Annual Report & Financial Statements

2021

ANNUAL REPORT

For the year ended 31 December 2021

M.P. Evans GROUP PLC

M.P.Evans GROUP PLC

- Profit for the year US$91.8 million (2020 US$22.2 million)
- Continuing EPS 115.6 pence (2020 – 29.2 pence)
- Operating profit US$114.6 million (2020 US$31.3 million)
- Proposed to increase final dividend to 25p per share

FROM THE CHAIRMAN

“ 2021 has been an excellent year for the Group. Crop and production have risen further in line with our long-term plans, whilst the palm-oil market has gone from strength to strength. Profit and cash generation have increased sharply, with retained profit of US$91.8 million, and the Group’s net debt almost fully eliminated by the year end. The board recently recommended a special dividend of 5p per share in relation to the completed sale of the Group’s Bertam Estate in Malaysia and now recommends a final dividend of 25p per share, bringing total normal dividends in respect of 2021 up to 35p per share. This is a notable increase from the total of 22p paid in respect of the previous year, and marks another significant step in the Group’s progressive dividend policy. ”

Peter Hadsley-Chaplin

CONTENTS

GROUP FINANCIAL HIGHLIGHTS

		2021	2020
REVENUE	+58%	US$ 276.6m	2020 US$ 174.5m
GROSS PROFIT	+198%	US$ 103.6m	2020 US$ 34.8m
OPERATING PROFIT	+266%	US$ 114.6m	2020 US$ 31.3m
PROFIT FOR THE YEAR	+314%	US$ 91.8m	2020 US$ 22.2m
TOTAL EQUITY	+19%	US$ 445.0m	2020 US$ 374.1m
OPERATING CASH GENERATED	+120%	US$ 109.2m	2020 US$ 49.6m
BASIC EARNINGS PER SHARE	+296%	115.6 pence	2020 – 29.2 pence
NORMAL DIVIDEND PER SHARE	+59%	35.0 pence	2020 – 22.0 pence

Front cover image: Fresh fruit bunches on the Kota Bangun project being transported to the Bumi Permai mill and power lines transmitting green electricity from its biogas plant

CHAIRMAN'S STATEMENT

The Group achieved a substantial increase in profitability in the year, underpinned by further rises in crop and production.

CPO prices increased to near record levels, resulting in average mill-gate prices for the Group's CPO of US$810 per tonne.


Peter Hadsley-Chaplin
Chairman

RESULTS

I am delighted to report a record gross profit for the year of US$103.6 million, treble the previous year's result. This significant achievement was chiefly attributable to a further increase in crops and production and was supported by the strong palm-oil prices in the year. Production rose as the Group benefits from the maturing of its Indonesian oil-palm estates and substantial expansion in Indonesia, reaping the rewards from the strategic shift away from Malaysia that took place some 15 to 20 years ago. The Group also recognised a one-off profit of US$13.9 million on disposal of its 70-hectare Bertam Estate land in Malaysia to its joint-venture company, Bertam Properties Sdn Bhd ("Bertam Properties"). This represents 60% of the total profit from the transaction, but under the accounting rules, as a 40% shareholder in Bertam Properties, the Group will recognise the remaining profit as Bertam Properties develops and sells that land.

The Group produced and sold more certified sustainable palm oil than ever before during 2021, and sustainability premia per tonne available for certified production increased. Overall, the Group received US$4.3 million of sustainability income in the year, a marked increase on the US$2.6 million in 2020. In addition, the Group produced its highest ever volume of renewable electricity in 2021 from the biogas facilities attached to its palm-oil mills. This green electricity not only powers many of our own operations, substantially reducing the Group's use of diesel generators, but surplus electricity is sold for domestic energy supply. The Group generated 22,600 MWh at its biogas facilities in the year.

The crude palm oil ("CPO") market remained strong throughout 2021, with the cif Rotterdam price staying above US$1,000 for almost the entire year in a range between US$950 and US$1,425, averaging just under US$1,200. Even with the higher Indonesian export levy in place throughout 2021, the Group achieved an average mill-gate price of US$810 per tonne for the CPO sold from its mills, US$220 higher than for the previous year.

THE GROUP PRODUCED AND SOLD MORE CERTIFIED SUSTAINABLE PALM OIL THAN EVER BEFORE DURING 2021

Earnings per share were 115.6 pence, a significant increase on the 29.2 pence in 2020. This has translated into substantial cash generation, with cash generated by operating activities of US$109 million. It has supported the Group's ongoing capital investment programme, the reduction of net debt from US$78 million to US$5 million, and is supporting the Group's acquisition programme. Furthermore, it forms the basis for increasing shareholder returns.

DIVIDEND

An interim dividend of 10p per share (2020 – 5p per share) was paid on 5 November 2021, and the board is recommending a final dividend of 25p per share (2020 – 17p per share). This represents an increase of 59% in the normal dividend for the year to a total of 35p, following a 24% increase in the previous year. In addition, the Company has already paid a 5p special dividend in February 2022 connected to the Bertam Estate land sale which completed in October 2021.

The board intends, wherever possible, to continue the Group's long-term trend of increasing dividends, which have accelerated in recent years as shown in the chart on page 15. The board believes that the projected increases in both crop and production form a sound basis for further dividend increases. Debt has fallen substantially in 2021 as cash generation has increased.

COVID-19

The Group has continued to manage the challenges of Covid-19, particularly around its Indonesian operating locations. There has been little impact on the Group's business and preventative measures remain in place, and the Group continues to adjust its response as required. Steps taken have included social distancing, additional hygiene requirements and changes to working patterns where appropriate. The Group has played its part in the distribution of vaccinations, with estate clinics operating as vaccine hubs. By the end of the year, 91% of the Group's workforce had received a vaccination, with 63% being double jabbed. All estates and mills operated without interruption throughout the year.

OPERATIONAL DEVELOPMENTS

Crop increased at all the Group's estates during 2021, with an overall rise of 12% to 809,700 tonnes. Similarly, crop from associated scheme-smallholder areas, attached to some of the Group's estates, increased across the board, by a total of 19% to 229,300 tonnes. The Group, seeking to maximise the utilisation of its milling capacity, also purchased 327,200 tonnes from outside suppliers, 13% more than in 2020, resulting in total crop processed of 1,366,200 tonnes (2020 – 1,207,000 tonnes). These increases are in line with the Group's plans and demonstrate the continuing benefits of the Group's long-term investment in its Indonesian oil-palm projects.

THE BOARD INTENDS, WHEREVER POSSIBLE, TO CONTINUE THE GROUP'S LONG-TERM TREND OF INCREASING DIVIDENDS

Over the last two years, the Group has made significant progress towards increasing its own milling capacity. Our second mill at Kota Bangun, the Group's fourth, began operations in September 2020, and the Group enjoyed a full year of its productive capacity in 2021. The Group's fifth palm-oil mill was commissioned at Bumi Mas in August 2021, less than a year later, a creditable result reflecting the hard work and dedication of our engineering team, particularly given some of the additional management challenges of overseeing construction and working with contractors whilst complying with Covid-19 restrictions. The foundations for the sixth mill, at Musi Rawas, have now been completed, and we expect that mill to begin operations around the end of this year.

The average extraction rate achieved by the Group's mills has increased in the year, from 23.1% in 2020, to 23.3%. The main reason is a particularly strong performance at the Bangka mill, where the extraction rate increased by almost 1%. This reflects the excellent work by both the estate and mill teams working together, helped by a reduction in the proportion of outside supply, which is not of the same quality as that harvested from the Group's own areas. Also of note is the rate of 22.5% achieved at the Rahayu mill at Kota Bangun from almost exclusively outside supply, and 22.8% at Bumi Mas in only the first few months of operation.

Planting restarted in the middle of the year at the Musi Rawas project, once the RSPO had formally confirmed that the Group continued to operate in compliance with all of their requirements, as revised and enhanced. Since the restart, the Group has planted a further 935 hectares for itself and the scheme smallholders bringing the total planted area there to just over 9,000 hectares. It remains the Group's intention to plant a minimum total of 10,000 hectares at Musi Rawas.

STRATEGIC DEVELOPMENTS

The Group is committed to acting **responsibly** at all times, whilst striving for **excellence** in all its operations. It is focused on **growth** for the long term, and delivering increasing **yield** to its shareholders. Further information can be found on page 15.

The Group's strategy continues to centre on the development, maintenance and expansion of sustainable oil-palm plantations in Indonesia, providing investment for the long term, supporting the establishment of well-run smallholder schemes for the benefit of the local community, and providing high-quality working environments for the Group's workforce. The Group's objective is to achieve continual growth in sustainable output, by increasing its own certified milling capacity and at the same time maximising the volume of sustainably sourced crop to process through those mills. In 2021, 55% of palm oil produced by the Group was certified sustainable. The Group continues to target 100% sustainable certification, once it is able to process all its own crop.

The Group's long-term strategic aim remains to exit from Malaysia, and during the year the Group completed the sale of its final remaining wholly owned Malaysian asset, the 70-hectare Bertam Estate land, to its 40%-owned joint venture Bertam Properties. Bertam Properties has already drawn up plans to use the land for residential development, and the Group will enjoy its share of any profits arising on development of this land and sale of the properties constructed on it.

GROUP VALUATION

The Group's value per share increased during the year to £12.65, based on an independent valuation at the end of the year, and allowing for the Group's other assets and liabilities, as shown on page 96. This reflected the ongoing development of the estates as areas continued to mature and crops increased, supported by the strength of the market, along with the increasing strength of the Group balance sheet.

SHARE BUYBACK AUTHORITY

Given the recent discount of the Group's share price below the independent valuation, and the Group's strongly cash generative nature, the directors are seeking authority to reinstate a programme of share buybacks at the 2022 AGM.

THE GROUP'S VALUE PER SHARE INCREASED DURING THE YEAR TO £12.65

PROSPECTS

As explained in more detail in 'current trading and prospects' on page 25, total crop processed was 10% lower than last year in the first two months of 2022, mainly due to crop seasonality. However, the Group expects the long-term trend of increasing crop to reassert itself as the year progresses. The lower crops in the early part of the year were more than compensated for by increased prices, and the Group has continued to be highly cash generative. Having started the year with net debt of US$5 million, by mid-March 2022, the Group had reached a net cash position of US$27 million.

The Group expects that both its crop and its milling capacity will continue to increase in the coming years. Group plantings remain relatively young by industry standards, with an average age of some 9 years, with growth built in at least until the second half of the decade. The Group is focused on extending that crop growth through the acquisition of additional planted hectarage. Milling capacity has grown dramatically in recent years and will increase again once the Musi Rawas mill has been completed.

The world continues to need vegetable oil, and the board believes that palm oil, and in particular sustainably produced palm oil has a significant part to play in satisfying that demand. The palm-oil market has continued to rise into early 2022, not least following the tragic events in Ukraine and the resultant impact on global vegetable oil supplies.

BOARD CHANGES

On 31 July 2021, Tristan Price left the Group after fifteen years, the last five of which were spent as chief executive. Throughout that time, he played a central role in delivering the Group's strategy. Amongst his many achievements, Tristan led the development of the Group's policies on corporate governance and, notably, sustainability. The board would like to thank him for his valuable contribution and wishes him well in the future.

On 1 August 2021, K Chandra Sekaran joined the board as an executive director. Chandra joined the Group in 2008 as president director of its Indonesian operations. He is one of the most respected individuals in the industry and has been responsible for the on-the-ground success of the Group's sustainable Indonesian palm-oil expansion. The board is delighted to welcome Chandra as an executive director, who brings with him a wealth of knowledge and experience of the plantation industry.

On 1 January 2022, Matthew Coulson was appointed chief executive. Matthew joined the Group in 2016 as CFO and was promoted to finance director in 2017. During that time he was responsible for leading all aspects of the Group's finance function, from treasury and financing through to governance and control. The board welcomes Matthew into his new role, with his significant experience of the Group. The Group is at an advanced stage in recruiting a new CFO.

On 28 January 2022, the Group announced that Dr Darian McBain will be stepping down as a non-executive director with effect from 31 March 2022 as she has taken up a new full-time role in Singapore. Darian joined the Group at the start of 2020 and has made a significant contribution to the board over the past two years. In particular, Darian's experience across all aspects of sustainability has helped the Group to continue to develop and move forward in this area. We wish her well in her new role. A process of recruiting a new non-executive director with suitable sustainability experience is under way.

Jock Green-Armytage will have served as an independent non-executive director for a period of nine years by the time of the 2022 AGM. Whilst he will no longer be deemed independent within corporate governance guidelines, he is being proposed for re-election for a short additional term as part of the Company's transition arrangements for a new board appointment.

ACKNOWLEDGEMENTS

This year has been one of both substantial challenge and substantial achievement for the management, staff and workers at M.P. Evans. Despite having to continue working within the constraints imposed by Covid-19, the Group has developed and flourished during the year. On behalf of the board, I would like to record here my thanks to everyone in the Group for playing their part in our exciting journey, and we look forward to another successful year in 2022.

Peter Hadsley-Chaplin
Chairman
22 March 2022

OPERATIONAL HIGHLIGHTS

INDONESIAN PALM OIL

- **Total crop processed up 13% to 1.4 million tonnes**
- **Group crops up to 810,000 tonnes, a 12% increase**
- **Increasing demand for sustainable production resulted in increase in sustainability income to US$4.3 million**
- **100% of Group and scheme-smallholder crop grown to sustainability standards**
- **CPO production up 15% to 313,000 tonnes**
- **New Group mill at Bumi Mas began production in August 2021**
- **55% of Group CPO production certified sustainable; target 100% once Group processes all its own crop**

MALAYSIAN PROPERTY

- **Sale of Bertam Estate completed in year with US$13.9 million profit recorded**
- **Improved trading at Bertam Properties achieving profit of US$2.6 million in year**

M.P. EVANS GROUP PLC

- **Net current assets up to US$72.3 million at 31 December 2021**
- **Group equity value increased to £12.65 per share at 31 December 2021**

Young palms at Simpang Kiri

M.P. Evans is a responsible producer of sustainable Indonesian palm oil, striving for excellence in its operations, with a focus on continuing growth and offering an increasing yield.

1

1 SIMPANG KIRI

Mature oil-palm estate in the province of Aceh, near the border with North Sumatra, which was acquired in the early 1980s. Ffb are processed in a nearby third-party mill.

2,600 hectares

Group planted area: 2,400 hectares

2

2 KERASAAN

Mature (ex-rubber) oil-palm estate near the town of Pematangsiantar in North Sumatra. Ffb are processed in the neighbouring Bukit Marajah mill, owned by the SIPEF Group - also the majority shareholder in Kerasaan.

Planted area: 2,200 hectares

Group minority share: 38%

3 PANGKATAN GROUP

Grouping of three estates (Pangkatan, Bilah, Sennah) whose fruit is processed in a 40-tonne mill built on Pangkatan in 2005. Combination of a long-established, mature (ex-rubber) oil-palm estate (Pangkatan), and land acquired or planted over the last 30 years (Bilah and Sennah).

7,500 hectares

Group planted area: 7,000 hectares

3

4 MUSI RAWAS

Located in South Sumatra province near the town of Lubuk Linggau, the project was started in 2012. Much had previously been planted with smallholders' rubber, which had been abandoned. The Group began planting oil palm at the end of 2014, and harvesting started in 2017.

10,000 hectares

Group planted area: 6,300 hectares

Scheme smallholder planted area: 2,800 hectares

4

8 BERTAM PROPERTIES

This land was previously the Group's Bertam Estate, all of which has now been sold to Bertam Properties, a joint venture with two Malaysian partners. Starting in 1992, the area has been developed into a new town. Following the sale of the last 70 hectares of Bertam Estate into Bertam Properties in 2021, the remaining developable area is 214 hectares.

Bertam Properties: 318 hectares
(Group minority share: 40%)

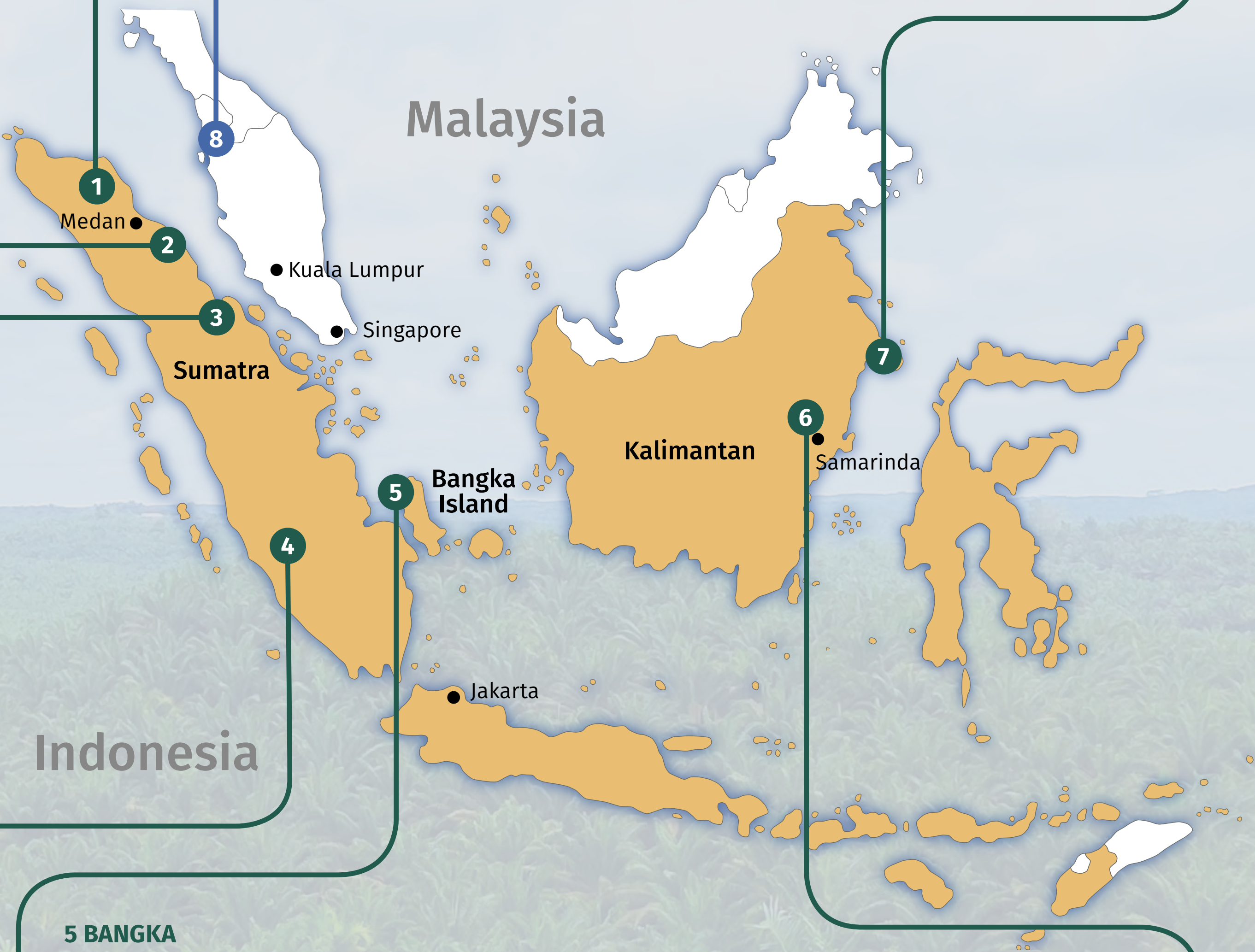
7 BUMI MAS

Located in East Kalimantan, north-east of Sangatta next to the Manubar River. The land was acquired in 2017. It was largely planted in 2012-14, with the first harvesting taking place during 2015. A 60-tonne mill was commissioned in August 2021.

9,000 hectares

Group planted area: 7,500 hectares

Scheme smallholder planted area: 1,400 hectares



5 BANGKA

Located on the island of Bangka, the land was acquired in 2005. The first areas planted started production during 2009. A 45-tonne mill with composting facility and biogas plant was commissioned in May 2016 and extended to 60 tonnes in 2019.

12,000 hectares

Group planted area: 6,100 hectares

Scheme smallholder planted area: 3,900 hectares

6 KOTA BANGUN ESTATES

Located in East Kalimantan, close to Kota Bangun and next to the Mahakam River, the land was acquired in 2006. The first areas planted started production during 2010; a 60-tonne mill was commissioned in December 2012, and a 40-tonne mill was commissioned in September 2020.

16,000 hectares

Group planted area: 10,500 hectares

Scheme smallholder planted area: 4,600 hectares

THE PALM-OIL MARKET

Palm-oil prices were on an upward trend for most of 2021, reaching record highs in the early part of 2022.

The CPO price followed an upward pattern for the majority of the year, ending at US$1,305 per tonne cif Rotterdam. Since the year end, prices increased dramatically, reaching record highs, and by early March 2022 had climbed to over US$1,900 per tonne following the recent tragic events in Ukraine. Furthermore, recent prices have been supported by low stocks and smaller than expected production.

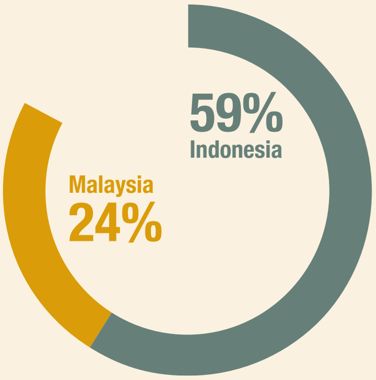
The price of soybean oil also followed an increasing trend in the year, partly following the same movements as other major vegetable oils, but also reflecting subdued supply. Parts of South America recently suffered from substantial drought, expected to further restrict soybean-oil supplies. In addition, the recent tragic conflict in Ukraine, an area of significant vegetable-oil production, is likely to diminish market supplies.

The Group does not receive the full benefit of the high quoted CPO prices. Its net mill-gate price is received on a tender basis, which is after adjustments to take account of the Indonesian export tax and levy, as well as transport and insurance costs. Over the course of 2021, the average mill-gate price received for the Group's CPO was US$810 per tonne, 37% higher than the US$591 per tonne in 2020. During the first two months of 2022, the Group's average mill-gate price when selling its CPO has been approximately US$1,050 per tonne. As announced on 18 March 2022, the Indonesian government has increased its export levy by up to US$200 per tonne. Nonetheless, mill-gate prices of over US$1,050 are still being achieved by the Group.

In 2021, world production of palm oil was 76.0 million tonnes, up from the depressed level of 73.8 million tonnes achieved in 2020 as the Covid-19 pandemic made itself felt, particularly as it related to labour controls in Malaysia. Indonesia and Malaysia once again accounted for 83% of world production, but with a noticeable shift towards Indonesia, as production in Malaysia fell by 1 million tonnes in the year, symptomatic of both continuing labour control issues, and a lack of long-term investment. The total area planted to oil palm in Malaysia reduced for the first time in 2020. In Indonesia, there has been a slowing in the increase of both new plantings and total planted hectarage coming to maturity, a reflection of the Indonesian government's commitment to sustainable development through more stringent controls over releasing land for cultivation. Oil World forecasts production growth in both countries in 2022, but these factors will have a long-term impact.

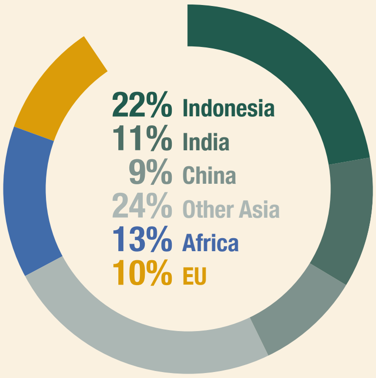
Demand for palm oil increased in the year, with consumption once again higher than production, and stocks remaining tight for most of the year. However, stocks recovered to some degree, as the increase in production was greater than the increase in consumption in the year. As the year progressed, consumption may have been held back by high prices, although some countries have reduced import taxes to ease the burden on consumers. Palm oil continues to be the dominant vegetable oil, accounting for approximately 38% of the world market.

MAIN PRODUCERS OF PALM OIL 2021



Main producing countries
Remaining 17% consists of
Thailand (4%)
Colombia (2%)
Nigeria (2%)
Other countries (9%)

MAIN CONSUMERS OF PALM OIL 2021



Main consuming countries
Remaining 11% consists of
Americas (7%)
Other countries (4%)

Source: Oil World 2021 data

CRUDE-PALM-OIL PRICE

PALM-KERNEL OIL

Palm-kernel oil (“PKO”) is derived from the Group’s secondary product, palm kernels. The Group sells its PK to independent crushing facilities, and the price it receives is correlated to the market for PKO. The price of PKO itself can be connected to the price of coconut oil, because of its use in similar end products such as personal care and cosmetic items, and often sells at a discount to it.

To a large extent, the production of PKO follows the production of CPO. The PKO price started the year at US$1,322 per tonne cif Rotterdam (significantly higher than the average in the previous year of US$796 per tonne). As the year progressed, export demand for PKO increased, including from Europe, whilst, similarly to CPO, supply from Malaysia remained restricted due to the ongoing labour shortage. There was a continuing shortage of coconut oil following a typhoon in the Philippines in 2020, compounded by further typhoon damage in December 2021. Unusually, for some of the year, PKO traded at a premium to coconut oil, and the price increased during the year to reach US$1,842 per tonne cif Rotterdam by the end of 2021.

Prices achieved for the Group’s PK also increased during the year, and averaged US$533 per tonne, 69% higher than the US$316 per tonne in 2020.

THE GROUP'S BUSINESS MODEL

OUR MAIN RESOURCES

39,800 HECTARES OF GROUP OIL PALM

PLANTATION LAND

The Group's plantation land is used to grow oil palms and harvest them to the fullest extent.

12,800 HECTARES OF SMALLHOLDER OIL PALM

RELATIONSHIPS WITH COMMUNITIES

The Group engages with the local communities living on and near its operations and manages superlative smallholder schemes on their behalf.

8,200 EMPLOYEES

PEOPLE

The Group's employees include 210 agronomic staff, 105 engineers and more than 4,200 harvesters.

1% NET GEARING

STABLE FUNDING

The Group has a robust capital structure with market capitalisation of more than US$615 million*, cash of US$66 million and low levels of debt.

OUTCOMES

312,900
TONNES OF CRUDE PALM OIL

Growing production

55%
CERTIFIED SUSTAINABLE

Sustainable production

US$350
PER TONNE OWN PALM PRODUCT

Low costs

35p
NORMAL DIVIDEND FOR 2021

Improving returns, rising dividends

* Based on a share price of 834p on 31 December 2021.

HOW WE OPERATE

PROMOTE A PHILOSOPHY OF ZERO WASTE

The Group turns its empty bunches into compost and generates electricity from methane collected from mill effluent. It establishes and maintains conservation areas and strictly adheres to environmental standards.

FOCUS ON OUR STRENGTH AS A PRODUCER OF SUSTAINABLE INDONESIAN PALM OIL

The Group builds shareholder returns by exploiting the Group's strengths as an efficient producer of sustainable Indonesian palm oil to generate increasing crop, production and revenues.

MAINTAIN STRONGLY INCREASING CROP

Having young plantations underpins strong projected crop growth to the end of the 2020s because of the way oil palms increase yield as they mature. New planting or acquisition of young estates helps keep the average age low.

CONTROL OUR OPERATIONS

The Group makes the most of its mature areas and maximises the potential of new areas by being in control of its operations. It makes use of the expertise concentrated in its Jakarta regional office. We regard sustainable production as indivisible from operational control.

MAKE SMALLHOLDER CO-OPERATIVES A SUCCESS

The Group treats its smallholder co-operatives equally, planting, maintaining and harvesting land to the same standard as its own areas. As a result, smallholders own a valuable asset and identify their own success with the Group's success.

ENSURE BEST PRACTICE IN EVERYTHING WE DO

Even our most senior agronomic managers are resident in our operations, controlling a system of supervision and support that focuses on high agronomic and engineering standards. Staff in Jakarta and the UK are frequent visitors to the operations.

Producing sustainable Indonesian palm oil as a growing and flourishing Company for the benefit of all its stakeholders.

STRATEGIC REPORT 2021

The Group's strategy is to maintain steady expansion of its majority-owned Indonesian palm-oil areas in a sustainable and cost-effective manner.

STRATEGY

The Group's principal activity is the ownership, management and development of sustainable oil-palm estates in Indonesia, together with the management and development of 'scheme-smallholder' areas attached to those estates. The Group's objective is to continue increasing both its own crop and that from its scheme smallholders, whilst also increasing its own milling capacity. Ultimately, the Group's strategic goal is to produce only certified sustainable palm oil, and to maintain a steady rate of growth in crops and in planted hectarage controlled by it. Milling its own crop and that of its scheme smallholders in its own mills enables the Group to deploy its operational expertise to greatest effect with the aim of generating stronger returns, allowing shareholders to receive sustained increases in dividends.

The Group designs its procedures to address the risks of operating in Indonesia. The Group has confidence in both the palm-oil sector and Indonesia as an area of operation to provide a basis for successfully delivering its strategy.

The total planted area of the Group's majority-held Indonesian operations increased to 39,800 hectares in 2021. The scheme-smallholder areas adjoining the new projects amount to 12,800 planted hectares. The Group is continuing to plant at its youngest project, Musi Rawas in South Sumatra, working in compliance with the latest RSPO standards which, inter alia, ensure zero deforestation. Total planted hectarage there, including majority-owned and scheme-smallholder areas, reached 9,000 hectares at the end of the year. The Group expects that a minimum total of 10,000 hectares will be planted at Musi Rawas, although depending on land availability and planting costs, this may ultimately extend to 11,000 – 12,000 hectares in total. Once planting at Musi Rawas is complete, and excluding any additional hectarage from acquisitions, the combined Group and scheme-smallholder area will therefore be 53,600 – 55,600 planted hectares.

The Group continues to invest in its milling capacity, and at the end of 2021 had five operational palm-oil mills. The Group's first mill was built in 2005 to support its mature estates at Pangkatan in North Sumatra, and this was followed by mills at the Group's newer projects in Kota Bangun and Bangka. Given the scale of operations at Kota Bangun, a second mill was developed there, entering service in 2020. The Group's fifth mill was completed during 2021 at Bumi Mas, and started processing the increasing crop there, as well as starting to take in independent crop at the end of the year. Construction work has already started on the Group's sixth mill, being built at Musi Rawas, and this is expected to start processing Group crop around the end of 2022. Alongside development of the core milling facility, the Group also constructs composting and biogas facilities as part of its sustainability and zero-waste commitment.

Substantial further investment is made into infrastructure in all Group estates, such as housing and related amenities for staff and workers, estate road networks, power and water distribution as well as workshops, stores and administrative offices. At Bangka, a new CPO bulking

The new Samarinda office

facility was opened during 2021, and in Samarinda in East Kalimantan a new regional office supporting both the Kota Bangun and Bumi Mas projects was completed and opened during the year. The Group seeks to maintain and continually improve agronomic standards and productivity on its estates, including investment to manage both excessive rainfall and dry spells, with the objective of increasing crops of ffb and production of CPO.

The Group is actively exploring the acquisition of new land. At Kota Bangun, East Kalimantan, the board is engaged in extending the Group's area from the currently-planted 15,200 hectares to bring the project size closer to the equivalent of two 10,000-hectare units. Similarly in Aceh, the Group is assessing a potential acquisition of new land close to its Simpang Kiri estate which, if acquired, may justify building a mill to process the larger combined crop. The Group's experience is that 10,000 hectares of oil palm with a mill able to process 60 tonnes of ffb per hour provides a unit that is both big enough to deliver economies of scale in production and administration, and small enough to allow the careful scrutiny by field management needed to maintain high standards. The Group's projects in Bangka, Bumi Mas and Musi Rawas, including smallholder areas, are of this size. In North Sumatra, the Group is promoting the formation of independent smallholder co-operatives that will provide ffb to its Pangkatan mill as well as ensure the Group can demonstrate full compliance with Indonesian laws on smallholder development passed long after these estates were first planted. In addition, it has ambitions in the medium term to add to its portfolio of larger 10,000-hectare estates to maintain its ability to increase crop and future profits.

In Malaysia, the sale of the Group's Bertam Estate, a small area of oil-palm land with property-development potential, to Bertam Properties, a property-development company in which the Group has a significant share, completed during the year. This joint-venture share has therefore become its last remaining Malaysian asset. The proceeds of this sale will be used to help finance the Group's investments in its Indonesian plantations and it will, in addition, continue to reap its share of the value added to the land through development. In the long term, it is the Group's intention to dispose of its share in Bertam Properties, currently valued at approximately US$48 million, in order to help fund further acquisition or development of oil-palm estates in Indonesia, and so to exit from Malaysia.

'SECTION 172' STATEMENT: IMPLEMENTING THE STRATEGY

In implementing its strategy, the board meets its obligations under section 172 (1) of the Companies Act 2016 ("section 172") to promote the success of the company for the benefit of its members, whilst having regard to wider stakeholders and the impact of decisions over the long term. Each member of the board is aware of their obligations under section 172 and due consideration is given to stakeholders' interests when strategic decisions are taken.

The board reviews at least annually which organisations or individuals it considers to have a reasonable expectation of being significantly affected by or which may affect the activities of the Group. The list, together with a summary of how the Group engages with its stakeholders, is published on the Group's website (www.mpevans.co.uk).

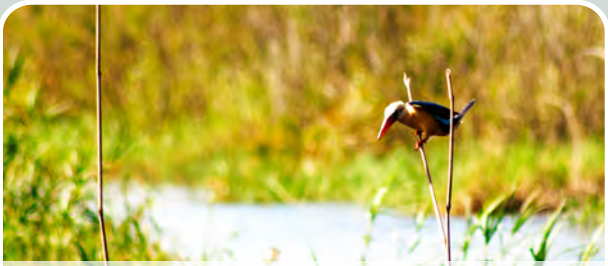
Pages 10 and 11 of this report set out the Group's business model and how it operates and, in addition, the Group's core strategic pillars are shown on page 15. The nature of oil-palm plantations is that they by necessity require decisions to be made for the long term. This encompasses the health and well-being of the environment in which the Group operates, as well as that of the people living in and around its operations. Such considerations are intrinsic to the Group's way of operating. Further details demonstrating how the principles of section 172 are aligned with how the Group makes strategic decisions concerning its operations can be found in the "Sustainability" section of this report on pages 32-37.

Prior to the travel restrictions imposed to manage the spread of Covid-19, the executive directors were frequent visitors to the Group's operations overseas, during which they received regular briefings from local management on matters including engagement with local communities and workforce grievances. Throughout 2021 the executive directors continued to undertake regular 'virtual visits' in which they discussed these and other operational issues with field staff and reviewed photographs, video and drone footage from its operations. As previously, matters of concern are relayed to the board where appropriate. This frequent contact between UK executives and operational managers of various seniority builds relationships of trust between the workforce and the board, a link further strengthened by the Group board appointment of K Chandra Sekaran, president director in Indonesia during 2021. In addition, non-executive directors would, in normal circumstances, be invited to visit operations once every two years, enabling them to meet employees in Indonesia.

The board dedicated time in 2021 to reviewing the Group's long-term strategy. In doing this, the board first assessed and agreed the main economic, social and environmental assumptions over the next 10 years, within which to frame its discussions. It considered the impact, both in terms of risk and opportunity, of the increasing disclosure and accountability expectations for carbon emissions, environmental and social indicators within its operations and supply chains. The potential impact of climate change on the Group's operations is already an identified risk but during its discussions on strategy the board resolved to carry out further work on carbon emissions, and related disclosure and its exposure to climate change. The board, through media articles and discussions with its professional communications advisers, regularly informs itself on public sentiment in relation to the palm-oil industry and its products, taking note of concerns around industry practices and environmental impacts linked to deforestation. The board responded to these concerns by reaffirming its commitment to operating to the highest of standards and in accordance with the requirements of the RSPO, designed to provide assurance of industry good practice that protects environments and communities. The interests of the Group's employees were considered in the context of future strategy. With his extensive operational experience, including oversight of human resources, K Chandra Sekaran was able to contribute valuable insight into the discussion. The board responded to this by recognising the value of its existing management expertise and skilled workforce as one of the bases on which to continue to focus on the production of sustainable Indonesian palm oil and that new project acquisitions should, where possible, be incremental and take account of staff resource, including the need to invest in recruitment, to ensure maintenance of the Group's high operational standards.

STRATEGY PILLARS

M.P. Evans is a responsible producer of sustainable Indonesian palm oil, striving for excellence in all its operations, with a focus on continuing growth and offering an increasing yield.



The Group maintains conservation areas and does not plant near water courses

Acting responsibly is at the heart of what we do and who we are. We are active members of the RSPO, we do not deforest, and are good stewards of the land we cultivate. We provide housing along with medical, educational and leisure facilities for our workers and their families.

Morning briefing for workers to direct their work safely and efficiently

Excellence comes from investing for the long term. Our investment is not only in plantation assets but also in our employees, including in their training and development. In this way, we are consistently able to deliver both high yields and high oil-extraction rates from our estates and mills.

Strategy pillars

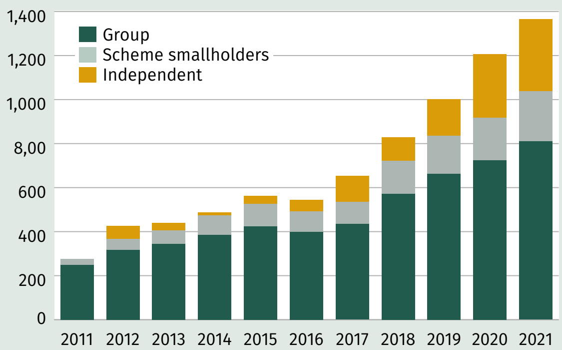
Responsibility

Excellence

Growth

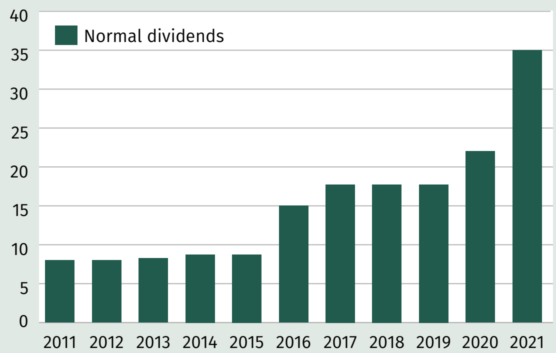
Yield

GROWTH IN CROPS PROCESSED (‘000 TONNES)



We seek to grow and develop the business. Growth continues to come from the increasing maturity of the Group’s young estates, from the ongoing focus on improving yields, and from the planned acquisition and sustainable development of new areas of land.

GROWTH IN DIVIDENDS (PENCE)



The Group’s investment strategy has already led to a significant improvement in shareholder returns. In line with its growth programme, the Group plans to deliver ever-increasing returns to shareholders.

RESULTS & FINANCIAL POSITION

REVENUE AND GROSS PROFIT

The Group's revenue for the year was US$276.6 million, an increase of over US$100 million or 58% from the previous year. Production of CPO and PK were higher by 15% and 11% respectively, as shown on page 20, although sales increases were slightly lower, resulting in an increase in inventory carried forward for sale in 2022. Sales prices increased significantly, with the average mill-gate sales price for CPO sold from the Group's mills increasing by US$219, or 37%, to US$810 per tonne, whilst the average selling price for palm kernels increased by 69%, from US$316 per tonne in 2020 to US$533 in 2021.

Owing to the nature of the milling process which results in the production of both CPO and PK, the Group records cost of production as a combined measure, being the cost to produce a tonne of palm product (either CPO or PK). The cost per tonne, taking account of crop from the Group's own areas, increased marginally from US$340 to US$350 in the year. The cost when considering all sources of ffb supplied to the Group's mills, increased more markedly as the cost to purchase crop from scheme smallholders and independent suppliers is connected to the CPO market price. The combined cost per tonne was US$465 (2020 US$400). As a result, the Group achieved a gross profit of US$345 for each tonne of CPO sold from its mills in the year, and a blended average gross profit of US$296 for every tonne of palm product sold. In addition, the Group recorded a gross profit of US$12.6 million (2020 – loss of US$0.8 million) when selling crop for processing in outside mills.

Allowing for the above, the Group's gross profit was US$103.6 million, almost treble the US$34.8 million recorded in 2020.

PROFIT ON SALE OF LAND

In October 2021, the Group completed the disposal of the 70 hectares of land in Malaysia owned by its subsidiary company, Bertam Consolidated Rubber Company Limited. The land was purchased by Bertam Properties Sdn Bhd, the Group's 40%-owned Malaysian associate. Whilst the total profit expected to be achieved on the transaction is US$23.3 million, in accordance with the accounting rules, 40% of the profit has been deferred, with US$13.9 million recognised in the 2021 income statement.

ADMINISTRATIVE EXPENSES AND OTHER INCOME

The Group's administrative expenses for 2021 were US$5.4 million (2020 US$4.6 million). The increase related in the main to additional

+198%
GROSS PROFIT

2021
US$ 103.6m
2020 US$ 34.8m

+58%
REVENUE

2021
US$ 276.6m
2020 US$ 174.5m

administrative staff costs in the year, combined with additional expenditure on necessary professional fees. The Group recorded other income of US$1.4 million, similar to the US$1.5 million in the previous year, relating to the sale of electricity from the Group's biogas facilities and the sale of surplus kernel shells. Although the amount of electricity generated continued to increase, the rates offered by the local generating company were lower than in the previous year.

FINANCE COSTS

The Group's finance costs fell from US$3.4 million in 2020 to US$2.7 million in 2021. Whilst the Group has continued to carry some debt on its balance sheet, the gross amount has reduced throughout the year, and the Group has continued to benefit from low borrowing costs.

TAXATION

The Group tax charge for the year was US$23.2 million (2020 US$7.7 million). Whilst the total tax charge has increased significantly, this reflects the rising profitability, and the Group's commitment to paying its fair share of corporate taxes to match the profits it generates.

ASSOCIATED COMPANIES

The Group's Indonesian associate, PT Kerasaan Indonesia (38% owned) contributed US$1.5 million (2020 US$1.1 million) to Group profit in the year, and the Group received dividends of US$1.2 million (2020 no dividends) in the year. The Group's Malaysian associate, Bertam Properties Sdn Bhd (40% owned) contributed US$1.0 million (2020 US$0.4 million) to Group profit in the year, and the Group received dividends of US$1.2 million (2020 US$1.2 million) in the year.

PROFIT FOR THE YEAR

As a result of the above, the Group's profit for the year was US$91.8 million (2020 US$22.2 million).

NET ASSETS AND BORROWING

At the end of the year, the Group's net assets had increased to US$445.0 million (2020 US$374.1 million). Current assets exceeded current liabilities by US$72.3 million (2020 US$22.9 million).

At the end of the year, the Group had cash and liquid resources of US$65.6 million (2020 US$27.6 million). As a result of the significant cash generation in the year, net debt had reduced from US$78.1 million at the start of the year to US$5.4 million by the end of the year. At the end of the year, net gearing was 1% (2020 – 17%); gross gearing was 14% (2020 – 22%).

+37%
CRUDE PALM OIL SALE PRICE
2021
US$ 810 per tonne
2020 US$ 591 per tonne

+69%
PALM KERNEL SALE PRICE
2021
US$ 533 per tonne
2020 US$ 316 per tonne

Harvesting at Bumi Mas

OPERATIONS: INDONESIAN PALM OIL

CROPS

The crop processed by the Group is made up of three component parts: the Group's own crops harvested from its majority-owned areas, the scheme-smallholder crops harvested from areas owned by community-owned smallholder co-operatives attached to some of the Group's estates, but managed by the Group on behalf of the smallholder co-operatives, and independent crops purchased in from third-party suppliers to utilise spare capacity in Group mills. The majority of crop is processed in Group mills, with a small part currently being processed by third-party mills where Group milling facilities have not yet been built.

The total crop processed by the Group increased in the year to 1,366,200 tonnes (2020 – 1,207,000) with increases in each of the three crop components. This was in line with the Group's growth plans and reflected the ongoing benefits of the long-term investment in Indonesian oil palm.

The Group's own crop increased by 12%, from 724,300 tonnes to 809,700 tonnes. The Group's palms are continuing to mature and, as they do so, yield from the Group's planted area increases. Oil palms reach their maximum yield at the age of around ten years. The average age of the Group's plantings is nine years, but within that average, some of the Group's estates are notably younger, such as Bumi Mas, and especially Musi Rawas where planting remains ongoing. The crop from scheme smallholders increased by 19% in the year, from 193,000 tonnes to 229,300 tonnes, a more rapid increase than for the Group's own areas. This reflects the fact that scheme-smallholder areas are typically attached to the Group's newer projects where crop yields are increasing more rapidly as younger areas mature.

The Group continued to purchase a greater amount of independent crop, up to 327,200 tonnes in the year from 289,700 tonnes in 2020. Its focus is on maximising the use of any spare capacity in its mills whilst its own plantings continue to mature. The amount of independent crop purchased in Kota Bangun increased by almost half, as the Group had two mills operational there throughout the year. By contrast, the amount of independent crop purchased in Bangka fell by 31% as the continuing increase in the Group's own crop combined with scheme-smallholder crops used up a greater proportion of the available milling capacity. A similar amount of independent crop was taken into the Pangkatan mill as in the previous year, and the Group started to take a small amount of independent crop into the new mill at Bumi Mas following the completion of its commissioning period.

In Kota Bangun, after suffering the effect of dry conditions on crop for much of 2020, rains returned, and crop grew strongly in the latter part of that year and into early 2021. However, the rains somewhat persisted creating some challenging conditions in the latter part of the year. Unusually, crop in Kota Bangun was higher in the first half than in the second half of the year. Despite the high rainfall, thanks to the significant investment made by the Group in its water management and water defence systems on its estates at Kota Bangun, the Group's own crop increased by 4% in the year, and that of its associated scheme smallholders by 6%. The Group continues to invest in estate infrastructure to ensure that crops can be harvested and sent for mill processing efficiently. During the year, having taken full account of those areas protected by the Group's water management systems, the Group took the decision to write off a small, planted area of 66 hectares.

The crop in Bangka was particularly strong in the first half of 2021, as it had been rebounding from the effects of an earlier dry spell. Inevitably this was not expected to last throughout the whole year, and crop in the second half of the year was lower than that for the first half. Despite this, crop for the full year was up by 19% for the Group's own areas, and 25% for the associated scheme smallholders. All of this increased crop was processed in the Group's own Bangka mill, reducing the amount of spare capacity available for ffb purchased from independent suppliers.

The Group's Bumi Mas development continued to produce a higher crop in 2021, with an overall increase of 8% from the Group's own areas and those of scheme smallholders compared to last year. This reflects the ongoing increases in maturity and is an impressive yield of 23 tonnes per mature hectare despite the estate's young average overall age of only seven years. Bumi Mas continued to be an area of intensive investment for the Group, not just on the new palm-oil mill which opened during the year. The Group continued its investment in estate infrastructure, to ensure that ffb can be sent efficiently to the new mill, along with the development of more new housing and other estate facilities for the workforce there, including community stores and a new secondary school.

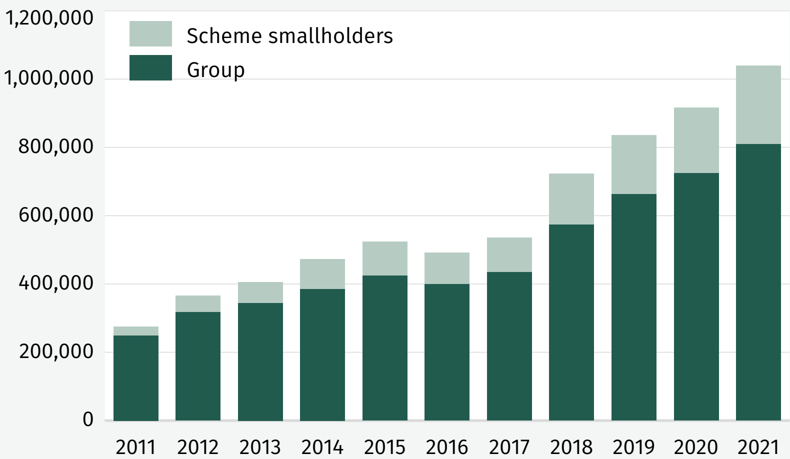
At Musi Rawas, more than 2,100 hectares came into maturity during the year and had their initial harvesting. This brought the total mature hectarage for the Group and scheme smallholders to 7,300. The increase in maturity resulted in total crop reaching above 100,000 tonnes for the first time,

CROP

	2021 TONNES	INCREASE/ (DECREASE) %	2020 TONNES
Own crops			
Kota Bangun	194,300	4	186,400
Bangka	152,300	19	127,500
Pangkatan group	179,000	5	170,300
Bumi Mas	165,700	7	154,300
Musi Rawas	69,400	56	44,500
Simpang Kiri	49,000	19	41,300
	809,700	12	724,300
Scheme-smallholder crops			
Kota Bangun	86,300	6	81,500
Bangka	80,800	25	64,400
Bumi Mas	29,900	11	26,900
Musi Rawas	32,300	60	20,200
	229,300	19	193,000
Independent crops purchased			
Kota Bangun	210,600	48	142,500
Bangka	78,200	(31)	112,800
Pangkatan group	35,900	4	34,400
Bumi Mas	2,500	—	—
	327,200	13	289,700
TOTAL CROP	**1,366,200**	**13**	**1,207,000**

CROP HISTORY

tonnes



PRODUCTION AND EXTRACTION RATES
GROUP AND THIRD-PARTY MILLS

	2021	INCREASE/ (DECREASE)	2020
PRODUCTION	**TONNES**	**%**	**TONNES**
Crude palm oil			
Kota Bangun	114,400	19	96,500
Bangka	74,200	7	69,600
Pangkatan group	48,600	5	46,100
Bumi Mas with mill	20,800	—	—
	258,000	22	212,200
Bumi Mas pre mill	23,100	(38)	37,400
Musi Rawas	20,800	58	13,200
Simpang Kiri	11,000	24	8,900
	54,900	(8)	59,500
	312,900	**15**	**271,700**
Palm kernels			
Kota Bangun	22,700	18	19,300
Bangka	17,800	5	16,900
Pangkatan group	11,300	5	10,800
Bumi Mas with mill	3,400	—	—
	55,200	17	47,000
Bumi Mas pre mill	5,000	(42)	8,600
Musi Rawas	4,700	62	2,900
Simpang Kiri	2,200	16	1,900
	11,900	(11)	13,400
	67,100	**11**	**60,400**
EXTRACTION RATES	**%**	**%**	**%**
Crude palm oil			
Kota Bangun – Bumi Permai	23.8	—	23.8
Kota Bangun – Rahayu	22.5	4	21.6
Bumi Mas	22.8	—	—
Bangka	23.8	4	22.9
Pangkatan group	22.6	—	22.5
	23.3	1	23.1
Bumi Mas	21.6	4	20.7
Musi Rawas	20.4	—	20.4
Simpang Kiri	22.5	5	21.5
Palm kernels			
Kota Bangun – Bumi Permai	4.9	—	4.9
Kota Bangun – Rahayu	4.2	5	4.0
Bumi Mas	3.7	—	—
Bangka	5.7	4	5.5
Pangkatan group	5.3	—	5.3
	5.0	(2)	5.1
Bumi Mas	4.7	—	4.7
Musi Rawas	4.6	—	4.6
Simpang Kiri	4.5	—	4.5

and this will only increase further in the coming years as the ongoing plantings come into maturity.

The replanting programme continued in both the Pangkatan group's estates and at Simpang Kiri during 2021. The Pangkatan estates continued to deliver high yields, whilst at Simpang Kiri, even though the replanting programme has reduced the average age of the estate, the improved quality of planting and the better planting materials available continued to be clear in the results, with crop up by 19% in the year to 49,000 tonnes.

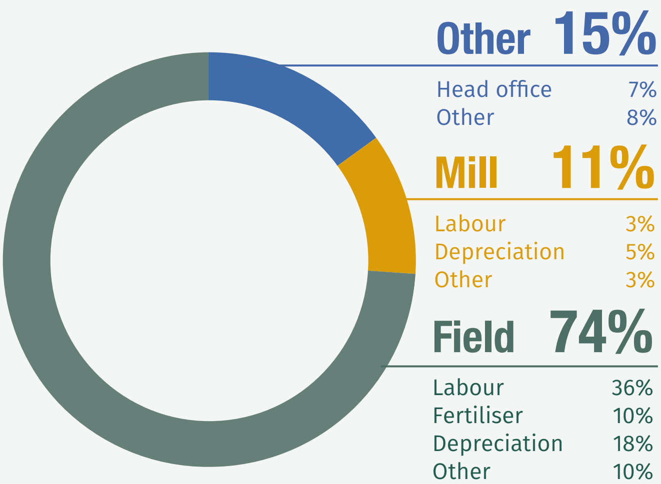
PRODUCTION

The Group is committed to increasing its CPO and PK production capacity as much as possible. The Group's crops and those of its scheme smallholders are of a high standard, and the Group seeks to maximise the margins available to it by milling that crop and selling the oil and kernels for itself. The Group's second mill at its Kota Bangun project, the Rahayu mill, was open throughout 2021, and the Group commissioned its fifth oil-palm mill, at its Bumi Mas estate, in the third quarter of the year to process the increasing crop in that location. As a result, by the end of 2021, the Group was processing its own crop in all locations other than at Musi Rawas and Simpang Kiri. Development of the Musi Rawas mill is already under way, with completion expected around the end of 2022. The continuation of the rising crops from the Group's own areas in the year, combined with the increases from both scheme-smallholder areas and purchases of independent crop, led to another record year for Group production. CPO production was up 15% to 312,900 tonnes, and PK production up 11% to 67,100 tonnes.

Where the Group does not yet have its own production facilities (Musi Rawas, Simpang Kiri, and at Bumi Mas for some of 2021), the Group sells its ffb to local mills based on the CPO commodity price and an assumed rate of extraction. To reflect the substance of these arrangements, CPO and PK produced from these estates' crops has been included in the production figures (see table).

All of the Group's oil-palm mills are accredited as certified sustainable producers as soon as possible after commissioning, although there can be a time lag after opening to complete the necessary independent audit and approval checks. All of the Group's ffb, and that of its scheme smallholders, are grown to the same high standards and in a sustainable way. During 2021, 55% of the Group's total output was certified as sustainable palm oil. The Group expects this figure to increase as the mill-building and certification programme continues, but also as mill capacity is taken up more by the Group's own crop and that of its scheme smallholders: this was evident in Bangka in 2021 where the certified sustainable output rose from 63% to 75%.

COSTS



The Group incurs different production costs depending on the source of the crop for processing in its mills. Typically, the lowest production cost comes from the crop harvested from the Group's majority-owned areas. The Group focuses careful attention on cost control on its estates, and over recent years has benefitted from higher volumes exerting a downward pressure on unit costs. Production costs are higher when the Group purchases crop for processing, and more markedly so at times of high prices as purchase costs are linked by formula to the CPO price. Production costs are also higher for independent crop, reflecting the lower extraction rates achieved on outside crop compared to the higher quality ffb harvested from areas managed by the Group.

The Group's policy has always been to include all depreciation, general charges, administrative costs and overheads, including those of its Jakarta office, in its calculation of cost per tonne. The Group implemented a change in overhead analysis at the start of 2021 at which time certain UK head office costs were also included in cost per tonne. As a result, the cost of palm product from Group mills for its own crops increased marginally to US$350 per tonne (2020 US$340). Actual unit costs incurred by the Group were much the same year on year, even allowing for the introduction of the Group's new Bumi Mas mill in the third quarter. If depreciation and allocated overheads are excluded, the cost per tonne reduces to some US$250 per tonne, the same as in 2020.

The Group's total cost of production in its mills, allowing for crop from all sources, was US$465, higher than the US$400 for the previous year, pushed up by the increase in the cost of crop purchases in the year as CPO prices increased. However, purchasing crop to utilise spare capacity in Group mills remains worthwhile even at higher purchase costs, given the higher CPO sales prices that the Group is able to achieve.

The Group expects to keep its own cost of production well controlled as volumes continue to increase. However, particularly at a time of high commodity prices, the Group is subject to inflationary pressures, most notably in some of its key inputs including both fertiliser and fuel, along with expectations of increasing wage levels. The Group continues to monitor these, particularly in light of the situation in Ukraine, but expects both higher CPO prices and higher production to act as mitigating factors.

STRATEGIC REPORT continued

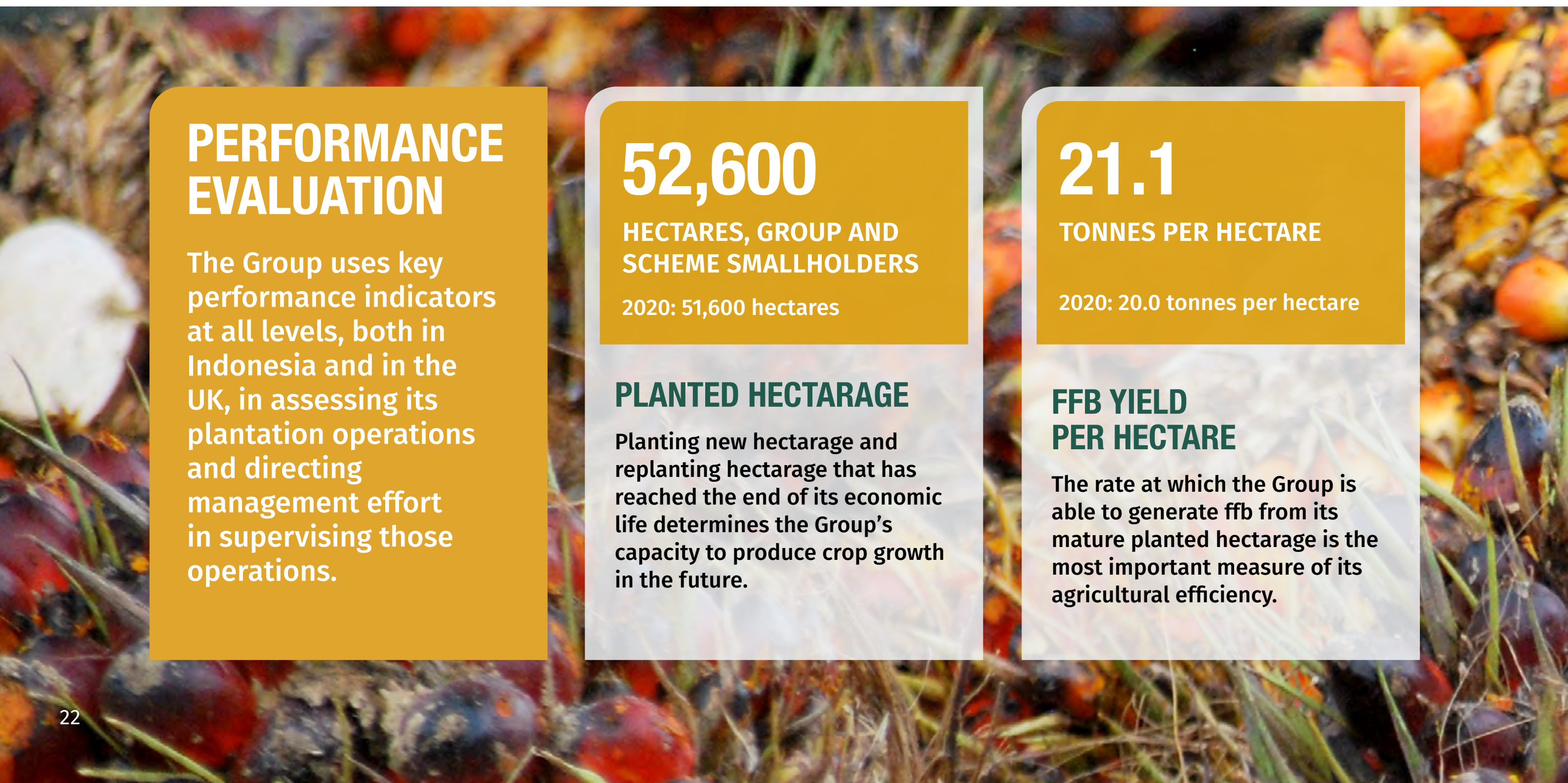
The Group continues to purchase ffb from independent suppliers in order to maximise the capacity utilisation of its milling facilities and expects the volume of purchases to increase in the short term as its milling capacity continues to grow. Supplies purchased from independent sources tend to be of noticeably lower quality than ffb grown and harvested either from the Group's own areas or from those belonging to scheme smallholders, which are planted and managed by the Group to the same high standards as majority-owned hectarage. As a result, introducing independent crop to Group milling facilities has the effect of reducing the overall oil and kernel extraction rates achieved. However, whilst not achieving the same margins as on its own ffb, management are confident that purchasing independent crop continues to be a profitable enterprise. The cost of purchase of independent supplies, along with its quality, remains under constant review.

Wherever possible, the Group develops fully integrated milling facilities, including both composting and biogas. The Group's mills at Kota Bangun (both Bumi Permai and Rahayu) and the mill at Bangka were built with these facilities, and the compost produced is a valuable organic fertiliser which is applied to the Group's productive areas. Similarly, the biogas facilities provide a source of renewable energy, providing power for the estates, including the, at times, significant requirement to power the pumps installed at Kota Bangun as part of that project's water management system. In both locations, surplus power is generated and sold to the state electricity company. After the Group had developed the new Bumi Mas mill on a fully integrated basis and commissioned it in the second half of 2021, the biogas facility began supplying all of the estate's power needs before the end of the year. The Group is in discussion with the state electricity company regarding the supply of excess power.

The Group stores CPO production in bulking facilities ready for customer collection and has storage facilities either attached to or near its mills. During 2021 as part of the development of the new mill at Bumi Mas, a bulking facility was built with river frontage a short distance from the mill to facilitate easy dispatch by barge. Also, in Bangka, prior to 2021, the Group had been renting a separate facility a short distance away from the estate and mill, enabling the Group's output to be stored in advance of bulk sale and onward transportation. During the year, the Group completed the construction of its own bulking facility, and the first shipment was made just before the end of the year.

MILL-GATE PRICE

CPO prices per tonne, expressed in cif Rotterdam terms, started the year at a little over US$1,000 and were on a generally increasing trend through the year, finishing at US$1,305. More details are provided in the 'palm-oil market' section of this report.



PERFORMANCE EVALUATION

The Group uses key performance indicators at all levels, both in Indonesia and in the UK, in assessing its plantation operations and directing management effort in supervising those operations.

52,600

HECTARES, GROUP AND SCHEME SMALLHOLDERS

2020: 51,600 hectares

PLANTED HECTARAGE

Planting new hectarage and replanting hectarage that has reached the end of its economic life determines the Group's capacity to produce crop growth in the future.

21.1

TONNES PER HECTARE

2020: 20.0 tonnes per hectare

FFB YIELD PER HECTARE

The rate at which the Group is able to generate ffb from its mature planted hectarage is the most important measure of its agricultural efficiency.

The average cif Rotterdam price for the year was US$1,195, 67% higher than the US$716 recorded in 2020. At the end of 2020, the Indonesian government changed the basis upon which its export levy is charged on CPO, which is in addition to the existing export tax. Whilst the levy and tax are not paid directly by the Group, they significantly influence the amount buyers are willing to tender for the Group's mill-gate sales. Following the change, as both the levy and the tax are now based on graduated scales, the gap between cif Rotterdam and mill-gate prices widens at higher CPO prices, as was the case throughout 2021. However, the Group still achieved an average CPO mill-gate price of US$810 per tonne during the year, 37% higher than the US$591 in 2020.

Prices for palm kernels were stable for much of the year before increasing markedly in the last quarter. Overall, the Group received an average of US$533 per tonne for PK sales, 69% higher than the US$316 achieved in 2020.

Included in the sales figures above, the Group received US$4.3 million in sustainability premia, significantly higher than the US$2.6 million achieved in the previous year. CPO and PK were sold in the year with both RSPO and ISCC certifications dependent on demand and where the best premia could be achieved. The average premia for CPO when sold as certified oil was US$17.40 per tonne (2020 US$13.30) and PK premia increased substantially in the year, reaching approximately US$85 per tonne by year end, resulting in an average when sold as certified during the year of US$55.20 per tonne (2020 US$25.20).

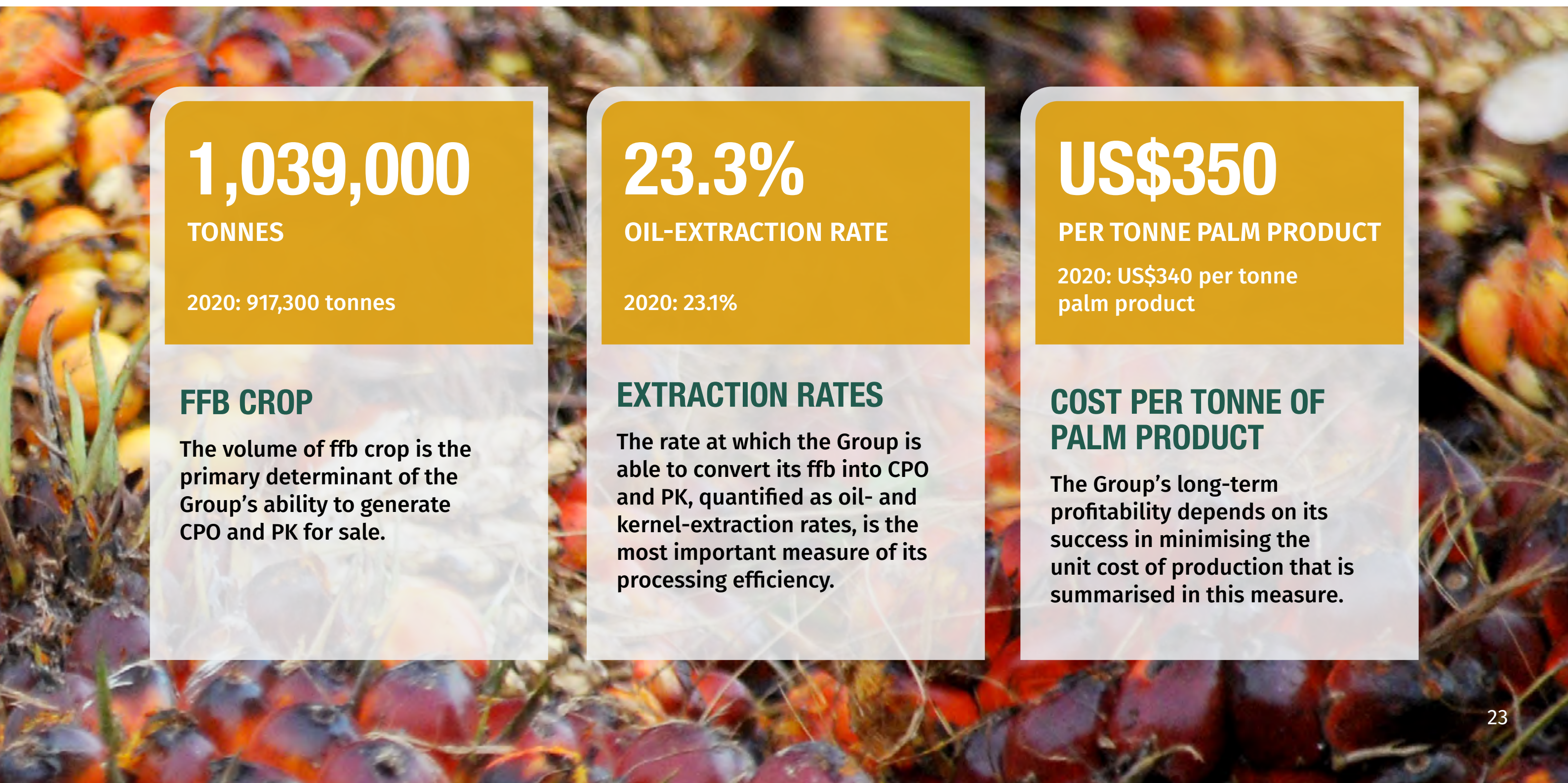
PLANTING

The Group was able to restart its planting programme at its Musi Rawas project in the second half of 2021. Planting had previously been paused whilst the Group demonstrated to the RSPO that it was in full compliance with updated environmental standards published by the RSPO and being applied retrospectively. By the end of the year, the Group had planted almost 1,000 hectares since the restart, bringing the total planted area to just over 9,000 hectares, of which 6,300 were for the Group and 2,800 were for scheme smallholders. The Group remains confident that the total planted area at Musi Rawas will reach a minimum of 10,000 hectares.

Elsewhere, the Group undertook replanting at some of its mature estates, replanting 302 hectares at its Bilah estate (part of the Pangkatan group) in North Sumatra, and 184 hectares in Simpang Kiri. In addition, 16 newly-acquired hectares at Bangka were replanted during the year.

ASSOCIATED COMPANY: KERASAAN

The crop at Kerasaan increased to 55,200 tonnes in the year (2020 – 54,800 tonnes), and the growth pattern was consistent with that



1,039,000
TONNES
2020: 917,300 tonnes

FFB CROP

The volume of ffb crop is the primary determinant of the Group's ability to generate CPO and PK for sale.

23.3%
OIL-EXTRACTION RATE
2020: 23.1%

EXTRACTION RATES

The rate at which the Group is able to convert its ffb into CPO and PK, quantified as oil- and kernel-extraction rates, is the most important measure of its processing efficiency.

US$350
PER TONNE PALM PRODUCT
2020: US$340 per tonne palm product

COST PER TONNE OF PALM PRODUCT

The Group's long-term profitability depends on its success in minimising the unit cost of production that is summarised in this measure.

observed at the Group's mature North Sumatran estates. Given the age profile of the plantings at Kerasaan, with the oldest areas dating from the second half of the 1990s, a replanting programme started in the year. During the course of 2021, 102 hectares were replanted, and there are plans in place for further replanting in 2022.

PERFORMANCE EVALUATION

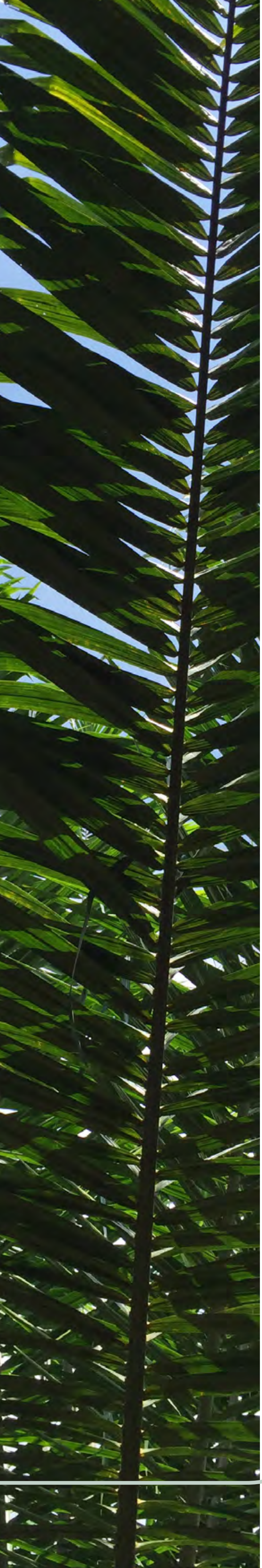
The Group uses key performance indicators at all levels in the Group, both in Indonesia and in the UK, in assessing its plantation operations and directing management effort in supervising those operations.

The Group was able to restart its planting programme at its youngest project, Musi Rawas, in the second half of 2021. All planting is conducted in accordance with the most recent RSPO planting requirements, and the Group remains committed to the highest sustainability standards. Management monitors areas to be planted, new planting, and the cost per hectare of development. The Group ensures that sufficient planting material is available to fulfil its planned planting programme. The majority of initial planting work is undertaken by contractors, under the supervision of Group management. In addition to new planting on its younger estates, the Group undertakes a replanting programme on its more mature estates to ensure that those estates remain at their maximum potential productivity over the long term. Replanting took place in the year in the Pangkatan group and at Simpang Kiri. At the end of the year, the Group stood at **52,600 hectares** planted for itself and its scheme smallholders.

The crop yield per hectare is monitored carefully by management. For each year of planting on each estate it is budgeted, reported and reviewed. The yield per hectare can be significantly different as a result of a number of agronomic factors including soil, weather, and the natural yield cycle. However, the most important determining factor in yield is the age of the palm. In 2021, the average yield per mature hectare across all of the Group's plantings, including scheme smallholders, increased to **21.1 tonnes**. This reflected the increasing maturity of the Group's plantings on its younger projects, even with 3,800 hectares becoming mature during the course of 2021 and therefore having a comparatively low yield. Local estate management are responsible for field standards, fertiliser application, harvester numbers and productivity and the quality of estate infrastructure, including estate roads and drains. These are monitored by senior management, with independent advice sought if required. Overall, the combined crop from the Group's own areas and from the associated scheme smallholders was **1,039,000 tonnes**.

Mill management monitor the performance of each of the Group's oil-palm mills, and as part of their monitoring will regularly record and review the percentages of free fatty acids, dirt and moisture in mill output, as well as oil losses at various stages of the production process. Extraction rates can vary depending on both the performance of the mill itself and the type and quality of the ffb that is supplied to the mill for processing. Mill throughput is also measured daily as an efficiency indicator. An average **oil-extraction rate of 23.3%** was achieved across all the Group's mills in 2021. This was both slightly higher than the rate achieved in the previous year and compares well with industry norms. The Group's engineering team continues to supervise mill construction. This work is undertaken by independent contractors, but under careful supervision based on agreed tenders, budgets and timetables.

Cost control is central to the success of the Group's operations, and management monitors the efficiency of both its plantation and its milling operations by reviewing their unit costs, in comparison to agreed budgets, and as well as benchmarking against other operating units. A significant proportion of costs in both the field and the mill are fixed and so vary little with levels of utilisation. Field costs in particular can vary from location to location depending on local conditions, including terrain, weather conditions, infrastructure and age of plantings. As a result, costs are monitored on an individual estate basis. Increasing crops help to keep unit costs down, and the Group achieved a cost of **US$350 per tonne** for production from its own areas in 2021. The Group acknowledges the inflationary pressures on its cost base, particularly in 2022, but continues to work on keeping its unit costs as low as possible.



CURRENT TRADING AND PROSPECTS

Crops in the early part of 2021 were particularly strong, not just for the Group's estates, but across Indonesia. As reported in last year's annual report, total crops processed for the first two months of 2021 were 20% higher than in the same period in 2020. This was particularly evident in Bangka where crop was surging in the early part of the year, and the impact was still evident at mid-year when total crop processed was 24% higher than the previous year. Somewhat unusually, the total crop processed in 2021 was slightly higher in the first half of the year than in the second half.

As a result of a reversal of this seasonal effect, the Group is reporting lower crops processed in the first two months of 2022. Total crop processed was 196,200 tonnes, down by 10%. However, as the year progresses and the seasonality is less pronounced over a longer reporting period, the board expects the Group's long-term trend of increasing crop to reassert itself given both the increasing maturity profile of the Group's estates and the increased milling capacity.

The details are set out in the following table:

	2 MONTHS ENDED 28 FEB 2022 TONNES	DECREASE %	2 MONTHS ENDED 28 FEB 2021 TONNES
Own crops	116,900	(6)	124,200
Smallholder crops	35,000	(9)	38,300
Outside crops purchased	44,300	(19)	54,400
	196,200	**(10)**	**216,900**

As reported above, CPO prices were on a largely upward trend in 2021, and cif Rotterdam prices averaged US$1,195 per tonne for the year, whilst the Group's average mill-gate prices for its sales were US$810 per tonne. The market has strengthened further in early 2022, with cif Rotterdam prices recently reaching historic highs of over US$1,900 per tonne, no doubt at least partly in response to the distressing events in Ukraine and the consequent impact on global vegetable oil supplies. During the first two months of the year, the Group's average tender price when selling its CPO has been approximately US$1,050 per tonne. As announced on 18 March 2022, the Indonesian government has increased its export levy by up to US$200 per tonne. Nonetheless, mill-gate prices of over US$1,050 are still being achieved by the Group.

Palm kernel pricing has also followed an upward trend, and the Group has achieved PK selling prices of over US$900 per tonne in the early part of the year. The Group has continued to be highly cash generative in the early part of 2022, and by mid-March had reached a net cash position of US$27 million.

The ongoing investment at Musi Rawas is progressing well in the early part of 2022. New planting is continuing, and development of the palm-oil mill there remains on schedule in support of the Group's strategic aims.

The board remains firmly of the view that sustainable palm oil, as a high yielding and low-cost product, will continue to offer attractive returns, and that the prospects for the Group remain bright.

OPERATIONS: MALAYSIAN PROPERTY

MAJORITY-OWNED: BERTAM ESTATE

The sale, previously announced, of the Group's 70-hectare Bertam Estate to Bertam Properties, completed in October 2021. The total agreed consideration was US$24.9 million, of which 60% had been received by the end of 2021, with the remaining amount due by July 2023. Proceeds are being used to invest in the ongoing development of the Group's Indonesian oil-palm projects. Having completed this transaction, the Group has made another step towards its strategic plan to exit Malaysia. The Group's only subsidiary with a presence in Malaysia, Bertam Consolidated Rubber Company Limited, has no remaining activities other than as a holding company for the Group's investment in Bertam Properties.

ASSOCIATED COMPANY: BERTAM PROPERTIES

Results at the Group's 40%-owned associate, Bertam Properties, improved significantly in 2021 compared to the previous year. Whilst conditions in the Malaysian property market continued to be challenging overall, the type and location of Bertam Properties' developments was appealing to buyers, and revenue from property-development activities increased by 32% to 79 million Malaysian Ringgit, recovering a large amount of the ground lost in the previous year. Similarly, profitability at Bertam Properties increased in the year, with gross profit up by 43% to 25 million Malaysian Ringgit. Bertam Properties continued to pay dividends to its shareholders, and the Group received a dividend of US$1.2 million in 2021.

Bertam Properties was able to secure bank financing in support of its acquisition of Bertam Estate from the Group, adding to its existing portfolio of development land. As a result of the acquisition, at the end of 2021, Bertam Properties' land area available for development had increased to 191 hectares, along with 23 hectares already under development, and the 103-hectare golf course. The Bertam Properties land continues to be a valuable asset whose value has increased as development of the projects has progressed and the new town has attracted more residents and businesses.

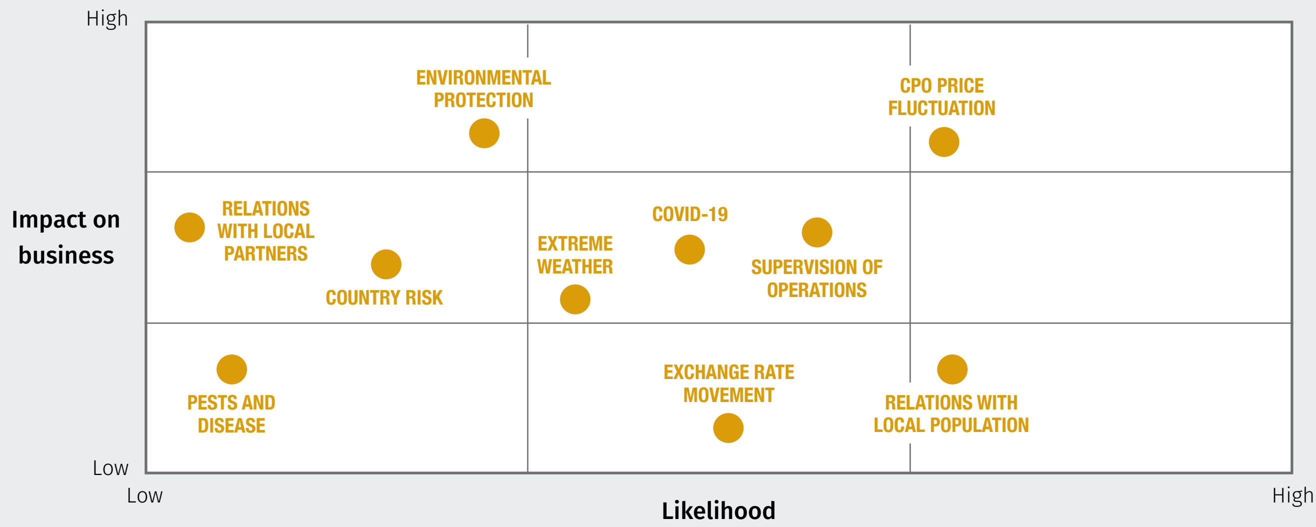
Newly built houses on the Bertam Properties project

RISK MANAGEMENT

The Group regularly considers its principal risks. They are reviewed and assessed by the audit committee at least annually and reported to the board for approval.

The 2021 review concluded that the principal risks reported in the 2020 annual report remain current to the Group, and that no new principal risks have been identified. Set out below is the board's evaluation of the principal areas of potential risk. Risks have been classified as being either specific to the Group or of a general nature. The risk to the Group is described, along with the steps taken to mitigate that risk. The board regards the principal risk to the Group to be a reduction in the commodity price for CPO.

PRINCIPAL RISKS



SPECIFIC RISKS

CORONAVIRUS COVID-19

Demand for the Group's products varies to some extent with the health of the global economy, and its ability to harvest and process its ffb fully and efficiently relies on having a healthy workforce.

The Group assesses that Covid-19, including any emerging variants, can affect it principally in two ways: indirectly through the demand for CPO and PK, and directly through affecting the health, and hence capacity, of its workforce. As set out in the general risk on commodity-price fluctuation below, notwithstanding shorter-term disruption arising from the spread of Covid-19, the Group believes there will be 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 and demand for vegetable oils as a biofuel.

The Group continues to monitor the impact of Covid-19 and has established precautionary measures to prevent the spread of any infection, which remain under review and in place as required. The Group supports vaccination programmes and facilitates vaccinations for its workforce as much as possible. Monitoring of the workforce for symptoms of the virus is in place and the Group has implemented isolation protocols to minimise the spread of any infection. Travel by Group staff is monitored carefully, as is movement on Group estates. The Group is able to put in place remote working arrangements in both the Jakarta and UK offices if required.

➔ Read more in the chairman's statement on page 3

INDONESIA COUNTRY RISK

The Group's strategy is based on maintaining control over its plantation assets and identifying opportunities to expand by acquisition of additional plantation areas.

The Group relies on the continuing ability to acquire and enforce property rights in Indonesia. The country has benefitted from a period of political stability and economic growth. There is a tendency for nationalist sentiment to increase during presidential elections, although there was no sign of this in the lead-up to the 2019 presidential election. In any case, given Indonesia's significant need for infrastructure development and to attract inward investment, the board continues to perceive a low risk of, for example, nationalisation or 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.

A 2014 law mandated the Indonesian government to prioritise domestic investment, protect local customary rights, empower local farmers and set a cap on foreign investment at some point in the future. No further action has ensued. The board continues to monitor the situation and will, if necessary, liaise with other plantation companies and industry bodies to lobby the government not to enact such proposals.

Security of land tenure is a matter of fundamental concern to plantation operators. The Group holds land in its established estates under 25- or 30-year leases (HGUs) which are legally renewable, and which have to date been renewed without difficulty when falling due. The Group has already obtained the HGUs for nearly all the land it has developed since it began its expansion in 2005. Where the Group has not yet received the HGU, it has obtained the necessary licences for these projects, including a valid right to develop the land (izin lokasi) and operating licences (izin usaha perusahan). The Group's experience has been that renewal of HGUs has been straightforward, even where changes in applicable regulations have occurred since the HGUs were originally issued.

In all its new project areas, the Group compensates smallholders and ensures 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 held by the Group, swift and determined legal action has been taken to defend the Group's position.

Operations in Indonesia are deemed to be at high risk from the threat of bribery and corruption. The Group has a robust policy on bribery and corruption, completes risk assessments and conducts training of senior management and staff in all locations. It requires all its business partners to complete questionnaires on their respective anti-bribery and anti-corruption activities and policies. The Group has experienced and expert local staff employed at its Jakarta head office, and in addition has employed external advisers to ensure its actions carry the maximum prospect of preventing bribery and corruption in its operations.

➔ **Read more in the strategic report on pages 12 to 25**

SUPERVISION OF OPERATIONS

The business model explains how the Group controls and supervises its operations using expert staff. The Group also uses key performance indicators (KPIs) to monitor plantation operations.

Geographical distance between the UK head office and its operations located in Indonesia and Malaysia puts a premium on strong supervision of the Group's operations. Regular written reporting from all its operating companies is supplemented with routine communication and, prior to 2020, frequent visits by the executive directors to all areas of the Group's operations, including the operations of associated companies. Since the onset of the Covid-19 pandemic, the Group has undertaken a series of 'virtual visits' in which discussion takes place by video conference, including a review of written reports, photographs, video and drone footage. During this time local senior management have continued regular visits to the Group's operations. The Group has an integrated operations and accounting software system which staff can access from the UK, as well as Indonesia and Malaysia. The Group has seats on the board of its large Malaysian associated company, Bertam Properties, and regularly attends its board meetings, as well as maintaining a dialogue with its chief executive and senior management.

At the Group's regional office in Jakarta, the local president director has a team of senior staff (agricultural, engineering, legal, procurement, marketing, finance, human resources, internal audit, health and safety, ICT, and sustainability) with extensive experience and expertise, well qualified to confront the problems that arise on developing and mature estates. Senior agronomic managers are resident in Sumatra (also covering Bangka and Musi Rawas) and Kalimantan.

The Group uses its Kalimantan training school to instil the Group's systems and high standards into new and existing staff, covering agriculture, engineering, finance, health and safety, ICT, modern slavery, anti bribery, and social and environmental topics.

→ **See the business model on pages 10 to 11**

→ **Read more in the KPIs on pages 22 to 24**

RELATIONSHIP WITH LOCAL PARTNERS

As set out in the business model, the Group's strength is as a producer of sustainable Indonesian palm oil. The Group seeks to have a local partner in each subsidiary with at least 5% of the equity.

A breakdown in relations with a local partner could affect relations with the local populations where the Group is operating, with a detrimental effect on operations. The board recognises the importance of building and maintaining a good relationship with the minority partners and fellow shareholders in its Indonesian plantation projects. 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. Where any differences do arise, the Group seeks to negotiate a mutually acceptable settlement.

→ **The Group's business model pages 10 to 11**

PROTECTION OF THE ENVIRONMENT

Sustainable production is a priority for the Group. Further information is included in the section on sustainability and in the business model.

Concerns about climate change and the destruction of tropical rainforest have received, and continue to receive, close scrutiny in the media. The palm-oil industry, unfairly in some cases, is closely associated with cutting down rainforest, reducing biodiversity and destroying the habitat. The Group may therefore receive attention from the many organisations connected with climate change and South East Asian tropical rainforests.

The Group is a member of the 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 and were revised in 2019 to tighten the definition of 'forested areas'. The Group has specialist RSPO officers, supported by external consultants, working to ensure the Group complies with RSPO best practice. All its mills have either been accredited by the RSPO, or in the case of its newest mills, are working towards receiving certification. Additionally, the Group's Pangkatan mill in North Sumatra, the Bumi Permai and Bumi Mas mills in East Kalimantan and mill in Bangka are certified under the strict requirements of ISCC.

The Group has a clear policy that it will acquire and develop only heavily degraded land. As required under RSPO principles, high-conservation-value and high-carbon-stock assessments are undertaken by an independent consultant for any new project. These studies cover the requirement to maintain riparian-buffer zones and nature-conservation areas and to compensate people cultivating land to be developed in a fair and transparent way.

The Group has a policy of 'zero waste'. It has installed composting systems at its mills 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 compost is tested for its nutrient value and applied in the field, reducing the requirement for inorganic fertiliser, which is particularly beneficial at times of high fertiliser costs. No effluent is discharged into external water courses. At the mills in Kalimantan and Bangka, methane is captured from the mill effluent before the effluent is used for composting; the methane is used in a biogas engine to generate electricity.

Management follows industry best-practice guidelines and abides by Indonesian law with regard to such matters as fertiliser application and health and safety. Any accidents are thoroughly investigated by senior head-office staff. Health and safety inspections are carried out annually. The managers of all the Group's estates and mills hold a monthly meeting with key staff to review health and safety. These meetings are minuted and actions identified and followed up.

The Group published a self-standing sustainability report in January 2020 (available on the Group's website at www.mpevans.co.uk). The report set out the Group's actions to protect the environment. It demonstrates the benefits of sustainable palm-oil production and how it seeks to achieve a positive economic and social impact on communities in and around its areas of operation. The report also contains detailed annexes of numerical information on the Group's activities that are relevant to sustainability. Updated numerical information is also provided on the Group's website.

➔ Read more about sustainability: pages 32 to 37

➔ See the business model on pages 10 to 11

RELATIONSHIP WITH LOCAL POPULATIONS

The Group's business model includes making smallholder co-operatives a success. Smallholder areas are planted, maintained and harvested to the same high standard as the Group's own areas.

A breakdown in relations could significantly disrupt the Group's operations, for example through strikes, or lead ultimately to a stoppage in production should villagers cause disruption by blocking roads in order to prevent ffb, a perishable crop, from reaching the mill to be processed.

Particular attention is paid to the Group's relationship with the local population 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 co-operative schemes are developed alongside the Group's areas and managed by the Group. Staff members have been appointed to deal with compensation for losing the use of land and crops, and to explain the basis and workings of the schemes and to gain the support of the villages surrounding the Group's project areas. This is a time-consuming but effective process.

PESTS AND DISEASE

The Group projects a sustained increase in crop. Productivity would be affected if palms were impacted by pests or disease.

Whilst a remarkably hardy plant, the oil palm can be subject to attack from such pests as caterpillars and other insects, and certain diseases. The practice of proper management and husbandry instilled by the Group in its field staff is designed to identify and prevent these attacks from becoming widespread. Appropriate agronomic measures are taken where any outbreaks occur. Senior agriculture staff are kept up to date with current research in this area, for example by attending relevant conferences.

➔ More detail about our strategy is on page 12 to 15

GENERAL RISKS

COMMODITY-PRICE FLUCTUATION

Sales of CPO and PK take place based on a world market over which the Group has no control. This has been considered as part of the Group's assessment of viability.

The prices of CPO and PK determine the Group's revenue and earnings. Fluctuations in the price directly affect the Group's reported earnings and its ability to generate cash inflows from its operations.

The Group relies on its ability to sell its palm oil, palm kernels and ffb into a world market over which it has no control. Palm oil is a permanent tree crop with ffb being harvested every day of the year. CPO and PK are sold weekly, or at least fortnightly, by open tender. Ffb are sold on a day-by-day basis under contract at a price derived from the quoted world price. Over a year, by selling 'spot' the Group obtains the average commodity price for CPO. Given this, the directors have taken the view that in the long run it is not generally cost-effective to sell forward contracts for the delivery of CPO, particularly since the presence of a progressive Indonesian export tax increases risk in such contracts given the tax is determined and levied at the time of delivery, not at the time at which the contract is agreed.

The mill-gate price received for the Group's production is influenced significantly by export taxes and levies charged by the Indonesian government combined with any other action taken by them which may include support for the domestic biofuel industry or setting obligations for domestic consumption. The Group employs a dedicated marketing team to monitor developments and to negotiate sales tenders and other supply agreements.

The price of palm oil fluctuates, determined both by disposable income around the world generated by economic activity and by the supply, pricing and demand for competing vegetable oils. The Group's ability to collect sustainability premia helps to mitigate the effect of falling prices. 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 over supply 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 demand for vegetable oils as a biofuel. Palm oil is the vegetable oil with the highest production in the world, has the lowest cost and is the most productive, by a wide margin, in terms of yield per hectare.

➔ Assessment of viability report is on page 48

WEATHER AND NATURAL DISASTERS

The Group projects a sustained increase in crop. Adverse weather events may temporarily slow the rate of increase in crop.

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. The Group's Kota Bangun estates are located in close proximity to the Mahakam river, and can be affected by it. 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 and other water management systems constructed and adapted either to evacuate surplus water or to maintain water levels in areas quick to dry out. The Group acknowledges that climate change could lead to increasing disruption of existing patterns of rainfall and sunshine.

The board has taken the view that acceptance of weather risk, including that caused by climate change, and that of natural disasters is part of the business. It is mitigated by the geographical diversity of its operations.

➔ More detail about our strategy is on page 12 to 15

EXCHANGE-RATE FLUCTUATION

The Group's functional currency is the US Dollar. Risks associated with changes in exchange rates have been assessed by the board, as set out in note 31 to the financial statements.

Palm oil is a US-Dollar-denominated commodity and a significant proportion of direct costs in Indonesia (such as fertiliser and fuel) and development costs (such as heavy machinery and fuel) are US-Dollar related. Hence, adverse movements in the Indonesian Rupiah against the US Dollar can have a negative effect both on other revenue costs in US-Dollar terms and when Rupiah-denominated assets are translated into US Dollars. Similarly, the movement of the Malaysian Ringgit against the US Dollar has an effect in US-Dollar terms when Malaysian assets are translated into US Dollars.

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 is both difficult to achieve and would not be cost effective. Surplus cash balances are largely held in US Dollars.

➔ Note 31, containing further details, is on pages 86 to 87

Approved by the board of directors and signed on its behalf

Matthew Coulson
Chief executive
22 March 2022

SUSTAINABILITY

APPROACH

The Group is committed to the production of certified sustainable palm oil, and has sustainability at the core of its strategic and operational decision-making.

The development of oil-palm estates, and the subsequent production of palm oil, requires careful and considered long-term planning. The Group has a long-standing commitment to operate at high standards in all aspects of ESG, whether relating to **environmental** or **social** matters, as detailed in this section of the report, or whether relating to corporate **governance**, as shown on pages 44 to 49.

The Group publishes a wide range of information demonstrating its approach to sustainability, including information in the annual report, analysis on the website (www.mpevans.co.uk), and further documentation in the Group sustainability report, available for download from the website. Information on the website is regularly updated and refreshed. In addition, the Group participates in the annual SPOTT assessment undertaken by the Zoological Society of London ("ZSL"), and in the analysis published at the end of 2021, the Group increased its score to 76.3% and was ranked 18th out of 100 companies assessed by ZSL.

The cornerstone of the Group's commitment to sustainability is its membership of the RSPO. Palm oil is a global commodity and the Group believes the way to make meaningful progress is for the industry to commit to a system of transparent global rules against which performance is rigorously and independently verified. Given how thorough it is, the initial RSPO accreditation process can take time, and as a result three of the Group's five existing mills have been RSPO certified. The Group's newest mills, at Rahayu in Kota Bangun and at Bumi Mas, are both working towards their certification, which the Group expects to receive during the course of 2022. In the meantime, all the estates that will in due course supply Group mills, once they are built, already comply with RSPO standards and mill accreditation will help the percentage of the Group's sustainable output to increase.

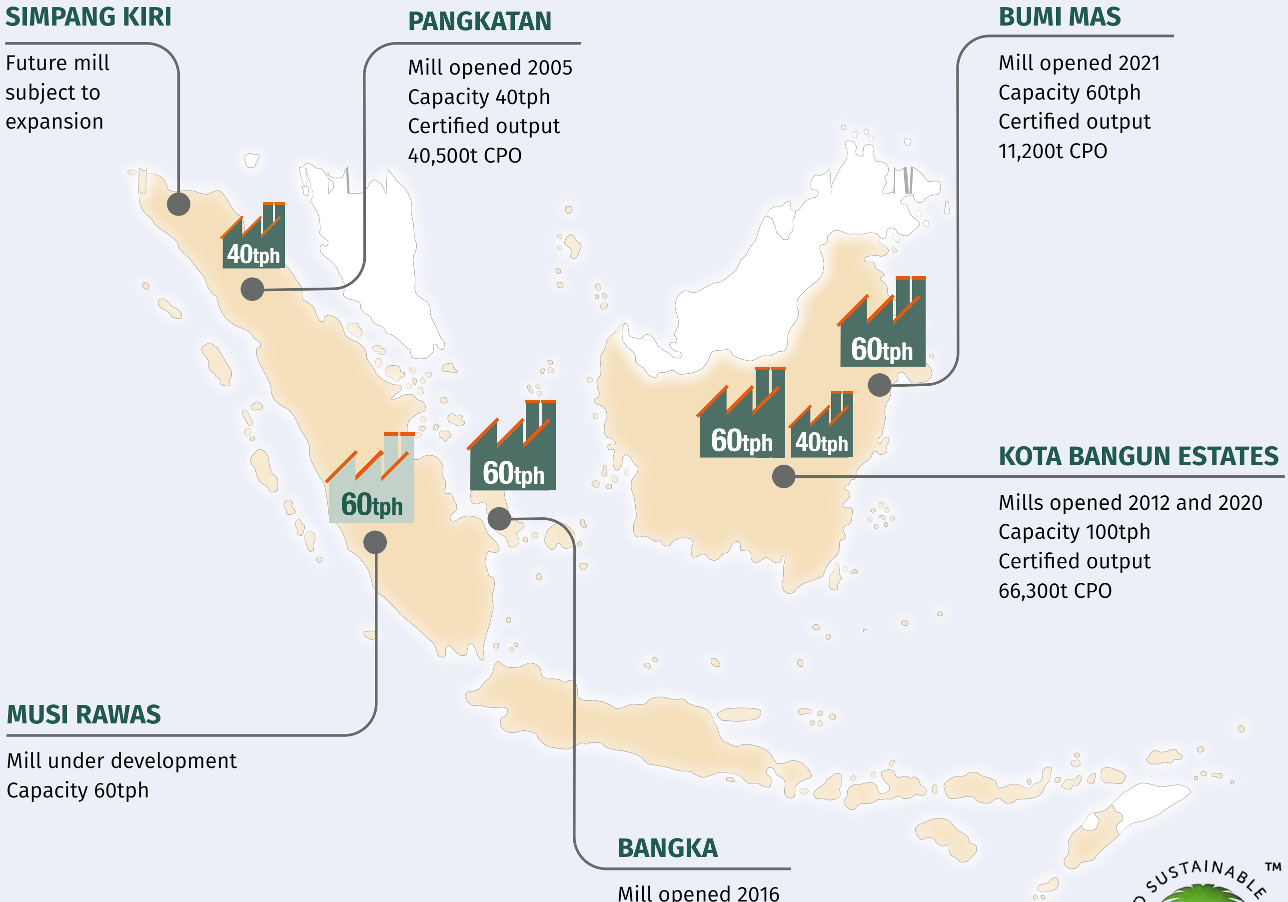
The Group has a dedicated sustainability team working across Indonesia. The team is led by a sustainability manager based in the Jakarta office, supported by a team of field staff resident on the Group's estates. The sustainability team implement policy, monitor performance and ensure that the Group continues to conduct its business in accordance with the high standards that have been set.

SUSTAINABLE PALM-OIL PRODUCTION

Concerns about global warming and particularly the destruction of tropical rainforest have rightly received, and continue to receive, close scrutiny. The palm-oil industry is one of those associated with cutting down tropical rainforest and destroying the habitat of endangered species. Oil-palm plantations do not require land that was previously forest. The Group believes there is plentiful land available to grow sustainable palm oil that does not require rainforest destruction and that sustainable palm oil can be an important contributor to building global sustainable agriculture. The Indonesian government takes an increasingly robust approach to the illegal felling of rainforest.

In order to protect the environment, the Group minimises the emission of greenhouse gases and has strict policies to prevent it from being responsible for any deforestation. The Group's sustainability report sets out the Group's activity in capturing methane and generating biogas, preventing any burning of land for subsequent cultivation, the identification and protection of conservation and high-carbon-stock areas, and promoting biodiversity. The Group has a 'zero-waste' approach in which all mill waste is converted into either biogas or compost which we use to reduce application of inorganic fertilisers. Not only is this good for the environment; it also reduces the Group's costs.

GROUP SUSTAINABLE PRODUCTION



CERTIFIED SUSTAINABLE PALM OIL™ RSPO

1-0027-06-100-00

DEMONSTRATING THE BENEFITS OF SUSTAINABLE PALM-OIL PRODUCTION

Just 19% of global palm oil production is currently RSPO certified. The Group believes this should increase across the industry until most, if not all, palm oil produced is certified as sustainable. For this to happen the industry needs to ensure that ffb are traceable. The biggest challenge is persuading independent smallholders, who account for 40% of all ffb supply, to adopt sustainability standards. If this can be achieved, the amount of certified sustainable palm oil produced will increase significantly. The Group is working with independent smallholders from whom it buys ffb to encourage them to produce their crop in line with the RSPO Independent Smallholders Standard (RISS), which includes mapping where the fruit is harvested. Already all the ffb produced in our own estates and those of the Group's scheme smallholders are fully traceable.

The Group has long-standing policies and operating procedures to manage and monitor water carefully and prevent pollution of air, land and water. The sustainability report sets out how the Group certifies its production and how it plans to achieve full traceability of all the ffb it processes, as well as how it manages water and agricultural chemicals.

APPROACH continued

COMMUNITIES

The Group takes an active interest in the welfare of the communities living on and around its operations promoting trust and mutual support.

M.P. Evans' staff distributing booklets to independent-smallholder farmers under the Group's RISS project on Bangka to guide them on best agronomic practice

Over the last twenty years, the Group has expanded dramatically in Indonesia, investing over half a billion US dollars in its oil-palm projects. In each of its key development areas, whether in East Kalimantan, in Sumatra or on Bangka Island, the Group has always worked carefully and sensitively with local communities.

Alongside each of its new estates, the Group has supported the formation of smallholder co-operatives under which members of the local community become owners of a proportion of the area being developed. The Group also provided the initial funding for the planting and development of those areas. By the end of 2021, smallholder co-operatives owned 12,800 planted hectares attached to Group areas, a very valuable asset. Given the remote nature of some of the Group's estates, it is often one of the largest, if not the largest, employer in the area, providing a valuable source of income helping to raise living standards. During the course of 2021, the Group increased its permanent workforce to over 8,000, with its economic impact felt far more widely.

The Group is committed to providing high-quality facilities for the communities living on its estates (see page 37 for details).

CASE STUDY

COMMUNITY STORES

The Group has supported the formation of community stores on some of its more remote locations, saving estate communities time and money.

The Bumi Mas estate is in a relatively remote location, situated on the Eastern coast of Borneo. Whilst the Group has been successful in attracting a high-quality workforce and has been investing a significant amount in upgrading the quality of estate housing and other facilities, the community feedback was that accessing basic provisions was challenging. It required a long journey, and prices were often very high.

As part of the Group's commitment to its workforce and the community living on its estates, four community stores have been built at Bumi Mas. The Group uses its bulk purchasing power to acquire key provisions for those stores, and savings are passed along. Typical savings are approximately 20-25% for basic items such as rice, eggs, sugar and nappies. The combination of both saved travel time and saved costs has resulted in extremely positive feedback from the estate community.

Following the success of the community stores in Bumi Mas, a similar project started on the Group's larger Kota Bangun estate, and by the end of 2021 five community stores had been opened, with a plan to open two more during 2022. The Group will assess the potential for community stores to be developed at Bangka and Musi Rawas.

Bumi Mas community stores

CASE STUDY

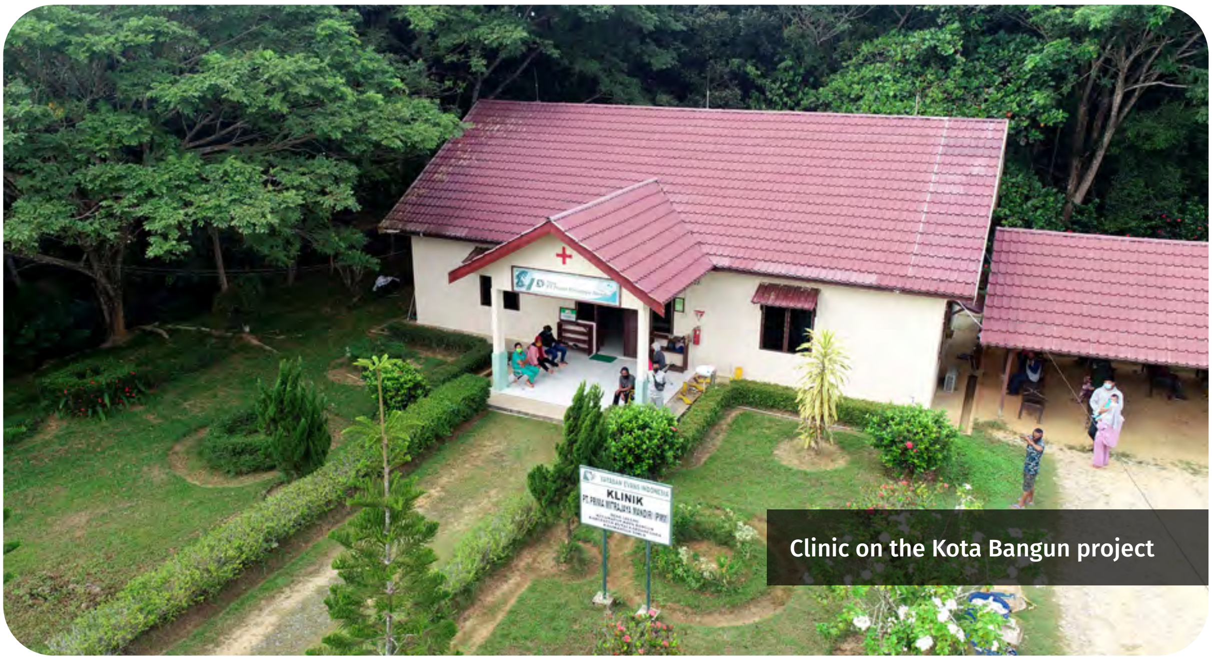
COVID-19 VACCINES

The medical clinics, located on the Group's estates, have been an essential part of administering Covid-19 vaccines to estate communities.


Vaccine being administered at Musi Rawas

The distribution of Covid-19 vaccines has increased throughout Indonesia during the course of 2021, and the Group has been committed to playing its part in supporting the vaccination effort. By the end of the year, 91% of the Group's workforce had received a vaccination, and 63% were double jabbed. The vaccination effort on Group estates was co-ordinated from the Group's medical clinics and led by 9 doctors and 23 other trained medical staff employed by the Group and working in those facilities. Vaccinations were made available to both Group workers, their family members, and any others who were living or working on the Group's estates during the year.

During the year, a total of 6,900 vaccination doses were administered in the Group's clinics, and the programme is continuing into 2022.



Clinic on the Kota Bangun project

COMMITMENT TO THE GROUP'S ESTATE COMMUNITIES

HOUSING

Developing high-quality housing is a core part of the commitment to our workforce and their families. During 2021 the Group built 290 new housing units, and approximately 15,000 people live on the Group's oil-palm estates.

EDUCATION

The Group offers crèche facilities for young children and has developed both primary and secondary schools on its estates, most recently opening a new school at Bumi Mas. School buses are provided by the Group.

RECREATION

The Group supports and encourages a wide range of sporting activities on its estates. Infrastructure is in place to enable participation by both our workforce and the wider community, with sports programmes in place for young people through to more senior age groups.

HEALTH

There are 11 medical facilities at Group estates, and in addition to the significant vaccination work done in 2021 (see case study), the doctors and medical staff employed by the Group offer support and care, with 39,000 consultations completed in 2021.

RELIGION

Religion plays an important part in community life on Group estates, and this is supported by the Group through the provision of mosques and churches, as well as employing imams and preachers.

COMMUNITY

The Group has provided both community halls and estate clubhouses. During 2021, the Kota Bangun estate clubhouse was completed, and the Group aims to develop more facilities as other estates mature.

REPORT OF THE DIRECTORS

BOARD OF DIRECTORS

Peter Hadsley-Chaplin

EXECUTIVE CHAIRMAN

Appointed a director in 1989, chairman in 2010. Former executive chairman of Bertam Holdings PLC and Lendu Holdings PLC. 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.

Matthew Coulson

CHIEF EXECUTIVE

Appointed chief executive in 2022 having been finance director since 2017. Joined the Group as chief finance officer in 2016 with previous experience as an audit director of Deloitte LLP, including work on companies in the agricultural sector and in the technical policy team.

K Chandra Sekaran

EXECUTIVE DIRECTOR, ASIA.
PRESIDENT DIRECTOR,
PT EVANS INDONESIA

Appointed a director in 2021. Took up position of PT Evans Indonesia's president-director in 2008. Began working in Indonesia in 1995, with experience in Sumatra and Kalimantan and latterly as a chief operating officer for Sinarmas Plantations. Began career with Harrisons and Crosfield (later known as Golden Hope Plantations and today part of the Sime Darby group). Has a profound understanding of the Indonesian plantation industry, plantation network and the social issues related to it.

Jock Green-Armytage

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed a director and chairman of the audit and remuneration committees in 2013. Formerly a director of Rowe Evans Investments PLC from 1989 to 1994. Currently chairman of JZ International Limited and chairman or director of many of its investee companies. Previously chief executive of The Guthrie Corporation PLC and chairman of AMEC PLC.

Philip Fletcher

NON-EXECUTIVE DIRECTOR

Retired as managing director in June 2016, having been appointed director in 1987 and managing director in 1991. He was executive chairman between 1999 and 2005. Former executive director of Bertam Holdings PLC and Lendu Holdings PLC. Joined the Group in 1982 after an initial career in accountancy with KPMG in London and Sydney and in industry with the Rio Tinto plc group. Member of the audit committee.

Bruce Tozer

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed a director in 2016. Has held senior roles at Rabobank International, JP Morgan, and Credit Agricole. Member of the advisory board of Generation 10, a data analytics and commodity logistics software company. Member of the audit and remuneration committees.

Dr Darian McBain

INDEPENDENT NON-EXECUTIVE DIRECTOR

Appointed a director in 2020. Currently Chief Sustainability Officer, Monetary Authority of Singapore. Formerly Global Director of Corporate Affairs and Sustainability at Thai Union. A leading academic in the field of integrated sustainability analysis. She has previously worked with WWF, focusing on the palm-oil industry. Member of the audit and remuneration committees. Dr McBain is stepping down from the board on 31 March 2022.

The directors present the audited consolidated and parent-Company financial statements of M.P. Evans Group PLC for the year ended 31 December 2021.

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 2 to 5) and in the strategic report (pages 12 to 31) 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 60.

An interim dividend of 10p (2020 – 5p) per share in respect of 2021 was paid on 5 November 2021 and a special dividend of 5p per share was paid on 11 February 2022 in respect of the sale of the Group's remaining Bertam Estate land. The board recommends a final dividend of 25p (2020 – 17p) per share. This dividend will be paid on or after 17 June 2022 to those shareholders on the register at the close of business on 29 April 2022. This final dividend is not provided for in the 2021 financial statements.

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) at 1 January 2021	54,490,253
Issued in respect of options	206,000
Issued (fully-paid and voting) at 31 December 2021	**54,696,253**

The Company did not operate a share buyback scheme during the year. In the prior year, 153,287 of the Company's 10p shares, representing 0.3% of the issued share capital at that time, were bought back and cancelled, for a total cost of US$1,155,000.

DIRECTORS AND DIRECTORS' INTERESTS

The present membership of the board is detailed on pages 38 and 39. All of these directors, except for K Chandra Sekaran, who joined the board on 1 August 2021, served throughout the year and up to the date of signing of these financial statements. K Chandra Sekaran will offer himself for election at the forthcoming annual general meeting. In addition, Tristan Price served as a director from the start of the year up to his resignation on 31 July 2021. Jock Green-Armytage and Philip Fletcher will retire from the board at the forthcoming annual general meeting in accordance with the articles of association and, being eligible, will offer themselves for re-election.

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

	BENEFICIAL	OPTIONS
At 31 December 2021		
P E Hadsley-Chaplin	1,561,717	–
M H Coulson	13,900	35,180
K Chandra Sekaran	123,181	59,000
J M Green-Armytage	–	–
P A Fletcher	1,048,171	–
B C J Tozer	–	–
D M McBain	–	–
At 1 January 2021		
P E Hadsley-Chaplin	1,561,717	–
M H Coulson	5,900	29,763
K Chandra Sekaran	123,181	59,000
J M Green-Armytage	–	–
P A Fletcher	1,048,171	–
B C J Tozer	–	–
D M McBain	–	–

Further details of the directors' interests in share options are disclosed in the directors' remuneration report, on pages 50 to 52.

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 2021, and is at the date of this report, a qualifying third-party indemnity provision, as defined in section 234 of the Companies Act 2006 in force for the benefit of the directors

SIGNIFICANT INTERESTS

As far as the Company is aware, the significant interests in the Company as at the date of this report are:

	NATURE	SHARES	%
KL-Kepong International Ltd	Direct	12,695,357	23.21
Nokia Bell Pensioenfonds ofp	Direct	5,750,000	10.51
Abrdn plc	Indirect	3,294,658	6.02
MM Hadsley-Chaplin	Direct	1,928,254	3.53
Chelverton Asset Management	Indirect	1,730,374	3.16
Canaccord Genuity Wealth Management	Indirect	1,700,000	3.11
Schroder Investment Management	Indirect	1,673,442	3.06

OUTSTANDING OPTIONS TO SUBSCRIBE

As at the date of this report, there were options to subscribe for 50,000 shares outstanding under the executive share-option scheme, and options to subscribe for 127,204 shares outstanding under the 2017 long-term incentive scheme. If all of the options were exercised, the resulting number of shares would represent 0.32% of the enlarged issued share capital at that date.

AUTHORITY TO MAKE MARKET PURCHASES OF SHARES

The directors propose to seek authority under resolution 9 for the Company to purchase its own shares on the AIM market of the London Stock Exchange until 30 June 2023 or, if earlier, the date of the Company's 2023 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 9 set out in the notice of the annual general meeting will accordingly be proposed to authorise the purchase of up to a maximum of 5,469,625 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 9 will lapse on 30 June 2023 or, if earlier, the date of the Company's 2023 annual general meeting.

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 2021 amounted to 50 days (2020 – 49 days).

FINANCIAL INSTRUMENTS

Details of the Group's financial instruments, and the board's policy with regard to their use, are given in note 31 to the consolidated accounts on pages 86 and 87.

SUBSIDIARY COMPANIES

Details of the Group's subsidiary companies, including their country of operation, are given on page 94.

ENERGY USE

During the year, the Company used 71MWh (2020 - 86MWh) of electricity and gas in its Tunbridge Wells head office, giving rise to 15 tonnes (2020 – 20 tonnes) of CO^2 equivalent emissions calculated in accordance with government published conversion factors, or 2 tonnes (2020 – 3 tonnes) per full-time equivalent employee. During the year the very old gas boiler at the Tunbridge Wells head office was replaced with a significantly more energy-efficient boiler which is expected to result in decreased CO^2 emissions. The methodology for this calculation uses the 2021 Government conversion factor guidelines applied to the gas and electricity meter readings.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 UK-adopted International Accounting Standards and the Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practices (United Kingdom Accounting Standards, comprising Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS101") 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 and Company 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 UK-adopted International Accounting Standards and applicable United Kingdom accounting standards, including FRS101, have been followed, subject to any material departures disclosed and explained in the Group's and Company's financial statements respectively; and
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the directors' remuneration report 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.

In the case of each director in office at the date the report of the directors is approved:

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

GOING CONCERN

The Group's operations are funded through a combination of cash resources, loan finance, and long-term equity. The board has undertaken a recent review of the Group's financial position, including forecasts, risks and sensitivities (including an assessment of the impact of Covid-19). The review has considered the Group's plans for further development in Indonesia, along with the required funding for that development. Based on that review, the board has concluded that the Group is expected to be able to continue in operational existence for the foreseeable future, being at least the next 12 months from the date of approval of these financial statements. As a result, the board has concluded that the going-concern basis continues to be appropriate in preparing the financial statements.

INDEPENDENT AUDITORS

The auditors, BDO 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 by its order.

Katya Merrick
Company secretary
22 March 2022

Water conservation area at Bangka

CORPORATE GOVERNANCE

The Group's recognised corporate governance code is the Quoted Companies Alliance's 2018 Corporate Governance Code ("QCA Code"). The board is committed to following the principles set out in the QCA Code, to review, disclose and report on the corporate-governance structures and processes operated by the Group and to develop these further, to continue to meet the appropriate standards. An explanation of how the Group has applied the principles, including an index of corporate governance disclosures, is included on the Group's website (www.mpevans.co.uk). The chairman's statement on corporate governance is set out here.

The board continues to pay high regard to corporate governance and internal control in all aspects of the organisation. It adopted the QCA Code in 2018 and understands and applies the clear principles set out in the QCA Code, recognising the importance of having a strong framework within which to develop ever better corporate governance practice, often beyond the requirements of the QCA Code.

The board is made up of three executive directors and four non-executives. This structure is designed to ensure that there is a clear balance of responsibilities between the executive and the non-executive functions. As chairman, I am primarily responsible for setting the Group's strategy in conjunction with the board, and for ensuring the effective operation of the board. This includes ensuring the board continues to develop its corporate governance in response to changes in official standards and public expectations through full and timely discussion at board meetings and the development and communication within the organisation of appropriate policies. A flexible timetable has been implemented to ensure regular review by the board of its corporate governance compliance, structures and tools. Board evaluation is now being conducted annually. Where possible individual policies and frameworks, such as terms of reference for board committees, risk identification and policies on whistleblowing and modern slavery are also being reviewed annually to ensure that they remain appropriate. The corporate governance information on our website is updated annually and was last reviewed in September 2021.

Shareholders will be aware that 2021 saw changes to the executive team with the resignation of Tristan Price as chief executive after 15 years of excellent service to the Group. The board, led by me with support from its advisors and the company secretary, took time to consider board composition, linking this to its own discussions around the Group's strategy that had taken place during the year. Given the Group's continued focus on its Indonesian oil-palm estates and the production of sustainable CPO, the board strongly supported the appointment of its long-serving and industry-leading head of operations in Indonesia, K Chandra Sekaran, as an executive director, bringing first class operational knowledge to the board as well as strengthening the link between the board and the Group's workforce in Indonesia. The board agreed that in Matthew Coulson, Group finance director from February 2017 until 31 December 2021 and with a track record since joining the Group in 2016 of consistently rising to challenges with reassuring measure and formidable skill, it had a natural successor for the role of chief executive, a role he took on from the start of 2022. This followed a period since the end of July 2021, in which the chief executive's responsibilities were carried out jointly by Matthew and myself.

A good system of corporate governance is of no use without a board whose members continue to develop their skills and capabilities. Between them, our board members have extensive experience in the key areas pertinent to execution of the Group's strategy, and remain professionally active, motivated, *and willing to broaden and deepen their knowledge. All directors have the opportunity to attend seminars and formal training courses in person or on-line; they keep in touch with relevant developments through discussion amongst their business and professional peers; and they read relevant trade and other professional publications as well as relevant media articles to understand public sentiment. This activity is recorded by the Group's company secretary, who advises directors of appropriate seminars and training opportunities. During the year the board received training on the AIM regulatory regime and on antibribery and corruption (this training was mandatory throughout the organisation to all members of staff at supervisor level and above). They also received briefing notes on topics including s172 obligations and succession planning. Some members attended in-house sustainability training sessions led by the Group's head of sustainability in Indonesia. The focus for training in the year ahead will be around climate change. It is essential the board remains up to date on the emerging regulatory framework in response to investor concerns around climate change and understands the risks and opportunities this presents to the business.*

The board started its programme of self-evaluation in 2019. The first two evaluations were facilitated via a professional online platform using suites of recommended questions for the board and its committees. This provided a valuable start. For the self-assessment exercise at the end of 2021, board members were invited to provide non-prescriptive feedback on a range of suggested topics. As hoped, this yielded more detailed insights, highlighting areas the board felt most strongly about. Further details can be found in the corporate governance report.

Effective risk management and acknowledging the role that stakeholders play in our Group's operations, are central to our success. In February 2021, following the strengthening of its internal risk identification process in 2020, and also in response to feedback from the 2020 board evaluation the board dedicated a meeting to risk reporting.

We believe compliance with the QCA Code provides a valuable support in strengthening our ability to grow and so deliver returns to our shareholders that also benefit our wider stakeholders. The Group sees ethical behaviour as a competitive advantage to building trust with suppliers and attracting and retaining high-performing staff. This too is emphasised in the QCA Code. The Group operates in a sector where timelines are long and hence where there is a premium on boards in which shareholders can place their long-term trust.

My colleagues on the board and I are committed to ensuring that the Group's corporate governance structures are robust and are keeping these under frequent review. There have been no significant changes to the Group's corporate governance framework during the year.

Peter Hadsley-Chaplin
Chairman
22 March 2022

OPERATION OF THE BOARD

Directors

Details of the Company's board, together with those of the audit and remuneration committees, are set out on pages 38 and 39. For the first seven months of the year, the board comprised an executive chairman, working on a part-time basis, two further full-time executive directors and four non-executive directors. For the last five months of the year the executive chairman was working on a full-time basis. The audit and remuneration committees are chaired by the senior independent non-executive director. The maximum number of directors permitted under the articles of association is eight.

This structure is designed to ensure that there is a clear balance of responsibilities between the executive and the non-executive functions. Non-executive directors are expected to contribute two to three days' service per month to the Company, including attendance at board meetings and the AGM. The board meets at least quarterly and is provided with information at least monthly. It receives operating summaries, executive operating reports, management accounts and budgets. Of the executive directors and non-executive directors serving throughout the whole year, all attended each of the ten full board meetings held in 2021. Tristan Price who served as chief executive until 31 July 2021 attended all but one of the six full board meetings which took place from the beginning of the year until that date, and K Chandra Sekaran, who joined the board as an executive director on 1 August 2021, attended all of the four full board meetings from that date until the end of the year.

The board as a whole is collectively responsible for the success of the Company. The personal attributes of each of the directors facilitates rigorous but constructive debate, informed and considered decision making and effective monitoring of progress in achieving the Group's strategic objectives. The board as a whole actively engages in reviewing and developing Group policies. It promotes a culture founded on its values of integrity, teamwork and excellence. Members of the board lead by example during their frequent interactions with staff and the clear policies which are discussed, set by the board with input from stakeholders where appropriate, and promulgated throughout the workforce, including training and refresher training on key areas such as antibribery and corruption. Remuneration of all staff rewards those who display these behaviours; access to the Group's long-term incentive scheme is likewise offered to senior staff who qualify on grounds of length of service and who promote the Group's values. The Group dismisses staff found to have breached the value of integrity.

The board reserves to itself a range of key decisions (which can be found at www.mpevans.co.uk) to ensure it retains proper direction and control of the Company, whilst delegating authority to individual executive directors who are responsible for the day-to-day management of the business. The board's objectives are subject to periodic review, most recently in December 2021. All major and strategic decisions of the Company are made in the United Kingdom. The executive and non-executive directors discuss progress against budgets and other business issues, both during board meetings and at other times.

The board has access to independent professional advice at the Group's expense when the board deems it necessary in order for them to carry out their responsibilities. Currently, the board retains Peel Hunt LLP as the Company's nominated adviser. The board additionally receives advice from independent professionals on legal matters, corporate public relations, taxation, and valuation of the Group's property assets. The company secretary provides support on matters of corporate governance.

Independence and re-election of long-serving directors

During the year, the board has sought to maintain a balance of executive and non-executive directors. A description of the roles and responsibilities of the directors is set out on pages 38 and 39. More than half of the directors were non-executive and, in accordance with the QCA Code, at least two of the non-executives serving during 2021 were independent. The board acknowledges that Philip Fletcher is not independent. However, the depth of his understanding of the Group, coupled with his commitment and track record of conducting his role with an independent mindset enables him to bring significant value to the board and its audit committee.

The board is satisfied that its composition covers a broad range of relevant skills and experience to enable effective formulation and execution of the Group's strategy. Jock Green-Armytage, who has chaired FTSE-listed companies, brings significant industry knowledge as well as experience in both corporate finance and corporate governance. Bruce Tozer's background is in commodity finance, environmental markets, and agri-business project finance, including palm oil, contributing insight from the finance sector. Philip Fletcher, as former managing director and finance director of the Group with a background in accountancy, has extensive specific knowledge of both the sector, operations in Indonesia and the evolution of the Group. As well as general corporate experience through her directorships and in a major South-East-Asian-based global seafood producer, Darian McBain has a special interest and experience in sustainable food production and environment, social and governance issues.

The composition of the board was enhanced during the year by the appointment of K Chandra Sekaran as an executive board member. K Chandra Sekaran, as head of the Group's Indonesian subsidiary, PT Evans since 2008, has a profound knowledge of operations and the sector and brings the board even closer to its operations and workforce in Indonesia.

The board has an executive chairman, Peter Hadsley-Chaplin. Given the time that he has served the Company both as a director and chairman, as well as the size of his shareholding in the Company, he is not considered independent. However, Peter has a long track record of being effective in this role and building strong relationships with shareholders as well as presiding over a well-functioning board. The perceived governance concern around having an executive chairman is mitigated by having a senior independent non-executive director.

Each director retires and must seek re-election at least every three years. Non-executive directors who have served on the board continuously for a period of nine years or more will offer themselves for re-election at each year's annual general meeting.

Jock Green-Armytage will have served as an independent non-executive director for a period of nine years by the time of the 2022 AGM. Whilst he will no longer be deemed independent within corporate governance guidelines, he is being proposed for re-election for a short additional term as part of the Company's transition arrangements for a new board appointment.

Directors' remuneration

As set out in the report on pages 50 to 52, 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, which during the course of 2021 comprised Jock Green-Armytage, Bruce Tozer and Darian McBain, met six times and all meetings were attended by all members of the committee.

Succession planning

The Company does not currently have a nominations committee. The chairman maintains a strong individual relationship with all the directors and any changes to the board are managed collaboratively. The board reviewed succession planning during the year, including the merits of establishing a nominations committee, and remained of the view that it, led by the chairman, is competent to deal with any new appointments to the board. Any new appointments are discussed at a full board meeting, taking into account an assessment of the skills and experience required for the board to successfully formulate and execute Group strategy, the current skills and experience of board members and those of the candidate, as well as feedback from the board evaluation process. Professional consultants may be engaged to assist in identifying appropriate candidates. Each member of the board is given the opportunity to meet the individual concerned before an appointment is made.

It is considered that the board would be robust to any unplanned retirements and be able to recruit suitable, well-qualified, candidates within a reasonable time period. The board has committed to regular review of succession planning.

Board performance evaluation

The board undertook a performance evaluation of itself and its committees during the year which took a less prescriptive form than in previous years. Board members were invited to provide anonymous feedback to the company secretary by way of free comments within topic areas including board composition and structure, skills, areas of responsibility, conduct of meetings, decision-making, committees, culture, risk management, stakeholder engagement, board evaluation and effectiveness of the chair. As previously, this was an internal evaluation, and the comments, which revealed significant consensus among board members, were compiled into a report by the company secretary, forming the basis of a board discussion led by the chairman. This resulted in a number of agreed areas of focus, which included board composition and succession planning, recommendations in connection with the remuneration and audit committees and ongoing work on risk and board evaluation.

Relations with shareholders and AGM

The board attaches great importance to communications with both institutional and private shareholders. The executive directors regularly engage with shareholders, doing so through digital technology whilst Covid-19 restrictions persisted during the year, to update them on the progress of the Group and discuss any areas of concern that they may have. Any significant issues raised by major shareholders are discussed by the board as a whole. Whilst this is not always possible with smaller shareholders, the chairman aims personally to respond to communications received from individuals.

The 2021 AGM, whilst open to shareholders, was again held in Tunbridge Wells with the board's recommendation that shareholders did not attend in person due to the ongoing Covid-19 situation. The AGM was held with the minimum number of members (in this case the chairman and chief executive) required to convene a valid meeting. All other directors joined the meeting by video-link. The proceedings were broadcast via a live webcast which was available for shareholders to watch for a month following the meeting via the Group's website. Voting was determined by poll taking account of the proxy instructions received from shareholders. Shareholders were encouraged to, and did, raise questions before the AGM and where appropriate these were addressed at the meeting by members of the board. In this way the board sought to create an environment in which shareholders were able to vote by proxy and engage with the board to the fullest extent possible under the circumstances.

During 2021, the executive directors took part in a number of online presentations, including two events hosted through the Investor Meet Company platform. These were live webinars following, respectively, the announcement of the 2020 results and interim results for 2021, available to existing and prospective shareholders, and providing an opportunity for questions to be posed to the directors after the presentation. The board acknowledges the important role that technology can play in facilitating shareholder engagement and will continue to host additional online events, including those specifically providing a forum for engaging with greater numbers of smaller shareholders. Such events would be in addition to its physical AGM, which the board continues to value highly as an opportunity to meet and get to know shareholders in person.

The board uses the Group's website (www.mpevans.co.uk) to make available details of the AGMs, the results of the votes cast at those meetings, and reports and presentations given at meetings with investors.

ACCOUNTABILITY

Financial reporting

A detailed review of the performance and financial position of the Group is included in the chairman's statement and the strategic report. The board uses these and the report of the directors to present a balanced and understandable assessment of the Group's position and prospects. The directors' responsibility for the financial statements is described on page 42 of the report of the directors.

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 by the audit committee. The committee considers the Group's principal risks, and a summary is presented to the board for discussion and approval. The review process considers the control environment and the major business risks faced by the Group. In summary, this is reported on pages 27 to 31.

Important control procedures, in addition to the day-to-day supervision of parent-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. Internal audit is subject to periodic external review. During 2021, as a result of Covid-19 travel restrictions, physical visits by the executive team were still not possible. Instead, supervision of operations has been maintained through a series of 'virtual visits' using digital technology. During these visits executive directors, and from time-to-time non-executive directors, have engaged in discussion with field managers, reviewing detailed operational reports, photographs and video and drone footage of the operations. Under normal circumstances, non-executive board members take part in a visit to the Group's operations every two years.

Going concern

The board has assessed and concluded on the going-concern status of the Group, and further information is included in the directors' report on page 42.

Viability

The board considers the Group's longer-term viability on a regular basis. In order to do this, both short-term budgets and longer-term projections are prepared and reviewed by the board. Due to the long-term nature of the industry within which the Group operates, the board has concluded that projections should be prepared, and therefore viability considered, over a 10-year period.

At the year end, the Group held a cash balance of over US$65 million. Furthermore, as disclosed in note 22, at the year end the Group had available undrawn finance facilities of up to US$20 million. The Group's plans for further development of its Indonesian operations have been taken into consideration, as set out in the strategic report, including development of existing projects, investment in new hectarage, and appropriate financing where necessary.

Principal areas of risk, and their mitigation, are included in the section on risk management on pages 27 to 31. As noted, whilst legislative changes in Indonesia could adversely impact on the viability of the Group in its current form, the board monitors the situation carefully and considers the risk to be low. Financially, the main risk to the Group's results is commodity-price fluctuation, and as has been demonstrated, the Group is able to continue delivering returns even during periods of lower crude-palm-oil prices.

The Group's prospects remain sound, in particular given the young average age of its palms, at approximately 9 years. An upward trend in crop is expected to last until towards the end of the decade. Given these prospects and the resources available to the Group, the board intends, where possible, to maintain or increase, normal dividends in future years from their current levels.

In light of the above, the board has not identified any significant concerns regarding the Group's longer-term viability.

AUDIT COMMITTEE REPORT

The audit committee is formally constituted with written terms of reference (which are available on the Company's website www.mpevans.co.uk) and is chaired by Jock Green-Armytage. The other members are Philip Fletcher, Bruce Tozer and Darian McBain. The executive directors are not members of the committee but can be invited to attend its meetings. The auditors of the Group may also attend part or all of each meeting and they have direct access to the committee for independent discussions, without the presence of the executive directors. The committee met four times during 2021 and each meeting was attended by all of the members. The external auditors attended two of the meetings.

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, reviewing the Group's principal risks, the appointment of and fees of auditors and such other related matters as the board may require.

During the year the audit committee has:

- Reviewed the Group's external financial reporting, including receiving a report from the external auditors on the audit work they have performed;
- Assessed critical accounting judgements and key estimates made during the year;
- Considered and approved the Group's risk analysis;
- Reviewed the quality and effectiveness of the external audit and considered points arising from it;
- Considered and agreed a response to the government's consultation on 'restoring trust in audit and corporate governance';
- Reviewed the Group's whistleblower policy and implementation, including assessment of briefings of reports made to the independent hotline;
- Reviewed and strengthened the Group's process for risk identification; and
- Considered and approved the key accounting considerations following completion of the sale of land by a Group company.

Auditors

The auditors were appointed, following a tender exercise, in 2019. The audit partner changes at least every five years in accordance with professional and regulatory standards in order to protect independence and objectivity. Anna Draper was the audit partner for the 2021 audit.

The audit committee meets the external auditors to consider audit planning and the results of the external audit. The committee specifically considered the scope of the Group auditors' engagement and agreed the significant risks for the audit of the 2021 results. The external auditors have provided only audit services during the current year. Accordingly, the board does not consider there to be a risk that the provision of non-audit services may compromise the external auditors' independence.

To assess the effectiveness of the auditors, the committee will review their fulfilment of the agreed audit plan and variations from it, and the auditors' report on issues arising during the course of the audit.

Financial reporting and review of financial statements

The committee is able to ensure it has a full understanding of business performance through its receipt of regular financial and operational reporting, its review of the budget and long-term plan and its discussion of key accounting policies and judgements. It has specifically addressed the:

- Accounting treatment for the sale of land by a Group company;
- Group's equity valuation, as disclosed in the annual report; and
- Ongoing validity of key judgements in the financial statements.

After reviewing presentations and reports from management and consulting with the auditors, the audit committee is satisfied that the financial statements properly present the critical judgements and key estimates for both the amounts reported and relevant disclosures. The committee is also satisfied that the significant assumptions used for determining the value of assets and liabilities have been appropriately scrutinised, challenged and are sufficiently robust.

REMUNERATION REPORT

REMUNERATION COMMITTEE

The remuneration committee, which is formally constituted with written terms of reference (available on the Company's website at www.mpevans.co.uk), keeps under review the remuneration and terms of employment of the executive directors and recommends such remuneration and terms to the board. The committee comprised Jock Green-Armytage, Bruce Tozer and Darian McBain throughout 2021, and is chaired by Jock Green-Armytage.

SERVICE CONTRACTS

All of the UK 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 executive director based overseas has a service contract with a subsidiary company with a notice period of less than one year. The non-executive directors do not have service contracts or provisions for pre-determined compensation on termination of their appointment.

REMUNERATION POLICY

The Group's remuneration committee recognises that the Group's success depends, in part, on the performance of the directors and senior management, and the importance of ensuring that employees are incentivised. Its philosophy is to offer a transparent and simple remuneration package to the executive directors, comprising a salary and a bonus related to current results and personal performance (including significant additional contribution in terms of time and expertise). For the UK executive directors, half of the bonus is payable in cash and half is deferred into an award of options on fully-paid shares which vest three years after their grant, subject to continued employment by the Group. This structure for remuneration is designed to be easily understood by both executives and shareholders. It aims to encourage the executive directors to work collegiately, focus their efforts on making decisions that are in the Group's best long-term interests, and, to some extent, share in the benefits that accrue to shareholders from a higher future share price.

LONG-TERM INCENTIVE SCHEME

The long-term incentive scheme established in 2017 governs the grant of both deferred-bonus awards to UK-based executive directors and annual awards of fully-paid shares to senior staff other than those directors. The award of fully-paid shares has the advantage of being substantially less dilutive than market-priced share options, whilst continuing to provide an adequate level of incentive to the recipient.

The long-term incentive for UK-based executive directors is through the award of fully-paid share options under the deferred-bonus policy described above. No additional performance criteria attach to the deferred-bonus awards since the original bonus will have been performance related.

In respect of senior staff who are not UK-based executive directors, the Group aims annually to grant options in a limited number of fully-paid shares which vest after three years subject to continued employment by the Group. This is designed to retain valued individuals in a growing and competitive sector. No performance criteria attach to these awards.

EXECUTIVE DIRECTORS

When determining the remuneration of the executive directors, the remuneration committee considers the pay and conditions across the Group, particularly those of the senior management of the operations in Indonesia. The Group aims to provide remuneration packages for the directors and senior management which are a fair reward for their contribution to the business, having regard to the complexity of the Group's operations and the need to attract, retain and motivate high-quality senior management. Remuneration packages are designed to be broadly comparable with those offered by similar businesses, such as European plantation and AIM-listed companies.

Non-pensionable bonuses may be awarded annually in arrears at the discretion of the committee, taking account of the Group's performance during the period and other targeted objectives. Bonuses do not exceed twelve months' salary, half payable in cash and half deferred into an award of fully-paid shares which vest three years after their grant, subject to continued employment by the Group (as described above). The bonuses for 2021 took into account, inter alia, the record level of crop and production in 2021; the Group's response to the Covid-19 pandemic, with low levels of confirmed cases, successful vaccination programmes and minimal disruption to operations; successful commissioning of the Group's fifth mill in Bumi Mas; and completion of the sale of the Group's remaining land assets in Malaysia in furtherance of the board's strategy. The absolute value of these measures was assessed, as was their outturn against budget.

NON-EXECUTIVE DIRECTORS

The fees of the non-executive directors are determined by the board having regard to the complexity of the Group's operations and the need to attract, retain

TOTAL DIRECTORS' REMUNERATION FOR THE YEAR ENDED 31 DECEMBER 2021

	SALARY AND FEES £	BONUS PAID £	[1]BONUS DEFERRED £	OTHER BENEFITS £	SALARY IN LIEU OF PENSION £	[2]PENSION COSTS £	[3]GAIN ON EXERCISE OF SHARE OPTIONS £	TOTAL REMUNERATION 2021 £	TOTAL REMUNERATION 2020 £
Executive directors									
P E Hadsley-Chaplin	246,329	123,165	–	27,896	37,880	–	–	435,270	298,742
T R J Price[4]	493,686	–	–	41,170	18,530	2,333	81,284	637,003	681,730
M H Coulson	230,958	115,479	115,479	32,690	21,854	4,000	56,155	576,615	456,804
K Chandra Sekaran	198,062	–	–	–	–	–	–	198,062	–
	1,169,035	238,644	115,479	101,756	78,264	6,333	137,439	1,846,950	1,437,276
Non-executive directors									
J M Green-Armytage	42,350	–	–	–	–	–	–	42,350	41,100
P A Fletcher	36,250	–	–	–	–	–	–	36,250	35,200
B C Tozer	36,250	–	–	–	–	–	–	36,250	35,200
D M McBain	36,250	–	–	–	–	–	–	36,250	35,200
	151,100	–	–	–	–	–	–	151,100	146,700
Total	**1,320,135**	**238,644**	**115,479**	**101,756**	**78,264**	**6,333**	**137,439**	**1,998,050**	**1,583,976**

1. In line with the Group remuneration policy, half of the bonus for the year to Mr M H Coulson (being 12 months' salary) has been deferred into an award of options over fully-paid shares of equal value which vest after three years subject to continued employment by the Group.
2. The pension costs for Mr T R J Price and Mr M H Coulson are the contributions made by the Company to Company-sponsored self-invested personal pensions.
3. The gain on share options includes amounts already reported in previous years as remuneration under "Bonus deferred".
4. The salary and fees for Mr T R J Price include an amount paid to him in lieu of notice upon his resignation during the year.

The annual ratio for total remuneration of the former chief executive in relation to the median of the Group's UK payroll excluding this individual was 5.3 in 2021 (2020 – 5.9). The equivalent ratio for the percentage increase in annual total remuneration was 1.4 (2020 – 4.9).

and motivate high-quality non-executive directors and the level of fees paid for similar roles in equivalent companies. The aggregate amount authorised (excluding any fees for chairing of committees) under the Company's Articles of Association for non-executive director fees has, since 2010, been limited to £150,000. Since that time, non-executive directors have typically received inflationary annual increases, and the total in 2021 is now close to that limit. It is proposed, as a resolution at the forthcoming annual general meeting, to increase this limit to £250,000.

EXECUTIVE SHARE-OPTION SCHEME

During 2021 Tristan Price, whilst chief executive, and K Chandra Sekaran who was appointed as an executive member of the board, were members of the executive share-option scheme which was established in 2012. Options granted under this scheme gave Tristan Price and K Chandra Sekaran the right to purchase shares on a future date at the market price of the shares on the date that the options were granted. As such, the value of any option is closely tied to the performance of the Group as reflected in its share price. There will be no gain on exercise unless the share price on the exercise date exceeds the share price on the date the options were granted. On 31 December 2021, options over no shares (2020 – 125,000) granted to Tristan Price under this scheme remained outstanding. During the year, 125,000 options were exercised by him (2020 - none) and none (2020 - none) lapsed. On 31 December 2021 options over 50,000 shares granted to K Chandra Sekaran under this scheme remained outstanding.

During the year, Matthew Coulson was a member of the long-term incentive scheme established in 2017 described above, under which half of any discretionary bonus is deferred into options over fully-paid shares. Under this arrangement options on 13,748 fully-paid shares were awarded in 2021 (2020 – 37,764), representing half of the bonus awarded to Matthew Coulson.

OPTIONS HELD OVER SHARES OF THE COMPANY BY THE EXECUTIVE DIRECTORS DURING THE YEAR ENDED 31 DECEMBER 2021

	BALANCE AT 1 JAN 2021*	GRANTED IN THE YEAR	EXERCISED IN THE YEAR	BALANCE AT 31 DEC 2021	EXERCISE PRICE PENCE	DATE OF GRANT	DATE FROM WHICH NORMALLY EXERCISABLE	EXPIRY DATE
Executive share-option scheme								
T R J Price	50,000	–	50,000	–	483.21	19 Jun 12	19 Jun 15	19 Jun 22
	5,750	–	5,750	–	520.00	17 Jan 13	17 Jan 16	17 Jan 23
	44,250	–	44,250	–	510.00	17 Jan 13	17 Jan 16	17 Jan 23
	25,000	–	25,000	–	410.50	13 Jun 16	13 Jun 19	13 Jun 26
	125,000	**–**	**125,000**	**–**				
K Chandra Sekaran	30,000	–	–	30,000	483.21	19 Jun 12	19 Jun 15	19 Jun 22
	20,000	–	–	20,000	412.50	27 Apr 15	27 Apr 18	27 Apr 25
	50,000	**–**	**–**	**50,000**				
Total	**175,000**	**–**	**125,000**	**50,000**				
Long-term incentive scheme								
T R J Price	12,059	–	12,059	–	0.00	12 Jan 18	12 Jan 21	11 Jan 28
	8,272	–	8,272	–	0.00	11 Jan 19	11 Jan 22	10 Jan 29
	7,890	–	7,890	–	0.00	9 Jan 20	9 Jan 23	9 Jan 30
	14,268	–	14,268	–	0.00	22 Dec 20	22 Dec 23	21 Dec 30
	42,489	**–**	**42,489**	**–**				
M H Coulson	8,331	–	8,331	–	0.00	12 Jan 18	12 Jan 21	11 Jan 28
	5,826	–	–	5,826	0.00	11 Jan 19	11 Jan 22	10 Jan 29
	5,557	–	–	5,557	0.00	9 Jan 20	9 Jan 23	9 Jan 30
	10,049	–	–	10,049	0.00	22 Dec 20	22 Dec 23	21 Dec 30
	–	13,748	–	13,748	0.00	14 Dec 21	14 Dec 24	13 Dec 31
	29,763	**13,748**	**8,331**	**35,180**				
K Chandra Sekaran	3,000	–	–	3,000	0.00	1 Jul 19	1 Jul 22	30 Jun 29
	3,000	–	–	3,000	0.00	1 Jul 20	1 Jul 23	30 Jun 30
	3,000	–	–	3,000	0.00	1 Jul 21	1 Jul 24	30 Jun 31
	9,000	**–**	**–**	**9,000**				
Total	**81,252**	**13,748**	**50,820**	**44,180**				

* Or later date of appointment

No options are held by either the chairman or non-executive directors.

At 31 December 2021 the middle-market quotation for the Company's shares, as derived from the London Stock Exchange Daily Official List, was 834p, as compared with the high and low quotations for the year of 908p and 577.50p respectively.

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 whilst in the employment of the Company, and life-assurance cover based on a multiple of salary. No element of a director's remuneration package, other than basic salary, is pensionable. Individuals may elect to forgo contributions to the SIPP, in which case they receive an additional salary paid in lieu of the employer's pension contributions at the same cost to the Company.

Approved by the board of directors and signed by its order.

Katya Merrick
Company secretary
22 March 2022

INDEPENDENT AUDITORS' REPORT

To the members of M.P. Evans Group PLC

OPINION

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent-Company's affairs as at 31 December 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent-Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of M.P. Evans Group PLC (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated and parent Company balance sheets, consolidated and parent Company statements of changes in equity, consolidated cash flow statement and notes to the consolidated and parent-Company accounts, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent-Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 *Reduced Disclosure Framework* (United Kingdom Generally Accepted Accounting Practice).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

CONCLUSIONS RELATING TO GOING CONCERN

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group and the parent Company's ability to continue to adopt the going concern basis of accounting included:

- a review of the directors' assessment of going concern including the potential impact of Covid-19, the conflict in Ukraine and consideration of the key assumptions used in the forecasts including: comparing the CPO price used to historical data and price forecasts; corroborating the historically achieved oil-extraction rate to supporting documentation and considering the reasonableness of forecast extraction rates for each estate; considering forecast production by comparing to historical results along with taking into account the age of planted areas in each estate.
- consideration of the directors' sensitivity analysis along with performing further sensitivities on the revenue and gross profit margin assumptions.

- an assessment of the appropriateness and accuracy of cash flow forecasts used by management by comparing prior year forecasts to current year actuals.
- a review of whether the disclosures are appropriate for the circumstances of the entity and provide sufficient information about the Group and its subsidiaries and the directors' consideration of their ability to continue as a going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

OVERVIEW

COVERAGE

78% (2020 – 90%) of Group profit before tax

84% (2020 – 86%) of Group revenue

77% (2020 – 72%) of Group total assets

KEY AUDIT MATTERS

	2021	2020
Valuation of biological assets	✓	✓

MATERIALITY

Group financial statements as a whole

US$4,900,000 (2020 US$1,400,000) based on 5% of adjusted profit before tax (2020 - 5% of profit before tax).

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The Group financial statements are a consolidation of twenty one companies consisting of the parent Company, three UK-incorporated subsidiary companies, thirteen Indonesian subsidiary companies, one Singapore-incorporated company and three associate entities. The majority of the Group's operations are located in Indonesia with the head office and main group accounting function located in the United Kingdom.

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the directors that may have represented a risk of material misstatement.

Based on our assessment, we identified five (2020 seven) operating plantation companies which, in our view, required an audit of their complete financial information due to their financial significance to the Group ("significant components"). The audit procedures for these components were performed by the component auditors who were members of the BDO International network. It was considered appropriate to perform audit procedures on specific audit areas where their balance was material to the Group for a further seven (2020 nine) companies ("material but not significant components"). Where these components were located overseas, the audit procedures were performed by the component auditors whilst the audit procedures for components located in the UK were performed by the Group audit team. For the other components that were not identified as being significant to the Group, we performed analytical review procedures at the Group level.

As part of the audit strategy, senior members of the Group audit team attended a number of the board's remote quarterly review meetings with estate management.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. In light of the travel restrictions caused by the Covid-19 pandemic, the group team was unable to travel to Indonesia, but were able to communicate effectively with component auditors and local management remotely, in order to direct the component auditor's work and review and evaluate the results of their work as necessary. Our involvement with component auditors included the following:

- As part of our audit planning, the senior statutory auditor and other senior members of the Group audit team held remote planning meetings via video conference with the Indonesian component team where we discussed the Group and local risks identified and agreed the testing approach.
- Senior members of the Group audit team performed a remote review of the component team audit files for the Indonesian operating units using our global audit tool and requested the component auditors to perform any further procedures required.
- At the completion stage senior members of the Group audit team attended the clearance meeting with local audit and local management teams and reviewed component audit teams' reporting, addressing risks and specific procedures raised. We held discussions with component and Group management to discuss the findings from our audit, including local adjustments raised.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW THE SCOPE OF OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Valuation of biological assets (note 3 and 17) Management exercise significant judgement in determining the method to be applied in determining fair value of biological assets as well as in the underlying assumptions used in the calculation. These assumptions include the estimation of the weight of unharvested fresh fruit bunches ("ffb") at the balance sheet date (based on post-year-end production figures and average growth rates), selling price, harvesting and transport costs. We identified this as a significant risk due to the inherent uncertainty around the future estimates.	Our audit work included, but was not restricted to, the following: We considered the valuation model applied by reference to industry research and determined it to be appropriate for the purpose of this valuation in accordance with IAS 41. We assessed the key inputs and assumptions in the calculation being: • production data – agreed to post-year-end internal production reports. A test of control was performed over the preparation and approval of the daily production report along with performing analytical review procedures and investigating any variances against prior year production trends; • average growth rate – agreed to externally published research papers; • selling price – agreed to sales price achieved in December 2021 by agreeing a sample of December sales to supporting documents; • costs to sell – agreed to internal cost data for December 2021 and verified by the component audit team by agreeing a sample of costs to supporting documentation. We considered the appropriateness of the financial statement disclosures against the requirements of the accounting standards. We checked the mathematical accuracy of the model. **Key observations: we consider the judgements and estimates made by management when assessing the valuation of biological assets to be reasonable and that the disclosures in the financial statements are appropriate and in accordance with relevant accounting standards.**

OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent-Company financial statements	
	2021 US$	2020 US$	2021 US$	2020 US$
Materiality	4,900,000	1,400,000	2,838,000	1,330,000
Basis for determining materiality	5% of adjusted profit before tax	5% of profit before tax	2% of total assets	95% of Group materiality
Rationale for benchmark applied	We consider profit to be a key performance measure to a user for the purpose of evaluating financial performance		Calculated as 2% of total assets restricted to 95% of Group materiality due to aggregation risk	
Performance materiality	3,430,000	980,000	1,986,600	931,000
Basis for determining performance materiality	70% of materiality	70% of materiality	70% of materiality	70% of materiality
Rationale for benchmark applied	70% of materiality based on our experience and knowledge of the Group and parent Company, Group structure, planned testing approach and history of errors			

Materiality for 2021 was based on 5% adjusted profit before tax to exclude the profit on sale of Malaysian land which is non-recurring in nature.

Component materiality

We set materiality for each component of the Group based on a percentage of between 82% and 20% (2020 between 57% and 15%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from US$4,000,000 to US$1,000,000 (2020 US$800,000 to US$216,000). In the audit of each component, we further applied performance materiality levels of 70% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the audit committee that we would report to them all individual audit differences in excess of US$98,000 (2020 US$28,000), being 2% of materiality. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

OTHER COMPANIES ACT 2006 REPORTING

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the strategic report and the directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the statement of directors' responsibility, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud
Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group that were contrary to applicable laws and regulations, including fraud.
- We considered the Group's compliance with laws and regulations that have a direct impact on the financial statements including, but not limited to, UK company law, UK tax legislation, AIM rules, and the component auditors considered compliance with Indonesian tax law, Indonesian Sustainable Palm Oil (ISPO) standard and Indonesian land laws, and we considered the extent to which non-compliance might have a material effect on the Group financial statements.
- We designed audit procedures at both the Group and significant component levels to identify instances of non-compliance with such laws and regulations. Our procedures included reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary. We reviewed internal audit reports throughout the year and subsequent to the year-end and we reviewed minutes of all board and committee meetings held during and subsequent to the year for any indicators of non-compliance and made enquiries of management and of the directors as to the risks of non-compliance and any instances thereof.
- We addressed the risk of management override of internal controls, including testing journal entries processed during and subsequent to the year end by assessing journals posted by super users, journals with no description and revenue journals. We then evaluated whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. We also instructed and reviewed the work performed by the component team in this regard."

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the parent-Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent-Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent Company and the parent-Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Anna Draper (Senior Statutory Auditor)
for and on behalf of BDO LLP, Statutory Auditor
Gatwick, United Kingdom
22 March 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Kota Bangun nursery

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2021

	Note	2021 US$'000	2020 US$'000
Continuing operations			
Revenue		276,592	174,510
Cost of sales		(172,979)	(139,755)
Gross profit		103,613	34,755
Gain on biological assets		1,771	682
Profit on sale of land		13,946	—
Foreign-exchange losses		(820)	(1,068)
Other administrative expenses		(5,380)	(4,587)
Other income		1,426	1,539
Operating profit		114,556	31,321
Finance income	6	645	527
Finance costs	7	(2,699)	(3,408)
Profit before tax	8	112,502	28,440
Tax on profit on ordinary activities	9	(23,228)	(7,692)
Profit after tax		89,274	20,748
Share of associated companies' profit after tax		2,508	1,421
Profit for the year		**91,782**	**22,169**
Attributable to:			
Owners of M.P. Evans Group PLC		86,406	20,371
Non-controlling interests	28	5,376	1,798
		91,782	**22,169**

		US cents	US cents
Continuing operations			
Basic earnings per 10p share	11	158.4	37.4
Diluted earnings per 10p share	11	157.9	37.3

		Pence	Pence
Basic earnings per 10p share			
Continuing operations		115.6	29.2

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 US$'000	2020 US$'000
Other comprehensive income (net of tax)		
Items that may be reclassified to the income statement		
Exchange (loss)/gain on translation of foreign operations	(780)	313
Items that will not be reclassified to the income statement		
Remeasurement of retirement-benefit obligations	814	(2,502)
Other comprehensive expense for the year	34	(2,189)
Profit for the year	91,782	22,169
Total comprehensive income	**91,816**	**19,980**
Attributable to:		
Owners of M.P. Evans Group PLC	86,380	18,337
Non-controlling interests	5,436	1,643
	91,816	**19,980**

CONSOLIDATED BALANCE SHEET

COMPANY NUMBER: 1555042

As at 31 December 2021

	Note	2021 US$'000	2020 US$'000
Non-current assets			
Goodwill	13	11,767	11,767
Other intangible assets	13	1,222	1,381
Property, plant and equipment	14	401,005	390,642
Investments in associates	15	13,242	22,154
Investments	16	65	67
Deferred-tax asset	23	3,602	5,046
Trade and other receivables	19	16,618	10,917
		447,521	441,974
Current assets			
Biological assets	17	4,520	2,749
Inventories	18	21,754	11,617
Trade and other receivables	19	41,892	48,620
Current-tax asset		2,522	3,968
Current-asset investments	20	—	334
Cash and cash equivalents	20	65,609	27,222
		136,297	94,510
Total assets		**583,818**	**536,484**
Current liabilities			
Borrowings	22	20,531	39,605
Trade and other payables	21	31,200	26,039
Current-tax liability		12,219	6,003
		63,950	71,647
Net current assets		72,347	22,863
Non-current liabilities			
Borrowings	22	50,517	66,079
Trade and other payables	21	—	38
Deferred-tax liability	23	11,417	10,529
Retirement-benefit obligations	24	12,886	14,051
		74,820	90,697
Total liabilities		**138,770**	**162,344**
Net assets		**445,048**	**374,140**
Equity			
Share capital	25	9,232	9,204
Other reserves	27	55,467	55,090
Retained earnings	27	366,825	300,117
Equity attributable to the owners of M.P. Evans Group PLC		431,524	364,411
Non-controlling interests	28	13,524	9,729
Total equity		**445,048**	**374,140**

The financial statements on pages 60 to 87 were approved by the board of directors on 22 March 2022 and signed on its behalf by

Peter Hadsley-Chaplin
Executive chairman

Matthew Coulson
Chief executive

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	Note	SHARE CAPITAL US$'000	OTHER RESERVES US$'000	RETAINED EARNINGS US$'000	TOTAL US$'000	NON-CONTROLLING INTERESTS US$'000	TOTAL EQUITY US$'000
Profit for the year		–	2,508	83,898	86,406	5,376	91,782
Other comprehensive (expense)/income for the year		–	(404)	378	(26)	60	34
Total comprehensive income for the year		–	**2,104**	**84,276**	**86,380**	**5,436**	**91,816**
Issue of share capital	25	28	799	–	827	–	827
Dividends paid	10	–	–	(20,527)	(20,527)	(1,641)	(22,168)
Dividends from associates	15	–	(2,424)	2,424	–	–	–
Credit to equity for equity-settled share-based payments	26	–	(102)	535	433	–	433
Transactions with owners		**28**	**(1,727)**	**(17,568)**	**(19,267)**	**(1,641)**	**(20,908)**
At 1 January 2021		9,204	55,090	300,117	364,411	9,729	374,140
At 31 December 2021		**9,232**	**55,467**	**366,825**	**431,524**	**13,524**	**445,048**
Profit for the year		–	1,421	18,950	20,371	1,798	22,169
Other comprehensive income/(expense) for the year		–	168	(2,201)	(2,033)	(156)	(2,189)
Total comprehensive income for the year		–	**1,589**	**16,749**	**18,338**	**1,642**	**19,980**
Issue of share capital	25	23	(23)	–	–	–	–
Share buy-backs		(19)	19	(1,155)	(1,155)	–	(1,155)
Dividends paid	10	–	–	(12,105)	(12,105)	(875)	(12,980)
Dividends from associates	15	–	(1,190)	1,190	–	–	–
Credit to equity for equity-settled share-based payments	26	–	(690)	1,299	609	–	609
Transactions with owners		**4**	**(1,884)**	**(10,771)**	**(12,651)**	**(875)**	**(13,526)**
At 1 January 2020		9,200	55,385	294,139	358,724	8,962	367,686
At 31 December 2020		**9,204**	**55,090**	**300,117**	**364,411**	**9,729**	**374,140**

CONSOLIDATED CASH-FLOW STATEMENT

For the year ended 31 December 2021

	Note	2021 US$'000	2020 US$'000
Net cash generated by operating activities	29	**92,272**	**39,598**
Investing activities			
Purchase of property, plant and equipment	14	(32,510)	(41,409)
Purchase of intangible assets	13	(8)	(113)
Interest received	6	316	108
Decrease in bank deposits treated as current-asset investments	30	334	826
Decrease in receivables from smallholder co-operatives		17,630	3,886
Proceeds on disposal of property, plant and equipment		15,125	732
Net cash from/(used by) investing activities		**887**	**(35,970)**
Financing activities			
New borrowings		—	24,581
Repayment of borrowings		(34,636)	(13,307)
Lease liability payments		(218)	(209)
Dividends paid to Company shareholders		(20,527)	(12,105)
Dividends paid to non-controlling interest		(164)	(89)
Issue of Company shares		827	—
Buy-back of Company shares		—	(1,155)
Net cash used by financing activities		**(54,718)**	**(2,284)**
Net increase in cash and cash equivalents		**38,441**	**1,344**
Net cash and cash equivalents at 1 January		27,222	25,947
Effect of foreign-exchange rates on cash and cash equivalents		(54)	(69)
Cash and cash equivalents at 31 December	20	**65,609**	**27,222**

New housing at Bumi Mas

NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2021

1 General information

M.P. Evans Group PLC is a public limited company incorporated in the United Kingdom under the Companies Act 2006 and listed on the London Stock Exchange's Alternative Investment Market ("AIM"). The Company is registered in England and Wales, and the address of its registered office is given on page 100. The nature of the Group's operations and its principal activities are set out in note 4 and in the strategic report on pages 12 to 25. The Group is domiciled in the UK.

The functional currency of M.P. Evans Group PLC, determined under IAS 21, is the US Dollar. Likewise, the functional currency of subsidiaries operating in the palm-oil sector is the US Dollar, reflecting the primary economic environment in which the Group operates. The presentational currency for the Group accounts is also the US Dollar.

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own income statement for the year. M.P. Evans Group PLC reported a loss for the year of US$3,492,000 (2020 loss US$4,518,000). The Company's separate financial statements are set out on pages 88 to 93.

By virtue of Section 479A of the Companies Act 2006, the Company's subsidiary Bertam Consolidated Rubber Company Limited is exempt from the requirement to have an audit and prepare individual accounts. Details of all subsidiary companies are shown on page 94.

2 Adoption of new and revised accounting standards

(a) New and amended standards adopted by the Group

There have been a number of new and amended standards issued by the International Accounting Standards Board ("IASB") that became effective for the first time during the year ended 31 December 2021. The Group has assessed each of them and concluded that the following standards and amendments have not had a material impact on the Group's results or financial position.

IFRS 16 (amendments) *Covid-19-related rent concessions*
IFRS 4 (amendments) *Applying IFRS 9 Financial Instruments with IFRS 4*
Interest rate benchmark reform – phase 2 (amendments to various standards)

(b) New standards, amendments and interpretations issued but not effective for the year beginning 1 January 2021 and not adopted early

At the date of authorisation of these financial statements, a number of new and revised IFRSs have been issued by the IASB but are not yet effective, as listed below. The directors have performed an initial review of each of the new and revised standards and, based on the Group's current operations and accounting policies, are of the view that their adoption will not lead to any material change in the Group's financial reporting.

IFRS 17 (amendments) *Deferral of application and other amendments*
IAS 1 (amendments) *Classification of liabilities as current or non-current*
IAS 1 (amendments) *Disclosure of accounting policies*
IFRS 3 (amendments) *Reference to the conceptual framework*
IAS 8 (amendments) *Definition of accounting estimates*
IAS 16 (amendments) *Proceeds before intended use*
IAS 37 (amendments) *Cost of fulfilling a contract*
IAS 12 (amendments) *Deferred tax arising from a single transaction*
Annual improvements to IFRS Standards 2018-2020

3 Accounting policies

(a) Accounting convention and basis of presentation

The consolidated financial statements of M.P. Evans Group PLC have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under IFRS. On 31 December 2020, IFRS as adopted by the European Union at that date was brought into the UK law and became UK-adopted international accounting standards, with future changes being subject to endorsement by the UK Endorsement Board. The group transitioned to UK-adopted international accounting standards in its consolidated financial statements on 1 January 2021. There was no impact or changes in accounting from the transition. They have been prepared under the historical cost convention, as modified by the valuation of biological assets and available-for-sale financial assets. The Group's 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 considering in detail the period up to the end of 2023, including risks and sensitivities (including an assessment of the impact of Covid-19), concluding that the Group has sufficient projected funds 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. Further details are given in the report of the directors on page 42.

3 Accounting policies continued

(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 power over the investee, has the rights or exposure to variable returns, and has the ability to affect those returns. 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 or associated companies acquired or disposed of during the year are included in the consolidated income statement from or up to the effective point of gaining or losing either control or significant influence as appropriate.

Non-controlling interests in the net assets of subsidiaries are separately identified. They consist of non-controlling interests at the date of business combination, and the non-controlling interest's share of subsequent changes in equity.

On disposal of a subsidiary or associated company, the gain or loss on disposal is calculated as the difference between the fair value of the proceeds received and the Group's consolidated carrying value of the assets and liabilities of the subsidiary or associated undertaking, including goodwill where relevant. If required by IFRS 5, results (including comparative amounts) of the disposed of subsidiary or associated undertaking are included within discontinued operations.

(d) Revenue

Revenue represents the fair value of crops and produce sold during the year, excluding sales taxes. Income is recognised at the point of delivery, which is deemed to be the point at which the performance obligation is satisfied.

(e) Retirement benefits

In the UK, 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 unfunded, but the expense is accrued by the Group based on an annual actuarial review using the projected unit credit method and charged to the income statement on the basis of individuals' service at the balance-sheet date. Remeasurement by the actuary is included in equity, whilst all other movements in the liability, other than benefits paid, are recognised in profit or loss.

(f) 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 application of the Black-Scholes model, using management's best estimates assuming that: options are exercised in the middle of the exercise period for market-priced options and at the start of the exercise period for options issued under the long-term incentive scheme; dividend yield is the latest annual dividend divided by the share price on the date the options are granted; share-price volatility is assessed as the average standard deviation over one year using share prices since 1 January 1993. 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.

(g) Goodwill

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 identifiable net 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 net assets and liabilities acquired over their cost.

Goodwill arising on acquisition is ascribed to an operating subsidiary and capitalised, with provision being made for any impairment. Goodwill is tested for impairment at least annually but provisions, once made, are not reversed. Inputs to the fair value measurement of goodwill fall into 'Levels 2 and 3' in the IFRS categories.

(h) Biological assets

For internal reporting and decision-making, the Group's policy is to recognise fresh fruit bunches ("ffb") at the point of harvest. For the purposes of statutory reporting, the Group's policy is to include an estimate of the fair value of ffb prior to harvest as a biological asset in the Group's financial statements (see note 17). The impact of initial valuations and subsequent changes in value are included in the Group's income statement. The valuation falls into the IFRS category 'Level 3', since sales of ffb prior to harvest are never transacted.

NOTES TO THE CONSOLIDATED ACCOUNTS continued

3 Accounting policies continued

Biological assets continued

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

(i) Intangible assets

Intangible assets (other than goodwill) are stated at historical cost less amortisation. Software is written off over its estimated useful life on a straight-line basis at 10% per annum. Estimated useful lives are reviewed at each balance-sheet date.

(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, including directly-attributable borrowing costs. Leasehold land in Indonesia is held on 25- or 30-year leases and initial costs are not depreciated as the leases can be renewed without significant cost. Perpetual-leasehold land in Malaysia is classified as freehold land, which is not depreciated. Oil-palm plantings are recognised at cost and depreciated, once they reach maturity, over 20 years.

Land and buildings, plant, equipment and vehicles, are written off over their estimated useful lives on a straight-line basis at rates which vary between 0% and 50% per annum. Estimated useful lives are reviewed at each balance-sheet date. Where the board judges the residual value of an asset to exceed its carrying value, as in the case of the UK office, no provision is made for depreciation.

Construction in progress is measured at cost and is not depreciated. Depreciation commences once assets are complete and available for use.

(k) Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability, except for leases of low-value assets and leases with a duration of 12 months or less. Lease liabilities are measured at the present value of lease payments over the term of the lease, and the right-of-use asset is measured at a corresponding amount. The asset is depreciated on a straight-line basis over the lease term, and the lease payments are allocated to the lease liability and the interest implicit in the lease.

(l) Investments in associated companies

Undertakings over which the Group has the ability to exert significant influence, but not control, through shareholdings and board membership, are treated as associated undertakings. Investments in associated undertakings are held in the consolidated financial statements under the equity method of accounting. The consolidated income statement includes the Group's share of the profit or loss on ordinary activities after taxation based on audited financial information for the year ended 31 December 2021. 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 less any profits deferred on sales made to associated companies.

(m) Inventories

Inventories are valued at the lower end of cost and net realisable value. In the case of palm oil, cost represents the weighted-average cost of production, including appropriate overheads. Other inventories are valued on the basis of first in, first out. Young seedlings are included within nurseries as part of inventory, and their cost is transferred to immature planting within property, plant and equipment when they are planted out in the field.

(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 if it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is not provided for 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.

3 Accounting policies continued

(o) Financial instruments

Financial assets and financial liabilities are initially recognised on the Group's balance sheet at fair value when the Group becomes a party to the contractual provisions of the instrument and, other than the Group's investments in unlisted shares, are carried at amortised cost.

Financial assets at fair value through profit or loss – the Group's investments in unlisted shares (other than associated undertakings) are classified as fair value through profit or loss and stated at fair value, with gains and losses recognised directly in the income statement. Fair value is the directors' estimate of sales proceeds at the balance-sheet date.

Trade and other receivables – these represent both amounts due from customers in the normal course of business, recoverable VAT, and financing made available to related parties and smallholder co-operatives. Balances are initially stated at their fair value, and subsequently measured at amortised cost, using the effective-interest-rate method, as reduced by appropriate allowances for estimated expected credit losses, which are charged to the income statement.

Cash and cash equivalents – these include cash at hand, and bank deposits with original maturities of three months or less.

Current-asset investments – these include bank deposits with original maturities of between three and twelve months.

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 property-development sector is the local currency, the Malaysian Ringgit. 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 in 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. In addition, exchange differences arising from translating the results of Group companies that do not have the US Dollar as their functional currency are also recognised in other comprehensive income.

(q) Segmental reporting

Operating segments are consistent with the internal reporting provided to the chief operating-decision maker. The chief operating-decision maker, which is responsible for allocating resources and assessing performance of the operating segments, is the board of directors. The Group's reportable operating segments are included in note 4.

(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 how its policies are applied and hence the amounts reported in the financial statements. Estimates and judgements are periodically evaluated. They 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 estimates.

The critical judgements and key estimates which have the most significant impact on the carrying amount of assets and liabilities are identified below and discussed further in the relevant notes to the accounts.

Critical judgements
- Deferred tax on unremitted earnings (note 23); and
- Depreciation of leasehold land (note 14).

Key estimates
- Carrying value of deferred-tax assets relating to losses (note 23);
- Determination of retirement-benefit obligations (note 24);
- Carrying value of goodwill (note 13); and
- Valuation of biological assets – growing produce (note 17).

NOTES TO THE CONSOLIDATED ACCOUNTS continued

4 Segment information

The Group's reportable segments are distinguished by location and activity: palm-oil plantations in Indonesia and property development in Malaysia. The 'other' segment relates in the main to the Group's UK head office.

	PLANTATION INDONESIA US$'000	PROPERTY MALAYSIA US$'000	OTHER US$'000	TOTAL US$'000
2021				
Continuing operations				
Revenue	276,485	–	107	276,592*
Gross profit	103,605	–	8	103,613
Gain on biological assets	1,771	–	–	1,771
Profit on sale of land	–	–	13,946	13,946
Foreign-exchange (loss)/gain	(966)	–	146	(820)
Other administrative expenses	(325)	–	(5,055)	(5,380)
Other income	1,405	–	21	1,426
Operating profit				**114,556**
Finance income	292	–	353	645
Finance costs	(280)	–	(2,419)	(2,699)
Profit before tax				**112,502**
Tax	(21,161)	–	(2,067)	(23,228)
Profit after tax				**89,274**
Share of associated companies' profit after tax	1,460	1,048	–	2,508
Profit for the year				**91,782**
Consolidated total assets				
Non-current assets	416,748	–	17,531	434,279
Current assets	107,438	–	28,859	136,297
Investments in associates	5,247	7,995	–	13,242
				583,818
Consolidated total liabilities				
Liabilities	58,202	–	80,568	138,770
Other information				
Additions to property, plant and equipment	32,510	–	–	32,510
Additions to intangible assets	8	–	–	8
Depreciation	20,627	–	14	20,641
Amortisation	167	–	–	167

* US$94.1 million of revenue (34.0%) was from sales to 3 customers (12.4%, 11.2%, and 10.4% respectively).

4 Segment information continued

	PLANTATION INDONESIA US$'000	PROPERTY MALAYSIA US$'000	OTHER US$'000	TOTAL US$'000
2020				
Continuing operations				
Revenue	174,458	–	52	174,510*
Gross profit/(loss)	34,851	–	(96)	34,755
Gain on biological assets	682	–	–	682
Foreign-exchange loss	(761)	–	(307)	(1,068)
Other administrative expenses	(554)	–	(4,033)	(4,587)
Other income	1,518	–	21	1,539
Operating profit				**31,321**
Finance income	89	–	438	527
Finance costs	(316)	–	(3,092)	(3,408)
Profit before tax				**28,440**
Tax	(6,377)	–	(1,315)	(7,692)
Profit after tax				**20,748**
Share of associated companies' profit after tax	1,070	351	–	1,421
Profit for the year				**22,169**
Consolidated total assets				
Non-current assets	407,763	–	12,057	419,820
Current assets	84,481	–	10,029	94,510
Investments in associates	5,003	17,151	–	22,154
				536,484
Consolidated total liabilities				
Liabilities	58,592	–	103,752	162,344
Other information				
Additions to property, plant and equipment	41,392	–	17	41,409
Additions to intangible assets	113	–	–	113
Depreciation	17,755	–	21	17,776
Amortisation	165	–	–	165

* US$66.5 million of revenue (38.1%) was from sales to 2 customers (20.9% and 17.2% respectively).

5 Employees

	2021 US$'000	2020 US$'000
Employee costs during the year		
Wages and salaries	35,092	20,465
Social security costs	2,857	2,086
Current service cost of retirement benefit (see note 24)	2,347	1,392
Other pension costs	491	182
Share-based payment charge	433	591
	41,220	**24,716**

NOTES TO THE CONSOLIDATED ACCOUNTS continued

5 Employees continued

	2021 Number	2020 Number
Average monthly number of people employed (including executive directors)		
Estate manual	8,115	7,078
Local management	105	98
United Kingdom head office	8	7
	8,228	**7,183**

Details of directors' remuneration required by the Companies Act 2006 are shown within the directors' remuneration report on page 51 and form part of these audited financial statements.

6 Finance income

	2021 US$'000	2020 US$'000
Interest receivable on bank deposits	316	108
Interest receivable on related party loans	329	419
	645	**527**

7 Finance costs

	2021 US$'000	2020 US$'000
Interest payable on bank loans and overdrafts	2,699	3,408

8 Profit before tax

	2021 US$'000	2020 US$'000
Profit before tax is stated after charging:		
Depreciation of property, plant and equipment	20,641	17,776
Amortisation of intangible assets	167	165
Auditors' remuneration	363	318
Employee costs (note 5)	41,220	24,716
The analysis of auditors' remuneration is as follows:		
Audit of UK parent Company	27	25
Audit of consolidated financial statements	150	146
Audit of overseas subsidiaries	160	121
Total audit services	**337**	**292**
Taxation advisory services	–	–
Total non-audit services	**–**	**–**

* In addition to the above, US$26,000 (2020 US$26,000) were payable to other firms for the audit for the subsidiary companies.

9 Tax on profit on ordinary activities

	2021 US$'000	2020 US$'000
United Kingdom corporation tax charge for the year	508	862
Relief for overseas taxation	(508)	(862)
	—	—
Overseas taxation	21,124	8,533
Adjustments in respect of prior years	—	—
Total current tax	21,124	8,533
Deferred taxation – origination and reversal of temporary differences (see note 23)	2,104	(841)
	23,228	**7,692**

The standard rate of tax for the year, based on the United Kingdom standard rate of corporation tax, was 19% (2020 – 19%). It is due to increase to 25% in April 2023. The standard rate of Indonesian tax was 22% (2020 – 22%). The actual tax charge is higher than the standard rate for the reasons set out in the reconciliation below.

	2021 US$'000	2020 US$'000
Profit on ordinary activities before tax	112,502	28,440
Tax on profit on ordinary activities at the standard rate	21,375	5,404
Factors affecting the charge for the year		
Profits taxed at higher standard tax rate	2,886	1,132
Expenses not deductible	918	1,342
(Reinstatement of losses)/losses no longer available	(1,003)	696
Adjustment to deferred tax on fair value recognition	—	(2,122)
Lower rate on fixed asset disposals	(1,352)	—
Withholding tax on overseas dividends and interest	122	454
Adjustment relating to intercompany loan relationships	335	335
Utilisation of losses brought forward	(254)	(24)
Unrelieved losses	533	239
Other differences	(332)	236
Total tax charge	**23,228**	**7,692**

In addition to the above, the Group recognised a tax charge of US$0.2 million (2020 US$0.7 million credit) on retirement benefit obligation remeasurement gains (2020 losses), recorded in other comprehensive income.

10 Dividends paid and proposed

	2021 US$'000	2020 US$'000
2021 interim dividend –10p per 10p share (2020 interim dividend 5.00p)	7,377	3,511
2020 final dividend –17p per 10p share (2019 final dividend 12.75p)	13,150	8,594
	20,527	**12,105**

Following the year end, the board has proposed a final dividend for 2021 of 25p per 10p share, amounting to US$18.0 million. The dividend will be paid on or after 17 June 2022 to shareholders on the register at the close of business on 29 April 2022.

11 Basic and diluted earnings per share

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

	2021 US$'000	2021 NUMBER OF SHARES	2020 US$'000	2020 NUMBER OF SHARES
Profit for the year attributable to the owners of M.P. Evans Group PLC	86,406		20,371	
Average number of shares in issue		54,564,864		54,478,518
Diluted average number of shares in issue*		54,710,139		54,667,409

* 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.

12 Disposal

As announced on 15 October 2021, the Group completed the disposal of 70 hectares of land owned by its wholly-owned subsidiary Bertam Consolidated Rubber Company Limited to Bertam Properties Sdn Berhad, its 40%-owned associated company. The total sale consideration is 99.9 million Malaysian Ringgit, or US$24.0 million based on the year-end exchange rate. In accordance with the agreement, 60% of the consideration had been received before the end of the year, with 10% due in January 2022 and the remainder in July 2023. These amounts are included in current and non-current receivables respectively in note 19. An initial profit on disposal of US$13.9 million has been recognised. However, accounting standards require that 40% of the profit on disposal be deferred and recognised at the point when Bertam Properties has developed and sold the land. The deferred profit has been deducted from the carrying value of the associated company, as shown in note 15.

13 Intangible assets

	GOODWILL US$'000	SOFTWARE US$'000	TOTAL US$'000
Cost			
At 1 January 2021	11,767	1,665	13,432
Additions	—	8	8
At 31 December 2021	11,767	1,673	13,440
Accumulated amortisation			
At 1 January 2021	—	284	284
Charge for the year	—	167	167
At 31 December 2021	—	451	451
Net book value at 31 December 2021	**11,767**	**1,222**	**12,989**
Cost			
At 1 January 2020	11,767	1,552	13,319
Additions	—	113	113
At 31 December 2020	11,767	1,665	13,432
Accumulated amortisation			
At 1 January 2020	—	119	119
Charge for the year	—	165	165
At 31 December 2020	—	284	284
Net book value at 31 December 2020	**11,767**	**1,381**	**13,148**

Goodwill is carried at cost. Of the balance above, US$10.6 million relates to the Group's project at Bumi Mas, with the remainder relating to the Group's projects at Kota Bangun, Bangka, and at Sennah Estate (part of the Pangkatan group).

13 Intangible assets continued

Key estimate

A review for goodwill impairment has been undertaken by comparing the carrying value of the relevant cash generating units with fair value less cost of disposal. Fair value less cost of disposal has been obtained by reference to independent valuations of the Group's property assets conducted at the end of 2021 (see page 96). These valuations used a 30-year forecast period, to reflect the nature and growth profile of the asset, and its long-term resilience to variations in climate and weather patterns, pre-tax discount rates of 16-19% (2020 – 16-19%), and a mill-gate price for CPO of US$666 for two years before reverting to US$642 as a long-term average (2020 US$620). A decrease in any of the CPO price, yield or extraction assumptions of up to 10% would not result in any impairment (2020 impairment of up to US$4.6 million) of the goodwill relating to Bumi Mas.

14 Property, plant and equipment

	LEASEHOLD LAND US$'000	PLANTING US$'000	BUILDINGS US$'000	PLANT EQUIPMENT & VEHICLES US$'000	CON-STRUCTION IN PROGRESS US$'000	TOTAL US$'000
Cost or valuation						
At 1 January 2021	110,133	209,769	99,136	62,697	19,687	501,422
Additions	1,724	4,017	—	4,514	22,255	32,510
Re-classification	504	—	16,560	11,874	(28,938)	—
Exchange differences	(7)	—	(17)	(2)	—	(26)
Disposals	(447)	(906)	(902)	(1,461)	(262)	(3,978)
At 31 December 2021	**111,907**	**212,880**	**114,777**	**77,622**	**12,742**	**529,928**
Accumulated depreciation						
At 1 January 2021	146	47,507	32,335	30,792	—	110,780
Charge for the year	19	9,270	6,353	4,999	—	20,641
Exchange differences	—	—	(6)	(2)	—	(8)
Disposals	(10)	(632)	(708)	(1,140)	—	(2,490)
At 31 December 2021	**155**	**56,145**	**37,974**	**34,649**	**—**	**128,923**
Net book value at 31 December 2021	**111,752**	**156,735**	**76,803**	**42,973**	**12,742**	**401,005**
Cost or valuation						
At 1 January 2020	106,083	204,212	83,095	51,202	18,800	463,392
Additions	4,248	6,417	—	4,037	26,707	41,409
Re-classification	—	—	16,919	8,901	(25,820)	—
Exchange differences	4	—	3	1	—	8
Disposals	(202)	(860)	(881)	(1,444)	—	(3,387)
At 31 December 2020	**110,133**	**209,769**	**99,136**	**62,697**	**19,687**	**501,422**
Accumulated depreciation						
At 1 January 2020	129	39,206	27,352	27,961	—	94,648
Charge for the year	17	8,301	5,478	3,980	—	17,776
Exchange differences	—	—	3	—	—	3
Disposals	—	—	(498)	(1,149)	—	(1,647)
At 31 December 2020	**146**	**47,507**	**32,335**	**30,792**	**—**	**110,780**
Net book value at 31 December 2020	**109,987**	**162,262**	**66,801**	**31,905**	**19,687**	**390,642**

Included in planting is immature planting with a cost of US$9,381,000 (2020 US$21,540,000).

14 Property, plant and equipment continued

Critical judgement

Included in leasehold land is land in Indonesia which is not being depreciated. Land is held on 25- or 30-year leases, and as those leases can be renewed without significant cost and the Group has previous experience of successful lease renewals, the directors have concluded that the land should not be depreciated. The carrying value of the land at the end of the year is US$110,983,000 (2020 US$109,608,000).

As at 31 December 2021, the Group had entered into contractual commitments for the acquisition of property, plant and equipment of US$16,847,000 (2020 US$13,299,000).

Depreciation and amortisation is charged to cost of sales, other than US$11,000 (2020 US$18,000) charged to other administrative expenses.

At 31 December 2021, the Group accounted for one right-of-use asset (2020 – one asset) as a lease under IFRS 16. The net book value of the asset was US$nil (2020 US$0.3 million). The lease has a three-year term with fixed payments and the lease liability is included in note 21.

15 Investments in associates

Details of the Group's subsidiary and associated undertakings are given on page 94. The Group's associated companies are both unlisted.

	2021 US$'000	2020 US$'000
Share of net assets		
At 1 January	24,600	24,057
Exchange differences	(703)	312
Profit for the year	2,508	1,421
Dividends received	(2,424)	(1,190)
At 31 December	**23,981**	**24,600**
Unrealised profit - deferral on land sales to associate	(10,739)	(2,446)
	13,242	**22,154**

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

	2021			2020		
	KERASAAN US$'000	BERTAM PROPERTIES US$'000	TOTAL US$'000	KERASAAN US$'000	BERTAM PROPERTIES US$'000	TOTAL US$'000
Total						
Revenue	8,676	20,256		6,693	15,234	
Profit after tax	3,843	2,620		2,815	878	
Non-current assets	4,291	50,053		4,232	26,511	
Current assets	11,846	27,702		10,409	29,127	
Current liabilities	(1,585)	(9,027)		(874)	(2,422)	
Non-current liabilities	(743)	(21,894)		(602)	(4,223)	
Net assets	13,809	46,834		13,165	48,993	
Group share	**(38%)**	**(40%)**		**(38%)**	**(40%)**	
Revenue	3,297	8,102	11,399	2,543	6,093	8,636
Profit after tax	1,460	1,048	2,508	1,070	351	1,421
Non-current assets	1,631	20,021	21,652	1,608	10,604	12,212
Current assets	4,501	11,081	15,582	3,955	11,651	15,606
Current liabilities	(603)	(3,612)	(4,215)	(332)	(969)	(1,301)
Non-current liabilities	(282)	(8,756)	(9,038)	(228)	(1,689)	(1,917)
Carrying value at 31 December	5,247	18,734	23,981	5,003	19,597	24,600

16 Investments

	2021 US$'000	2020 US$'000
Financial assets at fair value through profit or loss (unlisted)		
At 1 January	67	66
Exchange differences	(2)	1
At 31 December	**65**	**67**

17 Current biological assets

	2021 US$'000	2020 US$'000
Ffb prior to harvest	4,520	2,749

Oil palms are harvested continuously, many times throughout the year, and, at any given time, each palm will be at a different point in its production cycle. It is not possible to undertake a full census of all palms, and so it is necessary to measure the volume of growing ffb indirectly. The gain or loss shown in the consolidated income statement represents the net movement in the fair value of ffb prior to harvest during the year. During the year, all of the opening balance of ffb prior to harvest was harvested whilst all of the closing balance arose in the year due to gains in fair value less costs to sell.

Key estimate
The estimation in respect of ffb prior to harvest is based on the market price of ffb in each of the Group's locations on 31 December, less the cost of harvesting and transport to mill. The market price is applied to a weight of ffb. This weight derives from the assumption that value accrues exponentially to ffb from the increase in oil content in the four weeks prior to harvest: in terms of tonnage at any given month end, equivalent to 32% of the following month's crop.

The chosen valuation methodology determines the value presented for ffb prior to harvest. Changes to the assumed tonnage will have a directly equivalent proportional effect on the reported valuation. Different defensible valuation methods will give widely differing answers. Changes to both tonnage and methodology lead to a range of valuations between US$4.5 million and US$49.7 million. The Group has never included ffb prior to harvest in its internal reporting and decision-making.

18 Inventories

	2021 US$'000	2020 US$'000
Processed produce for sale	11,319	5,356
Estate stores	9,238	4,665
Nurseries	1,197	1,596
	21,754	**11,617**

19 Trade and other receivables

	2021 US$'000	2020 US$'000
Current assets		
Trade receivables	6,492	3,283
Receivable from smallholder co-operatives	7,734	25,364
Due from associate company	2,396	—
Loans to related parties	697	656
Other receivables	22,398	17,284
Prepayments and accrued income	2,175	2,033
	41,892	**48,620**
Non-current assets		
Due from associate company	6,890	—
Loans to related parties	9,728	10,917
	16,618	**10,917**
Trade and other receivables analysed by currency of receivable:		
Indonesian Rupiah	38,566	47,700
US Dollar	10,523	11,727
Sterling	84	94
Malaysian Ringgit	9,337	16
	58,510	**59,537**

The majority of palm-oil sales are made for cash payment in advance of delivery. The Group makes full provision against invoices outstanding for more than 30 days. At 31 December 2021 there was no provision for impairment of trade receivables (2020 US$nil). The directors consider that the carrying amount of trade and other receivables approximates their fair value.

The Group makes finance available to its associated smallholder co-operatives, both during the immature stage of initial plantings, and as working capital facilities for mature areas. It also provides financial guarantees for some bank loans of US$60.0 million (2020 US$34.1 million) provided to its associated smallholders. All balances due from smallholders, including those for immature areas, are repayable on demand. However, the Group may allow a longer period of finance at its discretion. At an early stage in the development of a new project, costs are incurred but not yet allocated to a specific smallholder, awaiting the completion of further development.

The Group's expected credit loss on its trade and other receivables and financial guarantees is not material. The Group applies the simplified approach in IFRS 9 in determining expected credit losses on trade receivables, taking account of their similar risk characteristics and the Group's experience. In assessing expected credit losses on non-trade receivables and financial guarantees under IFRS 9, the Group considers the long-standing relationship with its stakeholders, the ongoing trading of its associated smallholders, and its ability to continue to recover balances in a planned and controlled manner.

Given the above, receivables from smallholders have been classified as current assets with the exception of those balances not yet allocated to a specific smallholder-co-operative which are expected to take greater than 12 months to recover. An analysis of the balance is as follows:

	2021 US$'000	2020 US$'000
Immature areas - allocated	4,317	6,232
Mature areas	3,417	19,132
Current asset	7,734	25,364
Non-current asset – immature areas – not allocated	—	—
	7,734	**25,364**

The Group previously made finance available to enable its new minority partner to acquire a 5% interest in a number of the Group's Indonesian subsidiary companies. The balance is repayable on demand. However, the Group, at its discretion, anticipates recovering the balance over a longer period based on profit distribution from the subsidiary companies, and has classified the majority of the balance as non-current accordingly. At the end of the year, the balance outstanding on the related party loans was US$10,425,000 (2020 US$11,573,000).

20 Cash and other liquid resources

	2021 US$'000	2020 US$'000
Cash and cash equivalents	65,609	27,222
Current-asset investments	—	334
	65,609	**27,556**

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. Current-asset investments are bank deposits with a maturity of twelve months or less, which have been pledged as security against bank loans. The carrying value of these assets approximates their fair value.

21 Trade and other payables

	2021 US$'000	2020 US$'000
Current liabilities		
Trade payables	15,857	15,302
Payable to smallholder co-operatives	5,428	—
Lease liabilities	38	218
Other payables	9,877	10,519
	31,200	**26,039**
Non-current liabilities		
Lease liabilities (due in 1-2 years)	—	38
	—	**38**

The average credit period taken for trade purchases is 50 days (2020 – 49 days). The Group has processes in place to ensure payables are settled within the agreed terms. The amounts above also reflect the Group's anticipated cash outflows for these financial liabilities.

22 Borrowings

	2021 US$'000	2020 US$'000
Secured borrowing at amortised cost		
Bank loans	71,048	105,684
Total borrowings		
Amount due for settlement within one year	20,531	39,605
Due for settlement in one to two years	17,998	15,541
Due for settlement in two to five years	32,519	50,538
Amount due for settlement after one year	50,517	66,079
	71,048	**105,684**
Analysis of borrowings by currency:		
US Dollar	68,936	102,809
Indonesian Rupiah	2,112	2,875
	71,048	**105,684**
Analysis of anticipated cash outflows:		
Within one year	22,384	42,000
Due within one to two years	19,290	17,372
Due within two to five years	33,236	52,538
	74,910	**111,910**

Bank loans from lenders in Malaysia are secured on the investment in Bertam Properties. Bank loans in Indonesia are secured against certain assets within subsidiary companies, comprising share certificates, land titles and fixed assets. The net book value of property, plant and equipment used as security for bank loans is US$121.3 million (2020 US$137.5 million). At the year end, the Group had undrawn available credit facilities of US$20 million (2020 US$10 million).

The weighted-average interest rate paid on bank loans in the year was 3.3% (2020 – 3.0%).

The analysis of anticipated cash outflows above is based on interest and exchange rates in force at the balance-sheet date.

23 Deferred tax

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

	ACCELERATED TAX DEPRECIATION US$'000	RETIREMENT-BENEFIT OBLIGATIONS US$'000	OTHER TIMING DIFFERENCES US$'000	TOTAL US$'000
At 1 January 2021	(8,093)	3,090	(480)	(5,483)
Charge to income statement	(686)	(27)	(1,391)	(2,104)
Credit to other comprehensive income	–	(228)	–	(228)
At 31 December 2021	**(8,779)**	**2,835**	**(1,871)**	**(7,815)**
At 1 January 2020	(6,804)	2,102	(2,326)	(7,028)
(Charge)/credit to income statement	(1,289)	284	1,846	841
Credit to other comprehensive income	–	704	–	704
At 31 December 2020	**(8,093)**	**3,090**	**(480)**	**(5,483)**

23 Deferred tax continued

Other timing differences relate to losses, with the exception of the deferred tax liability of US$8.5 million (2020 US$8.5 million) that arose in 2017 on the acquisition of PT Bumi Mas Agro. Certain deferred-tax assets and liabilities have been offset. The following is the analysis of deferred-tax balances (after offset) for financial reporting purposes:

	2021 US$'000	2020 US$'000
Deferred-tax assets	3,602	5,046
Deferred-tax liabilities	(11,417)	(10,529)
	(7,815)	**(5,483)**

Critical judgement

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$426,090,000 (2020 US$359,651,000). 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$24,777,000 (2020 US$25,511,000). No liability has been recognised in respect of these differences because the reversal would not give rise to an additional tax liability.

Key estimate

At the balance-sheet date, the Group had unused tax losses of US$62,089,000 (2020 US$49,160,000) available for offset against future profits. The directors have reviewed estimates of future profits and a deferred-tax asset has been recognised in respect of US$30,070,000 (2020 US$36,395,000) of such losses. No deferred-tax asset has been recognised in respect of the remaining US$32,018,000 (2020 US12,764,000) due to the unpredictability of future profit streams. In the normal course of business, both in the UK and Indonesia, the Group has a number of matters under discussion with local tax authorities. The Group is satisfied, based on external tax advice, that appropriate tax treatments have been applied. The likely impact of any change in treatment would be to restrict the availability of the Group's unused tax losses.

The directors have considered the sensitivity of the deferred-tax asset recognised in respect of losses to changes in estimated future profits, particularly with regard to changes in the price of CPO. If CPO prices were to fall by 10% from those initially estimated, there would be no impact on the deferred-tax asset.

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$1,675,000 (2020 US$1,818,000). No asset has been recognised in respect of these differences due to the unpredictability of parent-Company future profit streams.

24 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 based on an annual actuarial review 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. Standard Indonesian mortality assumptions are used, and no allowance is made for internal promotion. A range of different discount rates are used for each of the Indonesian subsidiary companies, based on actuarial advice.

	2021 %	2020 %
The main assumptions used to assess the Group's liabilities are:		
Discount rate	5.25-7.50	6.00-8.00
Salary increase per annum	7.00	7.00

	2021 US$'000	2020 US$'000
Reconciliation of scheme liabilities:		
Current-service cost	2,347	1,392
Past service cost	(2,117)	—
Interest cost	902	661
Actuarial (gain)/loss	(1,043)	3,247
	89	5,300
Less: Benefits paid out	(1,055)	(594)
Movement in the year	(966)	4,706
At 1 January	14,051	9,401
Exchange differences	(199)	(56)
At 31 December	**12,886**	**14,051**

Key estimate
The main assumptions used to assess the Group's liabilities are shown in the table above. Changing one of them by 1% in either direction would have the effect of increasing or decreasing the Group's liabilities by between US$1.3 million and US$1.5 million.

25 Share capital

	AUTHORISED NUMBER	ALLOTTED, FULLY PAID AND VOTING NUMBER	AUTHORISED £'000	ALLOTTED, FULLY PAID AND VOTING US$'000
At 1 January 2021	87,000,000	54,490,253	8,700	9,204
Issued	—	206,000	—	28
At 31 December 2021	**87,000,000**	**54,696,253**	**8,700**	**9,232**
At 1 January 2020	87,000,000	54,461,220	8,700	9,200
Issued	—	182,320	—	23
Redeemed	—	(153,287)	—	(19)
At 31 December 2020	**87,000,000**	**54,490,253**	**8,700**	**9,204**

During the year, in anticipation of the exercise of share options, the Company issued 206,000 10p shares for US$28,000 cash consideration. Furthermore, certain share options were exercised in the year giving rise to the share premium shown in note 27. There were no share buy-backs in the year.

26 Share-based payments

The Group has equity-settled share-option schemes in place for directors and selected employees of the Group. Under the scheme established in 2012, options are exercisable at a price equal to the quoted market price of the Company's shares on the date of grant. Under the Group's long-term incentive scheme established in 2017, options are exercisable at nil cost. For both schemes, the vesting period is three years and if the options remain unexercised after a period of ten years from the date of grant, the options lapse. Options may be forfeited if the employee leaves the Group before the options vest. Details of the share options outstanding during the year are as follows:

	2021 NUMBER OF SHARE OPTIONS	2021 WEIGHTED-AVERAGE EXERCISE PRICE (PENCE)	2020 NUMBER OF SHARE OPTIONS	2020 WEIGHTED-AVERAGE EXERCISE PRICE (PENCE)
At 1 January	326,402	253.5	398,868	207.4
Granted during the year	46,248	0.0	71,714	0.0
Exercised during the year	(196,570)	305.1	(144,180)	0.0
At 31 December	176,080	129.2	326,402	253.5
Exercisable at the end of the year	50,750	448.2	175,000	472.7

The weighted-average share price at the date of exercise for share options exercised during the year was 769p. The options outstanding at 31 December 2021 had a weighted-average remaining contractual life of 6.6 years and exercise prices in the range of 0 to 483p. The Group recognised total expenses of US$433,000 related to equity-settled share-based payments (2020 US$609,000), with options granted in the year valued using a Black-Scholes pricing model based on exercise after three years, share volatility over the last year of 24%, assumed dividends of 3-4%, and a risk-free rate of approximately 1%. The fair value of options granted in the year was between 509p and 664p. Details of the directors' share options are set out in the directors' remuneration report on pages 50 to 52.

27 Reserves

	SHARE-PREMIUM ACCOUNT US$'000	REVALU-ATION RESERVE US$'000	CAPITAL-REDEMPTION RESERVE US$'000	MERGER RESERVE US$'000	TREASURY SHARES 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 2021	31,582	553	4,301	766	(5)	1,072	16,856	(35)	55,090	300,117
Profit for the financial year	—	—	—	—	—	—	2,508	—	2,508	83,898
Exchange differences	—	(5)	—	—	—	—	(489)	90	(404)	(376)
Retirement-benefit obligations	—	—	—	—	—	—	—	—	—	754
Issue of shares	810	—	—	—	(11)	—	—	—	799	—
Dividends paid	—	—	—	—	—	—	—	—	—	(20,527)
Dividends from associates	—	—	—	—	—	—	(2,424)	—	(2,424)	2,424
Share-based payments	—	—	—	—	10	(112)	—	—	(102)	535
At 31 December 2021	**32,392**	**548**	**4,301**	**766**	**(6)**	**960**	**16,451**	**55**	**55,467**	**366,825**
At 1 January 2020	31,582	550	4,282	766	—	1,780	16,414	11	55,385	294,139
Profit for the financial year	—	—	—	—	—	—	1,421	—	1,421	18,950
Exchange differences	—	3	—	—	—	—	211	(46)	168	145
Retirement-benefit obligations	—	—	—	—	—	—	—	—	—	(2,346)
Issue of shares	—	—	—	—	(23)	—	—	—	(23)	—
Share buy-back	—	—	19	—	—	—	—	—	19	(1,155)
Dividends paid	—	—	—	—	—	—	—	—	—	(12,105)
Dividends from associates	—	—	—	—	—	—	(1,190)	—	(1,190)	1,190
Share-based payments	—	—	—	—	18	(708)	—	—	(690)	1,299
At 31 December 2020	**31,582**	**553**	**4,301**	**766**	**(5)**	**1,072**	**16,856**	**(35)**	**55,090**	**300,117**

The nature and purposes of each reserve is described by its title shown in the table above.

28 Non-controlling interests

	2021 US$'000	2020 US$'000
At 1 January	9,729	8,962
Share of profit in the year	5,376	1,798
Dividends paid	(1,641)	(875)
Share of retirement benefit credited/(debited) to other comprehensive income	60	(156)
At 31 December	**13,524**	**9,729**

The Group has a minority partner in each of its plantation operations. The minority share of profit for the year and Group equity, allocated by operation, is shown in the following table:

	2021 PROFIT US$'000	2021 EQUITY US$'000	2020 PROFIT US$'000	2020 EQUITY US$'000
Kota Bangun	1,121	2,598	259	1,784
Bangka	2,292	5,825	1,085	3,488
Pangkatan group	975	3,244	514	2,918
Bumi Mas	663	2,337	8	1,853
Musi Rawas	132	(285)	(130)	(247)
Simpang Kiri	193	(195)	62	(67)
	5,376	**13,524**	**1,798**	**9,729**

29 Note to the consolidated cash-flow statement

	2021 US$'000	2020 US$'000
Operating profit	**114,556**	**31,321**
Biological gain	(1,771)	(682)
Disposal of property, plant and equipment	(13,538)	1,008
Release of deferred profit	(64)	(58)
Depreciation of property, plant and equipment	20,641	17,776
Amortisation of intangible assets	167	165
Retirement-benefit obligations	(351)	2,148
Share-based payments	433	609
Dividends from associated companies	2,424	1,646
Operating cash flows before movements in working capital	**122,497**	**53,933**
Increase in inventories	(10,137)	(545)
Increase in receivables	(8,461)	(7,574)
Increase in payables	5,341	3,806
Cash generated by operating activities	**109,240**	**49,620**
Income tax paid	(14,269)	(6,614)
Interest paid	(2,699)	(3,408)
Net cash generated by operating activities	**92,272**	**39,598**

30 Analysis of movements in net debt

	CASH AND CASH EQUIVALENTS US$'000	CURRENT-ASSET INVESTMENTS US$'000	BORROWINGS DUE WITHIN ONE YEAR US$'000	BORROWINGS DUE AFTER ONE YEAR US$'000	TOTAL US$'000
At 1 January 2021	27,222	334	(39,605)	(66,079)	(78,128)
Net increase in cash and cash equivalents	38,441	–	–	–	38,441
Repayment of borrowings	–	–	34,636	–	34,636
Change in deposits	–	(334)	–	–	(334)
Reclassification	–	–	(15,562)	15,562	–
Foreign-exchange movements	(54)	–	–	–	(54)
At 31 December 2021	**65,609**	**–**	**(20,531)**	**(50,517)**	**(5,439)**
At 1 January 2020	25,947	1,160	(28,337)	(66,137)	(67,367)
Net increase in cash and cash equivalents	1,344	–	–	–	1,344
New borrowings	–	–	(10,000)	(14,581)	(24,581)
Repayment of borrowings	–	–	13,307	–	13,307
Change in deposits	–	(826)	–	–	(826)
Reclassification	–	–	(14,639)	14,639	–
Foreign-exchange movements	(69)	–	64	–	(5)
At 31 December 2020	**27,222**	**334**	**(39,605)**	**(66,079)**	**(78,128)**

31 Financial instruments

Capital-risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising returns to shareholders. The capital structure of the Group consists of debt (see note 22), cash and cash equivalents, current-asset investments 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 debt of US$5,439,000 (2020 US$78,128,000) and equity attributable to the owners of the parent Company of US$431,524,000 (2020 US$364,111,000). The board intends to fund its continuing Indonesian expansion by a combination of the Group's cash and other liquid resources, debt finance, and considering the sale of further non-core assets where appropriate.

Categories of financial instruments

All of the Group's financial assets (other than cash and other liquid resources) are classified as held at amortised cost, with the exception of its other investments shown in note 16, which are classified as financial assets at fair value through profit or loss. 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 majority of the Group's 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 and Malaysia. The Group does not have significant 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 makes limited use of forward-currency contracts; there were no contracts open at 31 December 2021.

31 Financial instruments continued

The currency profile of the Group's monetary assets, excluding trade and other receivables (the currency profile of which is given in note 19), are as follows:

	2021 US$'00	2020 US$'000
US Dollar	18,439	14,575
Indonesian Rupiah	39,349	12,086
Sterling	7,562	178
Malaysian Ringgit	259	717
	65,609	**27,556**

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

The Group is exposed to changes in foreign-currency exchange rates. This is in relation to the impact of movements on its non-US Dollar monetary assets and in relation to the consolidation of its non-US Dollar-functional-currency subsidiary and associated undertakings. The most significant sensitivity arises in respect of movements in the Indonesian Rupiah. Management estimates that a 10% weakening of the US Dollar against the Indonesian Rupiah would result in a fall in profit for the year and net assets of US$7.6 million (2020 US$5.7 million).

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 to banks who have a credit rating of at least A minus. The Group's only financial liabilities other than short-term trade and other payables are the borrowings referred to in note 22. Group borrowings are at variable rates of interest linked to LIBOR, and so is exposed to changes in underlying interest rates. Based on current borrowing, management estimates that for every 1% decrease or increase in interest rates, Group profit for the year and net assets would increase or decrease by US$0.6 million (2020 US$0.9 million).

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, and loans extended to the smallholder-co-operative schemes attached to the Group's new projects. 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 actively monitoring 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 ten years. The maturity profile for financial liabilities is shown in note 22.

32 Related-party transactions

Remuneration of key management personnel
The remuneration of the directors, who are the key management personnel of the Group, is set out in the directors' remuneration report on page 51. The directors' participation in the executive share-option schemes and long-term incentive scheme is disclosed on page 52.

On 15 October 2021, the Group completed the disposal of 70 hectares of land owned by its wholly-owned subsidiary Bertam Consolidated Rubber Company Limited to Bertam Properties Sdn Berhad, its 40%-owned associated company. Further details are in note 12.

The Group received dividends from its associated companies during the year. These are set out in note 15.

The Group continued to make finance available to one of its minority partners during the year. This is set out in note 19.

PARENT-COMPANY BALANCE SHEET

COMPANY NUMBER: 1555042

As at 31 December 2021

	Note	2021 US$'000	2020 US$'000
Non-current assets			
Property, plant and equipment	iv	846	857
Investments in subsidiaries	v	15,799	15,799
Trade and other receivables	vi	115,588	—
		132,233	16,656
Current assets			
Trade and other receivables	vi	746	147,684
Cash and cash equivalents		8,926	389
		9,672	148,073
Total assets		**141,905**	**164,729**
Current liabilities			
Trade and other payables	vii	5,808	5,873
Net current assets		3,864	142,200
Non-current liabilities			
Borrowings		—	—
Total liabilities		**5,808**	**5,873**
Net assets		**136,097**	**158,856**
Equity			
Share capital	viii	9,232	9,204
Other reserves	ix	38,890	38,193
Retained earnings	ix	87,975	111,459
Total equity		**136,097**	**158,856**

The Company recorded a loss for the year of US$3,492,000 (2020 loss US$4,518,000).

The financial statements on pages 88 to 93 were approved by the board of directors on 22 March 2022 and signed on its behalf by

Peter Hadsley-Chaplin
Executive chairman

Matthew Coulson
Chief executive

PARENT-COMPANY STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2021

	SHARE CAPITAL US$'000	OTHER RESERVES US$'000	RETAINED EARNINGS US$'000	TOTAL US$'000
Loss for the year	—	—	(3,492)	(3,492)
Total comprehensive expense for the year	**—**	**—**	**(3,492)**	**(3,492)**
Issue of share capital	28	799	—	827
Dividends	—	—	(20,527)	(20,527)
Credit to equity for equity-settled share-based payments	—	(102)	535	433
Transactions with owners	**28**	**697**	**(19,992)**	**(19,267)**
At 1 January 2021	9,204	38,193	111,459	158,856
At 31 December 2021	**9,232**	**38,890**	**87,975**	**136,097**
Loss for the year	—	—	(4,518)	(4,518)
Total comprehensive expense for the year	**—**	**—**	**(4,518)**	**(4,518)**
Issue of share capital	23	(23)	—	—
Dividends	—	—	(12,105)	(12,105)
Share buy-back	(19)	19	(1,155)	(1,155)
Credit to equity for equity-settled share-based payments	—	(690)	1,299	609
Transactions with owners	**4**	**(694)**	**(11,961)**	**(12,651)**
At 1 January 2020	9,200	38,887	127,938	176,025
At 31 December 2020	**9,204**	**38,193**	**111,459**	**158,856**

NOTES TO THE PARENT-COMPANY ACCOUNTS

For the year ended 31 December 2021

i Significant accounting policies

Basis of accounting

M.P. Evans Group PLC is a public limited company incorporated in the United Kingdom and registered in England and Wales, and the address of its registered office is given on page 100. The Group's principal activities are shown in the strategic report on page 12. The financial statements of the Company are presented as required by the Companies Act 2006. The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101"). The financial statements have been prepared on a going-concern basis under the historical-cost convention, in accordance with applicable accounting standards in the United Kingdom. The Company is domiciled in the UK.

The principal accounting policies have been consistently applied and are summarised below. The directors have concluded that the functional currency is the US Dollar, reflecting the primary economic environment in which the Company operates. The presentational currency for the Company accounts is also the US Dollar.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to share-based payment, financial instruments, capital management, presentation of comparative information in relation to certain assets, and certain related party transactions.

Pursuant to Section 408 of the Companies Act 2006, the Company's own income statement and statement of other comprehensive income are not presented separately in the Company financial statements, but they have been approved by the board.

The Company has assessed the impact of new and revised accounting standards as described in note 2 to the consolidated financial statements, and has concluded that none have a material impact on the Company's results or financial position.

Going concern

The financial statements have been prepared on a going-concern basis. The directors have conducted a review of projected cash flows, concluding that the Company has sufficient projected funds to continue its business in the medium term. Further details are given in the report of the directors on page 42.

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.

Property, plant and equipment

Property, plant and equipment are stated at the historic purchase cost less accumulated depreciation. Plant, equipment and vehicles are depreciated over their estimated useful lives at 25%. Estimated useful lives are reviewed at each balance-sheet date. Where the board judges the residual value of an asset to exceed its carrying value, no provision is made for depreciation.

Investments in subsidiaries

Investments in subsidiaries are shown at cost less provision for impairment.

Trade and other receivables

These represent amounts due from Group companies in the normal course of business, are repayable on demand, unsecured and are not interest-bearing. These are measured at amortised cost, reduced by appropriate allowances for expected credit losses. Balances are classified as non-current if they are not expected to be recovered in less than one year.

Cash and cash-equivalents

These include cash in hand and deposits held with banks with original maturities of three months or less.

Trade and other payables

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost. Borrowings are recorded at the proceeds received, net of direct issue costs.

Critical accounting judgements and key sources of estimation uncertainty

The critical judgements and accounting estimates relevant to the consolidated financial statements are shown in note 3 to the consolidated financial statements on page 69. The directors have concluded that there are no critical judgements and accounting estimates in the preparation of the parent-Company accounts.

ii Result for the year

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year. M.P. Evans Group PLC reported a loss for the year ended 31 December 2021 of US$3,492,000 (2020 loss US$4,518,000). The Company's main source of income is dividends from subsidiary companies.

The auditors' remuneration for audit services was US$27,000 (2020 US$25,000).

iii Employees

	2021 US$'000	2020 US$'000
Employee costs during the year		
Wages and salaries	2,349	1,868
Social security costs	502	229
Pension costs	52	48
Share-based payments	195	245
	3,098	**2,390**

As recorded in the directors' remuneration report on page 50, wages and salary costs include bonuses paid to the directors in respect of 2021 and 2020.

	2021 NUMBER	2020 NUMBER
Average monthly number of people employed		
Staff	5	4
Directors	3	3
	8	**7**

iv Property, plant and equipment

	LAND AND BUILDINGS US$'000	PLANT, EQUIPMENT & VEHICLES US$'000	TOTAL US$'000
Cost			
At 1 January 2021 and 31 December 2021	**834**	**124**	**958**
Accumulated depreciation			
At 1 January 2021	—	101	101
Charge for the year	—	11	11
At 31 December 2021	**—**	**112**	**112**
Net book value at 31 December 2021	**834**	**12**	**846**
Net book value at 31 December 2020	834	23	857

NOTES TO THE PARENT-COMPANY ACCOUNTS continued

v Investments in subsidiaries

	US$'000
Subsidiary undertakings	
At 1 January and 31 December 2021	15,799

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

Holdings are all of ordinary shares. The directors believe the carrying value of investments is supported by their underlying net assets. Details of all subsidiary companies are shown on page 94.

vi Trade and other receivables

	2021 US$'000	2020 US$'000
Current assets		
Amounts owed by subsidiary undertakings	—	147,598
Other debtors	691	40
Prepayments and accrued income	55	46
	746	**147,684**
Non-current assets		
Amounts owed by subsidiary undertakings	115,588	—
	115,588	**—**

vii Trade and other payables

	2021 US$'000	2020 US$'000
Borrowings	5,000	5,000
Other creditors	808	873
	5,808	**5,873**

viii Called-up share capital

See note 25 to the consolidated financial statements.

NOTES TO THE PARENT-COMPANY ACCOUNTS continued

ix Reserves

	SHARE-PREMIUM ACCOUNT US$'000	CAPITAL-REDEMPTION RESERVE US$'000	MERGER RESERVE US$'000	TREASURY SHARES US$'000	OTHER RESERVES US$'000	TOTAL US$'000	RETAINED EARNINGS US$'000
At 1 January 2021	31,582	4,110	1,434	(5)	1,072	38,193	111,459
Issue of shares	810	—	—	(11)	—	799	—
Share-based payments	—	—	—	10	(112)	(102)	535
Loss for the year	—	—	—	—	—	—	(3,492)
Dividends*	—	—	—	—	—	—	(20,527)
At 31 December 2021	**32,392**	**4,110**	**1,434**	**(6)**	**960**	**38,890**	**87,975**
At 1 January 2020	31,582	4,091	1,434	—	1,780	38,887	127,938
Issue of shares	—	—	—	(23)	—	(23)	—
Share buy-back	—	19	—	—	—	19	(1,155)
Share-based payments	—	—	—	18	(708)	(690)	1,299
Loss for the year	—	—	—	—	—	—	(4,518)
Dividends*	—	—	—	—	—	—	(12,105)
At 31 December 2020	**31,582**	**4,110**	**1,434**	**(5)**	**1,072**	**38,193**	**111,459**

* See note 10 to the consolidated financial statements.

SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

As at 31 December 2021

SUBSIDIARY UNDERTAKINGS

Details of the Group's subsidiary undertakings as at 31 December 2021 are as follows:

NAME OF SUBSIDIARY	% OF SHARES HELD	COUNTRY OF INCORPORATION	COUNTRY OF OPERATION	FIELD OF ACTIVITY
PT Prima Mitrajaya Mandiri	95	Indonesia	Indonesia	Production at Kota Bangun
PT Teguh Jayaprima Abadi	95	Indonesia	Indonesia	Production at Kota Bangun
PT Perkebunan Tenera Muarawis	51	Indonesia	Indonesia	Production at Kota Bangun
PT Bumi Mas Agro	95	Indonesia	Indonesia	Production at Bumi Mas
PT Gunung Pelawan Lestari	90	Indonesia	Indonesia	Production at Bangka
PT Evans Lestari	95	Indonesia	Indonesia	Production at Musi Rawas
PT Pangkatan Indonesia	95	Indonesia	Indonesia	Production at Pangkatan group
PT Bilah Plantindo	95	Indonesia	Indonesia	Production at Pangkatan group
PT Sembada Sennah Maju	95	Indonesia	Indonesia	Production at Pangkatan group
PT Simpang Kiri Plantation Indonesia	95	Indonesia	Indonesia	Production at Simpang Kiri
PT Evans Indonesia	100	Indonesia	Indonesia	Provision of agronomic and management-consultancy services
Bertam Consolidated Rubber Company Limited	100	England and Wales	Malaysia	Holding company
M.P. Evans & Co. Limited*	100	England and Wales	United Kingdom	Holding company
Sungkai Holdings Limited*	100	England and Wales	United Kingdom	Holding company
Sunrich Plantations Pte Ltd	100	Singapore	Singapore	Holding company
PT Perusahaan Pertanian Perkebunan Perindustrian dan Perdagangan Surya Makmur	95	Indonesia	Indonesia	Holding company
PT Aceh Timur Indonesia	95	Indonesia	Indonesia	Holding company

The shareholdings in the above companies represent ordinary shares. Other than the companies marked *, all shareholdings are held indirectly.

The registered offices for all Indonesian companies is Graha Aktiva, Suite 1001, Jl HR Rasuna Said Blok X-1 Kav 03, Jakarta 12950 Indonesia, for Sunrich Plantations Pte Ltd is 25 North Bridge Road, Level 7 Singapore 179104, and for all UK companies is the Group's registered office as shown on page 100.

ASSOCIATED UNDERTAKINGS

Details of the associated undertakings as at 31 December 2021 are as follows:

UNLISTED	ISSUED, FULLY-PAID SHARE CAPITAL	% HELD	COUNTRY OF INCORPORATION	COUNTRY OF OPERATION	FIELD OF ACTIVITY
PT Kerasaan Indonesia	Rp 138.07m	38	Indonesia	Indonesia	Production of CPO and PK
Bertam Properties Sdn. Berhad.	RM 60.00m	40	Malaysia	Malaysia	Property development

The registered office of PT Kerasaan Indonesia is Forum Nine Building, 10th Floor, Suite 1-11 Jl. Imam Bonjol No.9, Medan-20112, North Sumatra, Indonesia and the registered office of Bertam Properties Sdn. Berhad is 1st Floor, Standard Chartered Bank Chambers, Lebuh Pantai, 10300 Pulau Pinang, Malaysia.

ANALYSIS OF INDONESIAN PLANTATION LAND AREAS

As at 31 December 2021

The information on pages 95 to 100 does not form part of the audited financial statements.

PLANTED HECTARAGE

		GROUP			SCHEME SMALLHOLDERS		
	OWNERSHIP %	MATURE HA	IMMATURE HA	TOTAL[1] HA	MATURE HA	IMMATURE HA	TOTAL[2] HA
Subsidiaries – oil palm							
Kota Bangun	95	10,362	140	10,502	4,490	158	4,648
Bumi Mas	95	7,278	215	7,493	1,351	87	1,438
Bangka	90	6,135	16	6,151	3,881	-	3,881
Musi Rawas[3]	95	5,013	1,238	6,251	2,292	512	2,804
Pangkatan group	95	6,435	531	6,966			
Simpang Kiri	95	1,996	429	2,425			
Total		**37,219**	**2,569**	**39,788**	**12,014**	**757**	**12,771**
Group share of subsidiaries' land		**35,052**	**2,439**	**37,491**			
Associates – oil palm							
Kerasaan	38	2,073	102	2,175			
Group share of associates' land		**788**	**39**	**827**			
Memorandum:							
Group share of subsidiaries' land and share of associates' land		35,840	2,478	38,318			
Subsidiaries' land and Group share of associates' land		38,007	2,608	40,615			

Notes

1. All of the Group's areas, other than at Kota Bangun, have a final land license, as does all of the associate's area at Kerasaan. At Kota Bangun, the Group has all HGUs except for approximately 900 hectares for which the HGU is currently being obtained.
2. All the scheme-smallholder areas at Bangka and Musi Rawas have an HGU. At Kota Bangun, HGUs have been granted over 3,300 of the planted hectares. The Group is assisting the smallholders in obtaining the HGUs for the remaining areas at Kota Bangun and at Bumi Mas.
3. The board's current estimate is that, between Group and scheme-smallholder areas it will be possible to plant a minimum of 10,000 hectares at Musi Rawas, and that this may be extendable to between 11,000 – 12,000 hectares as a final total.

ANALYSIS OF GROUP EQUITY VALUE

As at 31 December 2021

The information in the following table provides a directors' estimate of the Group equity value at 31 December 2021 utilising, except where indicated, an independent valuation of the Group's properties performed at the end of 2021.

	OWNERSHIP %	PLANTED AREA HA	TOTAL MARKET VALUE US$'000	MARKET VALUE PER PLANTED HECTARE US$	MARKET VALUE ATTRIBUTABLE TO GROUP US$'000
INDONESIAN OIL PALM PLANTATIONS					
Group					
Kota Bangun[1]	95	10,502	244,800	23,300	232,560
Bumi Mas[1]	95	7,493	177,000	23,600	168,150
Bangka[1]	90	6,151	134,900	21,900	121,410
Musi Rawas	95	6,251	115,300	18,400	109,535
Pangkatan group[1]	95	6,966	129,400	18,600	122,930
Simpang Kiri	95	2,425	33,500	13,800	31,825
		39,788	**834,900**	**21,000**	**786,410**
Smallholders					
Kota Bangun	95	4,648	29,600	6,400	28,120
Bumi Mas	95	1,438	7,100	4,900	6,745
Bangka	90	3,881	17,400	4,500	15,660
Musi Rawas	95	2,804	18,900	6,700	17,955
		12,771	**73,000**	**5,700**	**68,480**
Associates					
Kerasaan[2]	38	2,175	33,100	15,200	12,578
Total Indonesia					**867,468**
MALAYSIAN PROPERTY					
Bertam Properties[3]	40	n/a			47,637
Total Malaysia					**47,637**
Net debt[4]					**(7,363)**
Other assets and liabilities[5]					**26,079**
Total equity value					**933,821**
Equity value (£ per share[6])					**12.65**

Notes

1. Market value per planted hectare includes value of mills on the related estates.
2. The Group's only oil-palm associate, Kerasaan, was not included in the independent valuation at 31 December 2021. The value in the table above has been carried forward from the independent valuation performed at 31 December 2019.
3. The valuation of Bertam Properties includes Bertam Estate valued at the amount paid to purchase the land from the Group during 2021.
4. Net debt is taken as cash and other liquid resources less borrowings from the 31 December 2021 balance sheet, attributable to the owners of M.P. Evans Group PLC.
5. Other assets and liabilities are taken as net assets minus plantation and property-related assets, minus net cash from the 31 December 2021 balance sheet, attributable to the owners of M.P. Evans Group PLC.
6. Amount per share is calculated using the year-end exchange rate and year-end shares in issue (see note 25).

FIVE-YEAR SUMMARY

		2021 Tonnes	2020 Tonnes	2019 Tonnes	2018 Tonnes	2017 Tonnes
Production						
Crude palm oil		312,900	271,700	231,900	192,500	154,000
Palm kernels		67,100	60,400	53,000	43,500	33,500
Crops						
Oil-palm fresh fruit bunches						
Own crops		809,700	724,300	663,300	573,000	434,500
Scheme-smallholder crops		229,300	193,000	172,100	149,600	101,300
Independent-smallholder crop purchased		327,200	289,700	166,100	106,500	118,300
		1,366,200	1,207,000	1,001,500	829,100	654,100
Indonesian associated-company estates		55,200	54,800	54,200	51,700	50,000
		US$	**US$**	**US$**	**US$**	**US$**
Average sale prices						
Crude palm oil – cif Rotterdam per tonne		1,195	716	566	598	714
Exchange rates						
US$1 = Indonesian Rupiah	– average	14,295	14,541	14,142	14,234	13,382
	– year end	14,253	14,050	13,883	14,380	13,568
US$1 = Malaysian Ringgit	– average	4.14	4.20	4.14	4.04	4.30
	– year end	4.17	4.02	4.09	4.13	4.05
£1 = US Dollar	– average	1.37	1.28	1.28	1.34	1.29
	– year end	1.35	1.37	1.32	1.27	1.35
		US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Revenue		276,592	174,510	119,341	108,553	116,536
Gross profit		103,613	34,755	17,044	26,525	36,246
Profit before tax		112,502	28,440	12,780	18,348	35,070
		US cents	**US cents**	**US cents**	**US cents**	**US cents**
Basic continuing earnings per share		158.4	37.4	11.6	9.9	41.8
		Pence	**Pence**	**Pence**	**Pence**	**Pence**
Basic continuing earnings per share		115.6	29.2	9.0	7.4	32.4
Dividends per share:						
Normal		35.00	22.00	17.75	17.75	17.75
Special		5.00	—	—	—	10.00
Total		40.00	22.00	17.75	17.75	27.75
		US$'000	**US$'000**	**US$'000**	**US$'000**	**US$'000**
Equity attributable to the owners of M.P. Evans Group PLC		431,524	364,111	358,724	377,033	387,034
Net cash generated by operating activities		92,272	39,598	32,002	21,297	20,723

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of M.P. Evans Group PLC will be held at Tallow Chandlers' Hall, 4 Dowgate Hill, London EC4R 2SH on 10 June 2022 at 12:00 noon. The Company is pleased to be holding an 'in person' 2022 AGM, but also aims to make viewing on-line available. Further details will be provided in advance of the meeting on the Company's AGM website page. The meeting will be for the following purposes:

AS ORDINARY BUSINESS

		RESOLUTION ON FORM OF PROXY
1	To receive and consider the report of the directors and the audited consolidated financial statements for the year ended 31 December 2021.	No 1
2	To receive and consider the directors' remuneration report as set out in the annual report and accounts for the financial year ended 31 December 2021.	No 2
3	To elect K Chandra Sekaran as a director.	No 3
4	To re-elect Jock Green-Armytage as a director.	No 4
5	To re-elect Philip Fletcher as a director.	No 5
6	To declare a final dividend.	No 6
7	To increase the total amount of fees payable to all of the non-executive directors (excluding any remuneration for special or additional services paid pursuant to article 102) to £250,000.	No 7
8	To appoint BDO LLP as auditors and to authorise the directors to determine their remuneration.	No 8

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolution, as a special resolution:

RESOLUTION ON FORM OF PROXY

9 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: — No 9

a) the maximum number of shares hereby authorised to be purchased is 5,469,625;

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 2023 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.

By order of the board

Katya Merrick
Company secretary
22 March 2022

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 or her 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 8 June 2022 (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). Alternatively, you may appoint a proxy electronically.

   If you wish to submit your form of proxy via the internet, you will need your Control Number, Shareholder Reference Number ("SRN") and Personal Identification Number ("PIN") which are printed on the Form of Proxy. To appoint a proxy via the internet you should log on to the Computershare website at www.investorcentre.co.uk/eproxy. You will be asked to agree to the terms and conditions for electronic proxy appointment. It is important that you read these terms and conditions as they set out the basis on which proxy appointment via the internet shall take place. This electronic address is provided only for the purpose of communications relating to electronic appointment of proxies.

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 pm on 8 June 2022 (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 22 March 2022, the Company's issued share capital consisted of 54,696,253 shares carrying one vote each. Therefore the total number of voting rights in the Company as at that date was 54,696,253.

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) Save as provided below, members who wish to communicate with the Company in relation to the meeting should do so 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.

9) Members have the right to require notice of a resolution to be moved or a matter to be included in the business of the meeting.

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.

THE ANNUAL GENERAL MEETING WILL BE HELD ON FRIDAY 10 JUNE 2022 AT NOON

VENUE
Tallow Chandlers' Hall
4 Dowgate Hill
London EC4R 2SH

CLOSEST TRANSPORT LINKS
Mansion House (District and Circle Lines)
Cannon Street (District and Circle Lines, National Rail Services)
Bank (Central, Northern and Waterloo & City Lines)

TALLOW CHANDLERS' HALL

PROFESSIONAL ADVISERS & REPRESENTATIVES

SECRETARY AND REGISTERED OFFICE
Katya Merrick
M.P. Evans Group PLC
3 Clanricarde Gardens, Tunbridge Wells, Kent TN1 1HQ
Company number: 1555042
t +44 (0)1892 516 333
e katya.merrick@mpevans.co.uk
w www.mpevans.co.uk

INDONESIAN REGIONAL OFFICE
PT Evans Indonesia
Gedung Graha Aktiva, Suite 1001,
Jl HR Rasuna Said Blok X-1 Kav 03, Jakarta 12950

MANAGING AGENT IN MALAYSIA
Straits Estates Sdn. Berhad
Loke Mansion, 147 Lorong Kelawei, 10250 Penang

INDEPENDENT AUDITORS
BDO LLP
2 City Place, Beehive Ring Road, Gatwick,
West Sussex RH6 0PA

REGISTRARS
Computershare Investor Services PLC
The Pavilions, Bridgwater Road, Bristol BS99 6ZZ
t +44 (0)3707 071 176
w www.computershare.com

PRINCIPAL BANKERS
OCBC Bank
18 Jalan Tun Perak, 50050 Kuala Lumpur, Malaysia

AmBank Group
55 Jalan Raja Chulan, 50200 Kuala Lumpur, Malaysia

NatWest
89 Mount Pleasant Road, Tunbridge Wells, Kent TN1 1QJ

NOMINATED ADVISER AND JOINT BROKER
Peel Hunt LLP
7th Floor, 100 Liverpool Street, London EC2M 2AT

JOINT BROKER
finnCap
1 Bartholomew Close, London EC1A 7BL

SOLICITORS
Hogan Lovells International LLP
Atlantic House, 50 Holborn Viaduct, London EC1A 2FG

PUBLIC RELATIONS ADVISERS
Hudson Sandler LLP
25 Charterhouse Square, London EC1M 6AE

GLOSSARY

CPO	Crude palm oil
PKO	Palm-kernel oil
RSPO	Round Table on Sustainable Palm Oil
Ffb	Fresh fruit bunches
PK	Palm kernels
RISS	RSPO's Independent Smallholder Standard
ISCC	International Sustainability & Carbon Certification
HGU	*Hak guna usaha:* land lease granted by Indonesian government

The Bangka mill and biogas plant

WORLD LAND TRUST™
www.carbonbalancedpaper.com
CBP011526

This report is printed on paper certified in accordance with the FSC® (Forest Stewardship Council®).

Woodrow Press Ltd aims to reduce at source the effect its operations have on the environment and is committed to continual improvement, prevention of pollution and compliance with any legislation or industry standards.

M.P. Evans GROUP PLC

3 Clanricarde Gardens
Tunbridge Wells
Kent TN1 1HQ
United Kingdom

t +44 (0)1892 516 333
e enquiries@mpevans.co.uk
w mpevans.co.uk