but also mitigating the impact of dry seasons on the herd size.

The expanded Wainui feedlot performed well since having been commissioned in February 2012. However, owing to the high cost of grain, the expanded feedlot was not fully utilised, peaking at 77% utilisation in December 2012. Over 42,500 cattle were turned off Wainui during the year, a 40% increase in throughput over the previous five-year average.

CATTLE SALES AND BRANDINGS



The annual NAPCo Station Challenge

Property

The Group's investment in Bertam Properties remains a very valuable asset.

MAJORITY-OWNED OPERATIONS

BERTAM ESTATE

It is intended that Bertam Estate will be sold when the board deems that market conditions are suitable. Based on independent advice, the land is estimated to be worth more than US\$13.5 million. In the meantime, the Group continues to harvest the 65 hectares of mature oil palms on the estate. This yielded a crop of 1,600 tonnes in 2012 (2011 - 1,600 tonnes). No replanting has taken place since 1997.

ASSOCIATED COMPANY

BERTAM PROPERTIES

Unlike many of their counterparts elsewhere, Malaysian banks continue to make credit available for housing and land purchases. This has underpinned continuing buoyancy in the Penang property market. Land prices have continued to rise and, whilst regulatory, labour and material costs have also risen, property development has remained an attractive sector.

Against a positive economic background, however, Bertam Properties had a disappointing year as measured under International Financial Reporting Standards ("IFRS"). The application of IFRS has had a negative effect on Bertam Properties' reported results in respect of property development. Whilst, under local accounting standards, property-development revenue and gross-profit margin increased, under IFRS, Bertam Properties reported a substantial fall in revenue to US\$1.68 million (2011 US\$22.35 million), on which it made a small loss of US\$0.68 million (2011 US\$3.92 million profit). It is anticipated that the profit reported in 2012 under local accounting standards will be reported under IFRS in 2013.

Plantation activities continue to shrink as the land available for agriculture is given over to property development. At the end of 2012, 147 hectares (2011 - 171 hectares) of oil palm remained. The f.f.b. crop fell by 24% to 2,200 tonnes (2011 - 2,600 tonnes), although profits fell by less as reduced costs outweighed the effects of the falling price of CPO.

At the end of 2012, Bertam Properties owned 453

New development on the Bertam Properties project





Recently-constructed houses at Bertam Properties

hectares, including 143 hectares covered by the golf course and 41 hectares already under development, leaving 269 hectares undeveloped. This remains a very valuable asset. The Group's investment in Bertam Properties is estimated to be worth in excess of US\$30 million.

As set out in previous annual reports, it is the Group's intention to dispose of the Group's share in Bertam Properties in due course. For the time being, Bertam Properties distributes the proceeds of its land sales and property development by way of dividends, which the board regards as a satisfactory way to extract value from its shareholding. Over time, Bertam Properties will reduce in size to a point where the Group's shareholding becomes more readily marketable. The board's strategy continues to be that it will use funds received from dividends or any sale of its shares to finance its current investments in Indonesian palm-oil.

Penang Golf Resort at Bertam Properties



Children's play area at Bertam Properties



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 appropriate, to mitigate that risk.

INDONESIA COUNTRY RISK

The Group relies on the continuing ability to acquire and enforce property rights in Indonesia. The country has recently benefited from a period of political stability, economic growth and exchange-rate stability. 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 difficulty. A variation on this risk is that the Group may ultimately fail to obtain good title to the land on which it has developed its new projects. To date, the Group has obtained all the necessary licences for these projects short of the ultimate lease, the HGU. These include a valid right to develop the land (izin lokasi) and operating licences (izin usaha pertambangan). The Group has taken responsibility for the process of compensating smallholders and ensuring full and prompt payment of relevant government taxes. Both are important activities that are assessed during the final application for an HGU. Where other companies have been granted licences which potentially conflict with those obtained by the Group, swift and determined legal action has been taken to defend the Group's assets.

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, including the operations of associated companies. The Group has seats on the boards of its three major associated companies and regularly attends those companies' board meetings, as well as maintaining a dialogue with those companies' chief executives.

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, Kalimantan and Bangka. Additionally, independent scrutiny of agricultural operations is provided by an independent UK-based consultant.

A 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 covering, agriculture, engineering, finance and protection of the environment.

PROTECTION OF THE ENVIRONMENT

Concerns about global warming and particularly the destruction of tropical rainforest have received, and continue 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 Group is a member of the Round Table on Sustainable Palm Oil ("RSPO"). The RSPO has strict guidelines by which members must abide in order to be able to state that they are producing sustainable palm oil, including the protection of forested areas. The Group endorses the Principles and Criteria which have been adopted by the membership. RSPO accreditation has been granted to the North Sumatran estates. A project can only be accredited if it is producing crude palm oil. Accordingly, the RSPO audit of the new project in Kalimantan began in 2012 following the commissioning of the new mill in December 2011, and accreditation is expected by early 2014.

As evidenced by its new projects in Kalimantan and on Bangka Island, 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 fair and transparent way.

With regard to both its mills, the Group has installed composting systems which utilise both the “empty” fruit bunches (i.e. 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. Since the middle of 2012, at the mill in Kalimantan, methane has been captured from the mill effluent before it is used for composting, and used in a bio-gas engine to generate electricity for workers’ villages on the project.

Management follows industry best-practice guidelines and abides by Indonesian law with regard to such matters as fertiliser application and health and safety.

RELATIONSHIP WITH LOCAL POPULATIONS

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 and village heads. 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 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.

RELATIONSHIP WITH LOCAL PARTNERS

The board recognises the importance of building and maintaining a good relationship with the minority partners and fellow shareholders in its Indonesian plantation projects but inevitably disagreements do sometimes arise. A breakdown in relations with a local partner could lead to a breakdown in relations with the local populations where the Group is located, with a detrimental effect on operations. The executive directors endeavour to maintain regular and open contact, both formal and informal, with the Group’s partners to discuss current and future issues affecting the Group’s operations.

SECURITY OF LIQUID FUNDS

With the onset of the recent worldwide banking crisis,

the board is concerned to ensure that the Group’s liquid funds, which are in excess of US\$50 million worldwide 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 an acceptable rating from reputable rating agencies or with banks that are majority owned by sovereign governments.

COMMODITY-PRICE FLUCTUATION

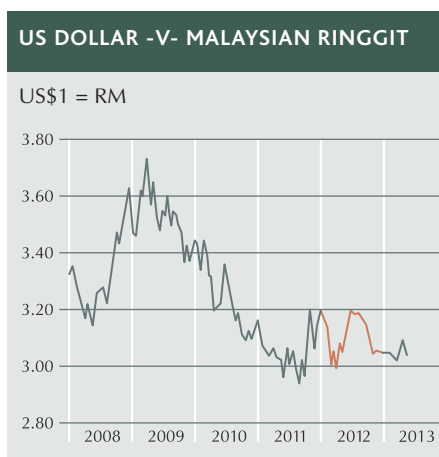
The Group relies on its ability to sell its palm oil, palm kernels and f.f.b. through a world market over which it has no control. Palm oil is a permanent tree crop with f.f.b. being harvested every day of the year. Palm oil and palm kernels are sold on a fortnightly basis by open tender and f.f.b. are 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.

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. 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.

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, as has growing demand for vegetable oils as a biofuel. 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.

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

CONTINUED



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-RATE FLUCTUATION

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. 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 term 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.

Whilst a remarkably hardy plant, the oil palm can be subject to attack from such pests as caterpillars and other insects, and certain diseases. Proper management and husbandry should identify and prevent these attacks from becoming widespread. Appropriate agronomic measures are taken where any outbreaks occur.

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. The board has taken the view that acceptance of this risk is part of the business.

Environmental, corporate and social responsibility



Compost production at Pangkatan

- ▣ The Group aims to adopt high standards in respect of environmental, corporate and social responsibility in its palm-oil and beef-cattle operations.
- ▣ The Group is committed to producing environmentally-sustainable palm oil.

▣ In Australia, besides its commitment to the health and safety of its employees, the Group adopts high 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.

NAPCo staff at a horsemanship-skills training course





Barn owl nesting box



Cover-crop seedlings

ROUNDTABLE FOR SUSTAINABLE PALM OIL (“RSPO”)

The Group is a member of the 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 Pangkatan mill was granted accreditation to the RSPO in October 2012. The crude palm oil from the mill is therefore recognised as having been derived from a sustainable source. The three estates that send f.f.b. to the mill, namely Pangkatan, Bilah and Sennah Estates, are covered by this accreditation.

The RSPO audit process has already begun at the palm-oil mill on the Kalimantan project that commenced its operations at the end of 2011. It is hoped that accreditation will be achieved before the end of 2013.

The associated companies, PT Agro Muko and PT Kerasaan Indonesia, received RSPO accreditation in 2011 and 2010 respectively.



Riparian reserve in oil-palm development area

AGRONOMIC POLICIES

The following policies in respect of plantation management have been adopted:-

NEW LAND

The Group ensures that any new plantation development is undertaken only in heavily-degraded areas which will not be suitable habitats for orang-utans or other major endangered mammals. In accordance with RSPO rules, land will only be planted that has been independently certified as not having high conservation value and has been subject to an independent social impact assessment.

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.

ZERO BURNING

On new plantings or replantings, no burning is allowed. Vegetation or old palms/trees are stacked in interrows between the new planting lines and allowed to rot down.

CONSERVATION AREAS

On new projects, well-marked conservation areas are set aside in areas designated as being of high conservation value. Ongoing programmes of planting jungle trees and other plants are undertaken. Areas alongside river banks (riparian reserves) are set aside as conservation areas to prevent leaching of fertilisers into water courses and provide wildlife corridors.

LEGUMES

Leguminous cover crops are planted. These serve to fix nitrogen in the soil, prevent erosion and provide nutritious leaf litter.



Terraced oil palms



The new electricity-generating biogas plant in Kalimantan

TERRACING AND SOIL EROSION

In areas with slopes above 12%, contour terraces are dug. This prevents soil erosion and retains water for palms on the terraces. Slopes of more than 25% are not planted.

INTEGRATED PEST MANAGEMENT ("IPM")

The Group adopts IPM to control pests on its plantations.

Beneficial "host" plants are planted alongside estate roads to attract predators (insects) of leaf pests. The predators feed on leaf pest larva thus reducing the need for chemical spraying. Barn owls are, where possible, bred to control rats, thus obviating the need for chemical baits.

MILL EFFLUENT, COMPOST AND POWER GENERATION (ZERO-WASTE CONCEPT)

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 new mill in Kalimantan, methane is captured from part of the mill effluent and is utilised to fuel a biogas engine. This engine, in turn, generates electricity for office compounds and housing in workers' villages in the vicinity of the mill. This gives rise to a significant reduction in the use of diesel for the generators which would otherwise have been needed to provide this electricity. Surplus effluent (which can occur during very rainy periods) is applied in the field. This acts as a beneficial organic fertiliser.

The effluent, from which methane has been captured, is then applied to the empty fruit bunches to create compost. The balance of the effluent which has not been utilised for methane capture is immediately applied to the empty fruit bunches to create compost. Because the effluent is used quickly, the production of methane is minimal.

A rare purple-necked rock wallaby in Nature Refuge on NAPCo's Boomarra Station





Medical centre on Pangkatan Estate



Workers' housing

HEALTH AND SAFETY

The Group gives priority to the health and safety of its employees and those affected by its activities. Medical care is provided on the plantations in polyclinics which are manned on a daily basis by trained employees and, in addition, doctors visit these clinics once or twice a week. The Group pays for hospital treatment if this is required.

Sprayers apply chemicals in the field. They are provided with appropriate protective clothing and masks, showering facilities are available (and required to be used) and the sprayers are subject to regular medical checks.

FACILITIES

The Group provides good-quality housing for its employees, together with clean, potable water and proper sanitation.

Kindergartens are provided for very young children and transport for older children to nearby government schools. In remote locations, where schools are not available, the Group assists by providing land and some buildings so that government schools can operate on the plantations.

Kindergarten on Pangkatan Estate





Horseshoeing at NAPCo



Environmental signage at NAPCo

TRAINING

The Group undertakes to train and motivate its workforce, to help employees build on skill levels and to extend their education and qualifications. It has built a first-class residential training facility on its project in East Kalimantan.

SMALLHOLDER SCHEMES

On the new projects the Group has entered into arrangements with local people to provide land planted with oil palms. This is done by means of cooperatives (KKPA's) whose members are eligible families in the villages which are in, or next to, the areas being developed. In the early stages, the Group provides the finance on loan to plant these areas and, once the land titles have been received, facilitates the KKPA's obtaining bank finance, whereupon the initial loans provided by the Group are largely repaid. The remaining amounts due to the Group are repaid out of KKPA profits. The land is planted

to the same high standard as the Group's areas. The bank loans are guaranteed by the Group and any funding required in excess of that provided as bank loans is also provided by the Group.

There is a contractual arrangement for the f.f.b. from the KKPA's to be purchased by the Group in accordance with a formula set by the Indonesian Government. The KKPA's are maintained and managed under the supervision of the Group. This has been a successful way of engendering goodwill with local people, as well as providing them with a tangible and remunerative business which is owned by them.

COMPENSATION IN RESPECT OF LAND ACQUIRED

When acquiring new land for development, the Group negotiates compensation terms with local people in a fair and transparent manner. Transactions are meticulously recorded and witnessed.



Training workers for crop spraying

Report of the directors

FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present the audited consolidated financial statements of M.P.Evans Group PLC for the year ended 31 December 2012.

PRINCIPAL ACTIVITIES

At 31 December 2012, the Company, through its subsidiary and associated undertakings, operates oil-palm and rubber plantations in Indonesia, beef-cattle operations in Australia, and property development and an oil-palm plantation 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 (pages 6 to 8) and in the review of 2012 (pages 9 to 26) 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 42.

An interim dividend of 2.25p (2011 - 2.25p) per share

was paid on 5 November 2012. The board recommends a final dividend of 5.75p (2011 - 5.75p) per share. This dividend will be paid on or after 20 June 2013 to those shareholders on the register at the close of business on 26 April 2013. This final dividend is not provided for in the 2012 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 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 (contact details on page 80) 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 30 May 2013.**

Board of directors



Peter E Hadsley-Chaplin, MA MBA
CHAIRMAN

Appointed a director in 1989, chairman in 2010. 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.



Philip A Fletcher, FCA
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.



Tristan R J Price, MA MSc FCA
FINANCE DIRECTOR

Appointed a director in 2010. Qualified as a Chartered Accountant with Coopers & Lybrand. Worked in the UK Diplomatic Service, and as an economist at the Organisation for Economic Co-operation and Development (OECD). Prior to joining the Group, he was head of financial planning and policy at the Foreign & Commonwealth Office.

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 available on the Company's website

(www.mpevans.co.uk/en/investors/dividends) 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 2012	54,021,901
Share options exercised	
26 April 2012	10,000
6 July 2012	686,880
6 December 2012	63,496
Shares issued in lieu of a cash dividend	
21 June 2012	65,980
5 November 2012	23,145
Issued (fully-paid and voting) capital at 31 December 2012	54,871,402



Konrad P Legg

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed a director in 1987. Director of Coburg Group PLC. A former non-executive director of Lendu Holdings PLC. Chairman of the audit and remuneration committees.



Richard M Robinow

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.



J Derek Shaw, FRAGS

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.

Report of the directors

CONTINUED

DIRECTORS AND DIRECTORS' INTERESTS

The present membership of the board, all of whom served throughout the year is detailed on pages 32 and 33. Messrs Price, Legg and Robinow 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 2012	BENEFICIAL	NON-BENEFICIAL	OPTIONS
P E Hadsley-Chaplin	1,311,717	25,000	26,895
P A Fletcher	978,171	51,361	26,895
T R J Price	—	—	200,000
K P Legg	604,139	—	—
R M Robinow	96,147	—	—
J D Shaw	490,747	—	—

AT 1 JANUARY 2012	BENEFICIAL	NON-BENEFICIAL	OPTIONS
P E Hadsley-Chaplin	1,185,777	25,000	370,335
P A Fletcher	845,100	51,361	370,335
T R J Price	—	—	150,000
K P Legg	598,228	22,412	—
R M Robinow	42,086	—	—
J D Shaw	550,747	—	—

Further details of the directors' interests in share options are disclosed in the report of the board to the shareholders on directors' remuneration, on page 40.

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 2012 and is at the date of this report, a qualifying third-party 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	10.56
JP Morgan Fleming Mercantile Investment Trust Plc	3,464,957	6.31
M M Hadsley-Chaplin	1,892,254	3.45
Indirect interests		
Aberdeen Asset Management PLC	8,251,770	15.04
Invesco Limited	2,056,436	3.75

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 £1,829,047, 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 £274,357, representing 5% of the Company's issued share capital. 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 2014 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 2014 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 so to do. 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 5,487,140 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 2014 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 383,790 shares outstanding under the executive share-option schemes. If all of the options were exercised, the resulting number of shares would represent (a) 0.69% of the enlarged issued share capital at that date; and (b) 0.77% of the enlarged issued equity share capital at that date if the proposed authority to purchase shares was exercised in full (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 2012 amounted to 41 days (2011 - 39 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 financial statements on pages 68 and 69.

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 Practices (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 United Kingdom accounting standards have been followed, subject to any material departures disclosed and explained in the Group's and parent-Company's 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 enable them to ensure that the

Report of the directors

CONTINUED

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.

GOING CONCERN

The board's conclusions on adopting the going-concern basis for preparing the financial statements are set out in the report on corporate governance on page 38 and are incorporated in this report by reference.

POST-BALANCE-SHEET EVENTS

There are no post-balance-sheet events.

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

C Hayes Secretary
24 April 2013

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 is set out below.

1 DIRECTORS

The details of the Company's board, together with the audit and remuneration committees, are set out on pages 32 and 33. The board comprises an executive chairman, two 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. All of the executive directors and non-executive directors attended each of the five full board meetings held in 2012, with the exception of Richard Robinow who was unable to attend the meeting on 11 September 2012. Each executive director, and non-executive director with less than nine years' tenure, retires and must seek re-election at least every three years. Thereafter, directors will offer themselves for re-election at each year's annual general meeting.

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 INDEPENDENCE AND ELECTION OF A DIRECTOR

The board considers Mr Shaw to be independent and also considers Messrs Legg and Robinow to be independent, notwithstanding their length of service. The board is seeking to enhance the independence of its non-executive directors by the proposed appointment of Mr J.M.Green-Armytage at the forthcoming annual general meeting.

This appointment was considered by the full board. The board determined that the individual appointed to the position should have a good understanding of

matters affecting UK quoted companies, experience relevant to the Group's activities and a knowledge of South East Asia. The board concluded that the combination of these requirements was not suited to the use of a recruitment consultant and so compiled its own shortlist of candidates considered to have the required skills and experience, from which Mr Green-Armytage was chosen.

3 DIRECTORS' REMUNERATION AND APPOINTMENT

As set out in the report on page 39, the remuneration of the executive directors is determined by the remuneration committee whilst that of the non-executives is determined by the whole board. The committee met three times during 2012 and each meeting was attended by all the members.

The Company does not currently have a nominations committee. Owing to the size of the board, it is considered inappropriate to establish such a committee at this time. Any new appointments to the board 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.

4 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. The annual report, interim report and analysts' presentations are all available on the Group's website (www.mpevans.co.uk) and through an "app" that is available for users to download for free. The executive directors regularly make themselves available to analysts following the Company, and have face-to-face meetings to answer questions about the Company's operations and reported results. There is a regular programme of meetings and telephone conferences with major shareholders.

5 ACCOUNTABILITY

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 2012. The board uses these and the report of the directors to present a

Corporate governance

CONTINUED

balanced and understandable assessment of the Group's position and prospects. The directors' responsibility for the financial statements is described on pages 35 and 36.

b) Risk management

The directors acknowledge their responsibilities for the Group's system of risk management. Such a system can provide reasonable, but not absolute, assurance against material misstatement or loss. A review of the process of risk identification, evaluation and management is carried out regularly and presented to the board for discussion and approval. In summary this is reported on pages 24 to 26.

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 risks of operating in Indonesia;
- ▶ the geographical distance between the head office and area of operation;
- ▶ protection of the environment;
- ▶ the relationship with local populations where the Group has operations;
- ▶ the relationship with local partners;
- ▶ security of liquid funds;
- ▶ commodity-price fluctuation;
- ▶ exchange-rate fluctuation; and
- ▶ weather and natural disasters.

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, long-term loans and an overdraft.

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 2012 on pages 12 to

17. The forecasts indicate that the Group will have sufficient resources to meet its obligations as they fall due with the use of existing facilities, some of which are renewable annually (see note 22 on page 63). The directors know of no reason why these facilities should not be extended on the prescribed review dates.

The board has concluded that, given the current level of cash resources in the Group, the level of existing borrowings and the 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 financial statements. As a result, the board has concluded that the going-concern basis continues to be appropriate in preparing the financial statements.

6 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 2012 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 provided only audit services, other than a small amount of tax advice in the UK and Malaysia, as well as preparing a short financial management report to an associated company.

The audit committee meets the external auditor to consider audit planning and the results of the external audit. The committee specifically considered the scope of the Group auditor's engagement and agreed the significant risks for the audit of the 2012 results. The external auditor performs minimal services for the Group other than the external audit, and so the board does not consider there to be a risk that the provision of non-audit services may compromise the external auditors' independence.

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 with the Company. 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 the executive directors 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 primarily 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. Non-pensionable bonuses may be awarded annually in arrears at the discretion of the committee, taking account of the performance of the Group during the period and other targeted objectives. Bonuses do not exceed four months' salary.

NON-EXECUTIVE DIRECTORS

The fees of the non-executive directors are determined by the board.

TOTAL DIRECTORS' REMUNERATION

The total amount of directors' remuneration for the year ended 31 December 2012 was as follows:-

	SALARY AND FEES £	BENEFITS IN KIND £	SALARY IN LIEU OF PENSION £	PENSION COSTS £	TOTAL REMUNERATION 2012 £	TOTAL REMUNERATION 2011 £
Executive directors						
P E Hadsley-Chaplin	126,000	20,141	16,147	3,675	165,963	161,430
P A Fletcher	210,000	38,972	26,911	6,125	282,008	277,889
T R J Price	148,500	17,873	—	18,563	184,936	166,513
O D Wilkinson	—	—	—	—	—	110,937
	484,500	76,986	43,058	28,363	632,907	716,769
Non-executive directors						
K P Legg	27,650	—	—	—	27,650	26,300
R M Robinow	23,750	—	—	—	23,750	22,600
J D Shaw	33,950	—	—	—	33,950	37,300
	85,350	—	—	—	85,350	86,200
Total	569,850	76,986	43,058	28,363	718,257	802,969
Gains on exercise of share options						
P E Hadsley-Chaplin					1,203,616	914,991
P A Fletcher					1,193,606	798,178
Total					2,397,222	1,713,169
Grand total					3,115,479	2,516,138

NOTES

- The pension costs for Messrs Hadsley-Chaplin, Fletcher and Price set out above are the contributions made by the Company to Company-sponsored Self-Invested Personal Pensions ("SIPPs") as described below. Pension contributions for Messrs Hadsley-Chaplin and Fletcher ceased at 29 February 2012 and salaries in lieu of pension (net of employer's National Insurance contributions) were paid from 1 March 2012 onwards.
- No long-term incentives, other than the share options described below, have been awarded to directors.
- Fees for Mr K P Legg were paid to a third party.

Report of the board to the shareholders on directors' remuneration

CONTINUED

EXECUTIVE SHARE-OPTION SCHEMES

The executive directors are members of executive share-option schemes which were established in 2001 and 2012 under which options to subscribe for shares in the Company may be granted to selected employees. No further options can be granted under the schemes established in 2001. As at 31 December 2012, options over 253,790 (2011 - 954,166) shares granted to executive directors remain outstanding. These were granted to the executive directors between 2 February 2005 and 19 June 2012. During the year, 686,880 (2011 - 561,465) options granted to directors were exercised and none (2011 - none) lapsed.

No performance criteria are attached to the options and no options are held by the non-executive directors. At 31 December 2012 the middle-market quotation for the Company's shares, as derived from the London Stock Exchange Daily Official List, was 487.50p, as compared with the high and low quotations for the year of 553.75p and 431.00p respectively.

Details of the options held over shares of the Company by the executive directors during the year ended 31 December 2012 are set out in the table below:-

	Number of shares under option			BALANCE AT 31 DECEMBER 2012	EXERCISE PRICE	MARKET PRICE WHEN EXERCISED	DATE OF OF GRANT	DATE FROM WHICH NORMALLY FIRST EXERCISABLE	EXPIRY DATE
	BALANCE AT 1 JANUARY 2012	GRANTED IN THE YEAR	EXERCISED IN THE YEAR						
P E Hadsley-Chaplin	200,000	—	200,000	—	126.50p	505p	2 May 2003	2 May 2006	2 May 2013
	143,440	—	143,440	—	138.04p	505p	2 Feb 2005*	2 May 2006	2 May 2013
	26,895	—	—	26,895	158.95p	—	2 Feb 2005*	4 May 2007	4 May 2014
	370,335	—	343,440	26,895					
P A Fletcher	200,000	—	200,000	—	126.50p	505p	2 May 2003	2 May 2006	2 May 2013
	143,440	—	143,440	—	138.04p	505p	2 Feb 2005*	2 May 2006	2 May 2013
	26,895	—	—	26,895	158.95p	—	2 Feb 2005*	4 May 2007	4 May 2014
	370,335	—	343,440	26,895					
T R J Price	75,000*	—	—	75,000	385.00p	—	16 Nov 2007	16 Nov 2010	16 Nov 2017
	75,000*	—	—	75,000	159.50p	—	24 Nov 2008	24 Nov 2011	24 Nov 2018
	—	50,000	—	50,000	483.21p	—	19 Jun 2012	19 Jun 2015	19 Jun 2022
	150,000	50,000	—	200,000					
Total	890,670	50,000	686,880	253,790					

* Held on appointment at 1 January 2010.

PENSIONS

The Company sponsors self-invested personal pensions ("SIPPs") for the UK executive directors. Contributions made by the Company to the SIPPs and to a life-assurance company give the executives a pension at retirement, a pension to a spouse payable on death and life-assurance cover based on a multiple of salary. The members contribute a minimum of 5% of their pensionable salary to their SIPPs. No element of a director's-remuneration package, other than basic

salary, is pensionable. Individuals may elect to cease contributions to the SIPP, in which case they receive an additional salary paid in lieu of the employer's pension contributions. No contributions or equivalent salary will be paid to directors beyond the age of 65. Approved by the board of directors and signed on its behalf

C Hayes Secretary
24 April 2013

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 2012 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 pages 35 and 36, 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. In addition, we read all the financial and non-financial information in the annual report to identify material

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

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 2012 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 2012.

Simon O'Brien (Senior Statutory Auditor)

for and on behalf of

PricewaterhouseCoopers LLP

*Chartered Accountants and Statutory Auditors,
London*

24 April 2013

Consolidated income statement

FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTE	RESULT BEFORE BIOLOGICAL BEARER-ASSET ADJUSTMENT* US\$'000	BIOLOGICAL BEARER-ASSET ADJUSTMENT* US\$'000	YEAR ENDED 31 DECEMBER 2012 US\$'000	RESULT BEFORE BIOLOGICAL BEARER-ASSET ADJUSTMENT* US\$'000	BIOLOGICAL BEARER-ASSET ADJUSTMENT* US\$'000	YEAR ENDED 31 DECEMBER 2011 US\$'000
Revenue	4	83,213	—	83,213	57,756	—	57,756
Cost of sales		(62,893)	2,715	(60,178)	(33,636)	1,799	(31,837)
Gross profit	4	20,320	2,715	23,035	24,120	1,799	25,919
Gain on biological assets	13	—	11,907	11,907	—	17,936	17,936
Planting expenditure		—	(9,784)	(9,784)	—	(15,619)	(15,619)
Foreign-exchange (losses)/gains	4	(1,761)	—	(1,761)	528	—	528
Other administrative expenses	4	(4,292)	—	(4,292)	(2,470)	(230)	(2,700)
Other income	4	17	—	17	143	—	143
Operating profit		14,284	4,838	19,122	22,321	3,886	26,207
Finance income	4,6	1,338	—	1,338	1,078	—	1,078
Finance costs	4,7	(3,437)	(323)	(3,760)	(2,361)	(574)	(2,935)
Group-controlled profit before tax	8	12,185	4,515	16,700	21,038	3,312	24,350
Tax on profit on ordinary activities	4,9	(4,791)	(1,239)	(6,030)	(8,450)	(842)	(9,292)
Group-controlled profit after tax		7,394	3,276	10,670	12,588	2,470	15,058
Share of associated companies' profit/(loss) after tax	4,15	10,902	(20)	10,882	21,809	2,829	24,638
Profit for the year		18,296	3,256	21,552	34,397	5,299	39,696
Attributable to:							
Owners of M. P. Evans Group PLC		15,070	2,615	17,685	30,340	5,182	35,522
Minority interests		3,226	641	3,867	4,057	117	4,174
		18,296	3,256	21,552	34,397	5,299	39,696
		US CENTS		US CENTS	US CENTS		US CENTS
Basic earnings per 10p share	11	27.70		32.51	56.71		66.39
Diluted earnings per 10p share	11	27.65		32.44	56.06		65.64

* Non-statutory column (see note 13)

Consolidated statement of comprehensive income

FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 US\$'000	2011 US\$'000
Other comprehensive (expense)/income		
Previously unrealised profit on sale of land to associated undertaking released to the consolidated income statement on sale of that land by the associate	(137)	(54)
Exchange differences on translation of foreign operations	295	(70)
Other comprehensive expense	(192)	—
Other comprehensive expense (net of tax) for the year	(34)	(124)
Profit for the year	21,552	39,696
Total comprehensive income	21,518	39,572
Attributable to:		
Owners of M. P. Evans Group PLC	17,651	35,398
Minority interests	3,867	4,174
	21,518	39,572

Consolidated balance sheet

At 31 DECEMBER 2012

	NOTE	BEFORE BIOLOGICAL BEARER-ASSET ADJUSTMENT* US\$'000	BIOLOGICAL BEARER-ASSET ADJUSTMENT* US\$'000	31 DECEMBER 2012 US\$'000	BEFORE BIOLOGICAL BEARER-ASSET ADJUSTMENT* US\$'000	BIOLOGICAL BEARER-ASSET ADJUSTMENT* US\$'000	31 DECEMBER 2011 US\$'000
Non-current assets							
Goodwill	12	1,157	—	1,157	1,157	—	1,157
Biological assets	13	—	139,335	139,335	—	127,428	127,428
Property, plant and equipment	14	179,979	(72,617)	107,362	161,700	(65,670)	96,030
Investments in associates	15	105,130	25,613	130,743	106,026	25,633	131,659
Investments	16	109	—	109	145	—	145
Deferred-tax asset	23	6,454	—	6,454	2,808	—	2,808
Non current receivables	19	—	—	—	2,189	—	2,189
		292,829	92,331	385,160	274,025	87,391	361,416
Current assets							
Biological assets	17	4,594	—	4,594	9,878	—	9,878
Inventories	18	9,664	(447)	9,217	8,582	—	8,582
Trade and other receivables	19	14,325	—	14,325	14,439	—	14,439
Current-tax asset		1,477	—	1,477	6,300	—	6,300
Cash and cash equivalents	20,23	54,757	—	54,757	52,755	—	52,755
		84,817	(447)	84,370	91,954	—	91,954
Total assets	4	377,646	91,884	469,530	365,979	87,391	453,370
Current liabilities							
Borrowings	20, 22	25,458	—	25,458	25,255	—	25,255
Trade and other payables	21	14,797	—	14,797	14,814	—	14,814
Current-tax liability		1,541	—	1,541	4,322	—	4,322
		41,796	—	41,796	44,391	—	44,391
Net current assets		43,021	(447)	42,574	47,563	—	47,563
Non-current liabilities							
Borrowings	22	31,423	—	31,423	31,450	—	31,450
Deferred-tax liability	24	2,514	16,679	19,193	3,213	15,440	18,653
Retirement-benefit obligations	25	4,230	—	4,230	2,963	—	2,963
		38,167	16,679	54,846	37,626	15,440	53,066
Total liabilities	4	79,963	16,679	96,642	82,017	15,440	97,457
Net assets		297,683	75,205	372,888	283,962	71,951	355,913
Equity							
Share capital	26	9,227	—	9,227	9,093	—	9,093
Other reserves	28	83,133	25,613	108,746	84,320	25,633	109,953
Retained earnings	28	191,734	41,376	233,110	180,187	38,742	218,929
Equity attributable to the owners of M.P. Evans Group PLC		284,094	66,989	351,083	273,600	64,375	337,975
Minority interests		13,589	8,216	21,805	10,362	7,576	17,938
Total equity		297,683	75,205	372,888	283,962	71,951	355,913

* Non-statutory column (see note 13)

The financial statements on pages 42 to 69 were approved by the board of directors
on 24 April 2013 and signed on its behalf

Tristan Price Philip Fletcher

Directors

Consolidated statement of changes in equity

FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTE	SHARE CAPITAL US\$'000	OTHER RESERVES US\$'000	RETAINED EARNINGS US\$'000	TOTAL US\$'000	MINORITY INTERESTS US\$'000	TOTAL EQUITY US\$'000
Profit for the year		—	10,882	6,803	17,685	3,867	21,552
Other comprehensive (expense)/income for the year		—	(187)	153	(34)	—	(34)
Total comprehensive income for the year		—	10,695	6,956	17,651	3,867	21,518
Issue of share capital		134	2,162	—	2,296	—	2,296
Dividends	10	—	(13,755)	6,893	(6,862)	—	(6,862)
Credit to equity for equity-settled share-based payments		—	(309)	332	23	—	23
Transactions with owners		134	(11,902)	7,225	(4,543)	—	(4,543)
At 1 January 2012		9,093	109,953	218,929	337,975	17,938	355,913
At 31 December 2012	28	9,227	108,746	233,110	351,083	21,805	372,888
Profit for the year		—	24,638	10,884	35,522	4,174	39,696
Other comprehensive income for the year		—	965	(1,089)	(124)	—	(124)
Total comprehensive income for the year		—	25,603	9,795	35,398	4,174	39,572
Issue of share capital		106	1,477	—	1,583	—	1,583
Dividends	10	—	(22,206)	15,594	(6,612)	(1,000)	(7,612)
Credit to equity for equity-settled share-based payments		—	26	2	28	—	28
Transactions with owners		106	(20,703)	15,596	(5,001)	(1,000)	(6,001)
At 1 January 2011		8,987	105,053	193,538	307,578	14,764	322,342
At 31 December 2011	28	9,093	109,953	218,929	337,975	17,938	355,913

Consolidated cash-flow statement

FOR THE YEAR ENDED 31 DECEMBER 2012

	NOTE	YEAR ENDED 31 DECEMBER 2012 US\$'000	YEAR ENDED 31 DECEMBER 2011 US\$'000
Net cash generated by operating activities	29	33,897	48,339
Investing activities			
Interest received	6	1,338	1,078
Proceeds on disposal of assets		239	598
Purchase of property, plant and equipment	14	(18,540)	(31,789)
Planting expenditure		(9,784)	(15,619)
Net cash used by investing activities		(26,747)	(45,732)
Financing activities			
Dividends paid to Company shareholders	10	(6,151)	(6,064)
Repayment of borrowings		(1,323)	—
Proceeds on issue of shares	26	1,586	1,034
Dividend paid to minorities		—	(1,000)
Loan drawdown	22	310	20,921
Net cash (used)/generated by financing activities		(5,578)	14,891
Net increase in cash and cash equivalents		1,572	17,498
Net cash and cash equivalents at 1 January		27,500	10,144
Effect of foreign-exchange rates on cash and cash equivalents		227	(142)
Net cash and cash equivalents at 31 December	20	29,299	27,500

Notes TO THE CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2012

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 80. 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 12 to 26. 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 profit for the financial year ended 31 December 2012 of US\$10,202,000 (2011 US\$15,195,000).

By virtue of Section 479A of The Companies Act 2006, the following subsidiaries are exempt from the requirement to have an audit and prepare individual accounts:

Lendu (UK) Limited; Sungkai Estates Limited; Supara Investments Limited; and The Singapore Para Rubber Estates, Limited.

NOTE 2 Adoption of new and revised accounting standards

(a) New and amended standards adopted by the Group

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Group.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2011 and not adopted early

IAS 1 (amendment), 'Financial statement presentation' (effective 1 July 2012). This amendment changes the disclosure of items presented in other comprehensive income (OCI) in the statement of comprehensive income. The amendment does not have a material impact on the consolidated financial information.

IAS 12 (amendment), 'Income taxes' on deferred taxes (effective 1 January 2013). This amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. The amendment does not have a material impact on the combined financial information.

IAS 19, (revised 2011), 'Employee benefits' (effective 1 January 2013). This amendment makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. The amendment is not expected to have a material impact on the consolidated financial information.

IFRS 7 (amendment), 'Financial instruments – Disclosures' on asset and liability offsetting (effective 1 January 2013). This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The amendment does not have a material impact on the consolidated financial information.

IFRS 13 'Fair value measurement' (effective 1 January 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The standard did not have a material impact on the consolidated financial information.

Annual improvements 2011 (effective 1 January 2013). These annual improvements include changes to IFRS 1, IAS 1, IAS 16, IAS 32 and IAS 34. These amendments did not have material impact on the consolidated financial information.

IAS 27 (revised 2011), 'Separate financial statements' (effective 1 January 2014). This clarifies that the consequential amendments from IAS 27 to IAS 21 'The effect of changes in foreign exchange rates', IAS 28 'Investments in associates', and IAS 31 'Interests in joint ventures', apply prospectively for annual periods beginning on or after 1 July 2009. The amendment is not expected to have a material impact on the consolidated financial information.

IAS 28 (revised 2011), 'Investments in associates and joint ventures' (effective 1 January 2014). This standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11. The amendment is not expected to have a material impact on the consolidated financial information.

IAS 32 (amendment), 'Financial instruments – Presentation' on asset and liability offsetting (effective 1 January 2014). This amendment clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The Group is yet to assess the impact of IAS 39 on its consolidated financial information.

Notes TO THE CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 2 Adoption of new and revised accounting standards

CONTINUED

IFRS 10 'Consolidated financial statements' (effective 1 January 2014). This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements. The standard provides additional guidance to assist in determining control where this is difficult to assess. This new standard is not expected to have a material impact on the consolidation of subsidiaries.

IFRS 11 'Joint arrangements' (effective 1 January 2014). This standard provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed. The standard is not expected to have a material impact on the consolidated financial information, as the Group has historically applied equity method to account for its joint venture interests.

IFRS 12 'Disclosure of interests in other entities' (effective 1 January 2014). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is yet to assess the impact of IFRS 12 on the consolidated financial information.

Amendments to IFRS 10, IFRS 11 and IFRS 12 (effective 1 January 2014). These amendments provide additional transition relief to IFRSs 10, 11 and 12, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. These amendments are not expected to have material impact on the consolidated financial information.

IFRS 9 'Financial instruments', on 'Classification and measurement' (effective 1 January 2015). This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss. Amortised cost accounting will also be applicable for most financial liabilities, with bifurcation of embedded derivatives. The main change is that in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Group is yet to assess the impact of IFRS 9 on its consolidated financial information.

There are no other IFRSs or IFRIC interpretations which are not yet effective that would be expected to have a material impact on the Group.

NOTE 3 Accounting policies

(a) Accounting convention and basis of presentation

These financial statements have been prepared consistently 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.

(c) Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all of its subsidiaries, and equity accounts for its 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 or equity accounting 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 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.

NOTE 3 Accounting policies CONTINUED

(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 in 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 an estimated 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 are classified as freehold land, which is not depreciated. Buildings and 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 is taken to be their deemed cost.

Notes TO THE CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 3 Accounting policies CONTINUED

(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 2012. 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 current 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.

(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.

NOTE 3 Accounting policies CONTINUED

(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.

Notes TO THE CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 4 Segment information

The Group's reportable segments follow the three areas of activity set out in the review of 2012. These are distinguished by location and product: plantation crops (predominantly palm oil) in Indonesia, with a residual balance in Malaysia; cattle in Australia; and property development in Malaysia.

2012	PLANTATION			CATTLE	PROPERTY	OTHER	TOTAL
	INDONESIA	MALAYSIA	TOTAL	AUSTRALIA	MALAYSIA	UK	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	76,814	292	77,106	6,061	—	46	83,213*
Gross profit/(loss)	25,155	27	25,182	(2,193)	—	46	23,035
Gain on biological assets	11,907	—	11,907	—	—	—	11,907
Planting expenditure	(9,784)	—	(9,784)	—	—	—	(9,784)
Foreign-exchange loss	(1,555)	(18)	(1,573)	—	—	(188)	(1,761)
Other administrative expenses	(1,185)	80	(1,105)	(354)	—	(2,833)	(4,292)
Other income	—	17	17	—	—	—	17
Operating profit							19,122
Finance income	1,198	73	1,271	45	—	22	1,338
Finance costs	(2,135)	—	(2,135)	(1,625)	—	—	(3,760)
Group-controlled profit before tax							16,700
Tax	(4,595)	4	(4,591)	—	—	(1,439)	(6,030)
Group-controlled profit after tax							10,670
Share of associated companies' profit after tax	13,241	—	13,241	(2,012)	(347)	—	10,882
Profit for the year							21,552
Consolidated total assets							
Assets	271,869	9,142	281,011	41,777	—	15,999	338,787
Investments in associates	52,733	—	52,733	61,817	16,193	—	130,743
	324,602	9,142	333,744	103,594	16,193	15,999	469,530
Consolidated total liabilities							
Liabilities	48,949	18,551	67,500	28,117	—	1,025	96,642
Other information							
Additions to non-current assets	18,417	1	18,418	120	—	2	18,540
Depreciation	4,734	14	4,748	445	—	18	5,211
Retirement-benefit obligations	1,585	—	1,585	—	—	—	1,585

* Revenue of US\$13.62 million was from sales of crude palm oil to PT Pacific Palmino Industries; and US\$8.57 million was from sales of crude palm oil and palm kernels to PT Salim Ivomas Pratama.

NOTE 4 Segment information CONTINUED

2011	PLANTATION			CATTLE	PROPERTY	OTHER	TOTAL
	INDONESIA	MALAYSIA	TOTAL	AUSTRALIA	MALAYSIA		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	54,938	337	55,275	2,435	—	46	57,756
Gross profit/(loss)	25,825	(63)	25,762	111	—	46	25,919
Gain on biological assets	17,936	—	17,936	—	—	—	17,936
Planting expenditure	(15,619)	—	(15,619)	—	—	—	(15,619)
Foreign-exchange gain/(loss)	631	13	644	—	—	(116)	528
Other administrative expenses	452	(132)	320	(128)	—	(2,892)	(2,700)
Other income	—	143	143	—	—	—	143
Operating profit							26,207
Finance income	971	54	1,025	43	—	10	1,078
Finance costs	(999)	—	(999)	(1,936)	—	—	(2,935)
Group-controlled profit before tax							24,350
Tax	(6,645)	(9)	(6,654)	—	—	(2,638)	(9,292)
Group-controlled profit after tax							15,058
Share of associated companies' profit after tax	18,621	—	18,621	4,231	1,786	—	24,638
Profit for the year							39,696
Consolidated total assets							
Assets	254,794	6,028	260,822	47,049	—	13,840	321,711
Investments in associates	50,562	—	50,562	62,604	18,493	—	131,659
	305,356	6,028	311,384	109,653	18,493	13,840	453,370
Consolidated total liabilities							
Liabilities	47,603	18,580	66,183	28,984	—	2,290	97,457
Other information							
Additions to non-current assets	31,604	2	31,606	164	—	19	31,789
Depreciation	2,624	37	2,661	450	—	28	3,139
Retirement-benefit obligations	1,215	—	1,215	—	—	—	1,215

Notes TO THE CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 5 Employees

	2012 US\$'000	2011 US\$'000
Employee costs during the year		
Wages and salaries	11,952	9,405
Social-security costs	551	490
Current service cost of retirement benefit (see note 25)	1,183	1,036
Other pension costs	236	205
	13,922	11,136
	NUMBER	NUMBER
Average number of persons employed (including executive directors)		
Estate manual	2,337	1,838
Local management	66	79
United Kingdom head office	7	6
	2,410	1,923

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 39 and 40 and form part of these audited financial statements.

NOTE 6 Finance income

	2012 US\$'000	2011 US\$'000
Interest receivable on bank deposits	1,338	1,078

NOTE 7 Finance costs

Interest payable on bank loans and overdrafts	3,760	2,935
Interest capitalised into the cost of property, plant and equipment	—	356

NOTE 8 Group-controlled profit before tax

	2012 US\$'000	2011 US\$'000
Profit before tax is stated after charging		
Depreciation of property, plant and equipment	5,211	3,139
Auditors' remuneration	313	293
Employee costs (note 5)	13,922	11,136

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	90	74
Total audit services	110	94
Audit of overseas subsidiaries	135	125
Total fees payable	245	219

* In addition to the above, fees of US\$68,000 (2011 US\$74,000) were payable to other firms for the audit of subsidiary companies. Additional fees of US\$27,000 were paid to PwC in respect of tax advice.

NOTE 9 Tax on profit on ordinary activities

United Kingdom corporation tax charge for the year	370	342
Relief for overseas taxation	(370)	(342)
	—	—
Overseas taxation	8,821	10,523
Adjustments in respect of prior years	(5)	(5)
Total current tax	8,816	10,518
Deferred taxation – origination and reversal of temporary differences (see note 24)	(2,786)	(1,226)
	6,030	9,292

The standard rate of tax for the year, based on the United Kingdom standard rate of corporation tax, was 24.50% (2011 – 26.49%). The standard rate of Indonesian tax was 25.00% for the current year (2011 – 25.00%). The actual tax charge is higher than the standard rate for the reasons set out in the following reconciliation.

Notes TO THE CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 9 Tax on profit on ordinary activities CONTINUED

	2012 US\$'000	2011 US\$'000
Profit on ordinary activities before tax	16,700	24,350
Tax on profit on ordinary activities at standard rate	4,092	6,450
Factors affecting the charge for the year:		
Withholding tax on overseas dividends and interest	1,070	2,309
Unrelieved losses	2,593	1,539
Expenses not deductible for tax purposes	64	270
Unrealised Indonesian exchange differences not included in Group profit	(1,083)	85
Utilisation of losses brought forward	(23)	(9)
Lower rate applicable to disposals of fixed assets	(43)	(14)
Biological assets	134	(35)
Other exchange differences	157	(79)
Profits subject to lower rate of tax	(239)	(349)
Adjustments to valuation of investments	(272)	–
Other differences	(420)	(875)
Total actual amount of current tax	6,030	9,292

NOTE 10 Dividends paid and proposed

2012 interim dividend – 2.25p per 10p share (2011 interim dividend – 2.25p)	1,985	1,887
2011 final dividend – 5.75p per 10p share (2010 final dividend – 5.50p)	4,877	4,725
	6,862	6,612

Following the year end, the board has proposed a final dividend for 2012 of 5.75p per 10p share, amounting to US\$4.89 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 report of the directors on pages 32 and 33. The dividend will be paid on or after 20 June 2013 to those shareholders on the register at the close of business on 26 April 2013.

NOTE 11 Basic and diluted earnings per share

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

	2012 US\$'000	2012 NUMBER OF SHARES	2011 US\$'000	2011 NUMBER OF SHARES
Profit for the year attributable to the owners of M.P. Evans Group PLC	17,685		35,522	
Average number of shares in issue		54,406,455		53,502,656
Diluted average number of shares in issue*		54,509,339		54,116,145

* 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

	2012 US\$'000	2011 US\$'000
At 1 January and 31 December	1,157	1,157

Goodwill is carried at cost. The directors have tested goodwill for impairment, concluding that the carrying amounts are recoverable. Goodwill has arisen in respect of the Group's new plantation projects in Indonesia in Kalimantan and on Bangka Island. 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 f.f.b. crop 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 Rotterdam c.i.f. 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 2012	31 DECEMBER 2011
Price of crude palm oil (US\$ per tonne, Rotterdam c.i.f.)	602	572
Exchange rate (Rupiah per US\$)	9,670	9,068

Sensitivity in valuation of plantation assets

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

	-US\$ 25 US\$'000	+US\$ 25 US\$'000
Subsidiaries	(16,261)	16,261
Associated companies	(11,734)	11,734
	(27,995)	27,995

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	10,079	(9,063)
Associated companies	5,707	(5,246)
	15,786	(14,309)

Notes TO THE CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 13 Biological assets CONTINUED

Non-current biological assets	2012 US\$'000	2011 US\$'000
Gain in fair value:		
Initial recognition	3,289	4,224
Current period	8,618	13,712
Total gain	11,907	17,936
Decreases due to disposal and reclassification	—	(1,370)
Change in carrying value of biological assets	11,907	16,566
At 1 January	127,428	110,862
At 31 December	139,335	127,428

	2012	2011
F.f.b. crop (Tonnes)	318,600	250,900
Fair value of crop (US\$'000)	34,022	26,525

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 2012 on pages 24 to 26.

Presentation

In the balance sheet, the adjustment column shows that recognition of the biological-asset valuation replaces depreciated-historical-planting costs of US\$72,617,000 (2011 US\$65,670,000) 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\$147,822,000 (2011 US\$137,621,000).

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 2012	29,202	18,610	31,134	29,717	2,814	111,477
Additions	53	7,212	3,208	2,116	5,951	18,540
Re-classification	—	—	3,479	—	(3,479)	—
Exchange differences	608	9	114	72	—	803
Disposals	—	—	(56)	(626)	(29)	(711)
At 31 December 2012	29,863	25,831	37,879	31,279	5,257	130,109
Accumulated depreciation						
At 1 January 2012	—	370	4,310	10,767	—	15,447
Charge for the year	—	10	1,959	3,242	—	5,211
Exchange differences	—	—	21	48	—	69
Disposals	—	—	(50)	(496)	—	(546)
Provision for impairment	2,566	—	—	—	—	2,566
At 31 December 2012	2,566	380	6,240	13,561	—	22,747
Net book value						
at 31 December 2012	27,297	25,451	31,639	17,718	5,257	107,362
Cost or valuation						
At 1 January 2011	29,176	15,237	14,468	17,097	5,644	81,622
Additions	26	3,380	—	783	27,600	31,789
Re-classification	—	—	17,137	13,293	(30,430)	—
Exchange differences	—	(7)	(13)	(7)	—	(27)
Disposals	—	—	(458)	(1,449)	—	(1,907)
At 31 December 2011	29,202	18,610	31,134	29,717	2,814	111,477
Accumulated depreciation						
At 1 January 2011	—	358	3,393	9,811	—	13,562
Charge for the year	—	12	963	2,164	—	3,139
Exchange differences	—	—	(4)	(10)	—	(14)
Disposals	—	—	(42)	(1,198)	—	(1,240)
At 31 December 2011	—	370	4,310	10,767	—	15,447
Net book value						
at 31 December 2011	29,202	18,240	26,824	18,950	2,814	96,030
Net book value						
at 1 January 2011	29,176	14,879	11,075	7,286	5,644	68,060

As at 31 December 2012, the Group had entered into contractual commitments for the acquisition of property, plant and equipment of US\$4,787,000 (2011 US\$424,000).

Depreciation, other than US\$18,000 (2011 US\$28,000) charged to other administrative expenses, is charged to cost of sales.

The directors consider that in the current market for rural properties in Australia it is prudent to make a modest impairment to the carrying value of Woodlands.

Notes TO THE CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 15 Investments in associates

Details of the principal subsidiary and associated undertakings are given on page 75. The Group's associated companies are all unlisted.

	SHARE OF NET ASSETS 2012 US\$'000	SHARE OF NET ASSETS 2011 US\$'000
Share of net assets		
At 1 January	130,658	128,578
Exchange differences	1,957	(352)
Profit for the year	10,882	24,638
Net dividends received	(13,755)	(22,206)
At 31 December	129,742	130,658
Goodwill		
At 1 January and 31 December	1,001	1,001
Carrying value		
At 31 December	130,743	131,659
At valuation		
Unlisted (directors' valuation)	221,000	201,000

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	NAPCo (34.37%) US\$'000	BERTAM PROPERTIES (40.00%) US\$'000	TOTAL US\$'000
2012					
Revenue	34,669	3,193	24,079	1,925	63,866
Profit after tax	11,989	1,252	(2,012)	(347)	10,882
Assets	51,152	6,401	121,424	23,416	202,393
Liabilities	(4,491)	(328)	(59,608)	(7,223)	(71,650)
Net assets	46,661	6,073	61,816	16,193	130,743
2011					
Revenue	35,952	4,072	23,665	9,033	72,722
Profit after tax	16,269	2,352	4,231	1,786	24,638
Assets	46,428	6,097	162,484	24,211	239,220
Liabilities	(2,689)	(258)	(98,896)	(5,718)	(107,561)
Net assets	43,739	5,839	63,588	18,493	131,659

NOTE 16 Investments

Other available-for-sale financial investments (unlisted)	2012 US\$'000	2011 US\$'000
At 1 January	145	149
Exchange differences	5	(4)
Revaluation of investments	(41)	—
At 31 December	109	145

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

NOTE 17 Current biological assets

Livestock	2012 US\$'000	2011 US\$'000
Gain in fair value	146	2,279
Increase due to purchases	426	2,062
Decreases due to disposal and reclassification	(6,061)	(2,435)
Net exchange differences	205	(19)
Change in carrying value of biological assets	(5,284)	1,887
At 1 January	9,878	7,991
At 31 December	4,594	9,878
Head sold (number)	5,278	2,177
Cattle revenue (US\$'000)	6,061	2,435

NOTE 18 Inventories

	2012 US\$'000	2011 US\$'000
Processed produce for sale	3,160	3,352
Estate stores	3,013	1,204
Nurseries	3,044	4,026
	9,217	8,582

Notes TO THE CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 19 Trade and other receivables

	2012 US\$'000	2011 US\$'000
Trade receivables	1,072	1,667
Other receivables	6,199	3,749
Prepayments and accrued income	7,054	9,023
	14,325	14,439

Trade and other receivables analysed by currency of receivable:

Indonesian Rupiah	12,515	11,932
US Dollar	884	929
Malaysian Ringgit	582	997
Australian Dollar	192	470
Sterling	152	111
	14,325	14,439

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 2012 there was no provision for impairment of trade receivables (2011 US\$ nil). The directors consider the carrying amount of trade and other receivables approximate their fair value.

The non-current receivable relates to tax recoverable after more than one year.

NOTE 20 Cash and cash equivalents

Cash and cash equivalents	54,757	52,755
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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. Of this balance, US\$19.6 million (2011 US\$19.4 million) has been pledged as security against bank loans.

Cash and cash equivalents	54,757	52,755
Bank overdrafts and loans (see note 22)	(25,458)	(25,255)
Net cash	29,299	27,500

NOTE 21 Trade and other payables

Trade payables	7,537	5,427
Amounts owed to associated undertakings	63	120
Other payables	7,197	9,267
	14,797	14,814

The average credit period taken for trade purchases is 41 days (2011 - 39 days). The Group has processes in place to ensure payables are settled within the agreed terms.

NOTE 22 Borrowings

	2012 US\$'000	2011 US\$'000
Secured borrowing at amortised cost		
Bank overdrafts	25,458	25,255
Bank loans	31,423	31,450
	56,881	56,705
Total borrowings		
Amount due for settlement within 12 months	25,458	25,255
Due for settlement in one to five years	31,423	31,450
	56,881	56,705

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

Analysis of borrowings by currency:

	US DOLLARS US\$'000	AUSTRALIAN DOLLARS US\$'000	MALAYSIAN RINGGIT US\$'000	TOTAL US\$'000
31 December 2012				
Bank Treasury Bill facility	—	25,458	—	25,458
Bank loans	12,986	—	18,437	31,423
	12,986	25,458	18,437	56,881
31 December 2011				
Bank Treasury Bill facility	—	25,255	—	25,255
Bank loans	13,018	—	18,432	31,450
	13,018	25,255	18,432	56,705

Facilities drawn during the year

During the year, loans of US\$0.3 million were drawn in Malaysia.

Undrawn borrowing facilities

At 31 December 2012, the Group had available US\$7.97 million of a US\$20.95 million loan facility with an Indonesian lender. In addition, the Group had available MYR2.96 million (2011 MYR1.57 million) of undrawn committed borrowing facilities from a Malaysian lender in respect of which all conditions precedent had been met, as well as an undrawn overdraft facility of A\$500,000 (2011 A\$500,000) from an Australian lender.

Interest rates

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

	2012 %	2011 %
Bank Treasury Bill facility	4.0	4.9
Bank loans	6.0	7.0

Notes TO THE CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 23 Net Debt

	2012 US\$'000	2011 US\$'000
Cash at bank	54,757	52,755
Secured borrowing		
Indonesia	12,986	13,018
Australia	25,458	25,255
Malaysia	18,437	18,432
	56,881	56,705
Net debt	(2,124)	(3,950)

NOTE 24 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 2012	3,118	3,746	15,440	(741)	(5,718)	15,845
Charge/(credit) to income statement	895	—	1,239	(375)	(4,545)	(2,786)
Credit to revaluation reserve	—	(698)	—	—	—	(698)
Exchange differences	(139)	78	—	58	381	378
At 31 December 2012	3,874	3,126	16,679	(1,058)	(9,882)	12,739
At 1 January 2011	2,343	3,746	14,597	(460)	(3,259)	16,967
Charge/(credit) to income statement	819	—	843	(295)	(2,593)	(1,226)
Exchange differences	(44)	—	—	14	134	104
At 31 December 2011	3,118	3,746	15,440	(741)	(5,718)	15,845

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

	2012 US\$'000	2011 US\$'000
To be recovered after 12 months		
Deferred-tax assets	(6,454)	(2,808)
Deferred-tax liabilities	19,193	18,653
	12,739	15,845

At the balance-sheet date, the Group had unused tax losses of US\$45,596,000 (2011 US\$26,484,000) available for offset against future profits. A deferred-tax asset has been recognised in respect of US\$34,674,000 (2011 US\$15,764,000) of such losses. No deferred-tax asset has been recognised in respect of the remaining US\$11,282,000 (2011 US\$10,719,000) 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\$264,557,000 (2011 US\$242,387,000). 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\$82,032,000 (2011 US\$86,059,000). No liability has been

NOTE 24 Deferred tax CONTINUED

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\$944,000 (2011 US\$4,278,000). No asset has been recognised in respect of these differences due to the unpredictability of future profit streams.

NOTE 25 Retirement-benefit obligations

The Group's only obligation relates to an unfunded, non-contributory, post-employment statutory 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:	2012 %	2011 %
Discount rate	7.00	7.00
Salary increase per annum	8.00	8.00
Reconciliation of scheme liabilities:	US\$'000	US\$'000
Current-service cost	1,183	1,036
Interest cost	237	182
Actuarial (losses)/gains	(7)	3
Difference on settlement	(40)	(6)
Prior-year adjustment	212	—
	1,585	1,215
Less: Benefits paid out	(85)	(37)
Movement in the year	1,500	1,178
At 1 January	2,963	1,840
Exchange differences	(233)	(55)
At 31 December	4,230	2,963

NOTE 26 Share capital

Shares of 10p each	AUTHORISED NUMBER	ALLOTTED, FULLY PAID AND VOTING NUMBER	AUTHORISED £'000	ALLOTTED, FULLY PAID AND VOTING US\$'000
At 1 January 2012	87,000,000	54,021,901	8,700	9,093
Issued during the year	—	849,501	—	134
At 31 December 2012	87,000,000	54,871,402	8,700	9,227
At 1 January 2011	87,000,000	53,357,455	8,700	8,987
Issued during the year	—	664,446	—	106
At 31 December 2011	87,000,000	54,021,901	8,700	9,093

During the year 760,376 (2011 - 566,465) 10p shares were issued as a result of the exercise of share options. In addition, a further 89,125 shares (2011 - 97,981 shares) were issued to shareholders who elected to take scrip in lieu of cash dividends. Total cash benefits received by the Company in respect of these allotments amounted to US\$1,586,000 (2011 US\$1,034,000).

Notes TO THE CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE 27 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 lapse. 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:-

	2012		2011	
	NUMBER OF SHARE OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE (IN BRITISH PENCE)	NUMBER OF SHARE OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE (IN BRITISH PENCE)
At 1 January	1,014,166	164.3	1,580,631	141.3
Granted during the year	80,000	483.2	—	—
Exercised during the year	(760,376)	132.2	(566,465)	100.1
At 31 December	333,790	314.0	1,014,166	164.3
Exercisable at the end of the year	253,790	260.6	964,166	155.5

The weighted-average share price at the date of exercise for share options exercised during the period was 503p (2011 – 405p). The options outstanding at 31 December 2012 had a weighted-average remaining contractual life of 3.1 years and exercise prices in the range 158.95p to 385.0p. The Group recognised total expenses of US\$23,000 related to equity-settled share-based payment transactions (2011 US\$28,000).

Details of the directors' share options are set out in the report of the board to the shareholders on directors' remuneration on pages 39 and 40.

NOTE 28 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 2012	22,974	12,468	3,896	1,056	624	68,871	64	109,953	218,929
Exchange differences	—	29	—	—	—	1,685	(297)	1,417	(1,981)
Transfer from revaluation reserve	—	(2,326)	—	—	—	—	—	(2,326)	2,326
Deferred tax on land impairment	—	721	—	—	—	—	—	721	—
Retirement benefit obligations	—	—	—	—	—	—	—	—	(192)
Issue of shares	2,163	—	—	—	—	—	—	2,163	—
Share-based payments	—	—	—	—	(309)	—	—	(309)	332
Dividends from associated undertakings	—	—	—	—	—	(13,755)	—	(13,755)	13,755
Profit for the financial year	—	—	—	—	—	10,882	—	10,882	6,803
Dividends paid (see note 10))	—	—	—	—	—	—	—	—	(6,862)
At 31 December 2012	25,137	10,892	3,896	1,056	315	67,683	(233)	108,746	233,110

NOTE 28 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 2011	21,497	12,528	3,896	1,056	598	66,571	(1,093)	105,053	193,538
Exchange differences	—	(60)	—	—	—	(132)	1,157	965	(1,089)
Issue of shares	1,477	—	—	—	—	—	—	1,477	—
Share-based payments	—	—	—	—	26	—	—	26	2
Dividends from associated undertakings	—	—	—	—	—	(22,206)	—	(22,206)	22,206
Profit for the financial year	—	—	—	—	—	24,638	—	24,638	10,884
Dividend paid (see note 10)	—	—	—	—	—	—	—	—	(6,612)
At 31 December 2011	22,974	12,468	3,896	1,056	624	68,871	64	109,953	218,929

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 non-current assets as their deemed cost.

NOTE 29 Note to the consolidated cash-flow statement

	2012 US\$'000	2011 US\$'000
Profit for the year	21,552	39,696
Share of associated companies' profit after tax	(10,882)	(24,638)
Tax charge	6,030	9,292
Finance costs	3,760	2,935
Finance income	(1,338)	(1,078)
Operating profit	19,122	26,207
Biological gain	(12,053)	(20,215)
Planting expenditure	9,784	15,619
Disposal of non-current assets	207	1,441
Provision released on land to be sold to smallholders' cooperative schemes	—	(961)
Release of deferred profit	(137)	(54)
Depreciation of property, plant and equipment	5,211	3,139
Retirement-benefit obligations	1,500	1,215
Share-based payments	23	28
Dividends from associated companies	13,755	22,206
Operating cash flows before movements in working capital	37,412	48,625
Decrease/(increase) in inventories	5,025	(270)
Decrease in receivables	164	10,846
(Decrease)/increase in payables	(45)	7,073
Cash generated by operating activities	42,556	66,274
Income tax paid	(4,899)	(15,000)
Interest paid	(3,760)	(2,935)
Net cash generated by operating activities	33,897	48,339

Notes TO THE CONSOLIDATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2012

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 the owners of the parent Company, 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\$29,299,000 (2011 US\$27,500,000) as shown in note 20, and equity attributable to the owners of the parent Company of US\$351,083,000 (2011 US\$337,975,000). 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, interest-rate, credit and liquidity. 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, Australia and Malaysia. The Group does not have transactional currency exposures arising from sales or purchases by its operating units 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 in a world market which reduces the Group's currency risk. The Group has a policy not to hedge exchange-rate fluctuation and does not make use of forward-currency contracts.

The currency profile of the Group's monetary assets, excluding trade and other receivables (the currency profile of which is given in note 20), are as follows:

	2012 US\$'000	2011 US\$'000
US Dollar	35,692	31,565
Indonesian Rupiah	11,641	13,855
Australian Dollar	4,349	1,303
Malaysian Ringgit	2,103	5,218
Sterling	972	814
	54,757	52,755

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

NOTE 30 Financial instruments CONTINUED

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:

	2012 US\$'000	2011 US\$'000
Australian Dollar		
Result for the year	(692)	225
Net assets	4,525	5,189
Malaysian Ringgit		
Result for the year	(176)	492
Net assets	2,450	2,905

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 to 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 bank Treasury Bill facility is denominated in Australian Dollars and interest is charged at a variable rate linked to the Australian base rate. The loans, denominated in Malaysian Ringgit and US Dollars, carry interest 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 10% 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, and 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 eight years. The maturity profile for 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 39 to 40. The directors' participation in the executive share-option scheme is disclosed on page 40.

The Group received dividends from its associated companies during the year. This is set out in note 15 on page 60.

Independent auditors' report

TO THE MEMBERS OF M.P.EVANS GROUP PLC, PARENT COMPANY

We have audited the parent-Company financial statements of M. P. Evans Group PLC for the year ended 31 December 2012 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).

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the statement of directors' responsibilities set out on pages 35 and 36, the directors are responsible for the preparation of the parent-Company 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 parent-Company 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012;
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 consolidated financial statements of M. P. Evans Group PLC for the year ended 31 December 2012.

Simon O'Brien (*Senior Statutory Auditor*)

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

24 April 2013

Parent-Company balance sheet

AT 31 DECEMBER 2012

	NOTE	2012 US\$'000	2011 US\$'000
Fixed assets			
Tangible fixed assets	(iv)	864	880
Investments	(v)	31,494	44,210
		32,358	45,090
Current assets			
Debtors	(vi)	56,854	49,565
Cash at bank and in hand		13,542	8,868
		70,396	58,433
Creditors – amounts falling due within one year	(vii)	(40,125)	(46,552)
Net current assets		30,271	11,881
Total assets less current liabilities		62,629	56,971
Capital and reserves			
Called-up share capital	(viii)	9,227	9,093
Other reserves	(ix)	30,782	28,928
Profit and loss account	(ix)	22,620	18,950
	(x)	62,629	56,971

The financial statements on pages 71 to 74 were approved by the board of directors on 24 April 2013 and signed on its behalf by:

Tristan Price Philip Fletcher

Directors

Notes TO THE PARENT-COMPANY BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE i Significant accounting policies

Unaudited subsidiaries

Under Section 479C of The Companies Act 2006, the Company has guaranteed all of the outstanding liabilities of the following subsidiaries arising from their unaudited financial statements for the year ended 31 December 2012:

Lendu (UK) Limited; Sungkai Estates Limited; Supara Investments Limited; and The Singapore Para Rubber Estates, Limited

It is considered that there is no likelihood of these guarantees being called upon and no liability is expected to arise under these guarantees.

Basis of accounting

The financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared consistently 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

The Company has not included a cash-flow statement as part of its financial statements since 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

Tangible fixed assets are stated at the historic purchase cost less accumulated depreciation. 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%.

Fixed-asset investments

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

DEBTORS – 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 profit and loss account.

CASH AT BANK AND IN HAND – these include cash in hand and deposits held with banks with original maturities of three months or less.

CREDITORS – these are measured at amortised cost.

NOTE ii Profit for the year

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year. M.P. Evans Group PLC reported a profit for the year ended 31 December 2012 of US\$10,201,000 (2011 US\$15,195,000).

The auditors' remuneration for audit and other services was US\$20,000 (2011 - US\$20,000).

NOTE iii Employees

	2012 US\$'000	2011 US\$'000
Employee costs during the year		
Wages and salaries	1,189	1,077
Social security costs	163	137
Pension costs	81	157
	1,433	1,371
	NUMBER	NUMBER
Average monthly number of persons employed		
Staff	4	3
Directors	3	3
	7	6

NOTE IV Tangible assets

	BUILDINGS US\$'000	PLANT, EQUIPMENT AND VEHICLES US\$'000	TOTAL US\$'000
Cost			
At 1 January 2012	834	245	1,079
Additions	—	2	2
At 31 December 2012	834	247	1,081
Accumulated depreciation			
At 1 January 2012	—	199	199
Charge for the year	—	18	18
At 31 December 2012	—	217	217
Net book value			
At 31 December 2012	834	30	864
Net book value At 31 December 2011	834	46	880

NOTE V Investments

Subsidiary undertakings	US\$'000
At 1 January 2012	57,906
Provision for impairment b/f and c/f	(13,696)
Disposals	(12,716)
At 31 December 2012	31,494
At 31 December 2011	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

Holdings are all of ordinary shares. Further information on the activity of the Group subsidiaries is given on page 75. The directors believe the carrying value of investments is supported by their underlying net assets.

NOTE VI Debtors

	2012 US\$'000	2011 US\$'000
Amounts owed by subsidiary undertakings	56,701	49,456
Other debtors	81	46
Prepayments and accrued income	72	63
	56,854	49,565

Notes TO THE PARENT-COMPANY BALANCE SHEET

FOR THE YEAR ENDED 31 DECEMBER 2012

NOTE vii Creditors – amounts falling due within one year

	2012 US\$'000	2011 US\$'000
Amounts owed to subsidiary undertakings	39,171	45,034
Other creditors	954	1,518
	40,125	46,552

NOTE viii Called-up share capital

See note 26 to the consolidated financial statements on page 65.

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 2012	22,974	3,896	1,434	624	28,928	18,950
Issue of shares	2,163	—	—	—	2,163	—
Share-based payments	—	—	—	(309)	(309)	331
Profit for the financial year	—	—	—	—	—	10,201
Dividends*	—	—	—	—	—	(6,862)
At 31 December 2012	25,137	3,896	1,434	315	30,782	22,620

* See note 10 to the consolidated financial statements on page 56.

NOTE X Reconciliation of movement in shareholders' funds

	2012 US\$'000	2011 US\$'000
Profit/(loss) for the financial year	10,201	15,195
Dividends declared	(6,862)	(6,612)
	3,339	8,583
Issue of shares	2,296	1,583
Share-based payments	23	28
Net increase in shareholders' funds	5,658	10,194
At 1 January	56,971	46,777
At 31 December	62,629	56,971

Subsidiary and associated undertakings

SUBSIDIARY UNDERTAKINGS

Details of the principal subsidiary undertakings as at 31 December 2012 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 crude 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	Production of oil-palm f.f.b.
PT Prima Mitrajaya Mandiri	92.5	Indonesia	Indonesia	Production of crude palm oil and palm kernels
PT Teguh Jayaprima Abadi	92.5	Indonesia	Indonesia	Production of oil-palm f.f.b.
PT Evans Lestari	100	Indonesia	Indonesia	Production of oil-palm f.f.b.
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	Property development and production of oil-palm f.f.b.
Bertam (U.K.) Limited	100	England and Wales	United Kingdom and Australia	Beef-cattle farming

The shareholdings in the above companies represent ordinary shares except for Gubbagunyah Partnership, which is a partnership and so has no class of share.

ASSOCIATED UNDERTAKINGS

Details of the associated undertakings as at 31 December 2012 are as follows:

	ISSUED, FULLY-PAID SHARE CAPITAL	% HELD	COUNTRY OF INCORPORATION	COUNTRY OF OPERATION	FIELD OF ACTIVITY
Unlisted					
PT Agro Muko	Rp 54.578.7m	36.84	Indonesia	Indonesia	Production of crude palm oil, palm kernels and rubber
PT Kerasan 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

Analysis of plantation land areas

FOR THE YEAR ENDED 31 DECEMBER 2012

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

	OWNERSHIP	MATURE	IMMATURE	TOTAL	INFRASTRUCTURE/ CONSERVATION	TOTAL	COOPERATIVE
	%	HA	HA	PLANTED HA	AREAS HA	HA	SCHEMES PLANTED HA
Subsidiaries – oil palm							
Pangkalan	80.00	2,207	220	2,427	159	2,586	—
Bilah	80.00	2,461	395	2,856	105	2,961	—
Sennah	80.00	1,681	—	1,681	132	1,813	—
Total Pangkatan group		6,349	615	6,964	396	7,360	—
Simpang Kiri	80.00	2,375	114	2,489	165	2,654	—
Total Sumatra		8,724	729	9,453	561	10,014	—
East Kalimantan	92.50	7,174	2,508	9,682	2,391	12,073*	4,002
Bangka	90.00	1,970	1,529	3,499	509	4,008*	1,580
Total new Indonesian projects*		9,144	4,037	13,181	2,900	16,081	5,582
Total Indonesia		17,868	4,766	22,634	3,461	26,095	5,582
Total Malaysia - Bertam	100.00	65	—	65	5	70	—
Total majority owned		17,933	4,766	22,699	3,466	26,165	5,582
Group share of subsidiaries' land		15,452	4,279	19,731	3,124	22,855	—
Associates							
Agro Muko - oil palm	36.84	16,694	1,196	17,890	3,685	21,575	620
- rubber	36.84	932	624	1,556	—	1,556	—
		17,626	1,820	19,446	3,685	23,131	620
Kerasaan - oil palm	38.00	1,905	412	2,317	46	2,363	—
Total associates		19,531	2,232	21,763	3,731	25,494	620
Group share of associates' land		7,217	827	8,044	1,375	9,419	—
Memorandum:							
Subsidiaries and Group share of associates		25,150	5,593	30,743	4,841	35,584	—
Group share of subsidiaries and associates		22,670	5,106	27,776	4,499	32,275	—

NOTE * The currently-estimated total plantable area for Group ownership is 10,600 hectares in East Kalimantan and 6,000 hectares on Bangka; for the cooperatives 4,400 hectares in East Kalimantan and 4,000 hectares on Bangka.

5-year summary

	2012	2011	2010	2009	2008
	TONNES	TONNES	TONNES	TONNES	TONNES
Production					
Crude palm oil	75,400	35,600	30,000	27,000	22,300
Palm kernels	14,800	8,700	7,300	6,800	6,100
Crops					
Oil-palm fresh fruit bunches ("f.f.b.")					
Majority-owned estates	317,000	249,300	196,400	171,300	144,700
– Indonesia					
– Malaysia	1,600	1,600	1,600	1,700	16,800
– total	318,600	250,900	198,000	173,000	161,500
Associated-company estates	410,800	403,800	369,100	384,200	355,200
	US\$	US\$	US\$	US\$	US\$
Average sale prices					
Crude palm oil – Rotterdam c.i.f. per tonne	998	1,123	905	680	941
Exchange rates					
US\$1 = Indonesian Rupiah – average	9,355	8,763	9,081	10,374	9,657
– year end	9,670	9,068	8,991	9,400	10,950
US\$1 = Australian Dollar – average	0.97	0.97	1.09	1.28	1.20
– year end	0.96	0.98	0.98	1.11	1.43
US\$1 = Malaysian Ringgit – average	3.09	3.06	3.22	3.52	3.33
– year end	3.06	3.17	3.08	3.42	3.46
£1 = US Dollar – average	1.59	1.60	1.55	1.57	1.85
– year end	1.63	1.56	1.57	1.61	1.44
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	83,213	57,756	42,091	28,391	30,387
Gross profit	23,035	25,919	21,887	11,705	13,834
Group-controlled profit before tax	16,700	24,350	19,359	15,338	23,447
	US CENTS	US CENTS	US CENTS	US CENTS	US CENTS
Basic earnings per share – continuing	32.51	66.39	41.17	31.92	48.88
– continuing and discontinued	32.51	66.39	41.17	34.94	96.26
	PENCE	PENCE	PENCE	PENCE	PENCE
Dividend per share	8.00	8.00	7.50	7.00	7.00
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Equity attributable to the owners of M. P. Evans Group PLC	351,083	337,975	307,578	275,498	249,178
Net cash generated by operating activities	33,897	48,339	19,417	12,311	8,825

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 6 June 2013 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 2012.
RESOLUTION ON FORM OF PROXY **No 1**
- 2 To elect Mr J Green-Armytage as a director.
RESOLUTION ON FORM OF PROXY **No 2**
- 3 To re-elect Mr T R J Price as a director.
RESOLUTION ON FORM OF PROXY **No 3**
- 4 To re-elect Mr K P Legg as a director.
RESOLUTION ON FORM OF PROXY **No 4**
- 5 To re-elect Mr R M Robinow 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 2014 and, for that period, the Section 551 Amount is £1,829,047.
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 2014 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 £274,357 (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 5,487,140;
 - (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 2014 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

C Hayes
Company Secretary
24 April 2013

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 6ZZ no later than 12 noon on 4 June 2013 (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 4 June 2013 (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 24 April 2013, the Company's issued share capital consisted of 54,871,402 shares carrying one vote each. Therefore the total number of voting rights in the Company as at that date was 54,871,402
 - 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 Thursday, 6 June 2013 at 12 noon

Tallow Chandlers' Hall

4 Dowgate Hill

London EC4R 2SH



