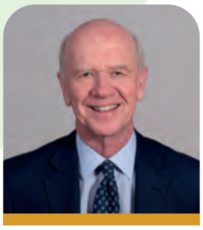
M.P. Evans GROUP PLC

CELEBRATING 150 years M.P. EVANS GROUP PLC

Annual Report &
Financial Statements
for the year ended
31 December 2023

2023

From the chairman



The Group has made further significant progress in delivering its strategy in 2023. We increased the amount of crop that was processed and, importantly, almost all that crop is processed in a Group mill now that our sixth mill is up and running.

We have secured a substantial increase in planted hectarage during the year, which will support our continuing growth, and we remain focused on opportunities for further sustainable development, both at our existing estates and as we continue to review additional acquisition prospects.

Profit and cash generation remain strong and form a sound foundation for the board's proposal to increase the final dividend for 2023 to 32.5p per share. This brings total dividends for the year up to 45p per share, another step forward in the Group's long-standing progressive approach to shareholder returns.

Peter Hadsley-Chaplin

Contents

Group financial highlights

For the year ended 31 December 2023

Revenue
6% decrease
2023 US$307.4m
2022 US$326.9m

Gross profit
28% decrease
2023 US$78.5m
2022 US$109.2m

Operating profit
26% decrease
2023 US$75.3m
2022 US$101.6m

Profit for the year
28% decrease
2023 US$56.4m
2022 US$78.4m

Total equity
3% increase
2023 US$505.1m
2022 US$488.8m

Operating cash generated
17% decrease
2023 US$107.0m
2022 US$129.5m

Basic earnings per share
28% decrease
2023 78.1 pence
2022 108.0 pence

Normal dividend per share
6% increase
2023 45.0 pence
2022 42.5 pence

Net gearing
3%
2023 Net debt US$14.8m
2022 Net funds US$33.5m

Note on 2023 results

The results for the current year are, whilst robust by historic standards, somewhat lower than those achieved in 2022 as a result of the exceptionally high palm-oil price prevailing for much of that year. Further details are included in the strategic report on pages 12 to 25.

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

Operational highlights

- Total crop processed up 7% to 1.6 million tonnes
- 95% of total crop processed in Group mills, with Group operating six palm-oil mills for almost entire year
- CPO production in Group mills up 22% to 362,000 tonnes
- Further increase in certified sustainable CPO, up to 233,000 tonnes
- All six Group mills producing certified output by end of 2023
- Acquisition of more than 10,000 planted hectares during the year to support future growth
- Further development at Musi Rawas with 10,000-hectare planting target exceeded, and mill processing 250,000 tonnes of crop in first year

Chairman's statement

In the year of the Group's 150th anniversary, we processed over 1.6 million tonnes of crop and operated six palm-oil mills, delivering over 20% more production from our own milling facilities. Furthermore, we continued to invest for the Group's long-term growth, purchasing 10,000 planted hectares close to our existing operations.

Peter Hadsley-Chaplin, Chairman

RESULTS

The Group achieved a commendable gross profit of US$78.5 million in 2023, a gross margin of 26%. This was, inevitably, lower than the record highs seen in the previous year, caused by the exceptionally strong palm-oil price environment prevailing, particularly during the first half of 2022. However, the Group was able, yet again, to increase both crop and production during the course of the year and this, combined with a stable pricing environment, at healthy levels by historic standards, enabled the Group to deliver another strong result.

The Group achieved a commendable gross profit of US$78.5 million in 2023, a gross margin of 26% and was able to increase both crop and production during the course of the year.

As part of its long-term investment strategy, the Group opened its sixth palm-oil mill, at its expanding Musi Rawas estate in South Sumatra, in early 2023. The new mill has been a great success in its first year of operation, processing 250,000 tonnes of crop and achieving an oil-extraction rate of over 24%. It has already completed its RSPO audit, and confirmation of certification was received in early 2024. Across the whole Group, the crude palm oil ("CPO") output generated by the Group's own milling facilities increased by more than 20% and, whilst the increase in certified sustainable output was smaller due to the necessary time lag between mill opening, sustainability audit, and subsequent certification, the Group can look forward to further increases in certified sustainable output in the coming years.

The Group remains committed to acting as a responsible palm-oil producer and continues to provide more information on its environmental, social and governance ("ESG") activities. The Group's first report in accordance with the requirements of the Taskforce on Climate-related Financial Disclosures ("TCFD") was published in 2023, and a new ESG report was published in February 2024. In addition, in their 2023 assessment of public disclosure on ESG, the Zoological Society of London (ZSL) gave the Group a score of 86.7%, an increase of 6.5% on the previous year.

Earnings per share were 78.1p, lower than the 108.0p recorded in 2022. The higher crop and production in the year was more than offset by the lower price environment when compared to the exceptional circumstances in the previous period. However, Group operations continue to be significantly cash generative and, over the course of 2023, net operating cash of US$83.6 million was produced. The Group has successfully deployed funds on strategic acquisitions during the year, with a focus on long-term growth. Notwithstanding this, the Group continues to recognise the importance of progressive dividends.

DIVIDEND

An interim dividend of 12.5p per share (2022 – 12.5p per share) was paid on 3 November 2023 and the board is recommending a final dividend of 32.5p per share (2022 – 30p per share). The total figure of 45p per share represents, once again, an increase in the normal, annual dividend payable to shareholders and continues the Group's unbroken track record, which can be traced back for more than thirty years, of maintaining or increasing normal dividends.

The continuing increase in dividend distributions indicates the board's ongoing confidence in the long-term prospects for the Group. Both crop and production increased in 2023 in accordance with the Group's expectations and, in particular, with an increased proportion of production coming from Group milling facilities. The anticipated trend of further increases, supported by the investments made in the year, forms a sound basis for the proposed dividend.

SHARE BUYBACK

In addition to dividend distributions, during 2023, the Group operated a share-buyback programme, deploying a total of US$9.7 million (2022 US$4.9 million) to purchase, and subsequently cancel, 991,198 (2022 - 495,365) of the Company's 10p shares. This represented 1.8% (2022 - 0.9%) of the issued share capital. This served to enhance earnings per share and the programme has continued in 2024.

150-YEAR ANNIVERSARY

The Group is proud to be able to trace is origins back to the early 1870s and celebrated its 150-year anniversary over the course of 2023. Several events took place to mark this special milestone, with a focus on the Group's employees, its shareholders and other supporters. During the year, the Group held a dinner in Jakarta, attended by the board, the Jakarta office staff, representatives from all estate locations, and the Group's minority Indonesian shareholders.

Group operations continue to be significantly cash generative and, over the course of 2023, net operating cash of US$83.6 million was produced.

Additionally, events were held on Group estates attended by directors, other senior staff, estate staff and their family members. In June 2023, following the Group's annual general meeting, a celebratory lunch was held at Mansion House in London attended by many of the Group's shareholders, advisors, employees (including several visiting from Indonesia) and former employees. A short video of this and other aspects of the 150-year celebration remains available on the Group website.

OPERATIONAL DEVELOPMENTS

The total crop processed by the Group increased once again in 2023, by 7%, to over 1.6 million tonnes. Crop from Group-owned areas increased by 2% to 922,900 tonnes (2022 – 905,400 tonnes) and crop from related scheme-smallholder areas was up by 5% to 278,500 tonnes (2022 – 265,700 tonnes). The Group benefited from its geographical diversity, with decreases in some areas more than offset by increases elsewhere. The Group's largest estate, Kota Bangun, performed particularly well in the year, with a combined crop from Group and scheme-smallholder areas of almost 350,000 tonnes, and there was another increase at Musi Rawas – up to a combined crop of 189,100 tonnes – as planting goes on and areas continue to mature. There was a large increase across the Group in crop purchased from outside suppliers, up to a total of 421,500 tonnes (2022 – 340,600 tonnes) following the opening of the mill at Musi Rawas, and this helped to keep Group mills well utilised during the year.

The total crop processed by the Group increased once again in 2023, by 7%, to over 1.6 million tonnes.

With six mills operational for almost the entire year (the Musi Rawas mill opened in February 2023), the Group was able to process 95% of the 1.6 million tonnes of total crop in its own facilities. As a result, whilst total CPO production increased by 11% to 378,500 tonnes (2022 – 341,700 tonnes), the increase in production in Group mills was 22% to 362,100 tonnes (2022 – 297,400 tonnes).

Extraction rates in Group mills increased, on average, during the year to 23.4% (2022 – 22.9%). This was a commendable result and demonstrated the dedication and hard work of the Group's mill management team during the year, including their careful liaison with estate management. It is particularly notable given the increase in independent crop, normally of a lower quality, processed by Group mills in the year. The opening of the Musi Rawas mill, delivering an extraction rate of 24.1% in its first year of operation, shows the benefits of processing the Group's high-quality crop in-house rather than sending it for processing to third-party mills.

By the end of 2023, the Group managed over 65,000 hectares of planted oil palm from its own and associated scheme-smallholder areas and was continuing to invest for future growth with both new planting in its developing areas and replanting in its more mature estates. The yield per hectare from mature areas held for the whole year was in excess of 23 tonnes and the crop from acquired areas is expected to provide an increasing contribution to Group harvests.

STRATEGIC DEVELOPMENTS

The Group is focused on its four strategic pillars of **responsibility**, **excellence**, **growth** and **yield**, and all operational management and development is centred around these themes. Further details are set out on page 11 of this report.

Over the course of 2023, the Group invested in its Jakarta-based sustainability team and continued to work with specialist consultants, both in the UK and in Indonesia, to provide expert input both on the ground and on key reporting matters. In a similar way, as the Group continues to grow, it has worked to develop its estate and mill management teams to strive towards its commitment to excellence, both by recruiting and by offering training, development and promotion to the Group's own experienced staff.

The Group has delivered on its growth commitment during 2023, with a particular focus on the Group's long-term prosperity. Over the course of the year, the Group has made a significant step forward by acquiring over 10,000 planted hectares, the majority of which are relatively young, and with some of the remainder scheduled for replanting in the near future. At this stage, the crop from these new areas is relatively small but is expected to grow significantly in the coming years as areas mature, and they are brought up to the same standards as the Group's existing high-quality plantings. This new growth, alongside the Group's established estates, gives the Group confidence in its ongoing ability to deliver an increasing yield for its shareholders.

PROSPECTS

The Group has embarked on 2024 positively and, in the first two months of the year, has already achieved a total crop processed of 245,700 tonnes, 16% higher than the 213,000 tonnes in the same period in 2023. Crop is higher across almost all the Group's estates and the contribution from the new hectarage acquired in 2023 will increase as this year progresses. Management teams at the Group's new estates are working on clearly defined replanting and improvement programmes to make the most of the purchased areas including, if possible, adding further planted hectarage. The Group's long-term trend of crop increases is expected to persist for several years to come.

Production, including certified sustainable production, is expected to continue increasing as the Group will have six mills operational throughout 2024, all of which will be accredited to produce certified sustainable output for the entire year. Over time, the proportion of sustainable output should continue to rise as the Group's own crop, and that from its scheme smallholders, continues to increase. The Group is working to secure its first mill certification to produce 100% certified output during 2024. CPO pricing has continued in early 2024 at similar levels to 2023 and the Group has achieved ex-mill-gate ("EMG") pricing of approximately US$750 per tonne during the first two months of the year, with some recent tenders a little over US$800 per tonne. This compares favourably with the average price achieved in 2023 of US$729 per tonne and, on this basis, the Group continues to be confident that it will remain profitable and cash generative in the coming year.

Whilst the Group is working hard to integrate the acquisitions made in 2023, given the ongoing strength of its balance sheet and its financial strength, management remains focused on opportunities for future growth. Both of the acquisitions in 2023 were of planted areas close to existing Group properties and management remains of the view that adding incremental hectarage near to current projects provides both strategic and financial benefits. A number of prospects of this nature remain under review.

BOARD AND SENIOR MANAGEMENT CHANGES

As already reported in both the 2022 annual report and the 2023 interim report, there were a number of changes to board and senior management appointments over the course of 2023. We were pleased to welcome Lee Yuan Zhang on 1 February 2023 as a non-executive director and, on 1 August 2023, Luke Shaw was promoted to the board as its chief financial officer. In addition, Philip Fletcher retired from the board on 31 July 2023, having worked with the Group for over 40 years, and everyone at M.P Evans sends their best wishes to Philip in his retirement.

Also, on 31 July 2023, K Chandra Sekaran retired as president director of PT Evans Indonesia, the Group's Indonesian management company, and at the same time transitioned from an executive to a non-executive role on the Group board. Chandra is also continuing in a part-time advisory role at PT Evans. Following Chandra's retirement, Ravichandran Krisnapillay, who had previously been serving as director of operations, was promoted to president director of the Group's Indonesian operations with effect from 1 August 2023.

Turning to my own role, I have, for some time, served as the Group's executive chairman. Whilst relatively unusual to have a chairman serve in an executive capacity, the approach taken by the Group has received the support of our shareholders, and I have received the unanimous support of my board colleagues and senior management, enabling me to fulfil this role to the best of my abilities. In addition, as a board, we operate within the corporate governance requirements of the QCA Code. With a well-established strategy, a strong executive team in place both in the UK and in Indonesia, and in discussion with my board colleagues, I have concluded that the time is right for me to transition my role from that of an executive chairman to a non-executive chairman. Whilst my new role will naturally be a less hands-on one, I nonetheless plan to maintain my strong and close links with my colleagues, with our shareholders, principal advisers and other key stakeholders. Steps are already in place to begin this transition, which will officially be effective from 1 July 2024.

ACKNOWLEDGEMENTS

The Group has delivered on its stated strategy once again in 2023. Group-managed hectarage has increased by 20%, which bodes well for its long-term prosperity, and crop and production continue to increase, with almost all production coming from our own mills. We continue to prioritise our commitment to being a responsible producer and demonstrate this commitment in everything that we do. None of our achievements would be possible without the hard work, loyalty and dedication of the many thousands who are employed by the Group, whether in the head offices in the UK and Jakarta, or in the estates across Indonesia. On behalf of the board, I would like to thank all of them, and we look forward together to the Group's exciting future.

Peter Hadsley-Chaplin
Chairman
19 March 2024

Map and locations

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. A further 2,100 hectares were acquired in early 2023.

Group planted area: 4,500 hectares

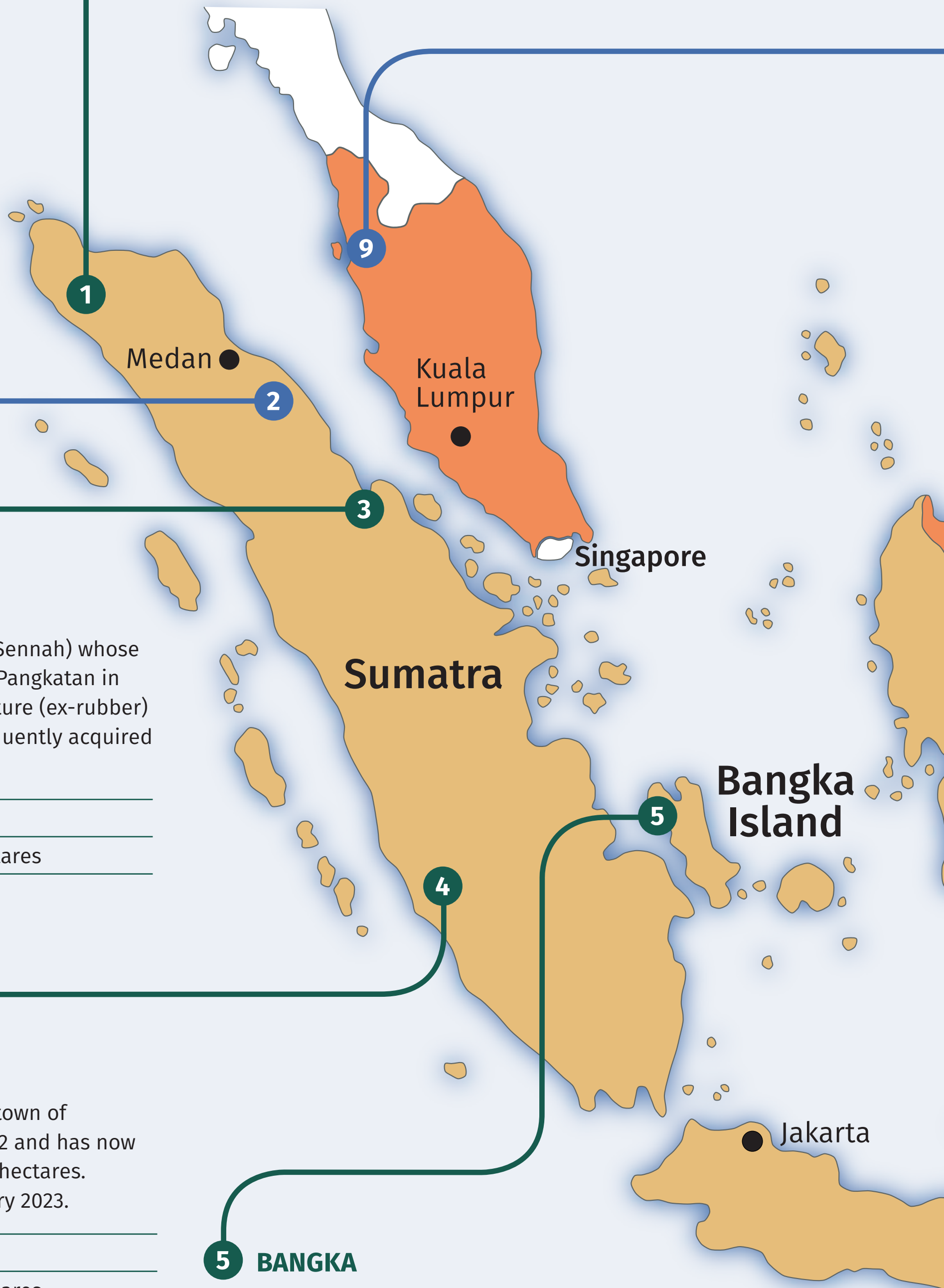
Scheme-smallholder planted area: 300 hectares

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: 2,300 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 subsequently acquired or planted (Bilah and Sennah).

Group planted area: 7,000 hectares

Scheme-smallholder planted area: 1,100 hectares

4 MUSI RAWAS

Located in South Sumatra province near the town of Lubuk Linggau, the project was started in 2012 and has now reached the target of at least 10,000 planted hectares. A 60-tonne mill was commissioned in February 2023.

Group planted area: 7,500 hectares

Scheme-smallholder planted area: 2,900 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.

Group planted area: 6,100 hectares

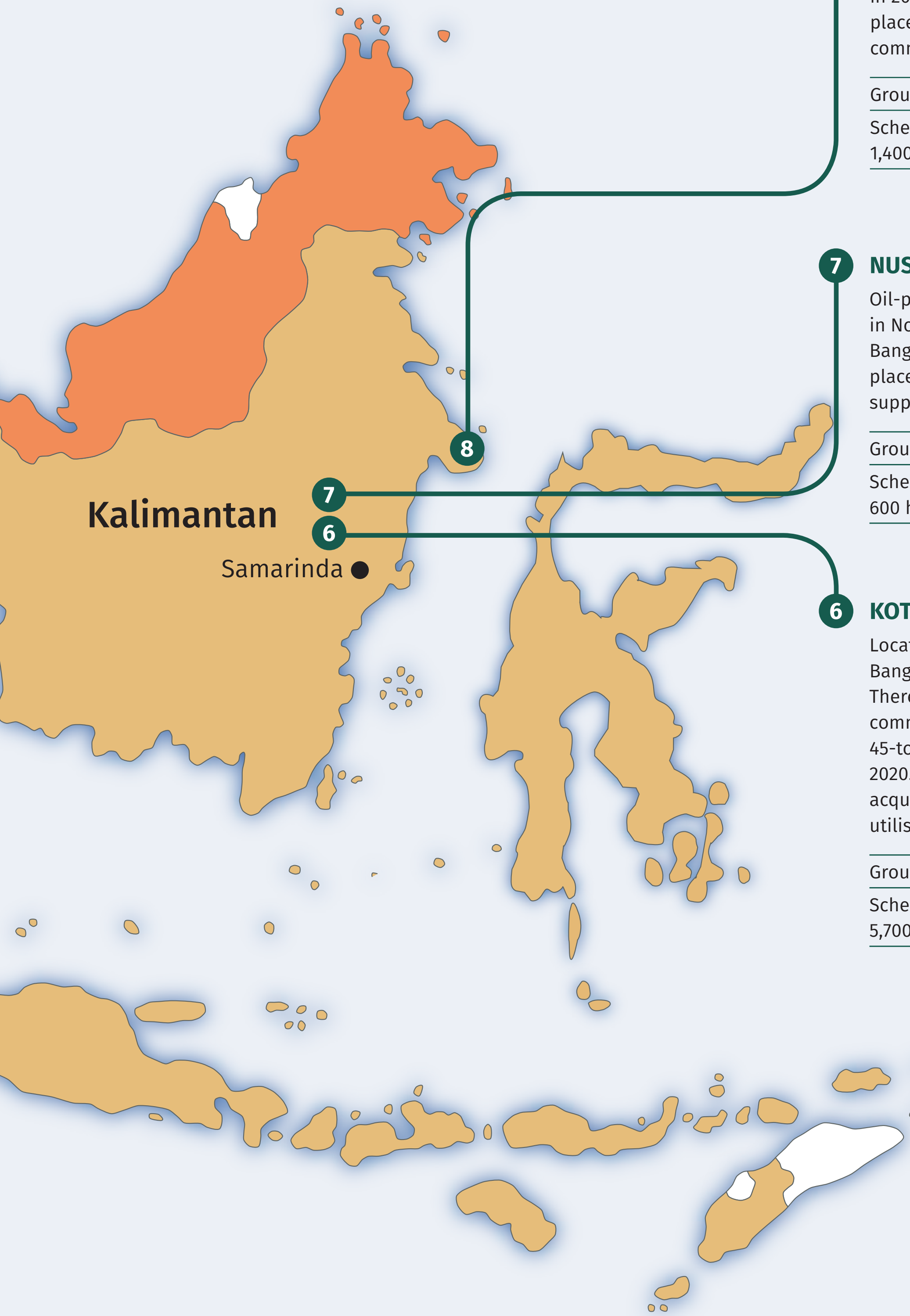
Scheme-smallholder planted area: 3,900 hectares

Indonesia	Group operation
Malaysia	Minority interest

9 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. The remaining developable area is 201 hectares.

Bertam Properties: 313 hectares	
Group minority share: 40%	



8 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.

Group planted area: 7,500 hectares	
Scheme-smallholder planted area: 1,400 hectares	

7 NUSANTARA

Oil-palm estate in East Kalimantan, acquired in November 2023, near to the Group's Kota Bangun estates. Majority of planting took place between 2017-20. Ffb currently being supplied to a third-party mill for processing.

Group planted area: 2,700 hectares	
Scheme-smallholder planted area: 600 hectares	

6 KOTA BANGUN ESTATES

Located in East Kalimantan, close to Kota Bangun and next to the Mahakam river. There are two mills on site: a 60-tonne mill commissioned in December 2012, and a 45-tonne mill commissioned in September 2020. A further 5,000 planted hectares were acquired in November 2023 to increase mill utilisation with Group crop.

Group planted area: 14,300 hectares	
Scheme-smallholder planted area: 5,700 hectares	

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Market information

PALM OIL

Palm oil is, by the amount produced and consumed each year, the largest of the world's vegetable oils. It is also significantly the most productive of the major vegetable-oil crops. Based on data from Oil World, globally each hectare of land cultivated to oil palm produces 3.3 tonnes of CPO per annum (plus 0.3 tonnes of palm-kernel oil). The Group's high-quality estates under management throughout 2023 produced more than five tonnes of CPO per hectare, demonstrating the Group's high operating standards both in its estates and mills.

World production of palm oil continued to increase in 2023, up by 3% to 81.5 million tonnes. Once again, Indonesia dominated global output, accounting for 59% of total production. There continues to be evidence that the pace of growth in palm-oil production is slowing, both in Indonesia and Malaysia, which between them account for more than 80% of world supplies. There is a slowing down in the growth in mature hectarage, combined with a deteriorating age profile of planted palms due to a lack of replanting, and as a result yields per hectare are below potential levels. By contrast, the Group continues both to plant new areas and to replant when appropriate, and has invested in new areas during the year which reduce the combined average age of the Group's planted portfolio.

Whilst palm-oil production levels were seasonally low in the early months of 2023, demand started to grow for the world's major vegetable oils as there was a clear recovery in global food-based demand, combined with an increase in vegetable-oil usage in biofuels, particularly in Indonesia, Brazil and the USA. Unusually, whilst often the cheapest oil, for some parts of the year CPO traded at a small premium to some other vegetable oils. Moving into the second half of the year, an El Niño weather pattern was declared, although the impact on rainfall patterns, and hence water stress on oil palms, was mixed across the islands of Sumatra and Kalimantan. Whilst there was a small impact on crops in the second half of 2023 during dry periods, the more significant effect will be felt in the latter part of 2024, and possibly into 2025. Any production deficit may bring with it a corresponding increase in pricing.

The Group does not receive the full benefit of cif Rotterdam prices (shown in the graph on page 9) when selling its output. Rather, it receives a 'mill-gate' price based on local tenders and contracts, which allows for transport and insurance costs, and also the export taxes and levies charged by the Indonesian government. The Rotterdam price moved within a relatively narrow band during the course of 2023, significantly less changeable than in the previous year. As a result, the export tax and levy structure remained unchanged, and the level of taxation charged by the Indonesian government did not vary significantly. The Group's average mill-gate price for CPO was US$729 per tonne in 2023, 15% lower than the exceptionally high US$854 recorded in the previous year.

Harvester, Bangka

PALM-KERNEL OIL

The Group's palm-oil mills produce both CPO and palm kernels ("PK"), typically in a ratio of approximately one tonne of PK for every five tonnes of CPO. The Group's PK is sold to outside crushing facilities which then produce palm-kernel oil ("PKO"). Therefore, the price that the Group achieves for its output of PK is connected to the price for PKO.

During the early part of 2023, there was in increase in PKO production, whilst coconut-oil production was relatively weak. Coconut oil and PKO are often substituted for each other in similar products. However, as the year progressed, and coconut-oil production picked up, demand, both in the food and oleochemical sectors, remained relatively weak. For much of the year, unusually, PKO traded at similar prices to CPO where previously it had commanded a premium. Looking into 2024, there are some expectations of a slowdown in world production which may help to strengthen prices. During 2023, the Group's average price for PK was US$354 per tonne, 42% lower than the US$611 per tonne in the previous year.

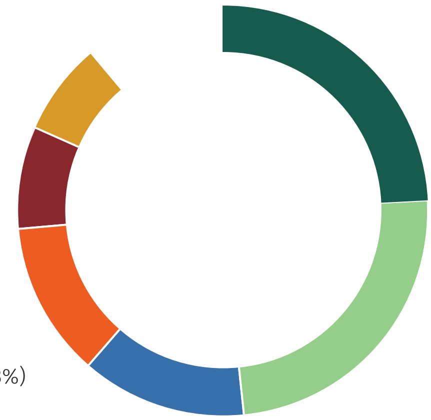
MAIN PRODUCERS OF PALM OIL 2023

59% Indonesia
23% Malaysia

Main producing countries
Remaining 18% consists of Thailand (4%), Colombia (2%), Nigeria (2%), other countries (10%)

MAIN CONSUMERS OF PALM OIL 2023

24% Indonesia
24% Other Asia
13% Africa
12% India
8% China
7% EU



Main consuming countries
Remaining 11% consists of Americas (8%), other countries (3%)

Source: Oil World 2023 data

CRUDE-PALM-OIL PRICE

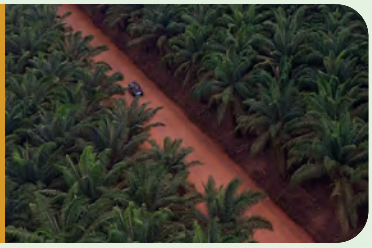
The Group's business model

Our main resources

49,600 hectares of Group oil palm

Plantation land

The Group's plantation land is used to grow oil palms and harvest their fresh fruit bunches.



15,900 hectares of smallholder oil palm

Community relationships

The Group engages with the local communities living on and near its operations and manages smallholder schemes to the same standard as Group areas.

12,800 employees

People

The Group's employees are fundamental to its success, and the Group is committed to their welfare, training and development.

3% net gearing

Stable funding

The Group has a robust capital structure with a market capitalisation of more than US$500 million* and modest levels of net debt.

The Group is committed to the responsible management of both its own areas of Indonesian oil palm, and those managed on behalf of associated scheme smallholders. The Group's employees are dedicated to continual improvement and are backed by ongoing investment that comes from many years of sound financial management. As a result, the Group is able to deliver increasing amounts of sustainable production on a cost-effective basis, leading to progressive shareholder returns.

Outcomes

Growing production

378,500
tonnes of CPO

Sustainable production

62%
certified sustainable CPO

Cost efficiency

US$427
per tonne own palm product

Improving returns

45p
normal dividend for 2023

* Based on a share price of 740p on 31 December 2023

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.

Responsibility

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 high-quality housing along with medical, educational and leisure facilities for our workers and their families.


Kota Bangun primary school

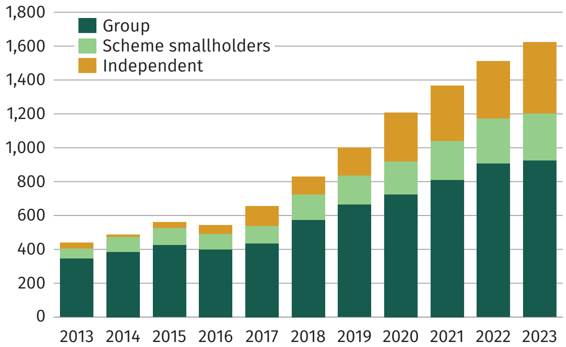
Excellence

Excellence comes from investing for the long term. Our investment is not only in plantation assets but also in our employees, their diversity and inclusion, and 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.


Fire training, Musi Rawas

Growth

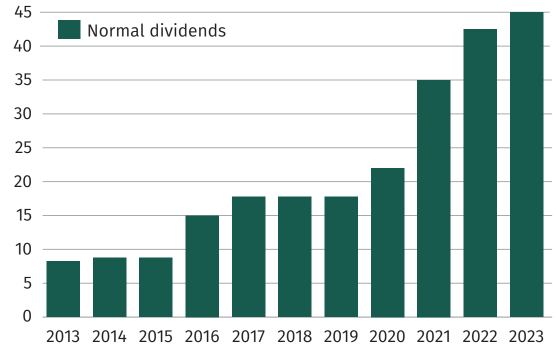
GROWTH IN CROPS PROCESSED ('000 TONNES)



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 acquisition and sustainable development of new areas of land.

Yield

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 aims to deliver increasing returns to shareholders.

Strategic report

The Group's strategy is to be a responsible producer of certified sustainable Indonesian palm oil. During the year, it maintained steady expansion of its majority-owned Indonesian palm-oil areas in a sustainable and cost-effective manner.

STRATEGY

During the course of 2023, the Group successfully deployed its long-standing strategy to be a responsible producer of certified sustainable Indonesian palm oil. The Group developed and expanded its operations in several ways during the year in furtherance of its growth strategy, with continuing investment in its existing estates, and by acquiring further planted hectarage to support its longer-term ambitions.

The planted area at the Group's existing estates continued to increase in 2023, and the initial target of 10,000 planted hectares at the Musi Rawas estate in South Sumatra was achieved by the middle of the year. By the year end, 10,300 hectares had been planted there, and the management team is confident that they can work towards an expanded total area of 11,000 planted hectares by the end of 2024.

The increased hectarage at Musi Rawas will, as it matures, provide additional crop to the newly opened Group mill on site, which began operation in February 2023. This is the Group's sixth palm-oil mill, representing a substantial strategic investment in recent years. As a result of this investment, 95% of the Group's 1.6 million tonnes of total crop were processed in Group mills in 2023.

The Group has also increased its total planted hectarage through acquisition during the year, making good use of its accumulated funds and financial strength to make strategic investments, securing additional planted areas close to its existing estates. In March 2023, the Group acquired 2,100 planted hectares close to its Simpang Kiri estate in Aceh Province of northern Sumatra and, in November 2023, the Group acquired a further 8,350 planted hectares in East Kalimantan, near to the Group's existing Kota Bangun property. In both cases, the acquisition cost was below US$10,000 per planted, Group-owned, hectare. Whilst, on acquisition, the properties were not of the same high standards as existing Group areas, management are confident that they will be able to improve yields and add substantial value over time.

The Group remains committed to working in partnership with the smallholder co-operatives that are associated with Group estates. In 2023, for the first time, there were mature scheme-smallholder areas connected to all Group estates, and the Group purchased crop in all locations. There is a continuing focus on developing smallholder areas in northern Sumatra and, by the end of the year, there were smallholder members accounting for 1,350 hectares. The Group is supporting those smallholders with initial funding for replanting, and by the end of 2023, over 400 hectares within these schemes were mature, and crop is increasing. Additionally, the 8,350 planted hectares acquired in East Kalimantan during 2023 were inclusive of 1,700 scheme-smallholder hectares and, as with the Group-owned areas, management are working to ensure that smallholder yields are improving post acquisition.

By the end of 2023, the planted area of the Group's majority-held Indonesian estates had increased to 49,600 hectares (2022 – 40,200 hectares), an increase of 23%, whilst the planted area of the scheme smallholders associated with Group estates had expanded to 15,900 hectares (2022 – 13,900 hectares), a 14% increase.

The Group's sustainability team supervises all new planting, takes an active role in the review of any new estates being considered for acquisition, and will work to include them in Group certification schemes if acquired. In addition, the sustainability team, supported by senior management, is responsible for monitoring and reporting on all Group conservation areas, and for identifying opportunities to increase the Group's land areas set aside for conservation, both in existing and newly acquired estates.

As part of its ongoing commitment to responsible operation and development, the Group has continued to support the wellbeing of its workforce across Indonesia, including through the implementation of several new employee-development initiatives in the year. In addition, the Group continues to invest in new and improved housing, along with recreational and community facilities on its estates. Educational and medical facilities on site have been expanded, and this investment will continue as a priority for the Group.

Harvester path, Kota Bangun

Celebrating 150 years of M.P. Evans

Directors visit to school at Bumi Mas

150-year celebration event in Jakarta

Musi Rawas mill official opening ceremony

AGM followed by 150-year celebratory lunch at Mansion House on Friday 9 June 2023

Strategic report continued

'SECTION 172' STATEMENT: IMPLEMENTING THE STRATEGY

The board understands that, in meeting its obligation under section 172 of the Companies Act 2016 to promote the success of the Company for the benefit of its members, it must also have regard to wider considerations, including the likely consequences of any decisions in the long term, the impact of the company's operations on the community, the environment and its reputation. It must consider the interests of stakeholders and it must act fairly between members of the Company. Each member of the board is aware of their individual obligations under section 172, and the need to apply the broader considerations referred to in section 172 to their decision making.

The board reviews at least annually which organisations or individuals it considers to have a reasonable expectation of being significantly affected by, or of affecting, the activities of the Group, including assessing the best means of engaging with those stakeholders. The Group's current stakeholders are shown below, and further details on how the Group engages with them are shown on the Group's website. The regular review of this list undertaken by board members acts as a prompt to consider and, where appropriate, engage with stakeholders as part of the decision-making process.

During the year, the directors considered a number of possible opportunities to increase the Group's planted hectarage, in line with strategic objectives. As a producer of sustainable palm oil operating in Indonesia, the directors are well aware of the concerns expressed by various stakeholder groups, including shareholders, regarding the impact of land use for palm cultivation on the environment and local communities. Any land offered for sale is thoroughly reviewed to ensure that it meets, or can be rehabilitated to meet, the requirements set out by the RSPO, which has developed standards for certifying palm-oil production as sustainable, based on adherence to strict ESG criteria. The review process for potential new areas includes checking that local communities around them have been properly compensated where applicable, and that there are no grievances which cannot be resolved.

The location of any new hectarage is also given careful consideration. The Group acquired two new planted areas during the year, one of which is in close proximity to the existing Simpang Kiri estate in Aceh Province, northern Sumatra. The other is in East Kalimantan, and the majority of the crop from the newly acquired area is already being sent to the Group's milling facilities at its Kota Bangun estate. The board is confident that productivity of the additional hectares will be improved through strict application of the Group's sustainable operating procedures, and that this will be of long-term benefit to both shareholders and local communities, as well as the environment.

Board members are aware that the Group has invested in and has earned itself a strong reputation for being a sustainable producer of palm oil in an industry which, rightly, comes under scrutiny. The discussions and decisions of the board are infused with the ethos of integrity, a desire to preserve the Group's reputation as a sustainable operator, good employer and trusted business partner, and with a forward-looking approach to making decisions which are designed to generate long-term value for shareholders.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION

The Group has provided climate-related financial disclosures within the sustainability section of this report on pages 32 to 39.

STAKEHOLDERS

During their most recent review, the board identified eight separate groups of stakeholders whose interests should be considered. They were: (i) shareholders in M.P. Evans Group PLC, (ii) employees of the Company and its subsidiaries, (iii) local communities on and around the Group's operational locations, (iv) co-investors in the Group's Indonesian activities, (v) certain key suppliers to the Group, (vi) European plantation companies with operations similar to those of the Group, (vii) government and regulatory bodies relevant to the Group, and (viii) industry certification bodies including the RSPO. The corporate governance section of this report on pages 46 to 52 includes examples of the way the board engages with stakeholders.

Results & financial position

CPO EMG sale price	Palm-kernel EMG sale price	Revenue	Gross profit
US$729 per tonne	US$354 per tonne	US$307.4 million	US$78.5 million
2022 US$854 per tonne	2022 US$611 per tonne	2022 US$326.9m	2022 US$109.2m

REVENUE AND GROSS PROFIT

The Group's revenue in 2023 was US$307.4 million, down by 6% from the US$326.9 million recorded in the previous year. Whilst the total amount of crop processed continued to rise, and Group production of both CPO and PK increased once again in the year, the price per tonne achieved for both CPO and PK was lower in 2023. The average ex-mill-gate price for the CPO sold by the Group in the year was US$729 per tonne, 15% lower than in 2022. However, as can be seen in the 'market information' section on pages 8 and 9, pricing remained relatively stable throughout the year and, whilst lower than in 2022, remained robust by historic standards.

In addition, the Group is benefiting from its long-term mill-investment programme and, after opening its sixth palm-oil mill, at the Musi Rawas estate in South Sumatra, in early 2023, almost all the Group's crop is processed in-house, and so the Group is able to sell CPO and PK, rather than selling fresh fruit bunches ("ffb") for other millers to process.

The Group seeks to keep tight control over its unit costs, and measures the cost per tonne of production, being the cost associated with each tonne of 'palm product', both CPO and PK. That cost is calculated on a fully absorbed basis, and includes all direct costs, estate overheads, central costs recharged from the Group's Jakarta head office, and an appropriate allocation of UK head office costs. The Group continued to feel the effects of inflationary pressure on unit costs in the year, notably on fertiliser inputs, although this abated significantly in the second half of the year. Cost per tonne in relation to crop harvested from Group-owned areas was up 6% to US$427 in 2023 (2022 US$402).

The total cost per tonne, after taking account of crop purchases from both scheme smallholders and independent suppliers, reduced during the year. This reflects the fact that ffb purchase costs are related to the CPO price environment. The total cost per tonne for 2023 was US$498 (2022 US$527). More detail on Group costs is included on page 22.

Now that the Group processes almost all its own crop, the contribution to profit from locations supplying outside mills has reduced, now predominantly derived from Simpang Kiri (with small contributions from Musi Rawas at the start of the year prior to the mill opening there, and from some of the newly acquired areas toward the end of the year). The total profit from these activities in 2023 was US$3.4 million (2022 US$9.6 million).

Taking the above into account, and with the CPO price change being the largest influence, the Group's gross profit reduced in the year by 28% to US$78.5 million (2022 US$109.2 million).

ADMINISTRATIVE EXPENSES AND OTHER INCOME

Group administrative expenses in 2023 were US$5.4 million, (2022 US$4.6 million), higher than the amount incurred in the previous year as the Group incurred some additional professional fees in the year. Other income has increased to US$2.9 million (2022 US$1.9 million) as the Group continues to prioritise electricity generation at the biogas facilities attached to its palm-oil mills and the sale of palm-kernel shells. More detail on the Group's electricity generation, including the significant cost savings made alongside the income generated, is included on page 38.

NET FINANCE COSTS

The Group has continued to repay existing loans during 2023, and towards the end of the year took on new loans of US$22.5 million as part of its acquisition in East

Kalimantan. Total borrowing costs were higher than last year at US$3.8 million (2022 US$2.7 million), mainly reflecting the higher interest-rate environment prevailing during the year.

TAXATION

The Group's total tax charge for the year was US$18.8 million (2022 US$24.1 million), lower than in the prior year on lower overall profits, but a slightly higher effective tax rate. A reconciliation of the tax charge is included in note 9 to the accounts. The Group continues to pay a significant amount of corporation tax in Indonesia, its principal operating location, and remains committed to paying appropriate taxation on profits generated.

ASSOCIATED COMPANIES

The Group's Indonesian associate, PT Kerasaan Indonesia (38% owned), contributed US$1.1 million (2022 US$1.7 million) to Group profit in the year, and the Group received dividends of US$2.5 million (2022 US$1.5 million). The Group's Malaysian associate, Bertam Properties Sdn Bhd (40% owned), contributed US$1.3 million (2022 US$0.5 million) to Group profit in the year, and the Group received dividends of US$1.1 million (2022 US$1.2 million).

PROFIT FOR THE YEAR

As a result of the above, the Group's profit for the year was US$56.4 million (2022 US$78.4 million).

NET ASSETS AND BORROWING

At the end of the year, the Group's net assets had increased to US$505.1 million (2022 US$488.8 million). Current assets exceeded current liabilities by US$45.2 million (2022 US$97.4 million). The Group had cash and liquid resources of US$39.6 million (2022 US$82.5 million). The Group has continued to be significantly cash generative during the year and has taken the opportunity to invest approximately US$75 million in new planted areas to support its continuing long-term growth. Net debt at the end of the year was US$14.8 million (2022 net funds US$33.5 million), and as a result, the Group had net gearing of 3% (2022 – 0%), whilst gross gearing was 10% (2022 – 9%).

Ffb on oil palm, Bangka

Operations: Indonesian palm oil

CROPS

The Group has three sources of ffb crop available to it, and almost all the Group's crop is processed in Group-owned palm-oil mills. Firstly, the Group owns high-quality planted areas at its oil-palm estates in Indonesia and seeks to maximise the harvest from those areas through the application of experienced and knowledgeable plantation management. Secondly, community-owned co-operatives (known as scheme smallholders) have planted areas connected to Group estates, and these are managed and harvested to the same high standards as Group-owned plantings. Finally, following a period of significant investment in the Group's milling capacity, as a result of which the Group now has six palm-oil mills, the Group has some spare milling capacity, and purchases additional crop from independent suppliers to maximise mill utilisation.

The total crop processed during 2023 increased to 1,622,900 tonnes (2022 – 1,511,700 tonnes), an increase of 7%. This was consistent with the Group's expectations, with the largest part of the increase coming from independent purchases following the opening of the Musi Rawas mill in the early part of the year.

Crop from the Group's majority-owned areas increased by 2% in the year, up to 922,900 tonnes (2022 – 905,400 tonnes). The average age of the Group's plantings, excluding the new areas acquired in the year, increased to eleven during 2023, and the Group is continuing to enjoy the long period, which can last for up to a decade, during which palms are at their most productive. Once the new areas are taken into account, the average age falls to ten years, and the Group will continue to exert downward pressure on this average as it invests in both new planting and replanting of some of the areas acquired during 2023. Crop from scheme-smallholder plantings increased at a slightly quicker rate in the year, by 5% to 278,500 tonnes (2022 – 265,700 tonnes) as palms in these areas tend to have a marginally younger profile.

The Group expanded its independent crop purchasing programme to South Sumatra in the year, following the opening of its Musi Rawas mill in February 2023, and was able to purchase 68,800 tonnes there, making a significant difference to mill utilisation. This accounted for the largest part of the 24% increase in crop purchases from independent suppliers, from 340,600 tonnes in 2022 to 421,500 tonnes in 2023. Independent purchases increased in almost all locations during the year, following a more cautious approach to purchasing in part of 2022 to manage storage capacity during the temporary export ban in the first half of that year. The only exception was at Kota Bangun where there was, and continues to be, significant competition for crop of sufficient quality for processing.

The Group acquired a further 8,350 planted hectares close to Kota Bangun in November 2023, and this hectarage is made up of two estates, Agro Bumi Kaltim ("ABK") and Nusantara Agro Sentoso ("Nusantara"). The crop from ABK is already being sent to Kota Bangun for processing in a Group mill, and so this estate, and its crop, is being treated as an extension of Kota Bangun. Nusantara, being slightly further away from Kota Bangun is, for the time being, sending its crop to a third-party mill, and is therefore being treated as a separate property for reporting purposes.

In Kota Bangun, Group crops increased by 14% in the year, with crops from scheme smallholders up by 10%, bringing the total crop from Group-managed areas to almost 350,000 tonnes. The crop from ABK from acquisition in November to the end of the year accounted for only 1% of this total, partly because of the short time period, but also as the Group begins work to rehabilitate the acquired area. Crop from the existing Kota Bangun area increased as the Group continued to see the benefit of its investment in innovative water management measures, along with a number of other new management initiatives during the year.

In Bangka, the Group experienced a crop decrease during the year, albeit with some recovery in the second half of the year from a particularly low-cropping period in the early part of 2023. The Group's long-term experience is that Bangka, as a fully mature estate, appears to have a multi-year crop pattern, and that 2023 was more of a 'resting' year for some of the plantings there, and the Group expects to see higher yields return there in future years.

The Group's Pangkatan estates continued to perform well in 2023, achieving an average yield of almost 29 tonnes per mature Group-owned hectare. There was a small increase in the number of immature hectares during the year, as the Group continued with its routine replanting programme, and this was the main cause of the slight decrease in total crop from the Group's own areas. The Group has continued to work with local communities to increase the scheme-smallholder hectarage around Pangkatan. Whilst the majority of those areas remain immature and the crop is small, it is increasing, and will form a valuable source of additional input to the Pangkatan mill.

On the coast of East Kalimantan, the Group's Bumi Mas estate saw a small decrease in crop in 2023, but the estate has continued to produce a yield of more than 21 tonnes per mature planted hectare. The estate went through a period of transformation and crop growth following acquisition by the Group at the end of 2017, and having reached almost full maturity and good yields, estate management are working on intensive programmes in specific areas to deliver further increases in yield.

Crop from Musi Rawas continues to increase as the planted area at that estate continues to grow and, more specifically, further areas come into harvest. The estate remains young, with an average age of only six years, and planting is ongoing. As a result, crop growth is expected to continue as areas mature. This will enable the Group to continue increasing the utilisation of its new mill at Musi Rawas with high-quality Group-harvested crop.

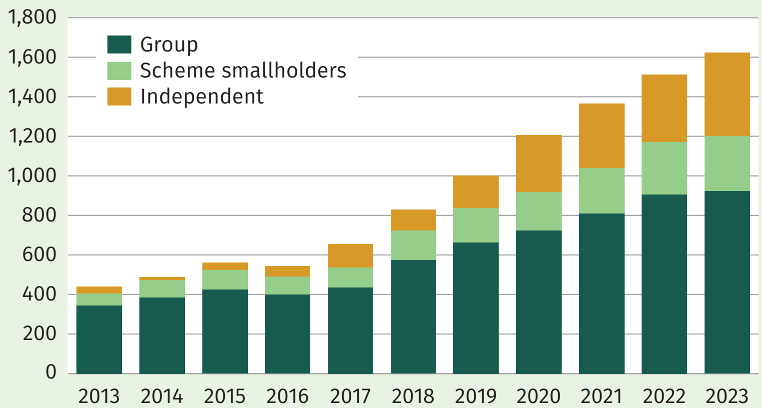
At Simpang Kiri, the crop reported includes that from the new areas acquired there in March 2023. Given that some of the acquired areas have been replanted during the year, or are due for replanting next year, or were not of the same high quality as existing Group areas upon acquisition, their initial contribution to crop, as expected, was lower than from the existing plantings. Total crop from the new hectarage was 13,700 tonnes. Crop from the pre-existing Simpang Kiri Group area was 50,800 tonnes, similar to the 52,000 tonnes in the previous year.

CROP

	2023 Tonnes	Increase/ (decrease) %	2022 Tonnes
Own crops			
Kota Bangun	249,100	14	219,400
Bangka	138,200	(17)	167,200
Pangkatan group	185,000	(4)	192,500
Bumi Mas	156,400	(6)	166,700
Musi Rawas	128,900	20	107,600
Simpang Kiri	64,500	24	52,000
Nusantara	800	—	—
	922,900	**2**	**905,400**
Scheme-smallholder crops			
Kota Bangun	100,400	10	91,000
Bangka	85,200	(7)	91,200
Pangkatan group	2,600	189	900
Bumi Mas	29,700	(3)	30,600
Musi Rawas	60,200	16	52,000
Simpang Kiri	300	—	—
Nusantara	100	—	—
	278,500	**5**	**265,700**
Independent crops purchased			
Kota Bangun	132,000	(31)	191,700
Bangka	108,600	73	62,800
Pangkatan group	52,600	35	39,100
Bumi Mas	59,500	27	47,000
Musi Rawas	68,800	—	—
	421,500	**24**	**340,600**
TOTAL CROP	**1,622,900**	**7**	**1,511,700**

CROP HISTORY

tonnes ('000)



PRODUCTION

Over recent years, the Group has made a substantial investment in its own production facilities, so much so that the number of Group mills has doubled, from three at the start of 2020, to six by the end of 2023. As a result of this investment, of the 378,500 tonnes of palm oil produced from the Group's total crop processed in the year, 362,100 tonnes, or 96%, came from Group-owned mills, with only 4% from outside mills, and up from 87% in the previous year. This brings with it significant strategic and financial benefits.

As has been the case in previous years, the Group sells crop from its Simpang Kiri estate to outside mills for processing. This also applied in the early part of 2023 at Musi Rawas prior to opening the Group mill there, and at the end of the year for the newly acquired Nusantara estate. Crops are sold for processing with a selling price based on the CPO price and an assumed extraction rate. However, to be consistent with the majority of Group locations, CPO and PK produced from these estates' crops are reported as part of the Group total but subtotalled separately in the production table.

A combination of increasing crop available for processing and an increase in the average extraction rate achieved in Group mills resulted in an overall 11% increase in CPO output in the year to 378,500 tonnes (2022 – 341,700 tonnes) and a 9% increase in PK production to 80,600 tonnes (2022 – 73,800 tonnes).

As a responsible producer of certified sustainable palm oil, the Group is committed to obtaining accreditation for its mills as soon as possible once they have been commissioned. By the end of the year, all six of the Group's mills had been certified to sell CPO as sustainable in accordance with the requirements of the International Sustainability and Carbon Certification ("ISCC") scheme and, as a result, was in receipt of sustainability credits at all its milling locations. As a long-standing member of the RSPO, the Group also seeks to obtain RSPO certification at all mills. At the end of 2023, four mills had obtained accreditation, and since the end of the year, confirmation of accreditation has been received for a fifth mill. The Group is aiming to complete the RSPO audit and certification process at its final mill during 2024.

The Group has continued to purchase ffb from independent suppliers as part of its objective to maximise the efficient running of its milling facilities. Crop from these sources tends to be of a significantly lower quality than that harvested from areas managed by the Group. With this in mind, the improvement in overall oil-extraction rates in Group mills, despite the increase in independent crop purchases, is a particular credit to the hard work and skilful management of the Group's mill teams during the year.

Following the recent expansion of milling capacity, independent purchases made up 26% of total crop processed, up from 23% in the previous year. The Group will continue to buy in crop for processing, but its longer-term objective is to increase the crop supply from Group-owned areas and reduce its reliance on bought-in ffb. The Group has made progress on this longer-term objective during 2023, as it continues to plant new areas in Musi Rawas, but also following the acquisition of new planted hectarage, particularly in East Kalimantan.

Group mills are designed and constructed as efficient and low-carbon operating units. Opening the Musi Rawas mill in South Sumatra during the year has made a further contribution to reducing the Group's total carbon emissions. See the sustainability section on pages 32 to 39 for more details. In addition, like other Group facilities, the new mill is equipped with both composting and biogas facilities. Compost is produced from empty fruit bunches and applied as a nutritious organic fertiliser. Biogas plants take mill effluent, treat it to significantly reduce greenhouse gas emissions, and at the same time produce renewable electricity. Over the course of 2023, the Group generated 32 million kWh in its five biogas plants, approximately half of which was sold to the Indonesian energy grid, with the other half used to support the Group's own energy needs. The Group's engineering team estimate that, notwithstanding the saving in emissions, during the year the Group saved approximately US$3.2 million by using internally generated electricity.

MILL-GATE PRICE

The environment into which the Group sold its CPO was considerably more stable in 2023 than in the prior year, when it was significantly influenced by the outbreak of the Russia Ukraine war. More details are included in the 'palm-oil market' section on pages 8 to 9. Most notably, when expressed in cif Rotterdam terms, the CPO price per tonne moved in a US$255 range between US$855 and US1,110, averaging US$964. This compared to the previous year when the range between the highest and lowest prices was substantially larger, at US$1,095 and the average was US$1,345, 28% higher than the current year.

PRODUCTION AND EXTRACTION RATES: Group and third-party mills

	Crude palm oil			Palm kernels		
	2023	Increase/ (decrease)	2022	2023	Increase/ (decrease)	2022
PRODUCTION	**Tonnes**	**%**	**Tonnes**	**Tonnes**	**%**	**Tonnes**
Group mills						
Kota Bangun	112,000	(1)	112,800	24,200	2	23,800
Bangka	76,800	2	75,100	19,000	3	18,400
Pangkatan group	54,500	2	53,300	12,400	2	12,200
Bumi Mas	58,600	4	56,200	10,300	7	9,600
Musi Rawas	60,200	—	—	11,400	—	—
	362,100	**22**	**297,400**	**77,300**	**21**	**64,000**
Third-party mills[1]						
Musi Rawas	1,600	(95)	32,600	400	(95)	7,500
Simpang Kiri	14,600	25	11,700	2,900	26	2,300
Nusantara	200	—	—	—	—	—
	16,400	**(63)**	**44,300**	**3,300**	**(66)**	**9,800**
	378,500	**11**	**341,700**	**80,600**	**9**	**73,800**
EXTRACTION RATES	**%**	**%**	**%**	**%**	**%**	**%**
Group mills						
Kota Bangun – Bumi Permai	24.4	5	23.3	5.5	8	5.1
Kota Bangun – Rahayu	21.3	—	21.2	4.3	2	4.2
Bangka	23.1	(1)	23.4	5.7	—	5.7
Pangkatan group	22.7	(1)	22.9	5.2	—	5.2
Bumi Mas	23.9	4	23.0	4.2	8	3.9
Musi Rawas	24.1	—	—	4.5	—	—
	23.4	**2**	**22.9**	**5.0**	**2**	**4.9**
Third-party mills[1]						
Musi Rawas	20.5	—	20.4	4.7	—	4.7
Simpang Kiri	22.5	—	22.5	4.5	—	4.5
Nusantara	20.0	—	—	4.5	—	—

1. The Group sells some crop to outside mills for processing, with a selling price based on the CPO market and an assumed rate of extraction. However, to be consistent with other locations, CPO and PK produced from these estates' crops are reported as part of the Group total but subtotalled separately above.

The Indonesian government charges taxes and levies on the export of palm oil and related products. The Group sells its output directly from mills and so is not responsible for paying these amounts, but they influence the amount that buyers are willing to offer to the Group. The taxes and levies chargeable by the government increase as the underlying CPO price increases and are published regularly. The lower CPO-price environment resulted in lower average taxes and levies during the course of 2023, and therefore the average gap between the Rotterdam price and the price achieved by the Group was also smaller. The average CPO mill-gate price achieved by the Group during 2023 was US$729 per tonne, compared to the US$854 per tonne in 2022, a 15% decrease. The lower tax and levy environment meant that the gap from the average mill-gate price to the average Rotterdam price reduced from US$491 per tonne to US$235 per tonne.

COSTS

The Group is focused on being a low-cost producer of sustainable palm oil. At the same time, management is committed to maintaining high operational standards, and this includes investing in the training and development of its workforce, ensuring that all estates are run responsibly with high-quality living and working conditions, and with planted areas maintained properly so that they can continue to deliver increasing yields.

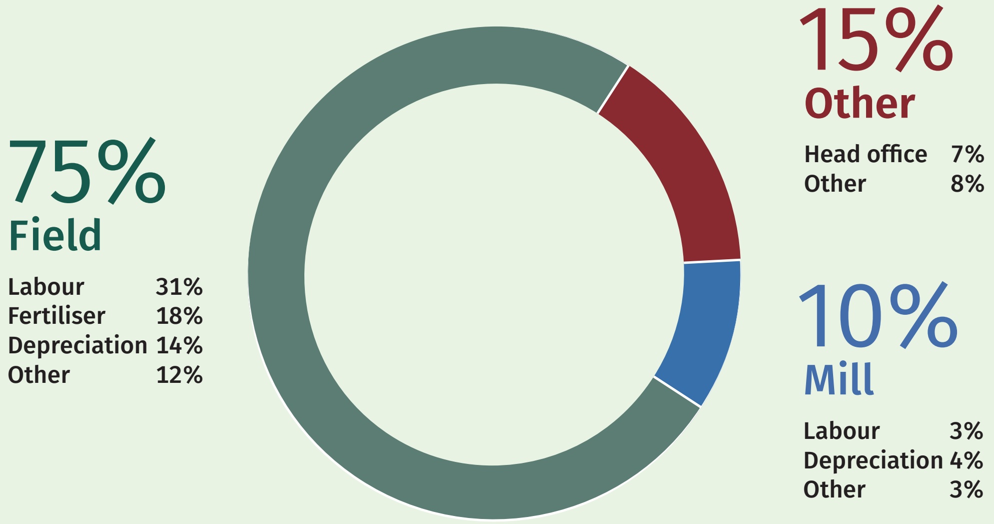
The Group monitors its cost per tonne of palm product for all its output (see more about key performance indicators on pages 24 and 25). This cost per tonne is at its lowest when the Group develops its own hectarage, harvests the crop, and processes that high-quality crop in its own mills. The cost per tonne increases when the Group buys in crop for processing, as the purchase cost is typically higher than the Group's own estate costs. The production cost also increases when the purchased crop is of lower quality, as a smaller amount of CPO and PK can be extracted from each tonne of ffb. This is particularly so for crop purchased from outside suppliers. However, this is not the case for crop purchased from the Group's associated scheme smallholders, as those areas are managed by the Group to the same high standards as Group-owned areas and the crop is of the same quality.

The Group's cost per tonne is designed to capture the substantial majority of the Group's costs. It includes all direct costs of operating the Group's estates and mills, plus the related overheads and depreciation. In addition, all Jakarta office costs are allocated to the operating units, along with an appropriate proportion of UK costs, and these are included as part of the cost per tonne figure. In 2023, the cost per tonne for production relating to crop from the Group's own areas was US$427 (2022 US$402), an increase of 6%. The Group continued to feel the effects of inflation, notably on fertiliser, one of its main inputs. This was particularly true in the first half of the year, when the Group was applying fertiliser to its planted areas that had been purchased at the end of 2022, when costs remained high. However, there was a significant decrease in the purchase costs for the fertiliser applied in the second half, helping to reduce unit costs in the latter part of the year, along with rising production, and the Group expects this trend to continue into 2024.

The total cost per tonne in 2023, after taking account of all sources of crop, was US$498, 6% lower than the US$527 recorded in 2022. Whilst the total cost of production is influenced by the same upward pressures as for the Group cost per tonne, the overall decrease reflects the lower average cost to purchase crop for processing during the year. The purchase cost is formulaically linked to the CPO selling price.

As a Group committed to operational excellence, management makes investment decisions for the long term, to ensure that the Group is able to continue enjoying the high yields that it has become known for. During the period of elevated fertiliser costs, the Group continued to apply both organic and inorganic fertiliser to its fields in accordance with the recommendations of its agronomic consultants, to ensure that areas would remain productive in the longer term. The Group takes a similar long-term view on spending in other areas which it considers to be a core part of its operations, including its sustainability team, and its education and training programmes.

COMPONENTS OF COST PER TONNE (PERCENT)



As previously reported, the price for palm kernels had been particularly high during the first half of 2022, reflecting a combination of high demand for certain products in which palm-kernel oil is used, notably in the healthcare sector, and a shortage of competing coconut oil. In the second half of 2022 and throughout 2023, demand, and therefore price, has returned to more normal levels and, as a result, the average price for the Group's PK during 2023 was US$354 per tonne (2022 US$611 per tonne).

The Group is committed, wherever possible, to selling its output as certified sustainable production, and both CPO and PK are sold with RSPO and ISCC certifications depending on demand and where the best premia can be achieved. During 2023, the Group received total sustainability premia of US$6.5 million, a slight reduction on the US$7.5 million in the previous year. There were two reasons for the decrease. Firstly, for both CPO and PK there was a decrease in premia per tonne in the second half of the year. The average premium per tonne for CPO sold as certified decreased in the year to US$14.20 (2022 US$16.90). The average PK premium for the whole year was similar to the previous year at US$90.60 (2022 US$91.80) but reflected an increase in the first half followed by a decrease in the second half. The second reason for the decrease was that, whilst the volume of CPO sold as sustainable increased, there was a small decrease in the volume of PK sold as sustainable during 2023 as some sales were held over to 2024.

PLANTING

The Group recognises the value in planting every available hectare at its estates, to maximise yield and to ensure that its mills are utilised as far as possible by its own high-quality crop. Nonetheless, the Group only plants land that is environmentally appropriate, is compliant with the requirements of the RSPO, and where land compensation has been paid and fully documented based on the principles of free, prior and informed consent.

At its Musi Rawas estate in South Sumatra, the Group opened its sixth palm-oil mill in early 2023 and, in the interests of future milling utilisation, planting continued throughout the year. The initial target of 10,000 planted hectares was achieved by the middle of the year and, by the year end, the Group had planted a total of 690 hectares to bring the total planted area up to 10,332 hectares. Planting is continuing in 2024, with a revised target of 11,000 hectares.

The Group acquired 2,100 planted hectares at Simpang Kiri in early 2023, and has made significant progress since the acquisition in improving the quality of those areas. As part of its investment for the long term, the Group expects to replant approximately half of the acquired area. During 2023, 300 hectares were replanted, and the Group has invested in sufficient nursery material to replant the remainder. Management expects to complete the remaining replanting during 2024 and 2025.

In addition to the acquisition at Simpang Kiri, the Group acquired 8,350 planted hectares in East Kalimantan towards the end of 2023. The Group expects to have the opportunity for further planting alongside the acquired areas, and is working with environmental consultants to review what may be achievable.

In its more mature Pangkatan plantations in North Sumatra, the Group has continued its replanting programme, and 170 hectares were replanted during the year. Furthermore, the Group has continued to work in North Sumatra to support the formation of new co-operative schemes, and more members joined those schemes during the year. A further 200 hectares were replanted, bringing the total area included in the North Sumatran smallholder schemes up to 1,350 hectares.

ASSOCIATED COMPANY: KERASAAN

The Group continues to own a 38% share in PT Kerasaan Indonesia ("Kerasaan"), which, in turn, owns a 2,300 hectare oil-palm estate in North Sumatra. The estate achieved a crop of 48,200 tonnes in 2023, 7% lower than the 51,900 tonnes harvested in the previous year. However, Kerasaan invested in new planting during the year, adding a further 80 hectares, which will come into harvest in future years.

Performance evaluation

65,500
hectares, Group & scheme smallholders

2022: 54,100 hectares

Planted hectarage

The total planted hectarage managed by the Group is a good indicator of its ability to continue producing strong crop.

23.3
tonnes per hectare

2022: 23.2 tonnes

Ffb yield per hectare

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

1.6m
tonnes

2022: 1.5m tonnes

Ffb crop

The total crop available for milling, whether harvested or purchased, is the key input in determining CPO and PK production.

23.4%
oil-extraction rate

2022: 22.9%

Extraction rates

The efficient running of the Group's own mills increases the output of CPO available for sale.

The Group continues to use a number of different indicators to monitor the performance of its operations and to enable it to ensure that activities are supervised effectively, in accordance with Group strategy and with Group values. Inevitably, there is a significant focus on operational and financial metrics, but both the board and senior management are also kept informed of other key information, including in relation to environmental and sustainability data, employee and safety information, and the Group's commitments to social engagement and local communities. Further information is included throughout this report, on the Group's website, and in the standalone TCFD and ESG reports published by the Group over the last twelve months.

In this section, for consistency, the Group has continued to report on the five operational and financial metrics previously reported, but has added two further indicators to broaden reporting in this area.

Over the course of 2023, the Group continued to invest a substantial amount in its planted hectarage, to maintain its crop levels and to ensure that it has the opportunity for future crop growth. In particular, the Group acquired more than 10,000 planted hectares during the year in both Aceh and in East Kalimantan, focusing its attention on areas close to existing Group properties. Whilst the contribution to Group crop from these areas was relatively small in 2023, it is expected to grow significantly in the coming years. As a result of this, and the ongoing planting programme at Musi Rawas in South Sumatra, by the end of the year the total planted area managed by the Group had increased to **65,500 hectares**.

The managers on each estate remain focused on improving yields, and work to ensure that each area is maintained, fertilised, and harvested in such a way to maximise crop. The yield per hectare increased notably at the Group's existing Kota Bangun project during the year, following a period of intensive work by the estate team, and there was evidence of payback on some of the Group's water management projects. Taking this into account, yield per hectare (excluding newly acquired properties which did not contribute for the full year) increased to **23.3 tonnes** in 2023. This, along with an increase in purchases of crop from independent suppliers, helped to push up total crop available for processing to **1.6 million tonnes** in the year. Now that there are six palm-oil mills in operation, 95% of that crop was processed in a Group mill.

US$ 427
per tonne of palm product

2022: US$402 per tonne

Cost per tonne of palm product

Managing unit costs, particularly for production from the Group's own areas, is a key determinant of profitability.

5.9 tCO_2e
per tonne CPO produced

2022: 7.2tCO_2e

Carbon intensity

The carbon intensity of Group operations provides a single-figure indicator of progress towards the Group's net-zero targets.

7.5
injuries

2022: 4.2 injuries

Injury frequency

The Group's injury frequency rate (expressed using a standard multiplier of 200,000) provides an indicator of the Group's commitment to health and safety at its estates.

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

Mill management focuses on the performance of each Group mill, working to ensure that any oil losses are minimised at each stage in the production process. Extraction rates inevitably vary depending on mill performance and on crop quality, which can be heavily influenced by the proportion of independent crop purchases. Despite an increase in the tonnage and proportion of independent crop processed in Group mills during 2023, there was a notable increase in average extractions in Group mills to an **oil-extraction rate of 23.4%**.

As reported in the 'costs' section above, the Group maintains careful control over its input costs to ensure that both estate and milling operations are run efficiently. The Group's unit cost, in relation to crop harvested from its majority-owned hectarage, increased in the year by 6% to **US$427 per tonne**.

The Group is committed to acting responsibly, and this includes its approach on carbon reduction. Summary information is included in the sustainability section of this report, and the Group continues to follow the guidelines of the Taskforce on Climate-related Financial Disclosures. A key indicator of the Group's performance, and particularly its year-on-year progress, is its carbon intensity measure, which shows the level of carbon emissions (both directly within the Group and indirectly in the supply chain) per tonne of CPO output. The Group has continued to make progress, particularly by increasing the proportion of crop processed in efficient, in-house milling facilities, and in 2023 its carbon intensity reduced to **5.9 tonnes CO_2 per tonne CPO**.

The wellbeing of the Group's workforce and those living on Group estates is a priority, and the Group has a health-and-safety team who are active in all Group estates delivering training and working to ensure that safe working practices are embedded across the organisation. The Group measures several health-and-safety statistics on a location-by-location basis and responds accordingly. In 2023, the Group's **injury frequency rate was 7.5** (measured using a standard multiplier of 200,000). This means that for every 200,000 hours worked at Group locations, there were 7.5 reportable incidents during the year. Whilst there was a small increase, importantly the incident severity rate had decreased and, crucially, there were no fatalities in 2023 (2022 nil). In addition, the Group is committed to providing high-quality facilities to the communities living on its estates. Further details are included on page 39.

Current trading and prospects

The total crop processed by the Group for the first two months of 2024 was 245,700 tonnes, an increase of 16% from the same period in 2023. Whilst the Group had experienced a relatively low-cropping period in the early months of 2023, the current year has started more strongly, and almost all Group locations are ahead of the prior year. The Group may experience some delayed effect of the extended dry-weather, El Niño-type, conditions, that were seen in the latter part of 2023, on cropping levels in the second half of 2024. However, the Group's geographic diversity across Sumatra and East Kalimantan helps to mitigate against this risk.

Independent crop purchases are a little lower than in the same period of 2023. This is partly a reflection of the Group being able to increase mill utilisation with its own crop and that from associated scheme smallholders, but also a sign of increasing competition for independent ffb in some locations.

The details are set out in the following table:

	2 months ended 29 February 2024 Tonnes	Increase/ (decrease) %	2 months ended 28 February 2023 Tonnes
Own crops	143,600	23	116,300
Scheme-smallholder crops	43,200	23	35,100
Independent crops purchased	58,900	(4)	61,300
	245,700	**16**	**212,700**

As reported above, CPO prices were relatively stable during 2023, with the Group achieving an average mill-gate price of US$729 per tonne. This price stability has continued into the early part of 2024, with some price strengthening as the period continued. In early March, the Group has achieved some tender prices of a little over US$800 per tonne.

The Group continues to make progress on the integration of the estates in East Kalimantan acquired towards the end of 2023. On acquisition, some of the planted area had been neglected and was not immediately available for harvest. Whilst work remains ongoing, significant progress has been made on clearing those areas and bringing them into harvest. In addition, the Group is working with external consultants to assess the potential to plant additional hectarage in the acquired areas.

Since the year end, the Group's sustainability team has continued to work on securing Group certifications and, in February 2024, the Musi Rawas mill received its certification for the production of RSPO-certified palm oil.

The board continues to be 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 very positive.


Newly built housing at Bertam Properties

Operations: Malaysian property

ASSOCIATED COMPANY: BERTAM PROPERTIES

The Group's 40%-owned associate, Bertam Properties Sdn Bhd ("Bertam Properties") continued to develop and sell high-quality residential properties during 2023. The company's development area is located close to the town of Kepala Batas in the state of Penang, Malaysia, in an attractive location. During the course of the year, the company agreed the sale of a further 164 properties (2022 – 176). Following an increase in transaction completions, consolidated revenue, including from Bertam Properties' subsidiary, Penang Golf Resort Berhad, was US$24 million, 41% higher than the US$17 million in the previous year, and back to the pre-pandemic levels of 2019.

Bertam Properties continues to hold a land bank, which at the year end amounted to 200 hectares, a small amount of which was under current development. This does not include the 103-hectare area occupied by the Penang Golf Resort.

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.

During 2023, the Group has continued to develop its approach to the identification and management of risks. The Group's head of risk management, based in the Jakarta head office, held quarterly risk review meetings with all operational departments, and the output from those meetings has been discussed with the chief executive during his regular visits to Indonesia. Further work has been performed, supported by the Group's third-party specialist consultants, to assess climate-related risks, and the output of this work is being embedded into the Group's risk register. Where appropriate, as a result of this work, updates have been made to the disclosure of principal risks. Risk summaries are presented to, and reviewed by, the Group's audit committee. As a result of the work performed this year, three risks, relating to workforce sufficiency, security of land rights and IT system robustness, have been removed from the list of principal risks. One new principal risk, relating to the international regulatory environment, has been added to the list. Details are given below of the Group's assessment of the Group's net exposure to the principal risks identified, after the mitigating actions described. As in the previous year, the board remains of the view that the most significant risk to the Group is a significant fall in the commodity prices for CPO and PK.

KEY

Likelihood of occurrence	LOW	MED	HIGH	
Impact on the business	LOW	MED	HIGH	
Risk change from prior year	INCREASE ↑	DECREASE ↓	NO CHANGE →	NEW N

Impact on the business	LOW	MED	HIGH
HIGH	7 10 11	2	5
MED	9 12 15	3 8 13 16	1
LOW	17	4 6 14	

Likelihood of occurrence

RISK	IMPACT	MITIGATION
OPERATIONAL		

1 Adverse weather

Risk	Impact	Mitigation
One or more of the Group's operational locations suffers from adverse weather conditions. HIGH MED ↑	Yields may be lower than anticipated if weather conditions are too wet or too dry, causing lower crops or difficulties in harvesting.	The Group accepts that weather patterns can vary over the short term, and this may include extended periods of dry weather caused by weather phenomena such as El Niño. Its experience of developing and managing oil-palm estates in Indonesia over several decades shows that any crop deficits tend to be made up over the longer term. In addition, the Group benefits from the geographical diversity of its operations within Indonesia.

2 Climate change

Risk	Impact	Mitigation
Group estates start to feel the impact of long-term changes in climate patterns. MED HIGH →	Changing weather patterns may result in changing yield profiles on the Group's oil-palm estates.	There has been no evidence of significant changes to weather patterns on the Group's estates to date. However, the Group is not complacent and continues to monitor the situation, and has assessed climate risk over the medium to long term (up to 2050) and over climate-warming pathways of over 3°C. Further information on the assessment of climate risks is included in the sustainability section of this report on page 32, and this has been assessed as the Group's principal physical risk associated with climate change.

3 Flood and water incursion

Risk	Impact	Mitigation
One or more of the Group's planted areas suffer a significant flood. MED MED →	Depending on the severity, flooded areas are difficult or impossible to harvest, reducing yield from those areas.	Some of the Group's estates are more prone to flood risk than others, due to their location and topographical conditions. The Group has invested in water management systems, including bunding and drainage systems, as well as water pumps to evacuate excess water.

RISK	IMPACT	MITIGATION
OPERATIONAL (CONTINUED)		
4 Pests and disease Group planted areas are attacked by pests or infected by disease. MED LOW ↑	Whilst a remarkably hardy plant, the oil palm can still be subject to attack from pest and disease, reducing yield from affected areas.	The Group employs experienced agronomic managers in all its estates and takes advice from external consultants when appropriate. Effective management is designed to identify issues when they occur, and to ensure that they do not become widespread. Senior staff remain up to date in latest agronomic practices.
PRODUCTION AND SALES		
5 Change in prices There is a significant fall in commodity pricing for CPO and PKO. HIGH HIGH →	A fall in commodity prices would result in a reduction in mill-gate prices received by the Group for its output.	The Group accepts that it is dependent on its ability to sell its output into a world market over which it has no control. However, oil palm is a permanent tree crop and is the cheapest major vegetable oil to produce, with Indonesia being the lowest cost producing country. The Group employs a dedicated marketing team to monitor developments in the market and to ensure that it receives the best available prices for its sales tenders and other supply agreements.
FINANCIAL		
6 Exchange-rate fluctuation There is an adverse impact in the Indonesian Rupiah exchange rate. MED LOW →	Adverse exchange rate movements can impact upon Group costs and the value of locally held assets.	Exchange rate risk is mitigated at least in part as the Group's functional currency is USD and both its revenue and significant proportion of its costs are USD related. Local costs denominated in IDR are lower in USD terms when the IDR weakens, but at the same time assets held in IDR devalue, whilst the opposite holds when the IDR strengthens against USD. Management have concluded that, other than seeking to hold surplus cash balances in USD as far as possible, any other formal hedging mechanisms would be difficult to achieve and unlikely to be cost effective.
7 Inflation There is a significant increase in Group costs due to inflationary pressures. LOW HIGH ↓	Increasing input costs adversely affect cost per tonne and, by extension, operating margins.	The Group operates a centralised purchasing team, based in Jakarta, that is responsible for all major procurement, supported by regional offices dealing with local suppliers. Tenders are well controlled and subject to multiple reviews. Unit costs benefit from increasing yields, whilst inflationary pressure on key inputs such as fertiliser can feed through to cost per tonne.
8 Taxation The Group is unable to agree its tax accounting with local tax authorities. MED MED ↑	The Group is subject to an additional tax liability.	In all cases, the Group is committed to complying with relevant tax legislation and to paying taxes that are due. The Group employs a dedicated tax specialist team and works with external tax consultants where necessary to advise on complex areas.
PEOPLE		
9 Succession planning The Group fails to focus on development of its management team and planning for succession in key roles. LOW MED ↓	The Group relies on the experience and expertise of its senior management Group, without whom the Group risks a reduction in its high operating standards.	Succession planning for senior staff is a priority area and is discussed on a regular basis by the Group board. Wherever possible, early discussions are held with staff members to discuss their plans along with opportunities for future development. The continuing growth of the Group has allowed for scope to provide new learning and development for staff.

RISK	IMPACT	MITIGATION
ENVIRONMENTAL, SOCIAL AND GOVERNANCE		
10 Environmental obligations		
The Group fails to comply with its own policies, or with legal or regulatory obligations, on environmental protection. LOW HIGH →	A failure to comply with environmental obligations may lead to environmental loss, reputational damage, remediation costs and potential fines.	The Group applies its well-established policies on the development and operation of sustainable oil-palm estates. It has a separate sustainability team, including staff members resident at all its operating sites. The Group is a long-standing member of the RSPO and is subject to their independent audit and scrutiny. Given the increasing importance placed on this area by a number of stakeholders, this has been identified as the Group's principal climate-related transition risk, see page 33.
11 Relationship with local populations		
Operations are disrupted by a breakdown in relations with local populations around Group estates. LOW HIGH →	Disruption around Group estates, including workforce problems or transport difficulties, could lead to a slowdown or even stoppage in Group production.	Careful attention is paid to the Group's relationship with local populations around Group estates, including communication with local government, mayors and village representatives. The smallholder co-operative schemes, which are associated with all Group estates, play an important part in aligning the interests of the Group and the local community, and the Group works hard to ensure that the mutual benefits of co-operative participation are well understood.
12 Reporting obligations		
The Group fails to comply with obligations to provide external reporting on ESG data and analysis. LOW MED →	The Group may be subject to regulatory challenge, or have concerns raised by investors if necessary ESG data is missing from reporting.	There have been, and continue to be, significant changes in the regulatory environment around ESG in recent years, and the obligations to capture and report data are only expected to increase. The Group works with advisors, monitors guidance, and plans disclosure in annual reports, standalone documents and through the website, with the objectives of meeting its obligations and to providing useful information to its shareholders. Over the course of the last 12 months the Group has published separate TCFD and ESG reports, and plans are in place for further reporting.
POLITICAL AND REGULATORY		
13 Indonesian regulatory environment		
The Indonesian government introduces new laws or regulations which adversely affect Group operations. MED MED →	A change in the legal or regulatory environment in Indonesia could result in a reduction in Group profitability due to lower pricing, higher taxes, or some other impact.	The Group has a very long history of operating in Indonesia, and during that time the country has benefited from a period of political stability and economic growth. Inevitably some changes occur which influence the Group's operations, but the Group monitors these and reports them to shareholders as required. Indonesia has, in early 2024, elected a new president, and the Group will monitor the political and regulatory environment during the transitionary period.
14 International regulatory environment		
New laws or regulations are introduced by governments or regulatory bodies outside Indonesia which adversely affect Group operations. MED LOW N	A change in the global legal or regulatory environment could result in a reduction in Group profitability due to lower export demand, increased regulatory burden, or some other impact.	Whilst Indonesia is the largest producer of palm oil in the world, the majority of production is exported. As a result, the Indonesian palm-oil industry is reliant, to a degree, on continuing demand from, and access to, international markets. Lawmakers and regulators in some countries are introducing new requirements which are affecting, or will impact on, palm oil (e.g. EU Deforestation Regulation). The Group continues to monitor changes in international regulations, and seeks to ensure that, through its commitment to responsible and sustainable production, it can demonstrate compliance with international regulations.

RISK	IMPACT	MITIGATION
POLITICAL AND REGULATORY (CONTINUED)		
15 Bribery and corruption		
Operations in Indonesia are deemed to be at a higher risk of bribery and corruption. LOW MED →	Inappropriate activities could lead to both legal sanction and a loss of reputation.	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 staff at its Jakarta head office and has an independently operated whistleblowing hotline to facilitate anonymous reporting of any issues.
16 Land rights dispute		
There is a dispute over land rights between the Group and another interested party. MED MED ↑	If the Group is unable to defend its land rights, a loss of planted hectarage would have a knock-on effect to crop and production.	At times, the Group is subject to claims from others who seek to demonstrate an interest in the Group's planted areas. This can be more prevalent when commodity prices are high, not just for CPO, but other competing commodities when claimants see other potential uses for Group land. The Group's legal team, supported by advisors as necessary, robustly defend the Group's land rights, and in all cases the Group is satisfied that it holds the proper title to its planted areas.
INFORMATION SYSTEMS		
17 Information security		
Group IT systems are not sufficiently secure. LOW LOW ↓	Proprietary or sensitive information is shared outside the Group, either as a result of accidental loss or malicious cyber attack.	A Group-wide information management and reporting system has been deployed, and an in-house IT team works closely with retained IT consultants to ensure that Group data remains secure. Access controls have been established, and core data is stored in a secure 'cloud' environment.

Approved by the board of directors and signed on its behalf.

Matthew Coulson
Chief executive
19 March 2024

Sustainability

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.

INTRODUCTION

A core part of the Group's strategy is to be a responsible and sustainable business. As part of that strategy, the Group recognises the importance of making long-term decisions which seek to protect the environment and reduce the impact of climate change. As a responsible producer of sustainable palm oil, the Group supports the UK's commitment to avoid dangerous climate change and to limit global warming to 1.5°C as set out in the Paris Agreement. The Group has committed to increasing the level of disclosure provided in this area, both within this report and in separate, standalone documents. This section should be read in conjunction with the Group's 2022 TCFD report, the 2023 ESG report, and the relevant parts of the Group website.

The Group has complied with the disclosure requirements of TCFD and, in addition, for the first time this year, is providing disclosures consistent with the Climate-related Financial Disclosure obligations as set out in the Companies Act. In providing these disclosures, information is provided in this section on climate and sustainability governance, strategy, risk management, and metrics and targets.

CLIMATE GOVERNANCE

The board continues to promote the success of the Group, considering the interests of all stakeholders, and focuses on acting responsibly when considering the Group's strategic priorities. Climate-change evaluation has been integrated into existing sustainability governance, which has been developing alongside sustainability strategy. The board has overall responsibility for monitoring climate-related risks and opportunities. To support board members in fulfilling their responsibilities, three training sessions were undertaken with the board in 2023, facilitated by our third-party ESG advisors. These sessions covered TCFD and its recommendations, the Group's near-term and net-zero targets, and a deep dive into land use and land-use-change emissions, respectively.

After careful consideration, the board has decided not to create a separate board-level ESG committee, as it is felt that the board, as a whole, should be present for all key climate-related discussions. Climate change and sustainability is discussed at all main board meetings. The board communicates with management through the chief executive, who takes the lead on climate-change and sustainability at an executive level, and who shares information with the wider management team and the head of risk management during regular online meetings, and in his quarterly visits to Indonesia. Members of the sustainability team are present at each estate and advise the Jakarta-based sustainability team on climate issues. These are shared with the chief executive during weekly meetings. The head of risk management also shares relevant information with the chief executive. Progress against climate targets is managed by the chief executive with the help of the sustainability team. The board signs off on all external reporting, which contains progress against targets. Additionally, the board considers climate change and emissions when making strategic decisions, particularly taking into account physical risks when looking to expand planted hectarage through the acquisition of new land. Climate change continues to be assessed as a principal risk for the business, based on the ongoing review by management.

STRATEGY

The Group's strategy is set out in the strategic report on pages 12 to 31. A core part of that strategy is to act responsibly and maintain a sustainable business. The Group's strategy guides its approach to environmental management, sustainable practices, and minimising climate impact. Using existing methodologies including the Group's RSPO membership requirements, its stated commitments on no deforestation and no burning, and its zero-waste mentality, as well as newer approaches inspired by recent initiatives such as TCFD and net-zero targets, the Group continues to strive for excellence in this area. This approach influences all areas of operation, from strategic decision-making by the board to agronomic practices on Group estates.

RISK MANAGEMENT

The Group has a well-established process for identification, evaluation and management of risk across the organisation. See pages 28 to 31 within the strategic report for more detail in this area. Whilst climate-related risks continue to be an emerging and priority area, the Group is working to integrate climate-risk management into its wider risk process. This is ongoing and will continue in 2024.

Identification
The Group holds regular workshops to discuss new and emerging areas of risk, and this includes climate-related risks. In addition, information and education sessions were facilitated by the Group's third-party specialist ESG consultants to ensure that latest guidance was considered, as well as all aspects of climate-related risks and opportunities. Risks can be 'transitional' or 'physical' in nature. Physical risks arise from climate events, whilst transitional risks from the need for action to move away from fossil-fuel reliance.

Evaluation
Climate-related risks have been evaluated to assess both their likelihood and their impact. In doing so, management considered different timescales and the most recent available climate-scenario modelling. As had been the case in the previous year, the most significant physical risk was identified to be in relation to rising mean temperatures (included as risk 2 on page 28), and the most significant transitional risk to be the failure to comply with changing environmental obligations (included as risk 10 on page 30). For the purposes of this report, where appropriate, climate-related risks have been included in the list of Group principal risks on pages 28 to 31.

Management
Mitigating actions have been identified, as far as possible, for each of the identified climate-related risks, and these will be kept under review as part of an ongoing process.

Mitigating actions in relation to the Group's principal climate risks are described in the risk management section on pages 28 to 31, and as a result of these actions, the Group's underlying business model remains resilient to climate change. The Group's dedicated sustainability team has an important role to play in either managing these risks, or in monitoring the appropriate mitigating actions being taken elsewhere within the business. In some of its estate locations, the Group experienced some challenges with water management and associated flood risk during 2023. Continuing to deploy mitigating actions will be an area of focus for 2024.

METRICS AND TARGETS

The Group is committed to operating sustainably and doing what it can to protect the environment. It assesses a range of metrics, notably carbon intensity based on emissions per tonne of CPO produced, to measure the impact of its operations, and it has already reported on a detailed carbon balance sheet. An ultimate goal of achieving net zero by 2050 has been set, with an interim target at 2030. The Group's net-zero target has been set with reference to Science-Based Targets, and includes a 90% reduction in industrial emissions and a 72% reduction in FLAG emissions (i.e. those associated with forestry, land use and agriculture).

In addition, the Group is diligent in ensuring that it is not responsible for any deforestation, nor any burning on the land that it cultivates. We believe that producing

Conservation area at Kota Bangun

Sustainability continued

palm oil does not have to come at the expense of tropical rainforests, reduced biodiversity or threatened endangered species. Adhering to RSPO standards means we assess the suitability of all land for planting using the High Carbon Stock Approach (HCSA) and have a commitment not to develop on High Conservation Value (HCV) land. The Group participates each year in the SPOTT assessment undertaken by the Zoological Society of London, which provides an indicator of the quality of ESG disclosures provided by a sample of 100 palm-oil companies. In 2023, the Group increased its score by 6.5% to 86.7% and its ranking to 13th.

Reducing our greenhouse gas emissions

The Group has continued to work during 2023, supported by specialist sustainability consultants, to measure and analyse its carbon balance sheet, based on TCFD guidelines. This is made up of three main categories, scopes 1, 2 and 3. Scope 1 emissions arise from the Group's direct operations, and scope 2 emissions from electricity used to power those operations. Scope 3 emissions are indirect, and occur outside the Group, for example in products purchased or, as is far more significant for the Group, in the onward processing of products sold. Not all emissions arise as carbon dioxide (CO_2), but for simplicity of reporting and comparability purposes, all are converted, based on agreed conversion rates, to CO_2 equivalent amounts and reported as tonnes of CO_2 equivalent, or 'tCO_2e'.

In its first year of reporting a carbon balance sheet, the Group captured the substantial majority of emissions data. Subsequently, as part of the work performed in 2023, the Group has been able to measure the annual emissions associated with land-use change, and with the land application of treated palm-oil mill effluent ("POME"). These figures are included in the table, but are shown separately as restatements of the figures for the previous years' data as reported in the 2022 annual report and TCFD report.

The Group identified 2021 as its 'baseline' year for carbon reporting, and from which carbon-reduction targets have been set. By the end of 2023, total emissions had reduced by 19% from the baseline amount, and the Group is on track to achieve its interim target of reducing total industrial emissions by 28% by 2030 as part of its overall 2050 net-zero targets. Whilst scope 1 emissions have increased by a small amount from the baseline year, this reflects the continued growth of Group operations, and the focus on increasing the proportion of crop processed in Group mills, and is more than compensated for by a reduction in scope 3 emissions relating to processing in outside mills. More detail on progress against targets will be included in the 2023 TCFD report.

	2023 tCO_2e	2022 tCO_2e	2021 tCO_2e
Scope 1 as previously reported	203,900	116,800	124,500
Land-use change		37,500	36,000
Application of POME		39,900	27,500
Scope 1 updated	203,900	194,200	188,000
Scope 2	600	500	400
Scope 3	2,046,700	2,275,200	2,594,400
Total	**2,251,200**	**2,469,900**	**2,782,800**

The Group is continuing to review carbon metrics and, whilst not included in TCFD categories, is working to assess the carbon sequestration benefits associated with the significant hectarage managed as conservation areas.

Intensity measures

The Group continues to monitor carbon-intensity measures as a way of analysing emissions, whilst acknowledging the fact that its activities continue to grow. Carbon intensity is measured per tonne of CPO produced and per tonne of palm product. Using the updated carbon data for the Group's baseline year of 2021, the Group's carbon intensity (across scopes 1, 2 and 3) was 8.9tCO_2e per tonne of CPO and 7.3tCO_2e per tonne of palm product. By the end of 2023 these figures had reduced to 5.9 and 4.9 respectively.

NEXT STEPS

The Group is working to embed climate-risk management within its broader risk-management framework. Reporting on all aspects of ESG has taken a significant step forward over the last year, and the Group will be providing regular, standalone, reporting in this area to expand upon the summarised disclosures given in the annual report. Operationally, management are continuing to embed sustainable, and low-carbon, initiatives within the Group, and are engaging with key customers and suppliers to understand in more detail the work being done in the Group's supply chain.

FOCUS ON

Conservation

The Group is committed to ensuring that the palm oil we produce does not cause or contribute to the conversion of forests or any other natural ecosystems (including peatland, riparian ecosystems, and wetlands). We only develop land that is suitable for agriculture and is not forested.

Where viable, we carry out restoration and rehabilitation to support the regrowth of natural vegetation and restore the functions of natural ecosystems. This supports increased levels of biodiversity, promotes flood regulation, helps to reduce soil erosion and improve water quality. Native tree species are planted as part of an ongoing regeneration programme. We also seek to conduct habitat enrichment in estate areas to increase the diversity of natural vegetation and improve connectivity between HCV areas.

Kingfisher, Bangka

Conservation nursery, Bangka

Communities

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

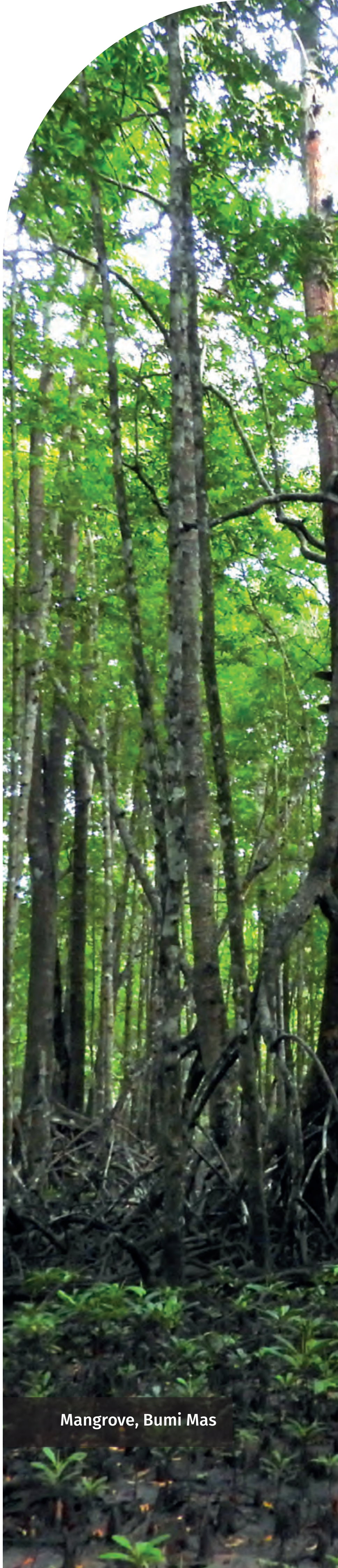
Since the early 2000s, the Group has grown substantially in Indonesia. At that point, its only majority-held Indonesian estates were relatively small areas in Sumatra, comprising a total of some 10,000 planted hectares. By 2023, the Group had expanded, such that it managed over 65,000 hectares of oil palm. The significant number of local communities on and around Group estates are important stakeholders in Group operations, and local communities benefit from the Group's continuing success.

The Group actively supports the formation of smallholder co-operatives associated with all its estates. Due to the long-term nature of oil-palm production, capital costs are high, and the Group is willing to provide initial funding to support scheme-smallholder planting costs. In addition, the Group works with smallholder co-operatives to ensure that they are able to obtain full title to their land, and provides other administrative support. By the end of 2023, scheme-smallholders associated with Group estates owned 15,900 hectares of oil palm, a very valuable asset.

The Group continues to be a major employer in its areas of operation, which is of particular significance in some of the Group's more remote locations, where it may be one of the largest local employers. The Group provides direct employment for a growing workforce, up to almost 13,000 in 2023, but also to a significant number of contracted workers, including construction and transportation workers.

Facilities for the large communities living on Group estates are maintained to a high standard (see page 39), and during the year the Group invested in new housing, medical, educational and recreation facilities for employees and their families.

Health clinic and ambulance, Bangka



Mangrove, Bumi Mas

CASE STUDY

Sustainability reporting

The Group recognises the importance of providing clear and useful information to its shareholders and other stakeholders on all aspects of sustainability and ESG, and seeks to provide balanced information throughout the annual report, and particularly in this sustainability section.

In addition, as regulatory expectations evolve, the Group has published two reports over the last 12 months: the 2022 TCFD (Taskforce on Climate-related Financial Disclosures) report and the 2023 ESG (environmental, social and governance) report, both of which can be downloaded from the Group website.

The Group expects to publish a new TCFD report in 2024 and an updated ESG report in 2025.

View both reports at
mpevans.co.uk/sustainability/sustainability-reports

For more information visit the sustainability section of the Group website.

Communities continued

CASE STUDY

Biogas facilities

The Group, as part of its commitment to zero waste, and reducing its carbon emissions, has established biogas plants connected to its palm-oil mills.

Following the opening, in 2023, of biogas facilities at both the Rahayu mill at Kota Bangun and the Musi Rawas mill in South Sumatra, the Group now has plants connected to five of its six mills.

These plants take the waste water from the mill (known as palm-oil-mill effluent or 'POME') and store it in covered ponds, capturing the methane that is emitted. This methane is used to generate renewable electricity in biogas engines, giving the double benefit of a significant reduction in harmful greenhouse gases, and a valuable power source for the Group.

Biogas processing facility, Rahayu mill

The Group opened a new biogas facility connected to the Rahayu mill at Kota Bangun during 2023. This increases the Group's total electricity generating capacity at Kota Bangun, resulting in an increase in renewable energy sales to the local supplier.

Wherever possible, electricity generated is distributed and used within Group estates, with any excess being sold to the local grid.

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 2023, the Group built 170 new housing units, and approximately 18,000 people live on the Group's oil-palm estates.

Education

The Group offers crèche facilities for young children, has developed both primary and secondary schools on its estates, and now has over 1,200 school places available. School buses are provided by the Group.

Recreation

The Group supports and encourages a wide range of sporting activities at 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 13 medical facilities at Group estates, and the doctors and medical staff employed by the Group are able to offer support and care on a wide range of issues, with 45,000 consultations completed in 2023.

Religion

Religion plays an important part in community life on Group estates, and this is supported by the Group through the provision of places of worship.

Community

Gathering as estate communities is important, and the Group has provided both community halls and estate clubhouses to make this possible. The Group's new clubhouse at Bumi Mas is due for opening in early 2024.

Report of the 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.

Luke Shaw

Chief financial officer

Appointed to the board on 1 August 2023 having joined the Group in July 2022 as chief financial officer. Qualified chartered accountant with previous experience of working with a wide range of companies, including international groups and AIM-listed businesses, as an audit manager at BDO LLP. Prior to joining the Group, held CFO position at Servomex, a division of Spectris plc, and has significant experience in financial and commercial management.

Bruce Tozer

Senior independent non-executive director

Appointed a director and member of the audit and remuneration committees in 2016, and chairman of those committees since 2022. Has held senior roles at JP Morgan, Rabobank International, and Credit Agricole. Non-executive director of Canadian-listed Base Carbon Corp. He consults in environmental markets, commodities, agribusiness investment and ESG. Advisory roles include lead adviser on carbon at Singapore-regulated Abaxx Exchange.

K Chandra Sekaran

Non-executive director

Appointed director in 2021 and was president director of PT Evans Indonesia for over 15 years until 31 July 2023. Role changed from executive to non-executive director in August 2023. Began career in Malaysia with Harrisons and Crosfield, and from 1995 worked in Indonesia as chief operating officer for Sinarmas Plantations before joining the Group. Has a profound understanding of the Indonesian plantation industry and the agronomic and social issues related to it.

Michael Sherwin

Independent non-executive director

Appointed a director and member of the audit and remuneration committees in July 2022. Has over 40 years' experience in finance and leadership roles, having originally trained and qualified as a chartered accountant with Price Waterhouse. A non-executive director of Williams Motor Co. (Holdings) Limited. Was CFO of Games Workshop plc for ten years, followed by nine years as CFO at Vertu Motors plc. Held non-executive directorships at both Plusnet plc and at Sumo Group plc where he chaired their audit committees.

Tanya Ashton

Independent non-executive director

Joined the board in August 2022. Member of audit and remuneration committee. Has over 18 years' experience working in ESG roles. Currently head of sustainability at Walgreens Boots Alliance, Global Sourcing, Europe and is a board member of global not-for profit organisation The Sustainability Consortium. A non-executive director of AIREA plc since May 2023. Previously held senior positions at Silver Spoon British Sugar plc, part of Associated British Foods. Is recognised for her commitment to increasing sustainability in consumer products.

Lee Yuan Zhang

Non-executive director

Joined the board in February 2023. Regional director (Plantations) of Kuala Lumpur Kepong Berhad ("KLK"), Malaysia. Former president director of PT KLK Agriservindo, Indonesia, responsible for the management of 140,000 hectares of oil-palm plantations across five Indonesian provinces. Has also held a number of senior head office roles, including senior marketing and sales roles, within the KLK Group.

Report of the Directors continued

The directors present the audited consolidated and parent-Company financial statements of M.P. Evans Group PLC for the year ended 31 December 2023.

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 results for the year are given in the consolidated income statement on page 64.

An interim dividend of 12.5p (2022 – 12.5p) per share in respect of 2023 was paid on 3 November 2023. The board recommends a final dividend of 32.5p (2022 – 30p) per share. This dividend will be paid on or after 19 June 2024 to those shareholders on the register at the close of business on 26 April 2024. This final dividend is not provided for in these 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 2023	54,230,888
Issued in respect of options	50,000
Bought back and cancelled	(991,198)
Issued (fully-paid and voting) at 31 December 2023	**53,289,690**

The Company operated a share-buyback programme during the year. Under that programme the Company bought back and cancelled 991,198 (2022 – 495,365) 10p shares, representing 1.8% (2022 – 0.9%) of the issued share capital, for a total cost of US$9.7 million (2022 US$4.9 million).

DIRECTORS AND DIRECTORS' INTERESTS

The present membership of the board is detailed on pages 40 and 41. In addition to the board's current membership, Philip Fletcher served as a non-executive director from the start of the year until his retirement on 31 July 2023. Luke Shaw, who joined the board on 1 August 2023, will offer himself for election at the forthcoming annual general meeting. In addition, in accordance with the Company's articles of association, Peter Hadsley-Chaplin will retire from the board at the annual general meeting and, being eligible, offer himself 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 10p shares in the Company, were as follows:

	Beneficial	Options
At 31 December 2023		
P E Hadsley-Chaplin	1,561,717	–
M H Coulson	20,000	83,933
L A Shaw	–	6,215
B C J Tozer	–	–
K Chandra Sekaran	145,181	35,000
M Sherwin	4,750	–
T Ashton	–	–
Lee Y Z	–	–
At 1 January 2023 (or later date of appointment)		
P E Hadsley-Chaplin	1,561,717	–
M H Coulson	17,000	49,234
L A Shaw	–	–
B C J Tozer	–	–
K Chandra Sekaran	142,181	32,000
M Sherwin	2,250	–
T Ashton	–	–
Lee Y Z	–	–

Further details of the directors' interests in share options are disclosed in the directors' remuneration report, on page 56.

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.

Other than the advisory fee to K Chandra Sekaran referred to in the remuneration table on page 53, 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 2023, 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	%
Kuala Lumpur Kepong Berhad	Direct	12,685,357	23.84
Nokia Bell Pensioenfonds ofp	Direct	5,683,226	10.68
Abrdn plc	Indirect	3,333,625	6.26
Schroder Investment Management	Indirect	2,327,120	4.37
The estate of MM Hadsley-Chaplin	Direct	1,928,254	3.62

AUTHORITY TO MAKE MARKET PURCHASES OF SHARES

The directors propose to seek authority under resolution 7 for the Company to purchase its own shares on the AIM market of the London Stock Exchange until 30 June 2025 or, if earlier, the date of the Company's 2025 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 7 set out in the notice of the annual general meeting will accordingly be proposed to authorise the purchase of up to a maximum of 5,321,983 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 7 will lapse on 30 June 2025 or, if earlier, the date of the Company's 2025 annual general meeting.

OUTSTANDING OPTIONS TO SUBSCRIBE

As at the date of this report, there were options to subscribe for 20,000 shares outstanding under the 2012 executive share-option scheme, and options to subscribe for 252,348 shares outstanding under the 2017 long-term incentive scheme. 28,837 shares have already been issued to the Company's Employee Benefit Trust in anticipation of the exercise of these options. If all of the options were exercised, the resulting number of shares would represent 0.51% of the enlarged issued share capital at that date and 0.57% of the enlarged issued equity share capital at that date if the proposed authority to purchase shares under resolution 7 was exercised in full (excluding any share capital which may be purchased and held in treasury).

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 90 and 91.

SUBSIDIARY COMPANIES

Details of the Group's subsidiary companies, including their country of operation, are given on page 98.

ENERGY USE

During the year, the Company used 56MWh (2022 – 62MWh) of energy, predominantly on electricity and gas, in its Tunbridge Wells head office, giving rise to 11 tonnes (2022 – 11 tonnes) of CO_2 equivalent emissions, calculated in accordance with the government's 2023 conversion factors, or 2 tonnes (2022 – 2 tonnes) per full-time equivalent employee. More information on Group emissions, and on carbon-reduction plans, is included in the sustainability section on pages 32 to 39.

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 each 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. 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
19 March 2024

The Group's Rahayu mill

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 and complies with the QCA Code's principles is set out in this corporate governance report and in the chairman's statement on corporate governance that follows. An index of corporate governance disclosures can be found on the Group's website*.

* www.mpevans.co.uk/about/corporate-governance/index-of-compliance

At M.P. Evans, we firmly believe that good corporate governance underpins the success of the Group. It supports decision-making in the board room, as well as the Group-wide culture that engenders trust in the way we operate and conduct our business.

As chairman, in addition to setting the Group's strategy in conjunction with the board, one of my primary responsibilities is to ensure that an effective corporate governance framework exists, and that clear policies, which have been approved and endorsed by the board, are embedded throughout all levels of the organisation. I am also responsible for ensuring the effective operation of the board. The composition of the board, the breadth and depth of its skill set, the diversity of its members to facilitate insight and perspective on matters being considered, and the inclusive environment within which constructive debate is enabled, are hugely important to the effectiveness of the board in its strategy setting and decision-making. 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.

Following a period during which we welcomed new members to the board and prepared for further changes to some key roles within the board and senior management, it has been a great pleasure to see how smoothly these transitions have occurred and have benefited the Group during 2023. I am confident that we have a very strong and fully engaged board which has a good balance of skills, experience and diversity to support and further the Group's strategy, as well as a culture of which we are proud. More information on our non-executive board members, including whether they are considered independent, can be found in the following corporate governance report. The success of these transitions has not been by accident, but the result of taking seriously our commitment to good corporate governance, a major element of which is focused on board composition and succession planning. Ensuring that we have the right people in the right roles is something to which we regularly dedicate time as a whole board, and whilst we carry out our own board evaluation annually, an exercise which board members welcome as an opportunity to reflect and provide constructive feedback, in truth we are constantly challenging and developing ourselves. Where necessary, we bring in external specialists to support the board and senior management in their decision-making, and access to training is available to ensure knowledge is up to date.

I am particularly proud of the great strides we have made in understanding our carbon balance sheet this year, which has enabled us to set a sensible zero-emissions target based on scientific analysis. Importantly, the work we have accomplished in this area, spearheaded by our chief executive Matthew Coulson together with our expanded sustainability team and our specialist ESG consultants, has enabled us to establish baseline metrics which will inform our approach to the risks and opportunities associated with climate change. In preparing and, in 2023, publishing our first TCFD report (covering data from 2021 and 2022), we have had the opportunity to build on our data-gathering processes, reflecting on ways to improve our own practices further whilst giving confidence to our stakeholders that we are committed to, and are already a significant way along, our carbon-reduction journey. As a producer of sustainable palm oil operating to the RSPO's strict guidelines, we have long been committed to the ESG agenda. Practices, such as our utilisation of byproducts in the production of energy and compost, already help to reduce our carbon balance sheet, and we are constantly seeking new ways to make further reductions. One of our next opportunities will be to engage with our supply chain to understand more about what our suppliers and customers are doing to achieve carbon reduction. During the early part of 2024, the Group also published a stand-alone ESG report which is available on our website (www.mpevans.co.uk). This clearly describes our approach and performance relating to environmental, social, and governance matters for the years 2021, 2022 and, where applicable, 2023. The development of increasingly sophisticated metrics in relation to ESG enables us to provide high-quality information to our shareholders and wider stakeholders. It is testimony to the importance the board places on building trust with our stakeholders. During the year, we also rebuilt our website, a project which will give us further tools to enhance the way we communicate with our stakeholders. Further details of the ways in which the board engages with shareholders is set out in the corporate governance section of this annual report.

Stakeholder engagement and promotion of the Group's values were also very much at the forefront of the 150-year celebratory lunch that followed the AGM in June 2023. This event was open to all our shareholders. It was also attended by several members of senior management from Indonesia, as the climax to a week they had spent with us in the Tunbridge Wells office, taking part in workshops designed to promote the exchange of ideas, and in social events that provided an opportunity to deepen relationships with UK colleagues and the board. This followed a board visit to Indonesia in April, where the newest non-executive directors were able to meet local staff and visit the Group's Bumi Mas plantation in East Kalimantan.

During the latter part of the year, awareness of the Group's zero tolerance of bribery and corruption was refreshed by online 'ABC' training completed by over 340 members of staff, including board members and the most senior managers in Indonesia and the UK. This supplemented ongoing training and socialisation of the Group's policies throughout the workforce, led by the Indonesian human resources team. The Group sees ethical behaviour as a competitive advantage to building trust with suppliers and attracting and retaining high-performing staff.

At least annually, the board considers who the Group's stakeholders are, and how the board engages with them. This helps to embed into the board's decision-making process the practice of considering wider stakeholder issues. The whistleblower hotline continues to be effective as a channel for stakeholders to report potential wrongdoing, and whilst we are pleased that no serious whistleblower issues have been identified to date, any grievances reported are treated as an opportunity to see if improvements need to be made in the way we do things.

The board, supported by the audit committee, has continued to make progress on the areas of risk identification, management, mitigation, and disclosure. As well as reviewing matters reported by the internal audit team, and monitoring the internal controls over financial reporting, there is regular dialogue between the Group's head of risk in Indonesia and executive directors, to ensure that mitigation strategies are being developed, deployed and are effective, and that any newly identified risks are assessed.

The corporate governance information and QCA compliance index on our website is updated annually following the board's review and was last updated in September 2023. I am pleased to report that the latest review affirmed our full compliance with the QCA Code. The board has already been briefed on the recent updates to both the QCA Code and the UK Corporate Governance Code and has decided that the QCA Code continues to provide an appropriate and robust framework to support the growth of the Group and its ability to deliver returns to its shareholders that also benefit wider stakeholders, and will seek to implement the updated QCA Code at the earliest opportunity.

Peter Hadsley-Chaplin
Chairman
19 March 2024

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 40 and 41. For the first month of the year, the board comprised an executive chairman, two executive directors, and four non-executive directors. From 1 February 2023 to 31 July 2023, the number of non-executive directors increased to five. From 1 August 2023, following the retirement of one board member, the transition of one executive board member to become a non-executive, and the appointment of a new executive board member, the board comprised an executive chairman, two executive directors and five non-executive board members. The maximum number of directors permitted under the articles of association is eight. Executive directors work on a full-time basis apart from the chairman who works on a part-time basis.

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 nine board meetings held in 2023, with the exception of Matthew Coulson, who was unable to attend the meeting held on 8 February 2023, K Chandra Sekaran who recused himself from the meeting held on 16 May 2023 and Tanya Ashton who was unable to attend the meeting on 27 July 2023. Lee Yuan Zhang, who joined the board on 1 February 2023, attended all nine board meetings in the year. Philip Fletcher, who served as a non-executive director for the first seven months, attended all of the six meetings which took place until then. Luke Shaw, who joined the board for the last five months of the year, attended all of the three meetings held in that period.

The board is collectively responsible to shareholders for the success of the Company and understands the need for robust corporate governance structures in achieving this. 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, with input from stakeholders as appropriate, regularly engages in reviewing and developing policies which support the Group's values. It actively promotes a culture founded on its values of integrity, teamwork and excellence and actively monitors the strength of this culture. Members of the board lead by example during their frequent interactions with staff and they promote the clear policies which are set by the board. They insist that policies are promulgated throughout the workforce, including training on key areas such as anti-bribery and corruption, modern slavery and the Group's independently administered whistleblowing hotline. Remuneration of all staff rewards those who display the desired behaviours. The Group dismisses staff found to have breached the value of integrity and in those circumstances any unexercised awards under the long-term incentive scheme would be forfeited.

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 its day-to-day management. The board's objective and key decisions are subject to periodic review, most recently in December 2023. 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, and board committees, have access to independent professional advice at the Group's expense when the board, or board committee, deems it necessary for it to carry out its responsibilities. The board has recently appointed Cavendish Capital Markets Limited 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. In 2023, the board again worked with its appointed specialist ESG consultancy firm to assist with its disclosure obligations under the non-financial and sustainability reporting regime, building on the initial data first reported in its 2022 annual report. The company secretary provides support on matters of corporate governance, working with the chair to embed regular review by the board of key Group policies and corporate governance developments. The company secretary is responsible for the induction process for new board members, receives the feedback given by board members when a board evaluation is conducted, and can also be a point of contact for shareholders and stakeholders.

Composition of the board and independence and re-election of directors

During the year, in compliance with the QCA's corporate governance code, the board has maintained a balance of executive and non-executive directors. Throughout the year, the board comprised three executive directors and five non-executive directors, other than during the month of January when there were three executive directors and four non-executive directors. In further compliance with the QCA's corporate governance code, at least three of the five non-executives serving during 2023 were independent. The current audit and remuneration committee members are all independent non-executive directors. Philip Fletcher, who retired from the board at the end of July 2023 and was a member of the audit committee, was not considered to be an independent director due to his long service and previous executive role within the Group. However, the depth of his understanding of the Group, coupled with his commitment to, and track record of, conducting his role with an independent mindset, enabled him to bring significant value to the board and its audit committee, and his contribution over the years has been greatly appreciated by board members and shareholders alike. Neither K Chandra Sekaran nor Lee Yuan Zhang is considered to be independent. However, the vast sector experience, both operational and commercial, that they bring to the board is of great benefit. Neither of these board members serves on the audit or remuneration committees.

A description of the roles and responsibilities of the directors is set out on pages 40 and 41. 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. The chief executive, Matthew Coulson, is responsible for implementing the strategy set by the board. He must set an example of the Group's culture and ensure that the Group is complying with its regulatory obligations and its self-imposed standards. None of the executive directors holds any external directorships or offices, and the board is confident that any external roles held by non-executive directors (for details see the board biographies on the website www.mpevans.co.uk) do not compromise their ability properly to carry out their respective roles for the Company. Bruce Tozer, whose background is in commodity finance, environmental markets, and agri-business project finance, including palm oil, keeps himself well informed of commercial issues and trends, and he is able to contribute valuable insight from the finance sector. The extensive corporate experience of Michael Sherwin, gained through years in executive and non-executive roles, and across a range of areas including M&A, corporate governance and accounting, enables him to identify essential issues in board and committee discussions, particularly around risk and internal control. Tanya Ashton has 20 years of experience in ESG roles and through her insightful contributions supports the board's awareness of ESG-related considerations in board discussions. Having joined the board in February 2023, Lee Yuan Zhang has enhanced the board's perspective through his extensive experience, derived from the roles he has held and continues to hold in KLK and its associated companies, in the agronomic as well as corporate aspects of the business. During the year, K Chandra Sekaran made the transition from executive to non-executive board member, which coincided with a successfully managed handover of his role as president director in charge of operations in Indonesia, to Ravichandran Krisnapillay. The board will therefore continue to benefit from K Chandra Sekaran's unparallelled knowledge of the Group's operations. Board discussions during the year, especially around the new acquisitions, benefited from his valuable insights. All board members engage fully and constructively in board discussions, demonstrating independent mindsets and willingness to challenge and hold the executives to account.

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, he 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. As he refers to in the chairman's statement, he will be transitioning from an executive to a non-executive role from July 2024.

The perceived governance concern around having an executive chairman is mitigated by having, in Bruce Tozer, a robust senior independent non-executive director. The senior independent non-executive director's role is to be a sounding board for the chairman and an intermediary for other directors. Shareholders can, and do, engage with the senior independent non-executive director to express their views on specific matters.

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.

Corporate governance continued

Directors' remuneration

As set out in the report on pages 53 to 56, 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 2023 comprised Bruce Tozer, Michael Sherwin and Tanya Ashton, met five times and all meetings were attended by all members.

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 successfully to formulate and execute the Group's strategy, the current skills and experience of board members and those of the candidate, an assessment of board diversity, 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 resilient to any unplanned changes and be able to recruit or promote suitable, well-qualified, candidates within a reasonable time period. The board has committed to regular reviews of succession planning and is aware that board diversity, including gender diversity, is likely to enhance the board's range.

Board performance evaluation

The board undertook a performance evaluation of itself and its committees during the year. Following the format used in the previous year, board members were invited to provide anonymous feedback to the company secretary within topic areas including board composition and structure, skills, induction, areas of responsibility, conduct of meetings, decision-making, committees, culture, risk management, stakeholder engagement, board evaluation and effectiveness of the chair. These comments were then analysed and compiled into a report by the company secretary, forming the basis of a board discussion. As in previous years, there was significant consensus among board members, with encouraging and constructive feedback given.

Progress was made during the year in addressing the outputs from the previous evaluation. Twice yearly board discussions on succession planning are now standing items on the board's agenda and topics include periodic assessment of board skills and diversity. In response, to a recommendation that the board improve its ESG awareness, management arranged board briefing sessions led by its specialist ESG consultants during the year, including sessions in which board members and the Group's senior local management and sustainability team took part. These sessions covered both general environmental themes relating to the impact of climate change and carbon emissions, as well as providing specific analysis around the Group's own data and carbon accounting. Board members found the sessions valuable in furthering their ESG awareness, and in re-emphasising the importance of considering ESG risks and opportunities as they relate to the business. Additional work on risk, and particularly disclosure of risk, was also carried out during the year in response to the 2022 board evaluation.

Following the outcomes of the 2023 evaluation, the board plans to undertake work to assess the ongoing appropriateness of its plans for the delivery of the Group's strategic objectives. In addition, assessing the effectiveness of stakeholder engagement was identified as an area of focus, including information flows to the board. Management has also been asked to look at identifying additional key performance indicators which might provide additional insights for investors on the way the Group operates.

Relations with shareholders and the AGM

The board attaches great importance to communications with both institutional and private shareholders. The executive directors regularly engage with shareholders to update them on the progress of the Group and discuss any areas of interest that they may have. Any significant issues raised by major shareholders are discussed by the board as a whole. The chairman or members of the board, as appropriate, aim to respond personally to communications received from individuals. The annual general meeting provides an excellent opportunity for smaller shareholders to meet executive and non-executive members of the board in person, to raise any issues and discuss the development of the business with them. The Company's annual general meetings have always been well attended by its shareholders, but for those who are unable to attend, the proceedings have in recent years been broadcast live via the IMC platform and a recording is made available on the website after the event.

2023 was a special year in which the Group celebrated its 150-year anniversary. The occasion was marked by a formal lunch at Mansion House, following the AGM held there on the same day. The lunch was open to all shareholders, subject to application and availability, and was very well attended and received.

During 2023, the executive directors took part in a number of online presentations, the recordings of which are available on the Group's website (www.mpevans.co.uk). These included two freely accessible live webinars by the executive directors following the 2022 results and the 2023 interim results, with the opportunity for questions and feedback from participants. The board intends to continue to use online forums, including certain social media channels, as a means of communicating the Company's investment case.

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 44 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 28 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. The Group also has an independently administered whistleblower hotline service. By the beginning of 2023, the regular trips by the executive directors to the Group's operations had resumed to their pre-covid pattern. This is a valuable way for directors to monitor the Group's operations and they use these opportunities to promote the Group's values. Additional engagement is achieved through virtual meetings with operational teams, and the executive directors make the most of technology to enhance oversight. The non-executive directors, three of whom were new to the board, joined the executives on their trip to Indonesia in April 2023, visiting the Group's Bumi Mas estate in East Kalimantan. The 150-year celebration hosted in Jakarta by Indonesian colleagues provided a great opportunity for the directors to meet many of the Group's operational staff.

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 44.

Viability

The board considers the Group's longer-term viability on a regular basis. 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$39.3 million. Furthermore, as disclosed in note 22, at the year end, the Group had available undrawn finance facilities of up to US$30 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 28 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 acceptable. Financially, the main risk to the Group's results is commodity-price fluctuation, and as has been demonstrated previously, 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 relatively young average age of its palms, at approximately 10 years. In light of this, 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.

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 Bruce Tozer. The other members are Michael Sherwin and Tanya Ashton and during the period up to 31 July 2023 Philip Fletcher was also a member of the audit committee. The directors who are not members of the committee 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 five times during 2023 and each meeting was attended by all the members appointed at the time of the meeting. 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;
- Reviewed findings of the internal audit team and the work they have performed;
- Reviewed the quality and effectiveness of the external audit and considered points arising from it;
- Reviewed the Group's whistleblower policy and implementation, including assessment of briefings of reports made to the independent hotline;
- Monitored progress of the Group's process for risk identification, management and disclosure;
- Reviewed acquisition accounting in relation to PT Dharma Agung and PT Teunggulon Raya.

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. Nigel Harker was the audit partner for the 2023 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 2023 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 reviews 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:

- Existing control environment over internal controls in financial reporting;
- 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 the most senior management, and recommends such remuneration and terms to the board. Throughout the whole year the committee comprised Bruce Tozer (chair of the remuneration committee), Michael Sherwin and Tanya Ashton. The committee met five times during 2023 and each meeting was attended by all the committee members.

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. During the year, until 31 July 2023, the executive director based overseas had 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.

TOTAL DIRECTORS' REMUNERATION FOR THE YEAR ENDED 31 DECEMBER 2023

	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 2023 £	Total remuneration 2022 £
Executive directors									
P E Hadsley-Chaplin	210,400	96,433	—	29,215	32,343	—	—	368,391	478,048
M H Coulson	350,600	160,692	160,692	37,649	31,041	8,500	47,568	796,742	785,336
K Chandra Sekaran[4]	319,353	375,942	—	—	—	—	20,940	716,235	1,086,871
L A Shaw[5]	97,917	37,593	44,878	6,768	—	12,240	—	199,396	—
	978,270	**670,660**	**205,570**	**73,632**	**63,384**	**20,740**	**68,508**	**2,080,764**	**2,350,255**
Non-executive directors									
J M Green-Armytage	—	—	—	—	—	—	—	—	30,813
P A Fletcher	23,100	—	—	—	—	—	—	23,100	37,350
B C Tozer	46,300	—	—	—	—	—	—	46,300	40,850
D M McBain	—	—	—	—	—	—	—	—	9,338
M Sherwin	39,600	—	—	—	—	—	—	39,600	18,675
T Ashton	39,600	—	—	—	—	—	—	39,600	15,563
Lee Y Z	36,300	—	—	—	—	—	—	36,300	—
K Chandra Sekaran[4]	146,488	—	—	—	—	—	—	146,488	—
	331,388	**—**	**—**	**—**	**—**	**—**	**—**	**331,388**	**152,589**
Total	**1,309,658**	**670,660**	**205,570**	**73,632**	**63,384**	**20,740**	**68,508**	**2,412,152**	**2,502,844**

1. In line with the Group remuneration policy, half of the bonus for the year to Mr M H Coulson and Mr L A Shaw (being in each case 11 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. In relation to Mr L A Shaw, his deferred-bonus element is pro-rated to reflect his board appointment on 1 August 2023.
2. The pension costs for Mr M H Coulson are the contributions made by the Company to a Company-sponsored self-invested personal pension whilst those for Mr L A Shaw are the contributions made by the Company to the Company's defined contribution pension scheme.
3. The gain on share options for Mr M H Coulson includes amounts already reported in previous years as remuneration under "Bonus deferred".
4. The remuneration for K Chandra Sekaran in 2023 is shown in the executive director remuneration table for the period in which he was an executive director. K Chandra Sekaran received a fee as a non-executive director from 1 August 2023. In addition, from that date, he received an advisory fee from the Group's Indonesian subsidiary, PT Evans Indonesia.
5. Mr L A Shaw was appointed to the board as chief financial officer on 1 August 2023.

The annual ratio for total remuneration of the chief executive in relation to the median of the Group's UK payroll excluding this individual was 5.9 (2022 – 6.0). The equivalent ratio for the percentage increase in annual total remuneration was 0.5 (2022 – 3.9).

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. To deliver this, the structure for remuneration:

- is designed to be easily understood by both executives and shareholders.
- 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.

For several years, this has been delivered by remuneration packages comprising a salary and a bonus related to current results and personal performance. 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. In January 2023, as already reported in the 2022 annual report, a new element of remuneration was introduced for the Group's UK-based chief executive. This was a share award made under the long-term incentive scheme (see below) designed further to align the chief executive's remuneration package with the long-term interests of shareholders. This share award, which is intended to be repeated each year, maintains the Group's outlook of offering remuneration packages which are designed to be broadly comparable with those offered by similar businesses, such as European plantation and AIM-listed companies.

Since the grant of the initial award to Matthew Coulson in January 2023, Luke Shaw was appointed to the board on 1 August 2023 as the Group's chief financial officer. Consistent with providing an incentive that aligns with the long-term interests of shareholders, the remuneration committee extended eligibility for UK executive tailored LTIS awards to Luke Shaw, with a view to awarding him a set number of share options relative to his base salary.

Key aspects of the January 2023 share awards to the chief executive (which will also apply to future awards made to UK executive directors under the scheme) and the rationale for those awards are summarised below:

- The type of award made could be classified as a 'restricted-stock' award, where vesting is dependent on continued employment at the end of a three-year vesting period from the date of award.
- Importantly for M.P. Evans, this form of award was already used for the Group's Indonesia-based executive and senior management and there is a strong benefit in consistency of approach across our executive team (see the section "Long-term incentive scheme" below).
- The award is straightforward and aligns to the Group's business outlook. The remuneration committee considered and discounted introducing a Performance Share Plan, where the vesting of awards would be dependent on attaining three-year Group performance conditions. In a very long-term business like that of M.P. Evans, three-year cycles would not necessarily reflect the Group's investment and development profile, and vesting could be heavily influenced by macro-factors such as commodity prices.
- The vesting of the share awards made to the chief executive is, however, subject to the remuneration committee being satisfied regarding the attainment of 'underpin' performance conditions in the period to vesting which will consider the general financial performance of the Group and adherence to the Group's core strategic pillars of Responsibility, Excellence, Growth, and Yield.
- At the date of award on 16 January 2023, the 18,000 shares subject to the awards made were equal in value to approximately 45% of the chief executive's 2022 base salary. In future years, for simplicity and for consistency with how award levels are set for colleagues in Indonesia, it is intended to maintain the chief executive's annual award level at 18,000 shares, although this will be reviewed for continuing appropriateness before each award is made.
- The awards to the chief executive also contain features which we believe will make the awards genuinely long-term:
  - After the three-year vesting period, vested shares (after any sales for UK income taxes and National Insurance) must be retained by the chief executive for a further two years.
  - Beyond that period, the chief executive is encouraged to hold shares and build his personal shareholding.

LONG-TERM INCENTIVE SCHEME

The long-term incentive scheme established in 2017 governs the grant of deferred-bonus awards to UK-based executive directors and annual awards of fully paid shares to senior staff. It also provides the awards made to our UK-based chief executive in January 2023, as described above, and which are intended to be an annual element of UK executive remuneration in the future.

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.

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.

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 2023 took into account, inter alia, another record year of crop and production, including production from the Group's own mills with its sixth mill opened in early 2023, addition of over 10,000 planted hectares to the Group's portfolio, successfully managed changes to senior management and the board, significant steps made on ESG capacity building and reporting, and appropriate marking of the Group's 150-year anniversary. Where appropriate, the absolute value of these measures was assessed, as was their outturn against budget.

Also, for our chief executive, from January 2023, and for our chief financial officer, from January 2024, we have introduced the annual share award described above.

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 and motivate high-quality non-executive directors and the level of fees paid for similar roles in equivalent companies.

EXECUTIVE SHARE-OPTION SCHEME

During 2023, K Chandra Sekaran was a member of the executive share-option scheme which was established in 2012. Options granted under this scheme gave 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 2023, options over 20,000 shares (2022 – 20,000) granted to K Chandra Sekaran under this scheme remained outstanding. During the year, no options were exercised by him (2022 - none) and none (2022 - none) lapsed.

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 over 22,256 fully-paid shares were awarded in 2023 (2022 – 19,880), representing half of the 2023 bonus awarded to him.

During the year, Luke Shaw was also 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 over 6,215 fully paid shares were awarded in 2023 (2022 – none), representing a pro-rated amount of his bonus since joining the board during the year.

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

At 31 December 2023, the middle-market quotation for the Company's shares, as derived from the London Stock Exchange Daily Official List, was 740p, as compared with the high and low quotations for the year of 900p and 670p respectively.

Remuneration report continued

OPTIONS HELD OVER SHARES OF THE COMPANY BY THE EXECUTIVE DIRECTORS DURING THE YEAR ENDED 31 DECEMBER 2023

	Balance at 1 Jan 2023	Granted in the year	Exercised in the year	Balance at 31 Dec 2023	Exercise price pence	Date granted	Date from which normally exercisable	Expiry date
Executive share-option scheme								
K Chandra Sekaran	20,000	–	–	20,000	412.50	27 Apr 15	27 Apr 18	27 Apr 25
Total	**20,000**	**–**	**–**	**20,000**				
Long-term incentive scheme								
M H Coulson	5,557	–	5,557	–	0.00	9 Jan 20	9 Jan 23	8 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
	19,880	–	–	19,880	0.00	13 Dec 22	13 Dec 25	12 Dec 32
	–	18,000	–	18,000	0.00	16 Jan 23	16 Jan 26	15 Jan 33
	–	22,256	–	22,256	0.00	12 Dec 23	12 Dec 26	11 Dec 33
	49,234	**40,256**	**5,557**	**83,933**				
K Chandra Sekaran	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
	3,000	–	–	3,000	0.00	23 Mar 22	7 Jan 25	6 Jan 25
	3,000	–	–	3,000	0.00	1 Jul 22	1 Jul 25	30 Jun 32
	–	3,000	–	3,000	0.00	6 Jan 23	6 Jan 26	5 Jan 33
	–	3,000	–	3,000	0.00	1 Jul 23	1 Jul 26	30 Jun 33
	12,000	**6,000**	**3,000**	**15,000**				
L A Shaw	–	6,215	–	6,215	0.00	12 Dec 23	12 Dec 26	11 Dec 33
	–	**6,215**	**–**	**6,215**				
Total	**81,234**	**52,471**	**8,557**	**125,148**				

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
19 March 2024

Checking temperatures at the Musi Rawas mill compost facility

Independent auditors' report

To the members of M.P. Evans Group PLC

OPINION ON THE FINANCIAL STATEMENTS

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 2023 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 2023 which comprise 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 financial statements, 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 Auditor's 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 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 ("OER") 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 by comparing prior year forecasts to current year results.
- 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 the 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

75% (2022 – 77%) of Group profit before tax

85% (2022 – 85%) of Group revenue

77% (2022 – 70%) of Group total assets

KEY AUDIT MATTERS

	2023	2022
Impairment of goodwill		✓
Revenue recognition	✓	

Impairment of goodwill is no longer considered to be a key audit matter in the current year because adequate headroom exists in the current year due to the strong performance of the key cash generating units to which goodwill is attributable.

MATERIALITY

Group financial statements as a whole

US$3.63 million (2022: US$5.0 million) based on 5% (2022: 5%) of profit before tax.

AN OVERVIEW OF THE SCOPE OF OUR AUDIT

The Group financial statements are a consolidation of twenty five companies consisting the parent Company, three UK-incorporated subsidiary companies, seventeen Indonesian subsidiary companies, one Singapore-incorporated subsidiary 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 (2022 five) 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 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 ten (2022 seven) companies ("material but not significant components").

Where these components were located overseas, the audit procedures were performed by component auditors who were members of the BDO International network 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.

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. Our involvement with component auditors included the following:

- The Senior Statutory Auditor and other senior members of the Group audit team in the component auditor's engagement team conducted a discussion, via videoconference. We discussed the Group and local risks identified and agreed the testing approach with the component auditor.
- Senior members of the Group audit team visited Indonesia to perform a review of the component team audit files for the Indonesian operating units and requested the component auditors to perform any further procedures required.
- At the completion stage senior members of the Group audit team visited and 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.

Climate change

Our work on the assessment of potential impacts of climate-related risks on the Group's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector;
- Review of the minutes of board and audit committee meetings and other papers related to climate change and a risk assessment as to how the impact of the Group's commitment as set out in the sustainably section in the report may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the directors' going concern assessment. We also assessed the consistency of managements disclosures included as other Information within the financial statements and with our knowledge obtained from the audit. Based on our risk assessment procedures, we did not identify a significant risk arising from climate-related risks and related commitments.

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
Revenue recognition *Refer to the accounting policies of the Group on pages 69-73 for further detail together with Note 4a* The Group generates revenue predominantly from the sale of crude palm oil ('CPO') and palm kernel ('PK') from processed fresh fruit bunches ('ffb'). Revenue is calculated as the quantity of CPO or PK multiplied by the CPO or PK price (tender price as agreed during the tender process). Estates that do not have mills sell ffb directly to third parties. The "ideal price" is the price for which the Group expects to sell the CPO and PK, and is calculated by the tender committee. Customers negotiate their own price with this committee which might be different from the ideal price. The price agreed by both the customer and the tender committee becomes the tender price which is used to sell to the customers. Members of this committee could collude with customers to manipulate the price. Having considered the potential for fraud in relation to revenue recognition, the most significant risk of material misstatement identified is fraudulent manipulation of the tender price. This is likely to have the highest magnitude as the tender process is centrally controlled so manipulation could ultimately affect the 'tender price awarded' for all sales made during the year.	We: • Performed a test over the operating effectiveness of controls by selecting a sample of tenders awarded during the year across all estates and confirmed that the tender form was approved and signed by the tender committee and head of marketing. • Obtained the ideal price calculations throughout the year for all estates and customers approved by the tender committee and compared these to tender prices awarded per invoices. • Compared the tender prices awarded per invoices to the ideal price calculation and obtained explanations for any variances over 15%. The threshold of 15% was considered reasonable based on our materiality level and the risk of material misstatement occurring on this financial statement balance. **Key observations: Based on our procedures performed, we did not identify any control issues or unexplained significant variances between the tender prices and the ideal prices.**

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	
	2023	2022	2023	2022
Materiality	US$3.6 million	US$5.0 million	US$2.1 million	US$2.0 million
Basis for determining materiality	5% of profit before tax	5% of profit before tax	2% of total assets	2% of total assets
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% percent of Group materiality (if lower) for Group reporting purposes given the assessment of aggregation risk.	
Performance materiality	US$2.5 million	US$3.5 million	US$1.5 million	US$1.4 million
Basis for determining performance materiality	70% of materiality	70% of materiality	70% of materiality	70% of materiality
	70% of materiality based on our experience and knowledge of the Group and parent Company, Group structure, planned testing approach, and history of errors.			

Component materiality

We set materiality for each significant component of the Group based on a percentage of between 60% and 40% (2022: between 70% and 19%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from US$2.15m to US$1.45m (2022: US$3.7m to US$1.0m). 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$72,600 (2022:US$106,000), 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.

independent auditors' report continued

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 report of the directors, 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:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance and component auditors; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations;

we considered the significant laws and regulations to be the applicable accounting framework, UK company law, UK tax legislation, AIM Rules and the component auditors considered compliance with Indonesian tax law, the Indonesian Sustainable Palm Oil (ISPO) regulations and Indonesian land laws.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigation. We identified such laws and regulations to be anti-bribery legislation, the health and safety legislation and local Indonesian labour laws.

Our procedures in respect of the above included:
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Involvement of tax specialists in the audit;
- Review of legal expenditure accounts to understand the nature of expenditure incurred;
- Reviewing the financial statement disclosures and agreeing to underlying supporting documentation where necessary.
- Review 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.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:
- Enquiry with management and those charged with governance including the audit committee, regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be journals posted by super users, journals with no description and revenue journals.

Our procedures in respect of the above included:
- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including component engagement teams who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit. For component engagement teams, we also reviewed the result of their work performed 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.

Nigel Harker (Senior Statutory Auditor)
for and on behalf of BDO LLP, Statutory Auditor
Gatwick, United Kingdom
19 March 2024

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

Consolidated income statement

For the year ended 31 December 2023

	Note	2023 US$'000	2022 US$'000
Continuing operations			
Revenue	4	307,368	326,917
Cost of sales		(228,915)	(217,707)
Gross profit		78,453	109,210
Gain/(loss) on biological assets		551	(1,431)
Foreign-exchange loss		(1,188)	(3,444)
Other administrative expenses		(5,443)	(4,614)
Other income		2,923	1,865
Operating profit		75,296	101,586
Finance income	6	1,348	1,395
Finance costs	7	(3,810)	(2,731)
Profit before tax	8	72,834	100,250
Tax on profit on ordinary activities	9	(18,826)	(24,073)
Profit after tax		54,008	76,177
Share of associated companies' profit after tax	15	2,390	2,184
Profit for the year		**56,398**	**78,361**
Attributable to:			
Owners of M.P. Evans Group PLC		52,487	73,060
Non-controlling interests	28	3,911	5,301
		56,398	**78,361**

		US Cents	US Cents
Continuing operations			
Basic earnings per 10p share	11	97.6	133.9
Diluted earnings per 10p share	11	97.2	133.4

		Pence	Pence
Basic earnings per 10p share			
Continuing operations		78.1	108.0

Consolidated statement of comprehensive income

For the year ended 31 December 2023

	2023 US$'000	2022 US$'000
Profit for the year	56,398	78,361
Other comprehensive (expense)/income (net of tax)		
Items that may be reclassified to the income statement		
Exchange loss on translation of foreign operations	(940)	(1,528)
Items that will not be reclassified to the income statement		
Remeasurement of retirement-benefit obligations	(366)	986
Other comprehensive expense for the year	(1,306)	(542)
Total comprehensive income	**55,092**	**77,819**
Attributable to:		
Owners of M.P. Evans Group PLC	51,203	72,449
Non-controlling interests	3,889	5,370
	55,092	**77,819**

Consolidated balance sheet

Company number: 1555042

As at 31 December 2023

	Note	2023 US$'000	2022 US$'000
Non-current assets			
Goodwill	13	17,083	11,767
Other intangible assets	13	1,012	1,167
Property, plant and equipment	14	486,915	411,658
Investments in associates	15	10,003	11,795
Investments	16	59	61
Deferred-tax asset	23	1,138	989
Trade and other receivables	19	8,875	9,146
		525,085	446,583
Current assets			
Biological assets	17	3,788	3,089
Inventories	18	24,155	23,112
Trade and other receivables	19	23,853	32,681
Current-tax asset		8,673	2,290
Current-asset investments	20	270	—
Cash and cash equivalents	20	39,324	82,503
		100,063	143,675
Total assets		**625,148**	**590,258**
Current liabilities			
Borrowings	22	21,009	17,364
Trade and other payables	21	27,547	24,410
Current-tax liability		6,279	4,455
		54,835	46,229
Net current assets		45,228	97,446
Non-current liabilities			
Borrowings	22	33,413	31,675
Deferred-tax liability	23	19,398	13,538
Retirement-benefit obligations	24	12,429	9,972
		65,240	55,185
Total liabilities		**120,075**	**101,414**
Net assets		**505,073**	**488,844**
Equity			
Share capital	25	9,062	9,179
Other reserves	27	53,263	54,543
Retained earnings	27	422,748	407,460
Equity attributable to the owners of M.P. Evans Group PLC		485,073	471,182
Non-controlling interests	28	20,000	17,662
Total equity		**505,073**	**488,844**

The financial statements on pages 64 to 91 were approved by the board of directors on 19 March 2024 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 2023

	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		–	2,390	50,097	52,487	3,911	56,398
Other comprehensive expense for the year		–	(515)	(769)	(1,284)	(22)	(1,306)
Total comprehensive income for the year		**–**	**1,875**	**49,328**	**51,203**	**3,889**	**55,092**
Issue of share capital	25	6	(6)	–	–	–	–
Dividends paid	10	–	–	(28,188)	(28,188)	(1,551)	(29,739)
Dividends from associates	15	–	(3,566)	3,566	–	–	–
Share buyback		(123)	123	(9,678)	(9,678)	–	(9,678)
Credit to equity for equity-settled share-based payments	26	–	294	260	554	–	554
Transactions with owners		**(117)**	**(3,155)**	**(34,040)**	**(37,312)**	**(1,551)**	**(38,863)**
At 1 January 2023		9,179	54,543	407,460	471,182	17,662	488,844
At 31 December 2023		**9,062**	**53,263**	**422,748**	**485,073**	**20,000**	**505,073**
Profit for the year		–	2,184	70,876	73,060	5,301	78,361
Other comprehensive (expense)/income for the year		–	(677)	66	(611)	69	(542)
Total comprehensive income for the year		–	**1,507**	**70,942**	**72,449**	**5,370**	**77,819**
Issue of share capital	25	4	187	–	191	–	191
Dividends paid	10	–	–	(28,500)	(28,500)	(1,232)	(29,732)
Dividends from associates	15	–	(2,656)	2,656	–	–	–
Share buyback		(57)	57	(4,902)	(4,902)	–	(4,902)
Credit to equity for equity-settled share-based payments	26	–	(19)	439	420	–	420
Transactions with owners		**(53)**	**(2,431)**	**(30,307)**	**(32,791)**	**(1,232)**	**(34,023)**
At 1 January 2022		9,232	55,467	366,825	431,524	13,524	445,048
At 31 December 2022		**9,179**	**54,543**	**407,460**	**471,182**	**17,662**	**488,844**

Consolidated cash-flow statement

For the year ended 31 December 2023

	Note	2023 US$'000	2022 US$'000
Net cash generated by operating activities	29	**83,642**	**102,288**
Investing activities			
Acquisition of subsidiaries, net of cash acquired	12	(34,516)	–
Purchase of property, plant and equipment	14	(38,282)	(33,714)
Purchase of intangible assets	13	(25)	(116)
Interest received	6	600	622
(Increase)/decrease in receivables from smallholder co-operatives		(6,161)	1,714
Bank deposits treated as current asset investments		(266)	–
Proceeds on disposal of property, plant and equipment		6,997	3,055
Net cash used by investing activities		**(71,653)**	**(28,439)**
Financing activities			
Repayment of borrowings		(17,405)	(22,009)
Lease liability payments		–	(38)
Dividends paid to Company shareholders		(28,188)	(28,500)
Dividends paid to non-controlling interest		(155)	(124)
Issue of Company shares		–	191
Buyback of Company shares		(9,678)	(4,902)
Net cash used by financing activities		**(55,426)**	**(55,382)**
Net (decrease)/increase in cash and cash equivalents		**(43,437)**	**18,467**
Net cash and cash equivalents at 1 January		82,503	65,609
Effect of foreign-exchange rates on cash and cash equivalents		258	(1,573)
Cash and cash equivalents at 31 December	20	**39,324**	**82,503**

Notes to the consolidated accounts

For the year ended 31 December 2023

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"), Company number 1555042. The Company is registered in England and Wales, and the address of its registered office is given on page 104. 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 31. 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 profit for the year of US$46,102,000 (2022 – loss of US$3,657,000). The Company's separate financial statements are set out on pages 92 to 97.

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 98.

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 2023. 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 17 *Insurance contracts*
IAS 1 *Disclosure of accounting policies*
IAS 8 *Definition of accounting estimates*
IAS 12 *Deferred tax related to assets and liabilities arising from a single transaction*

(b) New standards, amendments and interpretations issued but not effective for the year beginning 1 January 2023 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 16 *Liability in a sale and leaseback*
IAS 1 *Classification of liabilities as current or non-current*
IAS 1 *Non-current liabilities with covenants*
IAS 7 *Supplier finance arrangements*

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 International Financial Reporting Standards (IFRS). They have been prepared under the historical cost convention, except for items that are required by IFRS to be measured at fair value, principally biological 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 2025, including risks and sensitivities, 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 planting, 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 consideration due for CPO, PK and ffb 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. Payment terms are cash on delivery. However, in some circumstances credit is offered to selected customers, on up to 10-day terms.

(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) Business combinations and 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.

3 Accounting policies continued

(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.

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 2023. 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.

3 Accounting policies continued

(n) Taxation continued

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

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

(o) Financial instruments

Financial assets and financial liabilities are 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.

Current-asset investments – these include bank deposits with maturities expected to be within twelve months.

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

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

Trade and other payables – these are initially measured at fair value, and are subsequently measured at amortised cost, using the effective-interest-rate method.

Deferred income – this represents payments made by customers in advance of delivery of the related products.

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.

3 Accounting policies continued

(q) Segmental reporting

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

(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);
- Depreciation of leasehold land (note 14); and
- Treatment of acquisitions in the year (note 12).

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);
- Valuation of biological assets – growing produce (note 17); and
- Fair values on business combinations (note 12).

4 Revenue and segment information

(a) Revenue

	Plantation Indonesia US$'000	Other US$'000	Total US$'000
2023			
Sales of crude palm oil	266,493	–	266,493
Sales of palm kernels	28,637	–	28,637
Sales of fresh fruit bunches	12,190	–	12,190
Other	–	48	48
	307,320	**48**	**307,368**
2022			
Sales of crude palm oil	247,429	–	247,429
Sales of palm kernels	40,147	–	40,147
Sales of fresh fruit bunches	39,296	–	39,296
Other	–	45	45
	326,872	**45**	**326,917**

The Group sells some crop (fresh fruit bunches) to outside mills for processing, with a selling price based on the CPO market and an assumed rate of extraction. Crude palm oil and palm kernels are sold through volume-based contracts or as spot sales following a tender from a customer.

Notes to the consolidated accounts continued

4 Revenue and segment information continued

(b) 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
2023				
Continuing operations				
Revenue	307,320	–	48	307,368*
Gross profit	78,405	–	48	78,453
Gain on biological assets	551	–	–	551
Foreign-exchange loss	(833)	–	(355)	(1,188)
Other administrative expenses	(458)	–	(4,985)	(5,443)
Other income	2,913	–	10	2,923
Operating profit				**75,296**
Finance income	564	–	784	1,348
Finance costs	(298)	–	(3,512)	(3,810)
Profit before tax				**72,834**
Tax	(17,721)	–	(1,105)	(18,826)
Profit after tax				**54,008**
Share of associated companies' profit after tax	1,107	1,283	–	2,390
Profit for the year				**56,398**
Consolidated total assets				
Non-current assets	505,263	–	9,819	515,082
Current assets	91,210	–	8,853	100,063
Investments in associates	5,821	4,182	–	10,003
	602,294	**4,182**	**18,672**	**625,148**
Consolidated total liabilities				
Liabilities	87,185	–	32,890	120,075
Other information				
Additions to property, plant and equipment	42,672	–	52	42,724
Additions to intangible assets	25	–	–	25
Depreciation	24,090	–	12	24,102
Amortisation	180	–	–	180

* US$160.5 million of revenue (52.2%) was from sales to 2 customers (34.3% and 17.9% respectively).

4 Revenue and segment information continued

(b) Segment information continued

	Plantation Indonesia US$'000	Property Malaysia US$'000	Other US$'000	Total US$'000
2022				
Continuing operations				
Revenue	326,872	–	45	326,917*
Gross profit	109,165	–	45	109,210
Loss on biological assets	(1,431)	–	–	(1,431)
Foreign-exchange loss	(2,402)	–	(1,042)	(3,444)
Other administrative expenses	(402)	–	(4,212)	(4,614)
Other income	1,845	–	20	1,865
Operating profit				**101,586**
Finance income	617	–	778	1,395
Finance costs	(64)	–	(2,667)	(2,731)
Profit before tax				**100,250**
Tax	(23,386)	–	(687)	(24,073)
Profit after tax				**76,177**
Share of associated companies' profit after tax	1,677	507	–	2,184
Profit for the year				**78,361**
Consolidated total assets				
Non-current assets	424,736	–	10,052	434,788
Current assets	85,878	–	57,797	143,675
Investments in associates	7,183	4,612	–	11,795
	517,797	4,612	67,849	590,258
Consolidated total liabilities				
Liabilities	51,186	–	50,228	101,414
Other information				
Additions to property, plant and equipment	33,708	–	6	33,714
Additions to intangible assets	116	–	–	116
Depreciation	21,924	–	7	21,931
Amortisation	171	–	–	171

* US$194.9 million of revenue (59.6%) was from sales to 2 customers (34.3% and 25.3% respectively).

Notes to the consolidated accounts continued

5 Employees

	2023 US$'000	2022 US$'000
Employee costs during the year		
Wages and salaries	47,417	44,553
Social security costs	3,517	3,319
Current service cost of retirement benefit (see note 24)	1,770	1,879
Other pension costs	437	207
Share-based payment charge	554	420
	53,695	**50,378**

	2023 Number	2022 Number
Average monthly number of people employed (including executive directors)		
Estate manual	12,701	11,560
Local management	102	107
United Kingdom head office	7	7
	12,810	**11,674**

Included in the table above are costs relating to key management personnel, those persons having authority and responsibility for planning, directing and controlling the activities of the Group. Total directors' emoluments for the year were £2.4 million (2022 £2.5 million). Emoluments for the highest paid director were £0.9 million (2022 £1.1 million). The total gain on exercise of share options by the directors was £0.1 million (2022 £0.2 million). The total gain on exercise of share options by the highest paid directors was £nil (2022 £0.2 million). The total number of directors for whom contributions were made to defined contribution pension arrangements was 2 (2022 – 1), in the current year the highest paid director did not (2022 did not) receive contributions to defined contribution pension arrangements. In addition to amounts paid to directors, other key management personnel received a further £0.3 million (2022 £0.1 million) in short-term employee benefits during the year.

6 Finance income

	2023 US$'000	2022 US$'000
Unwinding of discounting of receivables	—	282
Interest receivable on bank deposits	600	622
Interest receivable on related party loans	748	491
	1,348	**1,395**

7 Finance costs

	2023 US$'000	2022 US$'000
Interest payable on bank loans and overdrafts	3,810	2,731

8 Profit before tax

	2023 US$'000	2022 US$'000
Profit before tax is stated after charging:		
Depreciation of property, plant and equipment	24,102	21,931
Amortisation of intangible assets	180	171
Auditors' remuneration*	451	411
Employee costs (note 5)	53,695	50,378
The analysis of auditors' remuneration is as follows:		
Audit of UK parent Company	36	33
Audit of consolidated financial statements	198	176
Audit of overseas subsidiaries	191	177
Total audit services	**425**	**386**
Taxation advisory services	–	–
Total non-audit services	**–**	**–**

* In addition to the above, US$26,000 (2022 US$25,400) were payable to other firms for the audit for the subsidiary companies.

9 Tax on profit on ordinary activities

	2023 US$'000	2022 US$'000
United Kingdom corporation tax charge for the year	857	549
Relief for overseas taxation	(857)	(549)
	–	–
Overseas taxation	15,851	19,617
Adjustments in respect of prior years	2,539	–
Total current tax	18,390	19,617
Deferred taxation – origination and reversal of temporary differences (see note 23)	436	4,456
	18,826	**24,073**

The standard rate of tax for the year, based on the weighted average of standard tax rates applied in the United Kingdom during 2023 (being 19% to 31 March 2023 and 25% for the remainder of the year), was 23.52% (2022 - 19%). The standard rate of Indonesian tax was 22% (2022 – 22%). The actual tax charge is higher than the standard rate for the reasons set out in the reconciliation below.

	2023 US$'000	2022 US$'000
Profit on ordinary activities before tax	72,834	100,250
Tax on profit on ordinary activities at the standard rate	17,131	19,048
Factors affecting the charge for the year		
Profits taxed at higher standard tax rate	–	3,189
Profits taxed at lower standard tax rate	(1,039)	–
Expenses not deductible	1,407	1,075
Lower rate on fixed asset disposals	(22)	(8)
Withholding tax on overseas dividends and interest	247	152
Adjustment relating to intercompany loan relationships	737	335
Unrelieved losses	(345)	293
Other differences	(1,829)	(11)
Adjustment to tax charge in respect of prior periods	2,539	–
Total tax charge	**18,826**	**24,073**

In addition to the above, the Group recognised a tax credit of US$0.1 million (2022 – charge of US$0.3 million) on retirement benefit obligation remeasurement losses (2022 – gains), recorded in other comprehensive income.

Notes to the consolidated accounts continued

10 Dividends paid and proposed

	2023 US$'000	2022 US$'000
2023 interim dividend – 12.5p per 10p share (2022 interim dividend 12.5p)	8,153	7,611
2022 final dividend – 30p per 10p share (2021 final dividend 25p)	20,035	17,227
2021 special dividend – 5p per 10p share	—	3,662
	28,188	**28,500**

Following the year end, the board has proposed a final dividend for 2023 of 32.5p per 10p share, amounting to US$22.0 million. The dividend will be paid on or after 19 June 2024 to shareholders on the register at the close of business on 26 April 2024.

11 Basic and diluted earnings per share

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

	2023 US$'000	2023 No. of shares	2022 US$'000	2022 No. of shares
Profit for the year attributable to the owners of M.P. Evans Group PLC	52,487		73,060	
Average number of shares in issue		53,753,331		54,579,591
Diluted average number of shares in issue*		53,981,990		54,754,110

* 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 Acquisitions

During the course of 2023, the Group made two acquisitions.

On 6 March 2023, the Group acquired 100% of the shares in two Indonesian companies, PT Dharma Agung ("DA") and PT Teunggulon Raya ("TR"). On acquisition, DA and TR had 2,100 hectares planted with oil palm, and all planted areas were fully titled, with long leaseholds already established. The planted land is close to the Group's Simpang Kiri estate in Aceh province, northern Sumatra. Net consideration of US$11.0 million was paid, with gross assets acquired of US$15.5 million and liabilities assumed of US$4.5 million. The gross assets acquired included US$15.3 million relating to the plantation assets and US$0.2 million of other assets. The transaction has been treated as an asset acquisition in accordance with the concentration test guidelines in IFRS 3 'Business Combinations'.

On 23 November 2023, the Group acquired 100% of the shares in two further Indonesian companies, PT Agro Bumi Kaltim ("ABK") and PT Nusantara Agro Sentosa ("NAS"). On acquisition, ABK and NAS had 8,350 hectares planted with oil palm, and all planted areas were fully titled, with long leaseholds already established. All the planted land is in East Kalimantan, relatively close to the Group's Kota Bangun estate.

The provisional fair value amounts recognised in respect of the identifiable assets acquired and liabilities assumed as are set out in the table below:

	Fair value US$'000
Property, plant and equipment	57,199
Current assets	6,213
Deferred tax assets	109
Cash and cash equivalents	1,713
Current liabilities	(449)
Liabilities due to related parties	(5,504)
Retirement benefit obligations	(275)
Bank loans	(22,488)
Deferred tax liabilities	(5,605)
Net assets acquired	**30,913**
Goodwill	5,316
Gross consideration	**36,229**
Adjustment for cash and cash equivalents acquired	(1,713)
Net cash outflow relating to business combinations	**34,516**

12 Acquisitions continued

Critical judgement
The directors have reviewed the acquisitions made during the year and, under the optional concentration test permitted by IFRS3(B7A), have concluded that for the purchase of DA and TR, substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset, being the planted hectarage purchased. As a result, this transaction has been treated as asset acquisition. The directors made a similar assessment of the subsequent purchase of ABK and NAS, initially forming the view that substantially all of the fair value of the assets acquired was also concentrated in a single identifiable asset. However, on further reflection, the Group has, on a provisional basis, accounted for the acquisition of ABK and NAS as a business combination in accordance with IFRS3. Therefore, in accordance with the requirements of IFRS, the directors considered whether there were any identifiable intangible assets as part of the acquisition of ABK and NAS. The directors concluded there were no such assets and that a fair-value adjustment should be made to the plantation land. As a result of the fair-value adjustment to the plantation land, a deferred tax liability has been recognised in accordance with the requirements of IAS12. This, and the related goodwill, is shown in the table above.

Key estimate
The directors have made an estimate of the fair value of the assets and liabilities acquired through business combinations (reflected in the table above). Accounting for the acquisition of ABK and NAS has been undertaken using provisional amounts at 31 December 2023.

13 Intangible assets

	Goodwill US$'000	Software US$'000	Total US$'000
Cost			
At 1 January 2023	11,767	1,789	13,556
Acquisitions (see note 12)	5,316	—	5,316
Additions	—	25	25
At 31 December 2023	17,083	1,814	18,897
Accumulated amortisation			
At 1 January 2023	—	622	622
Charge for the year	—	180	180
At 31 December 2023	—	802	802
Net book value at 31 December 2023	**17,083**	**1,012**	**18,095**
Cost			
At 1 January 2022	11,767	1,673	13,440
Additions	—	116	116
At 31 December 2022	11,767	1,789	13,556
Accumulated amortisation			
At 1 January 2022	—	451	451
Charge for the year	—	171	171
At 31 December 2022	—	622	622
Net book value at 31 December 2022	**11,767**	**1,167**	**12,934**

Goodwill is carried at cost. Of the balance above at 1 January 2023, 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).

Notes to the consolidated accounts continued

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, being the seven estates as described on pages 6 and 7, with their value in use. Value in use has been obtained by reference to independent valuations of the Group's property assets conducted at the end of 2023 (see page 100). These cash-flow 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 inflation-adjusted discount rates of 16-19% (2022 – 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 (2022 two years at US$666 followed by US$642 for the long term). A decrease in any of the CPO price, yield or extraction assumptions of up to 10% would not result in any impairment (2022 nil impairment) of the goodwill relating to Bumi Mas. Goodwill relating to the business combination in the year has not been included in the scope of impairment testing due to the timing of the acquisition.

14 Property, plant and equipment

	Leasehold land US$'000	Planting US$'000	Buildings US$'000	Plant, Equipment & Vehicles US$'000	Construction in progress US$'000	Total US$'000
Cost or valuation						
At 1 January 2023	114,438	214,786	124,890	82,079	24,116	560,309
Additions	15,062	8,989	414	3,588	14,671	42,724
Acquisition (see note 12)	31,488	21,897	2,367	1,417	30	57,199
Re-classification	–	–	16,339	13,145	(29,484)	–
Disposals	–	(3)	(814)	(1,338)	–	(2,155)
At 31 December 2023	**160,988**	**245,669**	**143,196**	**98,891**	**9,333**	**658,077**
Accumulated depreciation						
At 1 January 2023	187	64,893	44,366	39,205	–	148,651
Charge for the year	31	9,810	7,438	6,823	–	24,102
Disposals	–	(2)	(427)	(1,162)	–	(1,591)
At 31 December 2023	**218**	**74,701**	**51,377**	**44,866**	**–**	**171,162**
Net book value at 31 December 2023	**160,770**	**170,968**	**91,819**	**54,025**	**9,333**	**486,915**
Cost or valuation						
At 1 January 2022	111,907	212,880	114,777	77,622	12,742	529,928
Additions	2,552	3,431	–	3,514	24,217	33,714
Re-classification	–	–	10,715	2,128	(12,843)	–
Disposals	(21)	(1,525)	(602)	(1,185)	–	(3,333)
At 31 December 2022	**114,438**	**214,786**	**124,890**	**82,079**	**24,116**	**560,309**
Accumulated depreciation						
At 1 January 2022	155	56,145	37,974	34,649	–	128,923
Charge for the year	32	9,618	6,694	5,587	–	21,931
Disposals	–	(870)	(302)	(1,031)	–	(2,203)
At 31 December 2022	**187**	**64,893**	**44,366**	**39,205**	**–**	**148,651**
Net book value at 31 December 2022	**114,251**	**149,893**	**80,524**	**42,874**	**24,116**	**411,658**

Included in planting is immature planting with a cost of US$15,008,000 (2022 US$7,337,000).

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$159,615,000 (2022 US$113,308,000).

14 Property, plant and equipment continued

As at 31 December 2023, the Group had entered into contractual commitments for the acquisition of property, plant and equipment of US$1,884,000 (2022 US$8,162,000).

Depreciation and amortisation is charged to cost of sales, other than US$12,000 (2022 US$7,000) charged to other administrative expenses.

Property, plant and equipment additions for 2023 includes US$15.3 million of assets acquired in the year as set out in note 12.

15 Investments in associates

Details of the Group's subsidiary and associated undertakings are given on page 98. The Group's associated companies are both unlisted.

	2023 US$'000	2022 US$'000
Share of net assets		
At 1 January	22,494	23,981
Exchange differences	(708)	(1,015)
Profit for the year	2,390	2,184
Dividends received	(3,566)	(2,656)
At 31 December	**20,610**	**22,494**
Unrealised profit - deferral on land sales to associate	(10,607)	(10,699)
	10,003	**11,795**

A separate reserve is maintained for the share of profit or loss in the associates. As a result, dividends received are reclassified from the share of associates reserves to retained earnings.

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

	2023			2022		
	Kerasaan US$'000	Bertam Properties US$'000	Total US$'000	Kerasaan US$'000	Bertam Properties US$'000	Total US$'000
Total						
Revenue	7,417	23,793		9,582	17,429	
Profit after tax	2,916	3,206		4,414	1,266	
Non-current assets	10,145	46,554		4,486	47,529	
Current assets	2,104	27,026		11,645	28,996	
Current liabilities	(811)	(13,497)		(1,131)	(9,012)	
Non-current liabilities	(792)	(18,671)		(769)	(24,797)	
Net assets	10,646	41,412		14,231	42,716	
Group share	**(38%)**	**(40%)**		**(38%)**	**(40%)**	
Revenue	2,818	9,517	12,335	3,641	6,972	10,613
Profit after tax	1,108	1,282	2,390	1,677	507	2,184
Non-current assets	3,855	18,622	22,477	1,705	19,012	20,717
Current assets	799	10,810	11,609	4,425	11,598	16,023
Current liabilities	(308)	(5,399)	(5,707)	(430)	(3,605)	(4,035)
Non-current liabilities	(301)	(7,468)	(7,769)	(292)	(9,919)	(10,211)
Carrying value at 31 December	4,045	16,565	20,610	5,408	17,086	22,494

Notes to the consolidated accounts continued

16 Investments

	2023 US$'000	2022 US$'000
Financial assets at fair value through profit or loss (unlisted)		
At 1 January	61	65
Exchange differences	(2)	(4)
At 31 December	**59**	**61**

17 Current biological assets

	2023 US$'000	2022 US$'000
Ffb prior to harvest	3,788	3,089

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$3.4 million and US$33.0 million. The Group has never included ffb prior to harvest in its internal reporting and decision-making.

18 Inventories

	2023 US$'000	2022 US$'000
Processed produce for sale	11,040	13,155
Estate stores	11,221	8,789
Nurseries	1,894	1,168
	24,155	**23,112**

19 Trade and other receivables

	2023 US$'000	2022 US$'000
Current assets		
Trade receivables	1,799	5,537
Receivable from smallholder co-operatives	12,181	6,020
Due from associate company	—	6,798
Loans to related parties	285	662
Other receivables	7,714	9,643
Prepayments and accrued income	1,874	4,021
	23,853	**32,681**
Non-current assets		
Loans to related parties	8,875	9,146
	8,875	**9,146**
Trade and other receivables analysed by currency of receivable:		
Indonesian Rupiah	22,313	23,984
US Dollar	10,302	10,633
Sterling	111	410
Malaysian Ringgit	2	6,800
	32,728	**41,827**

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 2023 there was no provision for impairment of trade receivables (2022 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$60.8 million (2022 US$55.4 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:

	2023 US$'000	2022 US$'000
Immature areas - allocated	4,989	3,084
Mature areas	7,192	2,936
Current asset	12,181	6,020
Non-current asset – immature areas – not allocated	—	—
	12,181	**6,020**

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$9,160,000 (2022 US$9,808,000).

Notes to the consolidated accounts continued

20 Cash and other liquid resources

	2023 US$'000	2022 US$'000
Cash and cash equivalents	39,324	82,503
Current-asset investments	270	–
	39,594	**82,503**

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 acquired during the year, which have been pledged as security against bank loans. It is expected that the deposits will be returned within twelve months. The carrying value of these assets approximates their fair value.

21 Trade and other payables

	2023 US$'000	2022 US$'000
Current liabilities		
Trade payables	7,160	8,598
Payable to smallholder co-operatives	4,001	2,488
Deferred income	4,356	5,198
Other payables	12,030	8,126
	27,547	**24,410**

The average credit period taken for trade purchases is 32 days (2022 – 37 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

	2023 US$'000	2022 US$'000
Secured borrowing at amortised cost		
Bank loans	54,422	49,039
Total borrowings		
Amount due for settlement within one year	21,009	17,364
Due for settlement in one to two years	12,279	20,640
Due for settlement in two to five years	21,134	11,035
Amount due for settlement after one year	33,413	31,675
	54,422	**49,039**
Analysis of borrowings by currency:		
US Dollar	31,674	49,039
Indonesian Rupiah	22,748	–
	54,422	**49,039**
Analysis of anticipated cash outflows:		
Within one year	24,441	20,268
Due within one to two years	14,207	22,158
Due within two to five years	25,876	11,155
	64,524	**53,581**

Bank loans have been provided from lenders in Malaysia and Indonesia to support the Group's Indonesian operations. They 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$112.4 million (2022 US$114.9 million). At the year end, the Group had undrawn available credit facilities of US$30 million (2022 US$30 million).

Certain of the Group's loans are subject to financial and other covenants, all of which have continued to be met throughout the year. The weighted-average interest rate paid on bank loans in the year was 8.2% (2022 – 4.4%).

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 2023	(9,523)	2,194	(5,220)	(12,549)
Arising on acquisitions	(316)	158	(5,220)	(5,378)
Charge to income statement	(1,116)	386	294	(436)
Credit to other comprehensive income	—	103	—	103
At 31 December 2023	**(10,955)**	**2,841**	**(10,146)**	**(18,260)**
At 1 January 2022	(8,779)	2,835	(1,871)	(7,815)
Charge to income statement	(744)	(363)	(3,349)	(4,456)
Credit to other comprehensive income	—	(278)	—	(278)
At 31 December 2022	**(9,523)**	**2,194**	**(5,220)**	**(12,549)**

Other timing differences relate to losses, with the exception of the deferred tax liability of US$8.5 million (2022 US$8.5 million) that arose in 2017 on the acquisition of PT Bumi Mas Agro, and the deferred tax liability of US$5.3 million (2022 US$nil) that arose during the year on the acquisition of PT Agro Bumi Kaltim and PT Nusantara Agro Sentosa. Certain deferred-tax assets and liabilities have been offset. The following is the analysis of deferred-tax balances (after offset) for financial reporting purposes:

	2023 US$'000	2022 US$'000
Deferred-tax assets	1,138	989
Deferred-tax liabilities	(19,398)	(13,538)
	(18,260)	**(12,549)**

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$517,604,000 (2022 US$511,464,000). 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$21,370,000 (2022 US$23,238,000). 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$49,935,000 (2022 US$49,458,000) 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$16,618,000 (2022 US$14,848,000) of such losses. No deferred-tax asset has been recognised in respect of the remaining US$33,317,000 (2022 US$34,610,000) 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$868,000 (2022 US$1,689,000). 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 age of 55 years. 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.

	2023 %	2022 %
The main assumptions used to assess the Group's liabilities are:		
Discount rate	6.75-7.00	6.75-7.25
Salary increase per annum	7.00	7.00

	2023 US$'000	2022 US$'000
Reconciliation of scheme liabilities:		
Current-service cost	1,770	1,879
Past-service cost*	203	(2,242)
Interest cost	705	842
Actuarial loss/(gain)	469	(1,264)
	3,147	(785)
Less: Benefits paid out	(776)	(1,065)
Movement in the year	2,371	(1,850)
At 1 January	9,972	12,886
Exchange differences	86	(1,064)
At 31 December	**12,429**	**9,972**

* In relation to the 2022 past service cost, at its meeting in April 2021, the IFRS Interpretations committee ("IFRIC") decided to finalise an agenda decision that would include material explaining how the applicable principles and requirements in IFRS standards apply to attributing benefit to periods of service. The result of the decision capped the number of years that benefits start to accrue to 24 years. In April 2022, the Indonesian Financial Accounting Standards Board implemented the agenda decision. With Indonesian company regulations mandating a retirement age of 55, benefits therefore only start to accrue from the age of 31. Previously benefits were calculated regardless of age and as such there is a credit of US$2.2 million arising in the year following the adjustment to future benefits following the IFRIC decision.

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 US$0.9-1.2 million.

25 Share capital

	Authorised number	Allotted, fully paid and voting number	Authorised £'000	Allotted, fully paid and voting US$'000
At 1 January 2023	87,000,000	54,230,888	8,700	9,179
Issued	—	50,000	—	6
Redeemed	—	(991,198)	—	(123)
At 31 December 2023	**87,000,000**	**53,289,690**	**8,700**	**9,062**
At 1 January 2022	87,000,000	54,696,253	8,700	9,232
Issued	—	30,000	—	4
Redeemed	—	(495,365)	—	(57)
At 31 December 2022	**87,000,000**	**54,230,888**	**8,700**	**9,179**

During the year, in anticipation of the exercise of share options, the Company issued 50,000 10p shares for US$6,000 cash consideration.

The Company continued its share-buyback programme during the year. Under that programme the Company bought back and cancelled 991,198 10p shares, representing 1.8% of the issued share capital, for a total cost of US$9.7 million. In 2022, under that programme the company bought back and cancelled 495,365 10p shares, representing 0.9% of the issued share capital, for a total cost of US$4.9 million.

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:

	2023 Number of share options	2023 Weighted-average exercise price (pence)	2022 Number of share options	2022 Weighted-average exercise price (pence)
At 1 January	183,934	44.9	176,080	129.2
Granted during the year	91,521	0.0	64,380	0.0
Exercised during the year	(42,207)	0.0	(56,526)	256.5
At 31 December	233,248	35.4	183,934	44.9
Exercisable at the end of the year	32,299	255.4	25,250	326.7

The weighted-average share price at the date of exercise for share options exercised during the year was 751p. The options outstanding at 31 December 2023 had a weighted-average remaining contractual life of 8.0 years and exercise prices in the range of 0 to 412p. The Group recognised total expenses of US$554,000 related to equity-settled share-based payments (2022 US$420,000), 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 3-6%, and a risk-free rate of approximately 3%. The fair value of options granted in the year was between 583p and 771p. Details of the directors' share options are set out in the directors' remuneration report on pages 53 to 56.

Notes to the consolidated accounts continued

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 asso-ciates' reserves US$'000	Foreign-exchange reserve US$'000	Total US$'000	Retained earnings US$'000
At 1 January 2023	32,579	540	4,358	766	(2)	941	15,277	84	54,543	407,460
Profit for the financial year	–	–	–	–	–	–	2,390	–	2,390	50,097
Exchange differences	–	(5)	–	–	(2)	–	(483)	(25)	(515)	(425)
Retirement-benefit obligations	–	–	–	–	–	–	–	–	–	(344)
Issue of shares	–	–	–	–	(6)	–	–	–	(6)	–
Dividends paid	–	–	–	–	–	–	–	–	–	(28,188)
Dividends from associates	–	–	–	–	–	–	(3,566)	–	(3,566)	3,566
Share-based payments	–	–	–	–	–	294	–	–	294	260
Share buybacks	–	–	123	–	–	–	–	–	123	(9,678)
At 31 December 2023	**32,579**	**535**	**4,481**	**766**	**(10)**	**1,235**	**13,618**	**59**	**53,263**	**422,748**
At 1 January 2022	32,392	548	4,301	766	(6)	960	16,451	55	55,467	366,825
Profit for the financial year	–	–	–	–	–	–	2,184	–	2,184	70,876
Exchange differences	–	(8)	–	–	–	–	(702)	29	(681)	(851)
Retirement-benefit obligations	–	–	–	–	–	–	–	–	–	917
Issue of shares	187	–	–	–	4	–	–	–	191	–
Dividends paid	–	–	–	–	–	–	–	–	–	(28,500)
Dividends from associates	–	–	–	–	–	–	(2,656)	–	(2,656)	2,656
Share-based payments	–	–	–	–	–	(19)	–	–	(19)	439
Share buybacks	–	–	57	–	–	–	–	–	57	(4,902)
At 31 December 2022	**32,579**	**540**	**4,358**	**766**	**(2)**	**941**	**15,277**	**84**	**54,543**	**407,460**

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

28 Non-controlling interests

	2023 US$'000	2022 US$'000
At 1 January	17,662	13,524
Share of profit in the year	3,911	5,301
Dividends paid	(1,551)	(1,232)
Share of retirement benefit (charged)/credited to other comprehensive income	(22)	69
At 31 December	**20,000**	**17,662**

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

	2023 Profit US$'000	2023 Equity US$'000	2022 Profit US$'000	2022 Equity US$'000
Kota Bangun	817	4,178	949	3,360
Bangka	1,351	9,198	2,205	7,858
Pangkatan group	817	3,256	928	3,771
Bumi Mas	410	3,499	848	3,088
Musi Rawas	388	212	222	(167)
Simpang Kiri	128	(343)	149	(248)
	3,911	**20,000**	**5,301**	**17,662**

29 Note to the consolidated cash-flow statement

	2023 US$'000	2022 US$'000
Operating profit	**75,296**	**101,586**
Biological (gain)/loss	(551)	1,431
Loss on disposal of property, plant and equipment	259	845
Release of deferred profit	(92)	(40)
Depreciation of property, plant and equipment	24,102	21,931
Amortisation of intangible assets	180	171
Retirement-benefit obligations	905	(586)
Share-based payments	554	420
Operating cash flows before movements in working capital	**100,653**	**125,758**
Decrease/(increase) in inventories	1,023	(1,358)
Decrease in receivables	11,814	11,864
Decrease in payables	(6,460)	(6,752)
Cash generated by operating activities	**107,030**	**129,512**
Dividends from associated companies	3,566	2,656
Income tax paid	(23,144)	(27,149)
Interest paid	(3,810)	(2,731)
Net cash generated by operating activities	**83,642**	**102,288**

30 Analysis of movements in net (debt)/funds

	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 2023	82,503	—	(17,364)	(31,675)	33,464
Net decrease in cash and cash equivalents	(43,437)	—	—	—	(43,437)
New borrowings	—	266	(267)	(22,221)	(22,222)
Repayment of borrowings	—	—	17,405	—	17,405
Reclassification	—	—	(20,780)	20,780	—
Foreign-exchange movements	258	4	(3)	(297)	(38)
At 31 December 2023	**39,324**	**270**	**(21,009)**	**(33,413)**	**(14,828)**
At 1 January 2022	65,609	—	(20,531)	(50,517)	(5,439)
Net increase in cash and cash equivalents	18,469	—	—	—	18,469
Repayment of borrowings	—	—	22,009	—	22,009
Reclassification	—	—	(18,842)	18,842	—
Foreign-exchange movements	(1,575)	—	—	—	(1,575)
At 31 December 2022	**82,503**	**—**	**(17,364)**	**(31,675)**	**33,464**

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, see note 30, of US$14,828,000 (2022 - net cash surplus US$33,464,000) and equity attributable to the owners of the parent Company of US$485,073,000 (2022 US$471,182,000). The board intends to fund its continuing Indonesian expansion and maximise returns to shareholders 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 2023.

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:

	2023 US$'000	2022 US$'000
US Dollar	25,770	51,433
Indonesian Rupiah	13,385	30,015
Sterling	342	886
Malaysian Ringgit	97	169
	39,594	**82,503**

The currency profile of the Group's monetary liabilities, excluding trade and other payables, is shown in note 19.

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$2.2 million (2022 US$5.4 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 SOFR and the Bank of Indonesia base rate, 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$0.4 million (2022 US$0.4 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 53. The directors' participation in the executive share-option schemes and long-term incentive scheme is disclosed on pages 54 to 56.

In July 2023, the Group received a final payment in relation to the consideration received for the Group's disposal in October 2021 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 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 2023

	Note	2023 US$'000	2022 US$'000
Non-current assets			
Property, plant and equipment	iv	885	845
Investments in subsidiaries	v	15,799	15,799
Trade and other receivables	vi	89,842	79,982
		106,526	96,626
Current assets			
Trade and other receivables	vi	1,240	1,231
Cash and cash equivalents		1,520	2,616
		2,760	3,847
Total assets		**109,286**	**100,473**
Current liabilities			
Trade and other payables	vii	845	820
Net current assets		**1,915**	**3,027**
Total liabilities		**845**	**820**
Net assets		**108,441**	**99,653**
Equity			
Share capital	viii	9,062	9,179
Other reserves	ix	39,528	39,119
Retained earnings	ix	59,851	51,355
Total equity		**108,441**	**99,653**

The Company recorded a profit for the year of US$46,102,000 (2022 – loss of US$3,657,000).

The financial statements on pages 92 to 97 were approved by the board of directors on 19 March 2024 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 2023

	Share capital US$'000	Other reserves US$'000	Retained earnings US$'000	Total US$'000
Profit for the year	—	—	46,102	46,102
Other comprehensive expense for the year	—	(2)	—	(2)
Total comprehensive income for the year	**—**	**(2)**	**46,102**	**46,100**
Issue of share capital	6	(6)	—	—
Dividends	—	—	(28,188)	(28,188)
Share buyback	(123)	123	(9,678)	(9,678)
Credit to equity for equity-settled share-based payments	—	294	260	554
Transactions with owners	**(117)**	**411**	**(37,606)**	**(37,312)**
At 1 January 2023	9,179	39,119	51,355	99,653
At 31 December 2023	**9,062**	**39,528**	**59,851**	**108,441**
Loss for the year	—	—	(3,657)	(3,657)
Total comprehensive expense for the year	**—**	**—**	**(3,657)**	**(3,657)**
Issue of share capital	4	191	—	195
Dividends	—	—	(28,500)	(28,500)
Share buyback	(57)	57	(4,902)	(4,902)
Credit to equity for equity-settled share-based payments	—	(19)	439	420
Transactions with owners	**(53)**	**229**	**(32,963)**	**(32,787)**
At 1 January 2022	9,232	38,890	87,975	136,097
At 31 December 2022	**9,179**	**39,119**	**51,355**	**99,653**

Notes to the parent-company accounts

For the year ended 31 December 2023

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 104. 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 44.

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 73. 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 profit for the year ended 31 December 2023 of US$46,102,000 (2022 - loss of US$3,657,000). The Company's main source of income is dividends from subsidiary companies.

The auditors' remuneration for audit services was US$36,000 (2022 US$33,000).

iii Employees

	2023 US$'000	2022 US$'000
Employee costs during the year		
Wages and salaries	2,035	1,881
Social security costs	269	266
Pension costs	73	53
Share-based payments	241	169
	2,618	**2,369**

As recorded in the directors' remuneration report on page 53, wages and salary costs include bonuses paid to the directors in respect of 2023 and 2022.

	2023 number	2022 number
Average monthly number of people employed		
Staff	5	5
Directors	2	2
	7	**7**

iv Property, plant and equipment

	Land and buildings US$'000	Plant, equipment & vehicles US$'000	Total US$'000
Cost			
At 1 January 2023	834	130	964
Additions	—	52	52
At 31 December 2023	**834**	**182**	**1,016**
Accumulated depreciation			
At 1 January 2023	—	119	119
Charge for the year	—	12	12
At 31 December 2023	**—**	**131**	**131**
Net book value at 31 December 2023	**834**	**51**	**885**
Net book value at 31 December 2022	834	11	845

Notes to the parent-company accounts continued

v Investments in subsidiaries

	US$'000
Subsidiary undertakings	
At 1 January and 31 December 2023	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 98.

vi Trade and other receivables

	2023 US$'000	2022 US$'000
Current assets		
Other debtors	1,185	1,208
Prepayments and accrued income	55	23
	1,240	**1,231**
Non-current assets		
Amounts owed by subsidiary undertakings	**89,842**	**79,982**

vii Trade and other payables

	2023 US$'000	2022 US$'000
Other creditors	**845**	**820**

viii Share capital

See note 25 to the consolidated financial statements.

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 2023	32,579	4,167	1,434	(2)	941	39,119	51,355
Issue of shares	—	—	—	(6)	—	(6)	—
Share-based payments	—	—	—	—	294	294	260
Share buyback	—	123	—	—	—	123	(9,678)
Profit for the year	—	—	—	—	—	—	46,102
Dividends*	—	—	—	—	—	—	(28,188)
Exchange differences	—	—	—	(2)	—	(2)	—
At 31 December 2023	**32,579**	**4,290**	**1,434**	**(10)**	**1,235**	**39,528**	**59,851**
At 1 January 2022	32,392	4,110	1,434	(6)	960	38,890	87,975
Issue of shares	187	—	—	—	—	187	—
Share-based payments	—	—	—	4	(19)	(15)	439
Share buyback	—	57	—	—	—	57	(4,902)
Loss for the year	—	—	—	—	—	—	(3,657)
Dividends*	—	—	—	—	—	—	(28,500)
At 31 December 2022	**32,579**	**4,167**	**1,434**	**(2)**	**941**	**39,119**	**51,355**

* See note 10 to the consolidated financial statements.

Subsidiary and associated undertakings

As at 31 December 2023

SUBSIDIARY UNDERTAKINGS

Details of the Group's subsidiary undertakings as at 31 December 2023 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 Agro Bumi Kaltim	100	Indonesia	Indonesia	Production at Kota Bangun
PT Gunung Pelawan Lestari	90	Indonesia	Indonesia	Production at Bangka
PT Pangkatan Indonesia	95	Indonesia	Indonesia	Production at Pangkatan
PT Bilah Plantindo	95	Indonesia	Indonesia	Production at Pangkatan
PT Sembada Sennah Maju	95	Indonesia	Indonesia	Production at Pangkatan
PT Bumi Mas Agro	95	Indonesia	Indonesia	Production at Bumi Mas
PT Evans Lestari	95	Indonesia	Indonesia	Production at Musi Rawas
PT Simpang Kiri Plantation Indonesia	95	Indonesia	Indonesia	Production at Simpang Kiri
PT Dharma Agung	100	Indonesia	Indonesia	Production at Simpang Kiri
PT Teunggulon Raya	100	Indonesia	Indonesia	Production at Simpang Kiri
PT Nusantara Agro Sentosa	100	Indonesia	Indonesia	Production at Nusantara
PT Perusahaan Pertanian Perkebunan Perindustrian dan Perdagangan Surya Makmur	95	Indonesia	Indonesia	Holding company
PT Aceh Timur Indonesia	95	Indonesia	Indonesia	Holding company
PT Evans Indonesia	100	Indonesia	Indonesia	Provision of agronomic and management consultancy services
Sunrich Plantations Pte Ltd	100	Singapore	Singapore	Holding company
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

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 104.

ASSOCIATED UNDERTAKINGS

Details of the associated undertakings as at 31 December 2023 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 Gedung 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 2023

The information on pages 99 to 104 does not form part of the audited financial statements.

PLANTED HECTARAGE

	Ownership %	Group Mature Ha	Group Immature Ha	Group Total[1] Ha	Scheme smallholders Mature Ha	Scheme smallholders Immature Ha	Scheme smallholders Total[2] Ha
Subsidiaries – oil palm							
Kota Bangun	96	13,844	443	14,287	5,652	35	5,687
Bangka	90	6,151	-	6,151	3,881	-	3,881
Pangkatan group	95	6,427	539	6,966	383	708	1,091
Bumi Mas	95	7,278	215	7,493	1,351	87	1,438
Musi Rawas	95	5,537	1,925	7,462	2,537	332	2,869
Simpang Kiri	97	4,019	486	4,505	61	193	254
Nusantara	100	2,225	505	2,730	588	60	648
Total		**45,481**	**4,113**	**49,594**	**14,453**	**1,415**	**15,868**
Group share of subsidiaries' land		**43,275**	**3,969**	**47,244**			
Associates – oil palm							
Kerasaan	38	1,994	328	2,322			
Group share of associates' land		**758**	**124**	**882**			
Memorandum:							
Group share of subsidiaries' land and share of associates' land		44,033	4,093	48,126			
Subsidiaries' land and Group share of associates' land		46,239	4,237	50,476			

Notes

1. The Group works to obtain final land licences (HGUs) as soon as possible for its planted areas. The only areas for which the Group is still working to obtain HGUs is in relation to some of the newer planting at Musi Rawas (approximately 1,600ha) and at Kota Bangun (approximately 1,000ha, some of which relates to the additional land acquired during 2023).
2. The Group supports its associated scheme smallholders to obtain HGUs. In total, smallholder HGUs are in the process of being obtained for approximately 4,000ha, some of which relates to newer planting or areas brought into Group association for the first time during 2023.

Analysis of Group equity value

As at 31 December 2023

The information in the following table provides a directors' estimate of the Group equity value at 31 December 2023 utilising, except where indicated, an independent valuation of the Group's properties performed at the end of 2023.

	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]	96	14,287	253,400	17,700	242,645
Bumi Mas[1]	95	7,493	165,600	22,100	157,320
Bangka[1]	90	6,151	123,300	20,000	110,970
Musi Rawas	95	7,462	184,100	24,700	174,895
Pangkatan group[1]	95	6,966	118,400	17,000	112,480
Simpang Kiri	97	4,505	48,400	10,700	46,755
Nusantara[2]	100	2,730	18,900	6,900	18,900
		49,594	**912,100**	**18,400**	**863,965**
Smallholders					
Kota Bangun	95	4,646	28,200	6,100	26,790
Bumi Mas	95	1,438	7,400	5,100	7,030
Bangka	90	3,881	17,600	4,500	15,840
Musi Rawas	95	2,868	19,400	6,800	18,430
Pangkatan group	95	1,091	4,700	4,300	4,465
Simpang Kiri	95	253	600	2,400	570
		14,177	**77,900**	**5,500**	**73,125**
Associates					
Kerasaan[3]	38	2,322	33,100	14,300	12,578
Total Indonesia					**949,668**
MALAYSIAN PROPERTY					
Bertam Properties	40	n/a			46,728
Total Malaysia					**46,728**
Net debt[4]					**(16,991)**
Other assets and liabilities[5]					**7,818**
Total equity value					**987,223**
Equity value (£ per share[6])					**14.59**

Notes

1. Market value per planted hectare includes value of mills on the related estates.
2. Nusantara, and the other acquisitions during the year, was not included in the independent valuation at 31 December 2023. The amounts included in the table above are stated at cost. No amount has been included in the Group equity valuation at 31 December 2023 for the smallholder hectares at Nusantara and ABK.
3. The Group's only oil-palm associate, Kerasaan, was not included in the independent valuation at 31 December 2023. The value in the table above has been carried forward from the independent valuation performed at 31 December 2019.
4. Net debt is taken as cash and other liquid resources less borrowings from the 31 December 2023 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 debt from the 31 December 2023 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

	2023 Tonnes	2022 Tonnes	2021 Tonnes	2020 Tonnes	2019 Tonnes
Production					
Crude palm oil	378,500	341,700	312,900	271,700	231,900
Palm kernels	80,600	73,800	67,100	60,400	53,000
Crops					
Oil-palm fresh fruit bunches					
Own crops	922,900	905,400	809,700	724,300	663,300
Scheme-smallholder crops	278,500	265,700	229,300	193,000	172,100
Independent crop purchased	421,500	340,600	327,200	289,700	166,100
	1,622,900	1,511,700	1,366,200	1,207,000	1,001,500
Indonesian associated-company estates	48,200	51,900	55,200	54,800	54,200

	US$	US$	US$	US$	US$
Average sale prices					
Crude palm oil – cif Rotterdam per tonne	964	1,345	1,195	716	566
Crude palm oil – ex-mill-gate per tonne	729	854	810	591	480

Exchange rates						
US$1 = Indonesian Rupiah	– average	15,236	14,853	14,295	14,541	14,142
	– year end	15,397	15,568	14,253	14,050	13,883
US$1 = Malaysian Ringgit	– average	4.56	4.40	4.14	4.20	4.14
	– year end	4.60	4.41	4.17	4.02	4.09
£1 = US Dollar	– average	1.25	1.24	1.37	1.28	1.28
	– year end	1.27	1.20	1.35	1.37	1.32

	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue	307,368	326,917	276,592	174,510	119,341
Gross profit	78,453	109,210	103,613	34,755	17,044
Profit before tax	72,834	100,250	112,502	28,440	12,780

	US cents	US cents	US cents	US cents	US cents
Basic continuing earnings per share	97.6	133.9	158.4	37.4	11.6

	Pence	Pence	Pence	Pence	Pence
Basic continuing earnings per share	78.1	108.0	115.6	29.2	9.0
Dividends per share:					
Normal	45.00	42.50	35.00	22.00	17.75
Special	—	—	5.00	—	—
Total	45.00	42.50	40.00	22.00	17.75

	US$'000	US$'000	US$'000	US$'000	US$'000
Equity attributable to the owners of M.P. Evans Group PLC	485,073	471,182	431,524	364,111	358,724
Net cash generated by operating activities	83,642	102,288	92,272	39,598	32,002

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 **Friday 14 June 2024** at **12 noon**. The Company also aims to make the proceedings available to view online. Further details, where necessary, will be provided in advance of the meeting on the Company's AGM website page.

The meeting will be for the following purposes, and unless a poll is validly demanded, voting will be decided on a show of hands:

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 2023.	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 2023.	No 2
3	To elect Luke Shaw as a director.	No 3
4	To re-elect Peter Hadsley-Chaplin as a director.	No 4
5	To declare a final dividend.	No 5
6	To appoint BDO LLP as auditors and to authorise the directors to determine their remuneration.	No 6

AS SPECIAL BUSINESS

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

Resolution on form of proxy

7 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 7

a) the maximum number of shares hereby authorised to be purchased is 5,321,983;

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 the higher of:

i) 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;

ii) the higher of the price of the last independent trade of a 10p share and the highest current independent bid for a 10p share of the trading venue where the purchase is carried out; and

d) the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company or on 30 June 2025, 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
19 March 2024

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 or other instrument appointing a 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 12pm on 12 June 2024 (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.

   CREST members wishing to appoint a proxy or proxies through the CREST electronic proxy appointment service, should refer to the form of proxy and more detailed instructions posted on the AGM page of the Group's website (www.mpevans.co.uk/investors/agm).

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

4) Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered on the register of members of the Company at 11.00 p.m. on 12 June 2024 (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 19 March 2024, the Company's issued share capital consisted of 53,219,833 shares carrying one vote each. Therefore, the total number of voting rights in the Company as at that date was 53,219,833.

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 14 June 2024 at 12 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)

Professional advisers & representatives

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Hudson Sandler LLP
25 Charterhouse Square
London EC1M 6AE

Glossary

CPO	Crude palm oil
PKO	Palm-kernel oil
EMG	Ex-mill gate
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

Bangka mill

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