Rowe Evans Investments PLC

ANNUAL REPORT 2001

Company No: 1555042

Contents

INSIDE FRONT COVER ILLUSTRATIONS

TOP
Road maintenance in an area of mature oil palms.

MIDDLE
Area of young oil palms.

BOTTOM
Part of Lendu Holdings PLC's cattle herd in Queensland, Australia.

INSIDE BACK COVER
Map of the Group's estates.

Officers, professional advisers and representatives

CHAIRMAN

Philip A Fletcher, FCA
Chief executive

Appointed a director in 1987, managing director in 1991 and chairman in 1999. An executive director of Bertam Holdings PLC and Lendu Holdings PLC. Joined the Group in 1982 after initial career in accountancy with KPMG in London and Sydney and in industry with The RTZ Corporation PLC group. (Age 52).

DEPUTY CHAIRMAN

Konrad P Legg
Non-executive and senior independent

Appointed a director 1983. A non-executive director of Lendu Holdings PLC and a number of other listed companies. Chairman of Willington plc and Coburg PLC. Chairman of the audit, nomination and remuneration committees. (Age 58).

EXECUTIVE DIRECTOR

Peter E Hadsley-Chaplin, MA MBA

Appointed a director in 1989. Chairman and chief executive 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. (Age 44).

NON-EXECUTIVE DIRECTOR

Richard M Robinow
Independent

Appointed a director in 1999. Chairman of R.E.A. Holdings plc and non-executive director of a number of plantation companies. Member of the audit, nomination and remuneration committees. (Age 56).

SECRETARIES, SHARE REGISTRARS AND REGISTERED OFFICE

M.P. Evans (UK) Limited
3 Clanricarde Gardens
Tunbridge Wells
Kent TN1 1HQ

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

MANAGING AGENTS IN INDONESIA

P.T. Tolan Tiga Indonesia
Jalan Let. Jend. S. Parman 217
Medan, North Sumatra

PRINCIPAL BANKERS

National Westminster Bank Plc
1 Princes Street
London EC2R 8PA

Bank Mandiri (Persero)
Plaza Mandiri
Kav. 36-38 Jln. Jend. Gatot Subroto
Jakarta 12190, Indonesia

The Hong Kong and Shanghai Banking Corporation Limited
World Trade Centre Building
Jalan Jend. Sudirman Kav 29-31
Jakarta, Indonesia

Summary of results

FOR THE YEAR ENDED 31 DECEMBER 2001

	2001	2000 As restated (see note 16)
	£'000	*£'000*
Turnover	**3,775**	4,534
Estate profit (before exceptional items)	**1,620**	2,252
Profit on ordinary activities before taxation	**3,192**	4,904
Profit on ordinary activities attributable to members	**2,143**	3,264
Equity shareholders' funds	**49,377**	47,295
Capital employed	**51,052**	48,620
Movement in net funds	**336**	(1,890)
	Pence	*Pence*
Earnings per 10p share	**4.43**	6.75
Equity dividend per 10p share	**4.25**	4.25

Chairman's statement

INTRODUCTION

Results and dividend

The profit before tax for the year amounted to £3,192,000, compared with £4,904,000 in 2000. 2001 was characterised by very weak palm oil prices in the first half and a crop of oil palm fresh fruit bunches ("f.f.b.") that fell off unexpectedly sharply at the end of the year. These negative factors were partly mitigated by a weakening Rupiah. The associated plantation companies suffered from similar conditions and the Australian cotton operations also had a less successful year. In addition, profitable Malaysian land disposals were recorded by the associated companies. Exceptional costs arose in the Group from the provision for leaving benefits to employees following recent legislation in Indonesia and in the associated companies principally from reorganisation costs.

Your board recommends that the dividend for the year should be maintained at last year's level of 4.25p per share. This is a fuller distribution than has been made in previous years. Over the years the board's policy has been to "equalise" dividends by erring on the side of generosity in poor years and vice versa in good years. With this in mind, the improved palm oil market and the prospect of strong cash flows from, in particular, PT Agro Muko, your board felt that maintaining the dividend at 4.25p per share was appropriate in the circumstances.

Acquisition of 80% of PT Sembada Sennah Maju

I am pleased to refer to the announcement made in March 2002 concerning the acquisition of 80% of PT Sembada Sennah Maju, the owner of Sennah I Estate, which is located near our existing estates, Bilah and Pangkatan. This acquisition brings the potential area under oil palms in that vicinity up to a size sufficient to justify the construction of a 30-tonne-per-hour palm oil mill. I refer to this in more detail below.

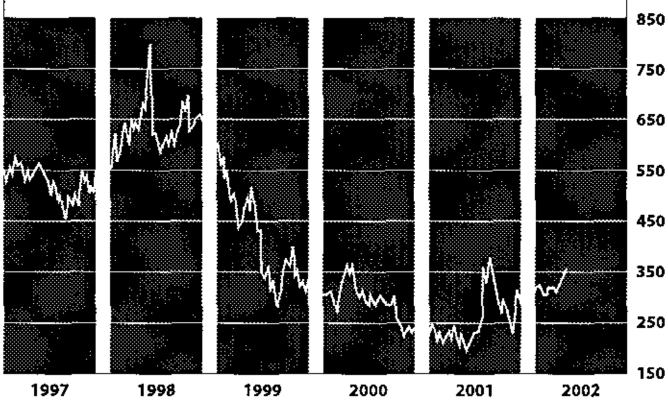
REVIEW OF THE YEAR

Indonesia

Although many problems persist in Indonesia in the corporate sector, a pleasing return to more stability seems, so far, to have taken place in the country since Mrs. Megawati Sukarnoputri became president in 2001. Modest economic growth has been achieved and there is some cautious optimism about prospects for improvement, but this does not hide the many problems which have yet to be remedied, particularly in the banking system. The former problems of an ill-defined system of liquidating companies that should not be trading in their current format and an inability to restructure these companies so that a line can be drawn under the former activities and a proper format constructed for continuing operations has yet to be resolved. The country is also burdened with a heavy debt commitment and whilst the World Bank continues to be of assistance, strong growth in the economy will be required for some considerable time to bring this down to more comfortable levels. Newly-enacted regional autonomy regulations continue to cause problems and threaten to impose a heavy burden upon commercial activities in the various provinces. As I referred to last year, this legislation has given rise to many disputes over the ownership of land. I am glad to report that both the Group estates and those owned by the associated companies have largely avoided such disputes, although it is a matter over which constant vigilance is maintained.

The palm oil market

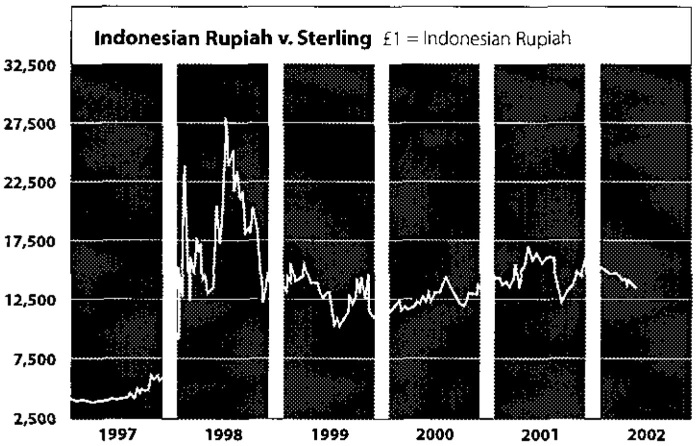
Crude palm oil price Rotterdam c.i.f. – US$ per tonne



As can be seen from the graph, palm oil prices were very weak indeed during the first half of 2001, reaching the extraordinarily low level of US$215 per tonne. This largely arose from large world stocks resulting from higher-than-expected production in 2000 and the early part of 2001, but in the latter part of the 2001 stocks reduced. In addition, world stocks of vegetable oils have generally declined, partly because of an acute downturn in the production of rapeseed and sunflower oils. As a consequence, there was a short-lived, and sharp, improvement in the middle of the year after which there was another fall and then another more gradual improvement to around the US$330 per tonne level, which has largely been maintained right up to the present time. World stocks of palm oil and indeed of most vegetable oils are markedly lower and declining, added to which production of palm oil in the two main producing countries, Malaysia and Indonesia, is going through a down period.

Demand from one of the major international customers, India, fell sharply after the imposition of very large increases in import duties, aimed at protecting the local producers of vegetable oils. Another big customer, China, is expected to increase its demand. This is partially due to their joining the World Trade Organisation, under which they are required to reduce tariffs on imports and consequently it is expected that their offtake will increase.

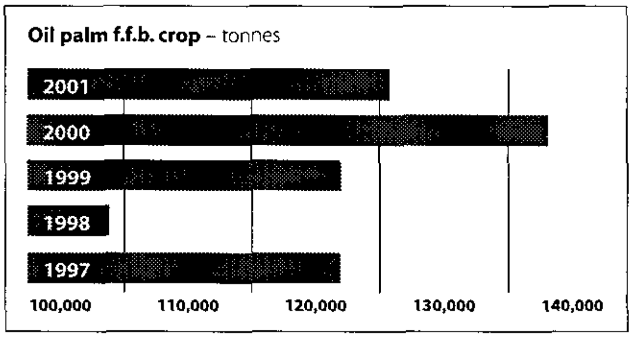
Exchange rates



The Indonesian Rupiah was quite volatile during the year, ranging from £1 = Rp17,250 to Rp12,500. Overall, the Rupiah gradually weakened and the average rate for the year was £1 = Rp14,666, compared with Rp12,666 last year. Although not beneficial for the Indonesian economy as whole, a weak Rupiah helps the palm oil business since the selling price of palm oil is denominated in a hard currency (US Dollars) and a large part of the costs are Rupiah based. Since the year end, the Rupiah has strengthened quite markedly, which may be regarded as an indication of more positive sentiment for the Indonesian economy.

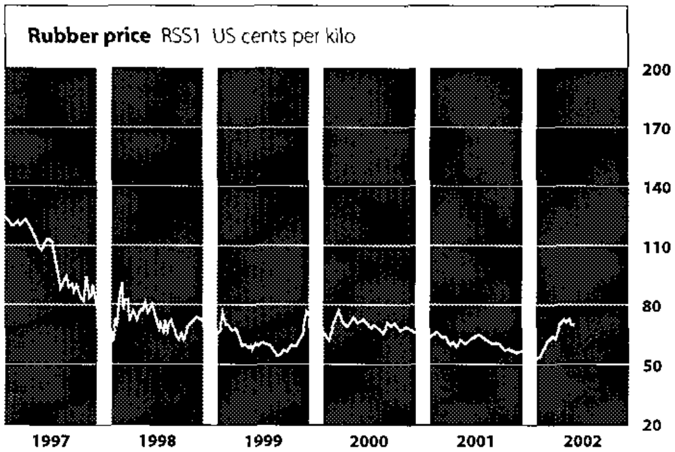
Results for the year

Estate profit



The f.f.b. crop, at just under 126,000 tonnes, was below both expectations and last year's crop. There was a disappointing sharp fall off in the last couple of months of the year, with Simpang Kiri experiencing particularly heavy rainfall with resultant flooding during that period. Pangkatan Estate's rubber, although below last year's high crop, was nevertheless ahead of expectations.

As referred to above under "The palm oil market", palm oil prices were again at very poor levels, particularly during the first half of 2001, although there was a spasmodic, but marked, improvement in the second half. Rubber prices have improved recently, but continued at poor levels during 2001.

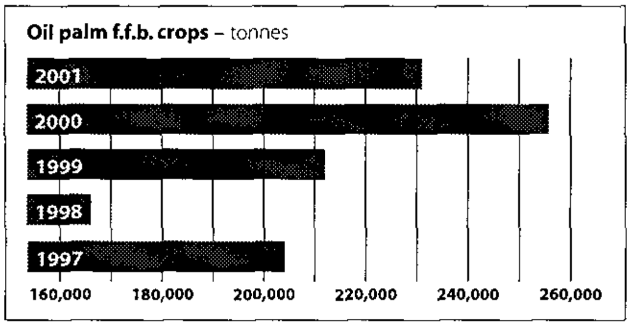


As a result of the above, the estate profit before exceptional items for the year was £1,620,000, compared with last year's £2,252,000.

Associated companies

The Group's share of the profits before exceptional items and taxation of the associated companies was £2,405,000, compared with 2000's £2,609,000.

Indonesia



Oil palm f.f.b. crops – tonnes

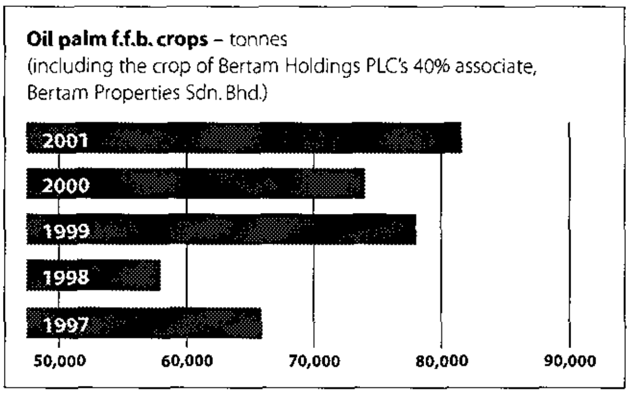
PT Agro Muko (30.43% owned)

PT Agro Muko suffered an acute downturn in its f.f.b. crop in the first half of the year and, although a sharp recovery was experienced in the second half, the outturn for the year was some 10% below expectations and last year's crop. This combined with the generally lower palm oil prices during the year resulted in lower profits.

PT Kerasaan Indonesia (36.00% owned)

Similarly, slightly lower crops and poor palm oil prices contributed to lower profits from the company during 2001.

Malaysia - Bertam Holdings PLC (43.41% owned)



Oil palm f.f.b. crops – tonnes
(including the crop of Bertam Holdings PLC's 40% associate, Bertam Properties Sdn. Bhd.)

The enlarged Bertam Holdings PLC Group reported an increased profit in 2001. Plantation earnings were lower as higher crops were more than offset by lower palm oil prices. Its 40% associated company, Bertam Properties Sdn. Berhad, reported an improved year on its property-development activities despite the property market remaining flat. Both the Bertam Holdings PLC Group and Bertam Properties Sdn. Berhad disposed of pieces of land during the year. The Group's share of the profit arising from these disposals amounted to £766,000.

Australia - Lendu Holdings PLC (35.11% owned)

Lendu Holdings PLC's Australian cotton farm experienced a less successful year than the previous one. Although there proved to be plentiful water for irrigating the cotton crop, it came too late and, as a result, the number of bales picked fell to some 8,000 compared with the previous year's 16,500. This was to some extent offset by the improved profits from the enlarged cattle operations but, overall, the company made a loss for the year.

The details of the results and assets of the associated companies are set out in note 2 to the accounts on page 25.

Exceptional items

The details of exceptional items are set out in note 4 to the accounts on page 26.

The Group - past-service liabilities

During 2001, legislation was enacted in Indonesia (which also has a retrospective effect) whereby companies are required to provide employees leaving their employment with a payment calculated by reference to a number of guidelines. Because this requirement derives from new legislation, the making of the appropriate provision is not regarded as a change in accounting policy. Accordingly, the entire liability for all previous years up to the end of 2000, amounting to £295,000, has been charged to the profit and loss account in 2001. The charge in 2001 was £65,000 and is included in "cost of sales". The costs associated with paying employees when they leave in future will be offset against this provision.

Associated companies

The exceptional items of the associated undertakings are set out in note 4, the principal one of which related to the costs in connection with the merger of Bertam Holdings PLC with Beradin Holdings PLC, Padang Senang Holdings PLC and The Singapore Para Rubber Estates, PLC during 2001. The Group's share of these costs amounted to £381,000.

Review of operating activities

Group companies

Pangkatan Estate

After improved production in 2000, Pangkatan Estate experienced a downturn during 2001. The first half was in line with expectations but the second half declined quicker than had been expected. As I mentioned last year, the planting profile of the estate is on the old side but the older areas are nevertheless still yielding at very presentable levels. Accordingly, the original programme of replanting 107 hectares in 2001, was scaled back to 35 hectares. 24 hectares of old oil palms are scheduled for replanting in 2002.

With regard to rubber, the future of these areas will very much depend upon the progress on building the palm oil mill on the estate, further to the acquisition of Sennah I Estate. The details of this are set out below. Notwithstanding that the young rubber has been planted to a high standard, it will probably make sense eventually to replant the rubber areas into oil palms in order to maximise the throughput of the mill. Whilst the acquisition of Sennah I Estate was completed and a review is under way as to the best way forward, the original planting programme for 2001 of 58 hectares was cancelled. It may well be that the young rubber areas are allowed to mature but are intensively tapped with a view to replanting them earlier than their normal life cycle. However, there is plenty of work to undertake both on Sennah I Estate and the construction of the mill and the decision on the timing of the replanting of the rubber can be taken in due course.

Simpang Kiri Estate

Although slightly behind expectations, the crops from the two divisions of Simpang Kiri Estate were ahead of last year until right at the end of 2001. Unfortunately, some exceptionally heavy rainfall severely hampered harvesting operations and there was a sharp downturn in the last two months. The programme outlined last year of replanting some of the older areas on the estate earlier than would normally be expected continues. 85 hectares were successfully undertaken in 2001 and a further 71 will be replanted in 2002.

Bilah Estate

Although not quite matching last year's excellent yields, Bilah Estate had another good year exceeding expectations. The estate is virtually completely planted with the exception of a small low-lying area. This area is expected to be completed in 2002.

Associated companies

Indonesia

PT Agro Muko

As mentioned above, the various PT Agro Muko divisions experienced an acute downturn in the crop of f.f.b. in the first half of 2001. Although this recovered dramatically in the second half, the outturn for the year was, overall, less than expected and less than last year. This is all part of the cyclical nature of oil palm production but the prospect remains for the continuing general increase in crop over the forthcoming years. The estate is now largely planted, with some 15,000 hectares of oil palm and 1,800 of rubber as at the end of 2001. 100 hectares of oil palm planting will be undertaken in 2002 and thereafter approximately 500 hectares per year up to 2005, after which the estate will consist of approximately 16,500 hectares of oil palm and the present 1,800 of rubber. The prospect of increasing crops, profits and cash flows is therefore very positive.

The company has fully repaid its borrowings from both the World Bank (IFC) and the German development bank, DEG. Modest local bank borrowings continue and a programme of regular dividend payments is expected to commence soon.

PT Agro Muko is a large employer in a mainly undeveloped area in Sumatra. There are already a number of smallholders' areas in the location but the company has undertaken a number of its own smallholder schemes with villages on the periphery of its various divisions. These schemes involve clearing and planting areas of between 15 and 20 hectares for each village using labour from that village and supervising and advising on agricultural maintenance. The cost of this is provided as an interest-free loan, which will be repaid when the fruit from those areas is processed through the company's mills. Although in its early stages, these schemes have proved to be popular and successful.

PT Kerasaan Indonesia

Kerasaan Estate continues to be a well-run oil palm plantation, with first-class topography and soils. The programme of replanting older areas continues with 100 hectares scheduled for 2002.

Malaysia - Bertam Holdings PLC

The amalgamation of Bertam Holdings PLC with Beradin Holdings PLC, Padang Senang Holdings PLC and The Singapore Para Rubber Estates, PLC was completed in July 2001. The Bertam Holdings PLC Group now consists of a number of small, largely oil palm, estates down the west coast of Peninsular Malaysia. Each of the estates has, in varying degrees, development potential over and above the pure agricultural value of each estate. In the forthcoming years it is likely that these various areas will be either developed with joint-venture partners or their values realised at the most propitious time but, in the meantime, the agricultural activities provide an income, the level of which largely is determined by world palm oil prices.

The Bertam Holdings PLC group has a substantial investment in Bertam Properties Sdn. Berhad ("BP"). BP owns approximately 1,300 hectares of particularly valuable real estate (the old Bertam Estate owned formerly by the Bertam Holdings PLC Group). The area is currently being developed into leisure, housing and industrial projects. The property market in Malaysia has been lacklustre over the last couple of years or so, although the value of raw land has not suffered a downturn to any significant extent. Indeed, the value of BP's land has continued to increase, as evidenced by recent sales.

The group has invested, or is in the process of investing, in property and tourist projects on the island of Penang. This sector has much potential and the Bertam Holdings PLC group is well placed to take advantage of this situation. In addition, an investment has been made in a company which has developed a very promising method of converting waste from palm oil mills into compost. A great deal of interest has been shown in the company's products and its prospects are exciting.

Australia - Lendu Holdings PLC

Although the company experienced a difficult year in 2000/01, a considerably higher - indeed record - cotton crop is expected in 2001/02. There has been plentiful water for the current season. Cotton prices are low at the moment but the company managed to sell some of the crop forward at good prices early in the season so the average price achieved for the year is expected to be at a reasonably good overall level.

The beef-cattle activities on the company's farm in Queensland continue to be developed with extensive pasture improvement being undertaken. This should allow a larger breeding herd to be sustained which, in turn, will create a greater number of steers and heifers to be sold. Although slightly off the top, the beef-cattle market in Australia continues to be strong and prospects are encouraging.

SENNAH I ESTATE AND PALM OIL MILL CONSTRUCTION

The details of the acquisition of 80% of PT Sembada Sennah Maju ("SSM") were announced to shareholders in March 2002 so there is no point reiterating them here. We are delighted to have been able to acquire this piece of land, which is well situated being near both Pangkatan and Bilah Estates. The combined areas of Pangkatan, Bilah and Sennah I Estates will be approximately 7,000 hectares, which is large enough to justify the construction of a 30-tonne-per-hour palm oil mill, likely to be situated on Pangkatan Estate. Sennah I Estate consists of some 500 hectares of rubber and 1,100 hectares of oil palms. The intention is to tap the rubber intensively before replanting with oil palms over the next couple of years. In the meantime, the oil palm areas will be closely scrutinised and, depending upon the yields available, may be subject to a replanting programme over the following five or so years. As mentioned above, there are currently some 750 hectares of rubber on Pangkatan Estate and it will probably make sense eventually to replant them to oil palms.

Work will start shortly with regard to the evaluation and implementation of the construction of the palm oil mill on Pangkatan Estate. It is the intention that borrowings will be undertaken to assist with the funding. On the basis that acceptable borrowing terms can be achieved, by the time all of the appropriate permissions have been received, technical drawings agreed, tenders accepted and construction undertaken, it is likely to be two years or more before the mill is commissioned. Consideration will also be given to constructing a composting plant, referred to above, sourced from the company in which the Bertam Holdings PLC group is invested in Malaysia.

CURRENT TRADING

The estimates of crops for 2002 are as follows:

	Oil palm f.f.b. *Tonnes*	Rubber *Tonnes*
Group estates	**142,000**	**906**
Associated companies		
Indonesia	**300,000**	**2,003**
Malaysia*	**81,000**	**113**

* including the crop of Bertam Holdings PLC's 40% associate, Bertam Properties Sdn. Berhad

Crops and sales for the first three months of 2002, together with comparative figures for the same period last year, are set out below:

	2002	2001
Oil palm f.f.b.		
Crop – tonnes	**24,400**	30,400
Approximate average selling price per tonne	**Rp554,000**	Rp309,000
Rubber		
Crop – kg	**233,000**	302,000
Approximate average selling price per kg	**Rp5,936**	Rp5,472
Associated companies' crops		
Oil palm f.f.b. – tonnes		
Indonesia	**57,500**	45,000
Malaysia (including the crop of Bertam Holdings PLC's 40% associate, Bertam Properties Sdn. Bhd.)	**16,400**	20,300
Rubber – kg		
Indonesia	**449,000**	398,000

As can be seen from the above table, the Group's f.f.b. crops have been markedly lower than for the same period last year, as have the crops from the Malaysian associated estates following the unusually dry weather there in 2001. The Indonesian associates' crops have been sharply higher, continuing the recovery in the second half of 2001.

Palm oil prices have maintained the improvement so far in 2002 that was experienced in the latter part of 2001, with rubber prices also showing an improvement. Since the year end, the Rupiah has strengthened against Sterling and is currently around the level of £1 = Rp13,600.

ACKNOWLEDGEMENTS

During 2001 Derek Hoare, who was the president director of our managing agents, PT Tolan Tiga Indonesia, retired. I should like to place on record the appreciation of your board for the first-class job that he did in looking after our interests over the last four years. There have been many problems in Indonesia during this period and the way that he calmly and firmly dealt with the difficulties that arose was the source of much comfort. We wish him well in his retirement. Matthew Adams has been appointed president director and I should like to thank him, Robert Sihite, the finance director, as well as the managers, staffs and workforces of the various estates for their efforts during the year.

David Wilkinson, the managing director of M. P. Evans (Malaysia) Sdn. Bhd. based in Penang, continues to monitor the Group's Indonesian operations and I should like to extend our thanks to him.

Philip Fletcher
Chairman
8 May 2002

Report of the directors

FOR THE YEAR ENDED 31 DECEMBER 2001

Principal activities

Rowe Evans Investments PLC ("REI") and its subsidiaries are a plantation group. REI has interests in oil palm and rubber plantations in Indonesia and Malaysia held either directly by Group companies or indirectly through associated undertakings.

The review of the year and future prospects are included in the chairman's statement.

Results and dividend

Details of the profit for the year, the cost of the proposed dividend and retained earnings are given in the consolidated profit and loss account on page 19.

The board recommends a dividend of 4.25p per 10p share (2000 – 4.25p). This dividend will be paid on or after 28 June 2002 to those shareholders on the register at the close of business on 10 May 2002.

Share capital

Details of the authorised, allotted and fully-paid capital of the Company are as follows:

	Shares of 10p each
Authorised capital	64,000,000
Allotted and fully-paid capital	
At 1 January and 31 December 2001	48,400,073

Directors

The present membership of the board is set out on page 2. All directors served throughout the year. Mr R M Robinow retires by rotation and, being eligible, offers himself for re-election. Mr Robinow does not have a service contract with the Company.

The directors who served during the year, together with their interests at the beginning and end of the year, in the shares of 10p each in the Company, were as follows:

		At 31 December 2001	
	Beneficial	**Non-beneficial**	**Options**
P A Fletcher	**441,199**	**50,000**	**400,000**
K P Legg	**166,400**	**—**	**—**
P E Hadsley-Chaplin	**484,802**	**—**	**400,000**
R M Robinow	**30,000**	**—**	**—**

		At 1 January 2001	
	Beneficial	Non-beneficial	Options
P A Fletcher	441,199	50,000	—
K P Legg	166,400	—	—
P E Hadsley-Chaplin	484,802	—	—
R M Robinow	30,000	—	—

Further details of the directors' interests in share options are disclosed in the report of the board to the shareholders on directors' remuneration on page 16.

None of the directors holds any beneficial interest in the shares or holds options to buy shares in any subsidiary undertaking. No director 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.

Since the end of the year further options have been granted as follows:

	Options
P A Fletcher	200,000
P E Hadsley-Chaplin	200,000

Substantial interests

The following interests under Part VI of the Companies Act 1985 (as modified by the Companies Act 1989) had been notified to the Company as at the date of this report:

	Shares	%	Shares	%
Sungkai Holdings Limited			11,289,545	23.33
Bertam Holdings PLC	3,377,266	6.98		
Padang Senang Holdings Limited	1,945,644	4.02		
Beradin Holdings Limited	1,902,290	3.93		
The Singapore Para Rubber Estates, Limited	1,871,490	3.86		
			9,096,690	18.79
Lendu Holdings PLC			450,665	0.93
M. P. Evans (Malaysia) Sdn. Berhad			23,533	0.05
			20,860,433	43.10
E Hadsley-Chaplin			2,264,705	4.68
Aberdeen Asian Smaller Companies Investment Trust			1,680,000	3.47
Kuala Lumpur-Kepong Investments Limited			860,460	1.78
Batu Kawan Berhad			806,051	1.67

In addition to the above:

(i) Bertam Holdings PLC has notified the Company that it has an interest in all of the shares in which Sungkai Holdings Limited is interested.

(ii) Batu Kawan Berhad has notified the Company that it has an interest in all of the shares in which Kuala Lumpur-Kepong Investments Limited is interested.

(iii) Arusha Enterprise Sendirian Berhad has notified the Company that it has an interest in all of the shares in which Kuala Lumpur-Kepong Investments Limited and Batu Kawan Berhad are interested.

(iv) Wan Hin Investments Sendirian Berhad has notified the Company that it has an interest in all of the shares in which Kuala Lumpur-Kepong Investments Limited and Batu Kawan Berhad are interested.

(v) Aberdeen Asset Management Limited has notified the Company that it has an interest, as fund managers, in 6,885,000 shares (14.23%) which includes all of the shares held by Aberdeen Asian Smaller Companies Investment Trust.

To clarify further the interests of the Company and other companies within the M. P. Evans (UK) Limited agency, the full inter-related shareholdings of each company, as at the date of this report, are set out below.

Total no. of shares in issue	Rowe Evans Investments PLC ("REI") 48,400,073	Bertam Holdings PLC ("Bertam") 29,836,734	M.P.Evans (Malaysia) Sdn. Berhad ("MPE(M)") 888,000	M.P.Evans (UK) Limited ("MPE(UK)") 100,000	Lendu Holdings PLC ("Lendu") 13,484,016	Sungkai Holdings Limited ("Sungkai") 193,708
Holders						
REI	—	12,998,472	167,650	38,500	4,734,712	92,731
Bertam	9,096,690	—	335,060	49,046	273,890	96,297
MPE(M)	23,533	89,694	—	—	—	4,680
MPE(UK)	—	—	—	—	—	—
Lendu	450,665	352,470	18,000	3,518	—	—
Sungkai	11,289,545	2,807,735	194,700	8,936	214,770	—

Authority to allot shares

At the annual general meeting a general authority is being sought, under resolution 5, for the directors to allot shares up to a maximum nominal amount of £1,559,993, which is equal to the current unissued share capital and represents 32.23% of the Company's issued equity share capital. The directors do not have any present intention of issuing any shares other than in respect of shares allotted to holders of share options as and when they are exercised. It is also proposed, under resolution 6, to empower the directors to allot equity securities for cash pursuant to this general authority otherwise than in accordance with shareholders' statutory pre-emption rights so as to deal with practical problems arising in connection with rights issues or otherwise up to an aggregate nominal amount of £242,000, representing 5% of the Company's issued equity share capital. The authorities conferred by resolutions 5 and 6 will last for up to 15 months from the date of the annual general meeting.

Authority to make market purchases of shares

The directors propose that the authority for the Company to purchase its own shares on the London Stock Exchange should be renewed for a further year. The authority will give the directors flexibility to purchase the Company's shares as and when they consider it appropriate, subject to the provisions of the UK Listing Authority's model code of dealing. 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 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. Any shares purchased by the Company will be cancelled and the number of shares in issue will accordingly be reduced.

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 4,840,007 shares, on the London Stock Exchange, representing 10% of the issued equity share capital of the Company. 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 London Stock Exchange Daily Official List 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 and UK Listing Authority 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.

Payments to creditors

It is the Company's normal practice to make payments to suppliers in accordance with agreed terms provided that the supplier has performed in accordance with the relevant terms and conditions. The Company's creditor days calculated as at 31 December 2001 amounted to nil (2000 nil).

Auditors

Deloitte & Touche have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the forthcoming annual general meeting.

Approved by the board of directors and signed on its behalf

M. P. Evans (UK) Limited

Secretaries

8 May 2002

Corporate governance

The board has considered the principles and provisions of "The Combined Code: Principles of Good Governance and the Code of Best Practice" ("the code"). As part of this process the Turnbull guidelines set out in "Guidance for Directors on the Combined Code" have also been reviewed and are covered under "Internal control" below.

An explanation of how the Company has applied the principles and the extent to which the provisions in the code have been complied with appears below.

1 APPLIANCE STATEMENT

A Directors

The details of the Company's board, together with the audit, remuneration and nomination committees, are set out on page 2. There is an executive chairman with a non-executive deputy chairman (who chairs the audit, remuneration and nomination committees), one executive director and one non-executive director. The board has concluded that, as Rowe Evans Investments PLC is a small group, four is a sufficient number of board members and it is unnecessary to split the responsibilities of the chairman and managing director, given that there are two independent, non-executive directors, one of whom is the deputy chairman and chairs the various board committees. This format is designed so that there is a clear division of responsibilities between the executive and non-executive functions. The board meets six times a year and is provided with information which includes executive operating reports, reports from the company secretaries, management accounts and budgets.

Appointments to the board are considered by the nomination committee which is formally constituted with written terms of reference. Proposals are then made to the full board. Each director retires and must seek re-election every three years.

B Directors' remuneration

As set out in the report on pages 16 and 17 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 remuneration committee has to date taken the view that, because the Group's earnings are, to a significant extent, dependent upon market conditions including the selling prices of internationally-traded commodities, palm oil and rubber, over which the Group has no control, it is inappropriate to provide a bonus scheme based on short-term corporate performance. However, the matter is kept under review by the remuneration committee.

C Relations with shareholders

The Company encourages two-way communications with both its institutional and private shareholders and responds quickly to all queries received. All shareholders have at least twenty working days' notice of the annual general meeting at which all of the directors and the chairman of the committees are normally available for questions. Comments and questions from shareholders are encouraged at the meeting.

D Accountability and audit

(i) **Financial reporting**

A detailed review of the performance and financial position of the Group is included in the chairman's statement. The board uses this and the directors' report on pages 10 to 12 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 15.

(ii) **Internal control**

The directors acknowledge their responsibilities for the Group's system of internal control. Such a system can provide reasonable, but not absolute, assurance against material misstatement or loss. The board confirms that the procedures necessary to comply with the provisions of the code, including the guidance of Turnbull, have been in place throughout 2001 and up to the date of the directors' report. A review of the process of risk identification, evaluation and management is carried out annually and approved by the board.

The review process considered the control environment and the major business risks faced by the Group. Such risks include, but are not limited to:

- political instability and social unrest in Indonesia;
- the effect of palm oil price fluctuations on profitability;
- the effect of exchange rate fluctuations on profitability and assets; and
- day-to-day management remote from the board.

Important control procedures, in addition to the day-to-day supervision of the business, include visits to the Group's areas of operation in Indonesia and of the associates' operations in Malaysia and Australia, comparison of monthly management accounts with budgets, authorisation limits, internal audit of subsidiary undertakings and frequent communication with local management.

(iii) **Audit committee and auditors**

The audit committee is formally constituted with written terms of reference. The executive directors are not members of the committee but can be invited to attend its meetings.
The auditors of the Group may also attend part or all of each meeting and they have direct access to the committee for independent discussions, without the presence of the executive directors. The audit committee may examine any matters relating to the financial affairs of the Group and to the Group's audit; this includes reviews of the annual accounts and announcements, accounting policies, compliance with accounting standards, the appointment and fees of auditors and such other related functions as the board may require.

(iv) **Going-concern basis**

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going-concern basis in preparing the financial statements.

2 COMPLIANCE STATEMENT

The listing rules of the UK Listing Authority require the board to report on compliance with the 45 code provisions contained in the code of best practice (which forms part of the Combined Code) throughout the year. Except for the limited exceptions outlined below, the Company has complied throughout the year ended 31 December 2001 with the provisions set out in section 1 of the code.

B.1.4. The performance-related element of executive directors' remuneration should form a significant proportion of the total remuneration package.

As referred to in paragraph 1B above, the remuneration committee has, to date, been of the opinion that the nature of the Group's business renders performance-related remuneration inappropriate, although this is kept under review.

D.3.1 The audit committee should consist of at least three non-executive directors.

As referred to in paragraph 1A above, the board only has two non-executive directors for the reasons there stated and these directors constitute the audit committee. The committee is chaired by the non-executive deputy chairman.

Statement of directors' responsibilities

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group as at the end of the financial year and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the Company's system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Report of the board to the shareholders on directors' remuneration

The remuneration committee keeps under review the remuneration and terms of employment of the executive directors and recommends such remuneration and terms, and changes therein, to the board. The committee comprises all of the non-executive directors and is chaired by the deputy chairman. The Company has complied with section A of the best-practice provisions annexed to the listing rules of the UK Listing Authority.

Service contracts

The executive directors have service contracts which continue until terminated by either party giving not less than one year's notice in writing but not, in any event, to extend beyond the directors' normal retirement dates. The non-executive directors do not have service contracts or provisions for predetermined compensation on termination.

Remuneration policy

There are no individual performance-related elements attaching to any director's remuneration and no bonuses were awarded to directors during the year.

In arriving at the remuneration payable by this Company, the committee has taken into account the amount payable by other companies in the M. P. Evans (UK) Limited agency and the time spent by the executives on this Company's business and has given proper consideration to the remuneration guidelines in section B of the best-practice provisions annexed to the listing rules of the UK Listing Authority. Full details of the directors' remuneration in respect of the year are shown in the table on page 17.

Executive share option scheme

The executive directors are members of an executive share option scheme which was established in 2001. At 31 December 2001 the middle-market quotation for the shares, as derived from the London Stock Exchange Daily Official List, was 79.5p, as compared with the high and low quotations for the year of 86p and 60.5p respectively. No options lapsed during the year. Changes to directors' share options, since the year end, are set out in the report of the directors on page 10.

In addition, the executive directors participate in the share option scheme of Bertam Holdings PLC, a company in the M. P. Evans (UK) Limited agency.

Set out below are the options held over shares of 10p each of the Company by the executive directors at the beginning and end of the financial year. No performance criteria are attached to these options and no options are held by the non-executive directors.

Number of shares under option	Balance at 1 January 2001	Granted in the year	Balance at 31 December 2001	Exercise price	Date of grant	Date from which normally first exercisable	Expiry date
P A Fletcher	—	400,000	400,000	75.5p	17 July 2001	17 July 2004	17 July 2011
P E Hadsley-Chaplin	—	400,000	400,000	75.5p	17 July 2001	17 July 2004	17 July 2011

Pensions

The executive directors are members of a defined-contribution pension scheme which provides benefits for them and the staff of M. P. Evans (UK) Limited. The benefits are pensions at retirement, pension to a spouse payable on death before or after retirement and life-assurance cover based on a multiple of salary. Each member contributes 5% of pensionable salary to the scheme, with companies within the M. P. Evans (UK) Limited agency paying their appropriate proportion of the balance. The scheme is designed to comply with relevant legislation and to provide a good standard of benefit. No element of a director's remuneration package, other than basic salary, is pensionable.

Non-executive directors

The fees of the non-executive directors are determined by the board in accordance with the articles of association.

Directors' remuneration

For the year ended 31 December 2001 the remuneration packages of directors whose duties were wholly or mainly discharged in the United Kingdom were as follows:

	Salary and fees 2001 £	Pension costs 2001 £	Benefits in kind 2001 £	Total 2001 £	Total 2000 £
Executive directors					
P A Fletcher	**115,000**	**22,481**	**13,614**	**151,095**	142,043
Reimbursement from other companies for which he acts	**(52,200)**	**(10,205)**	**—**	**(62,405)**	(58,958)
	£62,800	**£12,276**	**£13,614**	**£88,690**	£83,085
P E Hadsley-Chaplin	**115,000**	**14,885**	**552**	**130,437**	124,719
Reimbursement from other companies for which he acts	**(94,100)**	**(12,180)**	**—**	**(106,280)**	(101,546)
	£20,900	**£2,705**	**£552**	**£24,157**	£23,173
P E Hadsley-Chaplin received benefits in kind amounting to £13,239 (2000 £12,061) from Bertam Holdings PLC.					
Non-executive directors					
K P Legg	**14,000**	**—**	**—**	**14,000**	14,000
R M Robinow	**11,000**	**—**	**—**	**11,000**	11,000

Notes

1. No performance-related bonuses were awarded to the directors during the year.
2. The pension costs for each director set out above are the contributions made by the Company to the defined-contribution scheme.
3. No long-term incentives have been awarded to directors.
4. All remuneration reported in respect of non-executive directors was represented by fees paid to third parties.

Approved by the board of directors and signed on its behalf

M. P. Evans (UK) Limited
Secretaries

8 May 2002

Independent auditors' report

TO THE MEMBERS OF ROWE EVANS INVESTMENTS PLC

We have audited the financial statements of Rowe Evans Investments PLC for the year ended 31 December 2001 which comprise the profit and loss account, the balance sheets, the cash-flow statement, the statement of total recognised gains and losses and the related notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements, auditing standards, and the listing rules of the Financial Services Authority.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all of the information and explanations we require for our audit or if information specified by law or the listing rules regarding directors' remuneration and transactions with the Company and other members of the Group is not disclosed.

We review whether the corporate governance statement reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the listing rules, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate-governance procedures or its risk and control procedures.

We read the directors' report and other information contained in the annual report for the above year as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the Company and the Group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all of the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group as at 31 December 2001 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

DELOITTE & TOUCHE

Chartered Accountants and Registered Auditors

8 May 2002

Hill House
1 Little New Street
London EC4A 3TR

Consolidated profit and loss account

FOR THE YEAR ENDED 31 DECEMBER 2001

	Note	Before exceptional items £'000	Exceptional items (note 4) £'000	2001 Total £'000	2000 Total As restated (see note 16) £'000
Turnover	*1(c) and 2*	**3,775**	—	**3,775**	4,534
Cost of sales		**(2,155)**	**(295)**	**(2,450)**	(2,282)
Estate profit/(loss)	*2*	**1,620**	**(295)**	**1,325**	2,252
Administrative expenses		**(410)**	—	**(410)**	(382)
Exchange gains		**129**	—	**129**	104
Group operating profit/(loss)		**1,339**	**(295)**	**1,044**	1,974
Share of operating profit/(loss) in associates		**2,405**	**(150)**	**2,255**	2,609
Total operating profit/(loss)		**3,744**	**(445)**	**3,299**	4,583
Exceptional items:					
Net gains on sale of fixed assets	*4*	—	**109**	**109**	104
Fundamental reorganisation of associated undertaking		—	**(381)**	**(381)**	—
Profit/(loss) on ordinary activities before interest		**3,744**	**(717)**	**3,027**	4,687
Interest receivable and similar income	*5*	**165**	—	**165**	217
Profit/(loss) on ordinary activities before taxation	*6*	**3,909**	**(717)**	**3,192**	4,904
Tax (charge)/credit on profit/(loss) on ordinary activities	*7*	**(970)**	**133**	**(837)**	(1,297)
Profit/(loss) on ordinary activities after taxation		**2,939**	**(584)**	**2,355**	3,607
Equity minority interests		**(212)**	—	**(212)**	(343)
Profit/(loss) on ordinary activities attributable to the members of Rowe Evans Investments PLC		**2,727**	**(584)**	**2,143**	3,264
Equity dividend proposed	*9*	**(2,057)**	—	**(2,057)**	(2,057)
Profit/(loss) retained for the financial year	*18*	**670**	**(584)**	**86**	1,207
Basic and diluted earnings per 10p share – pence	*10*			**4.43**	6.75

All operations are classed as continuing.

The statement of movements on reserves is contained in note 18 to the accounts.

Statement of total recognised gains and losses

FOR THE YEAR ENDED 31 DECEMBER 2001

	2001 £'000	2000 As restated (see note 16) £'000
Profit attributable to the members of the Company	**2,143**	3,264
Unrealised share of associated undertakings' reserves	**2,409**	1,779
Exchange differences on foreign-currency net investments	**(413)**	(1,131)
	4,139	3,912
Prior-period adjustments (note 16)	**(412)**	—
Total recognised gains and losses since last annual report	**3,727**	3,912

Reconciliation of movements in shareholders' funds

FOR THE YEAR ENDED 31 DECEMBER 2001

	2001 £'000	2000 As restated* (see note 16) £'000
Profit attributable to the members of the Company	**2,143**	3,264
Equity dividend	**(2,057)**	(2,057)
	86	1,207
Issue of shares	**—**	140
Other recognised gains and losses relating to the year	**1,996**	648
Net addition to equity shareholders' funds	**2,082**	1,995
Opening equity shareholders' funds	**47,295**	45,300
Closing equity shareholders' funds	**49,377**	47,295

*The shareholders' funds at 1 January 2001 as previously reported amounted to £47,707,000 before the prior-period adjustment of £412,000 (see note 16).

Consolidated balance sheet

AT 31 DECEMBER 2001

	Note	2001 £'000	2001 £'000	2000 As restated (see note 16) £'000	2000 As restated (see note 16) £'000
Fixed assets					
Tangible assets	11	**8,863**		9,064	
Investments	12	**40,274**		37,809	
			49,137		46,873
Current assets					
Stocks	13	**130**		126	
Debtors	14	**647**		773	
Cash at bank and in hand		**3,389**		3,053	
		4,166		3,952	
Creditors: Amounts falling due within one year					
Trade creditors		**131**		98	
Other creditors including taxation and social security	15	**63**		50	
Equity dividend proposed	9	**2,057**		2,057	
		2,251		2,205	
Net current assets			**1,915**		1,747
Total assets less current liabilities			**51,052**		48,620
Provisions for liabilities and charges	16		**(484)**		(240)
Equity minority interests			**(1,191)**		(1,085)
Net assets			**49,377**		47,295
Capital and reserves					
Called-up share capital	17		**4,840**		4,840
Share premium account	18		**5,108**		5,108
Revaluation reserve	18		**685**		685
Capital redemption reserve	18		**27**		27
Share of associated companies' reserves	18		**24,388**		21,924
Profit and loss account	18		**14,329**		14,711
Total equity shareholders' funds			**49,377**		47,295

These financial statements were approved by the board of directors on 8 May 2002 and signed on its behalf.

Philip Fletcher

Peter Hadsley-Chaplin

Directors

Company balance sheet

AT 31 DECEMBER 2001

	Note	£'000	2001 £'000	£'000	2000 £'000
Fixed assets					
Tangible assets	*11*	**13**		21	
Investments	*12*	**12,870**		13,407	
			12,883		13,428
Current assets					
Debtors	*14*	**7,205**		7,287	
Cash at bank and in hand		**1,799**		2,580	
		9,004		9,867	
Creditors: Amounts falling due within one year					
Other creditors including taxation and social security	*15*	**2,683**		3,172	
Equity dividend proposed	*9*	**2,057**		2,057	
		4,740		5,229	
Net current assets			**4,264**		4,638
Total assets less current liabilities			**17,147**		18,066
Capital and reserves					
Called-up share capital	*17*		**4,840**		4,840
Share premium account	*18*		**5,073**		5,073
Capital redemption reserve	*18*		**27**		27
Profit and loss account	*18*		**7,207**		8,126
Total equity shareholders' funds			**17,147**		18,066

These financial statements were approved by the board of directors on 8 May 2002 and signed on its behalf.

Philip Fletcher

Peter Hadsley-Chaplin

Directors

Consolidated cash-flow statement

FOR THE YEAR ENDED 31 DECEMBER 2001

	Note	2001 £'000	2000 As restated (see note 16) £'000
Reconciliation of operating profit to net cash inflow from operating activities			
Total operating profit		**3,299**	4,583
Exchange differences		**(82)**	(235)
Depreciation		**231**	250
Gain on sale of fixed assets		**(7)**	—
Share of associated undertakings' profits		**(2,255)**	(2,609)
Increase in stocks		**(4)**	(5)
(Increase)/decrease in debtors		**(28)**	167
Increase/(decrease) in creditors		**419**	(180)
Net cash inflow from operating activities		**1,573**	1,971
Returns on investments and servicing of finance	20	**1,488**	1,174
Taxation	20	**(431)**	(682)
Capital expenditure and financial investment	20	**(206)**	(2,267)
Equity dividend paid		**(2,057)**	(2,057)
Net cash inflow/(outflow) before management of liquid resources and financing		**367**	(1,861)
Management of liquid resources			
(Increase)/decrease in short-term deposits		**(425)**	1,935
Financing			
Issue of shares		**—**	140
(Decrease)/increase in cash	21	**(58)**	214

Notes to the accounts

1 ACCOUNTING POLICIES

The particular accounting policies adopted by the directors are described below. Certain adjustments have been made to the comparative figures in order to improve comparability.

(a) **Accounting convention**

The financial statements have been prepared under the historical-cost convention (as modified by the revaluation of certain assets) and in accordance with applicable accounting standards.

(b) **Basis of consolidation**

The Group financial statements consolidate the financial statements of the Company and all of its subsidiary and associated undertakings. All subsidiary and associated undertakings prepare their financial statements to 31 December, except for Lendu Holdings PLC which prepares its financial statements to 30 June. These financial statements consolidate the Group's share of the results of Lendu Holdings PLC for the twelve-month period to 31 December 2001.

(c) **Turnover**

Turnover represents the invoiced value of crops sold during the year.

(d) **Goodwill**

Goodwill arising on consolidation is capitalised as an intangible asset and amortised through the profit and loss account over its useful economic life.

(e) **Tangible fixed assets**

(i) Indonesia

Leasehold land is held on 25 and 30-year renewable leases and is not depreciated. All costs of planting and upkeep of immature areas on that land and replanting are capitalised and written off in equal annual instalments at 5% per annum. Other tangible fixed assets are written off over their estimated useful lives at rates which vary between 3% and 50% per annum. Interest is capitalised on borrowings used to finance the development of immature areas.

(ii) United Kingdom

Motor vehicles are written off over their estimated useful lives at 25% per annum.

(f) **Investments**

(i) The Group

Undertakings over which the Group exerts significant influence via shareholdings and its membership on the board are treated as associated undertakings. Investments in associated undertakings are dealt with in the consolidated financial statements under the equity method of accounting. The consolidated profit and loss account includes the Group's share of the profit on ordinary activities before taxation and attributable taxation of the associated undertakings based on audited financial statements for the year ended 31 December 2001, except for Lendu Holdings PLC, for which the results for the six months ended 31 December 2001 are unaudited. In the consolidated balance sheet, the investments in the associated undertakings are shown at cost plus the Group's share of post-acquisition reserves.

(ii) The Company

Other investments are stated at cost less provision for any impairment in value.

(g) **Stocks**

Stocks have been valued at the lower of cost and net realisable value. In the case of rubber stocks, cost represents the average cost of production, including appropriate overheads.

(h) **Deferred taxation**

The Group has adopted FRS 19 on deferred tax early. Deferred tax is provided in full on timing differences which result in an obligation at the balance-sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise, based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset, or on unremitted earnings of subsidiaries and associates where there is no commitment to remit these earnings. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

(i) **Foreign exchange**

The assets and liabilities of foreign subsidiary undertakings are translated into Sterling at the year-end rates of exchange. Results of foreign subsidiary undertakings and associated undertakings are translated at average rates of exchange. Differences on exchange arising from the translation of the net investments in subsidiary and associated undertakings, together with differences between results translated at average rates and at year-end rates, are dealt with in reserves. All other differences are dealt with in the profit and loss account.

(j) **Pension**

The Group operates a defined-contribution pension scheme. The pension charge represents the contributions payable by the Group under the rules of the scheme.

3 EMPLOYEES

Employee costs during year	2001 £'000	2000 £'000
Wages and salaries	**718**	980
Social security costs	**15**	27
Past-service liabilities	**65**	—
Other pension costs	**19**	20
	817	1,027

The amount shown above for past-service liabilities represents the annual charge and excludes the amount accrued at 31 December 2001 in respect of 1999 and prior periods.

Average number of persons employed	Number	Number
Estate manual	**1,018**	1,031
Estate staff	**29**	31
United Kingdom directors	**4**	4
	1,051	1,066

Details of directors' remuneration required by the Companies Act 1985 and those specified for audit by the UK Listing Authority are shown within the report of the board to the shareholders on directors' remuneration on pages 16 and 17 and form part of these audited financial statements.

4 EXCEPTIONAL ITEMS

	2001 £'000	2000 £'000
Exceptional cost included in cost of sales		
Provision for past-service liabilities	**(295)**	—
Share of associated undertakings' exceptional items		
Provision for past-service liabilities	**(150)**	—
Net gain on sale of fixed assets		
Group gain on sale of fixed assets	**—**	19
Share of associated undertakings' net gains on sale of fixed assets	**109**	85
	109	104
Fundamental reorganisation of associated undertaking		
Group share of Bertam Holdings PLC merger costs	**(381)**	—
Total net exceptional (costs)/credits	**(717)**	104

5 INTEREST RECEIVABLE AND SIMILAR INCOME

Interest receivable	**147**	200
Technical advisory fees	**18**	17
	165	217

6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging		
Depreciation of tangible fixed assets	**231**	250
Auditors' remuneration – audit fees	**64**	66
– other services	**1**	2

7

TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £'000	2000 As restated (see note 16) £'000
United Kingdom corporation tax charge for the year	**189**	503
Relief for overseas taxation	**(189)**	(503)
	—	—
Overseas taxation	**548**	780
Adjustments in respect of prior periods	**(2)**	7
	546	787
Share of associated undertakings' taxation	**381**	483
Total current tax	**927**	1,270
Deferred taxation	**(90)**	27
Tax on profit on ordinary activities	**837**	1,297

The adoption of FRS 19 Deferred Taxation has required a change in the method of accounting. As a result, the comparative figure for tax on profit on ordinary activities for 2000 has been restated from the previously reported amount of £1,223,000 to £1,297,000. The impact of adopting FRS 19 on the results for 2001 is a decrease in the tax charge of £90,000.

The standard rate of tax for the year, based on the United Kingdom standard rate of corporation tax, is 30%. This was also the standard rate of Indonesian tax for the year. The actual tax charge is lower than the standard rate for the reasons set out in the following reconciliation.

Profit on ordinary activities before tax	**3,192**	4,904
Tax on profit on ordinary activities at standard rate	**958**	1,471
Factors affecting the charge for the year		
Capital allowances for the year in excess of depreciation	**(18)**	(25)
Past-service liabilities	**108**	—
Other timing differences	**2**	(3)
Expenses not deductible for tax purposes	**11**	7
Unrelieved management expenses	**73**	51
Withholding tax on overseas dividends	**17**	95
Investment income not taxable	**(9)**	(8)
Difference in rate on profits of associated undertakings	**(213)**	(325)
Adjustment to tax charge in respect of prior years	**(2)**	7
Total actual amount of current tax	**927**	1,270

8

PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The consolidated profit includes a profit before dividends of £1,138,000 (2000 £1,200,000) in respect of the parent company.

9

EQUITY DIVIDEND PROPOSED

4.25p per 10p share (2000 – 4.25p)	**2,057**	2,057

If confirmed at the annual general meeting, the dividend will be paid on or after 28 June 2002 to those shareholders on the register at the close of business on 10 May 2002.

10 EARNINGS PER SHARE

The calculation of basic and diluted earnings per 10p share is based on profits of £2,143,000 and on 48,400,073 shares which was the average number of shares in issue during the year. The calculation of basic and diluted earnings per share in 2000 (as restated (see note 16)) was based on profits of £3,264,000 and on 48,359,909 shares which was the average number of shares in issue during the year.

11 TANGIBLE FIXED ASSETS

The Group	Leasehold land in Indonesia - non-depreciable £'000	Leasehold land in Indonesia - depreciable £'000	Buildings £'000	Plant, equipment and vehicles £'000	Total £'000
Cost					
At 1 January 2001	**6,166**	**2,150**	**1,302**	**763**	**10,381**
Exchange differences	—	**(155)**	**(88)**	**(49)**	**(292)**
	6,166	**1,995**	**1,214**	**714**	**10,089**
Additions	—	**114**	**77**	**33**	**224**
Disposals	—	**(21)**	**(3)**	**(8)**	**(32)**
At 31 December 2001	**6,166**	**2,088**	**1,288**	**739**	**10,281**
Accumulated depreciation					
At 1 January 2001	—	**642**	**342**	**333**	**1,317**
Exchange differences	—	**(57)**	**(26)**	**(26)**	**(109)**
	—	**585**	**316**	**307**	**1,208**
Charge for the year	—	**80**	**54**	**97**	**231**
Disposals	—	**(13)**	**(2)**	**(6)**	**(21)**
At 31 December 2001	—	**652**	**368**	**398**	**1,418**
Net book value					
At 31 December 2001	**6,166**	**1,436**	**920**	**341**	**8,863**
Net book value					
At 31 December 2000	6,166	1,508	960	430	9,064

Included in leasehold land in Indonesia is capitalised interest amounting to £2,824,000 (2000 £2,824,000).

The Company		Vehicles £'000
Cost	At 1 January and 31 December 2001	**32**
Accumulated depreciation	At 1 January 2001	**11**
	Charge for the year	**8**
	At 31 December 2001	**19**
Net book value	At 31 December 2001	**13**
	At 31 December 2000	21

12 INVESTMENTS HELD AS FIXED ASSETS

	The Group 2001 £'000	The Group 2000 As restated (see note 16) £'000	The Company 2001 £'000	The Company 2000 £'000
Investments in subsidiary undertakings	—	—	**6,449**	6,987
Investments in associated undertakings	**40,274**	37,809	**6,421**	6,420
	40,274	37,809	**12,870**	13,407

Details of the subsidiary and associated undertakings are given on page 36.

(a) **Subsidiary undertakings**

The Company	At cost £'000	Provisions £'000	Net book value £'000
At 1 January and 31 December 2001	**13,932**	**(6,945)**	**6,987**
Provided in year	—	**(538)**	**(538)**
At 31 December 2001	**13,932**	**(7,483)**	**6,449**

(b) **Associated undertakings**

The Group	Shares at cost Listed £'000	Shares at cost Unlisted £'000	Share of post-acquisition reserves Listed £'000	Share of post-acquisition reserves Unlisted £'000	Total As restated (see note 16) £'000
At 1 January 2001	**6,127**	**9,758**	**17,900**	**4,244**	**38,029**
Prior year adjustment (note 16)	—	—	—	**(220)**	**(220)**
At 1 January 2001 as restated	**6,127**	**9,758**	**17,900**	**4,024**	**37,809**
Exchange differences	—	—	—	**(177)**	**(177)**
	6,127	**9,758**	**17,900**	**3,847**	**37,632**
Purchases	**1**	—	—	—	**1**
Share of reserves	—	—	**3,217**	**793**	**4,010**
Dividends received	—	—	**(913)**	**(456)**	**(1,369)**
At 31 December 2001	**6,128**	**9,758**	**20,204**	**4,184**	**40,274**

	2001 £'000	2000 £'000
At valuation		
Listed (market value)	**21,043**	21,725
Unlisted (directors' valuation)	**22,100**	20,460
	43,143	42,185

If the investments had been realised at the balance-sheet date at the above valuations, a charge to taxation of £1,415,000 (2000 £1,559,000) would have arisen.

(b) **Associated undertakings** continued

The Company **At cost**	Listed £'000	Unlisted £'000	Total £'000
At 1 January 2001	**4,254**	**2,166**	**6,420**
Purchases	**1**	**—**	**1**
At 31 December 2001	**4,255**	**2,166**	**6,421**

At valuation	**2001** **£'000**	2000 £'000
Listed (market value)	**21,043**	21,725
Unlisted (directors' valuations)	**6,970**	7,001
	28,013	28,726

If the investments had been realised at the balance-sheet date at the above valuations, no charge to taxation (2000 £471,000) would have arisen.

13 STOCKS

	The Group	
	2001 **£'000**	2000 £'000
Stocks of rubber crop	**3**	3
Estate stores	**103**	105
Nurseries	**24**	18
	130	126

14 DEBTORS

	The Group		The Company	
	2001 **£'000**	2000 £'000	**2001** **£'000**	2000 £'000
Trade debtors	**217**	188	**—**	—
Amounts owed by subsidiary undertakings	**—**	—	**7,189**	7,267
Amounts owed by associated undertakings	**1**	3	**—**	—
Other debtors	**16**	16	**—**	16
Taxation	**385**	538	**16**	—
Prepayments and accrued income	**28**	28	**—**	4
	647	773	**7,205**	7,287

15 OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

Amounts owed to subsidiary undertakings	**—**	—	**2,656**	3,171
Amounts owed to associated undertakings	**27**	1	**27**	1
Other creditors	**35**	24	**—**	—
Tax recoverable	**1**	25	**—**	—
	63	50	**2,683**	3,172

16 PROVISIONS FOR LIABILITIES AND CHARGES

Profit and loss account charge/(credit)

The adoption of FRS 19 on deferred taxation has required a change in the method of accounting for deferred-tax assets and liabilities. As a result, the comparative figure for the tax on profit on ordinary activities for 2000 has been restated from the previously reported amount of £1,223,000 to £1,297,000. The impact of adopting FRS 19 on the results for 2001 is an increase in the tax charge to £90,000.

Balance sheet	Post-service liability £'000	Deferred taxation £'000	Total £'000
The Group			
At 1 January 2001 (as restated)	—	**460**	**460**
Profit and loss account charge/(credit)	**548**	**(117)**	**431**
Exchange differences	**(20)**	**(26)**	**(46)**
At 31 December 2001	**528**	**317**	**845**
Less share of associates	**(181)**	**(180)**	**(361)**
	347	**137**	**484**

Provisions for deferred taxation consist of the following amounts:

The Group	**2001 £'000**	2000 £'000
Excess of capital allowances over depreciation	**475**	460
Past-service liabilities	**(158)**	—
	317	460

The adoption of FRS 19 Deferred Taxation has resulted in the comparatives being restated as follows:

The Group	Deferred taxation £'000	Investment in associated undertakings £'000	Minority interests £'000	Profit and loss account £'000	Shareholders' funds £'000
2000 as previously reported	—	38,029	1,133	26,557	47,707
Adoption of FRS 19 at 1 January 2000	492	(222)	(54)	(216)	(438)
During the year ended 31 December 2000	(32)	2	6	24	26
Adoption of FRS 19 at 31 December 2000	460	(220)	(48)	(192)	(412)
Less share of associates	(220)	—	—	—	—
2000 restated	240	37,809	1,085	26,365	47,295

A deferred tax asset of £158,000 has been recognised at 31 December 2001. This asset relates to a provision set up for liabilities arising under a presidential decree in Indonesia whereby employees in that country are entitled to a payment on leaving their company's employment. The provision will be allowable for a tax deduction when paid. The directors are of the opinion that, based on recent and forecast trading, the level of profits in the current and future years will be sufficient to recover this deferred tax asset.

17 CALLED-UP SHARE CAPITAL

	Authorised Number	Allotted and fully paid Number	Authorised £'000	Allotted and fully paid £'000
Shares of 10p each				
At 1 January and 31 December 2001	**64,000,000**	**48,400,073**	**6,400**	**4,840**

18 RESERVES

The Group	Share premium account £'000	Revaluation reserve £'000	Capital redemption reserve £'000	Share of associates' reserves £'000	Profit and loss account £'000	Total £'000
At 1 January 2001	**5,977**	**10,306**	**27**	**—**	**26,557**	**42,867**
Prior-year adjustment*	**—**	**—**	**—**	**(220)**	**(192)**	**(412)**
Re-classification of reserves**	**(869)**	**(9,621)**	**—**	**22,144**	**(11,654)**	**—**
At 1 January 2001 restated	**5,108**	**685**	**27**	**21,924**	**14,711**	**42,455**
Exchange differences	**—**	**—**	**—**	**(177)**	**(236)**	**(413)**
Share of associated undertakings' reserves	**—**	**—**	**—**	**2,409**	**—**	**2,409**
Dividends received from associated undertakings*	**—**	**—**	**—**	**(1,369)**	**1,369**	**—**
Profit/(loss) retained	**—**	**—**	**—**	**1,601**	**(1,515)**	**86**
At 31 December 2001	**5,108**	**685**	**27**	**24,388**	**14,329**	**44,537**

*The prior-year adjustment reflects a change in accounting policy arising from the adoption of FRS 19 Deferred Taxation (see note 16).

**The Group's share of reserves of associated companies has, in previous years, been included within the relevant Group reserve. During 2001 this method of presentation has been changed such that the Group's share of associated undertakings' reserve movements is now attributed to a single reserve. The cumulative opening position at 1 January 2001 has been reclassified to conform with this method of presentation.

The Company						
At 1 January 2001	**5,073**	**—**	**27**	**—**	**8,126**	**13,226**
Loss retained	**—**	**—**	**—**	**—**	**(919)**	**(919)**
At 31 December 2001	**5,073**	**—**	**27**	**—**	**7,207**	**12,307**

19 PENSION SCHEME

The Company, in conjunction with M. P. Evans (UK) Limited, operates a defined-contribution (money-purchase) scheme, the assets of which are held separately from those of the Group. The fund is under the control of trustees, who have invested it with a UK insurance company. The pension charge represents contributions to the fund payable by the Group under the rules of the scheme. The total charge for the year amounted to £37,000 (2000 £34,000).

20 ANALYSIS OF MOVEMENTS IN CASH FLOW

	2001 £'000	2000 £'000
Returns on investments and servicing of finance		
Interest and similar income received	**165**	225
Dividends received from associated undertakings	**1,369**	1,160
Dividends paid to minorities	**(46)**	(211)
	1,488	1,174
Taxation		
UK corporation tax received	—	320
Overseas tax paid	**(431)**	(1,002)
	(431)	(682)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	**(224)**	(604)
Sale of tangible fixed assets	**17**	23
Purchase of fixed-asset investments	**1**	(1,686)
	(206)	(2,267)

21 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2001 £'000
Decrease in cash in the year	**(58)**
Increase in liquid resources	**425**
	367
Exchange differences	**(31)**
Movements in net funds in the year	**336**
Net funds at 1 January 2001	**3,053**
Net funds at 31 December 2001	**3,389**

Analysis of movements of net funds	At 1 January 2001 £'000	Cash flow £'000	Exchange differences £'000	At 31 December 2001 £'000
Cash at bank and in hand	**3,053**	**367**	**(31)**	**3,389**

22 FINANCIAL INSTRUMENTS

The Group's primary financial instruments comprise cash balances and deposits held with banks, fixed-asset investments, trade debtors and trade creditors. The Group does not undertake any transactions in derivatives. The main purpose of these financial instruments is to provide working capital to finance the Group's operations. No trading in financial instruments takes place.

The main risk arising from the Group's financial instruments is foreign-currency risk and, to a lesser extent, interest-rate risk. The board reviews and agrees the policies for managing these risks. The policies and the impact of these risks on the Group balance sheet at the end of the financial year are summarised below. Short-term debtors and creditors have been omitted from all disclosures other than the currency-exposure profile.

Foreign-currency risk

The vast majority of the Group's operations are undertaken in Indonesia. The Group does not have transactional currency exposures arising from sales or purchases by an operating unit but the Group's balance sheet can be significantly affected by movements in exchange rates. Whilst the Group's trading takes place in local currencies in South East Asia, commodity prices are determined by a world market which provides a natural hedge against local currency movements. Beyond this, the Group has no hedging policy and does not make use of forward-currency contracts.

The following analysis of net monetary assets and liabilities shows the Group's foreign-currency exposure profile. The amounts shown represent the transactional exposures that give rise to the net gains and losses recognised in the Group profit and loss account. Exposures comprise of the monetary assets and liabilities of the Group that are not denominated in the functional currency of the operating units involved.

At 31 December 2001 **Functional currency**	**US$** ***£'000***
Rupiah	**1,497**

At 31 December 2000 Functional currency	US$ *£'000*
Rupiah	196

Interest-rate risk

The Group has significant cash balances and deposits held with banks. In order to optimise the income received on these deposits the Group continuously reviews the terms of these deposits to take advantage of the best market rates.

The Group has no financial liabilities other than short-term trade creditors. The currency profile of the Group's financial assets, other than short-term trade debtors, is shown in the table below.

Currency	Floating-rate financial assets *£'000*
At 31 December 2001	
Sterling	**1,801**
Rupiah	**60**
US Dollar	**1,528**
Gross financial assets	**3,389**
At 31 December 2000	
Sterling	2,582
Rupiah	257
US Dollar	211
Ringgit	3
Gross financial assets	3,053

Fair values of financial assets and liabilities

In the opinion of the directors, there was no significant difference between the carrying values and the estimated fair values of the Group's primary financial assets and liabilities at either the current, or preceding, financial year end.

23 RELATED-PARTY TRANSACTIONS

The directors' participation in the executive share option scheme is disclosed on page 16. Apart from this, no director had an interest in any transaction with the Group at any time during the year.

During the year, the Group undertook the following transactions with related parties:

	2001 £'000	2000 £'000
Fee for secretarial services paid to M. P. Evans (UK) Limited	**122**	122

In addition, the following transactions took place between the Group and its related parties in respect of equity shares:		
Purchase of shares in Bertam Holdings PLC	—	904
Take up of rights from Sungkai Holdings Limited	—	767
Take up of scrip dividend from Lendu Holdings PLC	**1**	15

On 10 July 2001, the Group sold investments in its associated undertakings, Beradin Holdings PLC, Padang Senang Holdings PLC and The Singapore Para Rubber Estates, PLC, to Bertam Holdings PLC in return for 5,341,462 shares in Bertam Holdings PLC.

24 POST-BALANCE-SHEET EVENT

Since the year end, the Group's 80% subsidiary, PT Pankgatan Indonesia, acquired 80% of an Indonesian company, PT Sembada Sennah Maju ("SSM"). The net consideration for this acquisition was £1.62 million. SSM owns a 1,814-hectare oil palm and rubber estate, Sennah I Estate, in North Sumatra, Indonesia. Sennah I Estate is held under a long lease, which has recently been renewed and runs until 2032. Further details of the acquisition are provided in the chairman's statement.

Subsiditary and associated undertakings

SUBSIDIARY UNDERTAKINGS

Details of the principal subsidiary undertakings as at 31 December 2001 are as follows:

Name of subsidiary	% of shares and voting rights held	Country of incorporation	Country of operation	Field of activity
P T Pangkatan Indonesia	80	Indonesia	Indonesia	Production of oil palm f.f.b. and rubber
P T Bilah Plantindo	80	Indonesia	Indonesia	Production of oil palm f.f.b.
P T Simpang Kiri Plantation Indonesia	80	Indonesia	Indonesia	Production of oil palm f.f.b.

The shareholdings in the above companies represent ordinary shares.

ASSOCIATED UNDERTAKINGS

Details of the associated undertakings as at 31 December 2001 are as follows:-

	Issued, fully-paid share capital	% held	Country of incorporation	Country of operation	Field of activity
Listed					
Bertam Holdings PLC	£2,994,481	43.41	Great Britain	Malaysia	Investment holding, production of oil palm f.f.b. and property development in Malaysia
Lendu Holdings PLC	£674,201	35.11	Great Britain	Australia	Investment holding, irrigated cotton, beef-cattle and cereal production in Australia
Unlisted					
P T Agro Muko	Rp56.55m	30.43	Indonesia	Indonesia	Production of palm oil, palm kernels and rubber
M. P. Evans (Malaysia) Sdn. Berhad	RM888,000	18.88	Malaysia	Malaysia	Investment holding, provision of agency and company secretarial services services to plantation companies
P T Kerasaan Indonesia	Rp138m	36.00	Indonesia	Indonesia	Production of oil palm f.f.b.
M. P. Evans (UK) Limited	£100,000	38.50	Great Britain	Great Britain	Provision of company - secretarial and share - registration services
Sungkai Holdings Limited	£193,708	47.87	Great Britain	Great Britain and Australia	Investment and property holding

The associated undertakings incorporated in Great Britain are registered in England and Wales. The shareholdings in the above companies represent ordinary shares. All of the investments in associated undertakings are held directly by the Company, with the exception of M. P. Evans (Malaysia) Sdn. Berhad and P T Kerasaan Indonesia, which are held directly by M. P. Evans & Co. Limited and P T Agro Muko which is held by Rowe Evans (Bengkulu) Limited. Both M. P. Evans & Co. Limited and Rowe Evans (Bengkulu) Limited are wholly-owned subsidiary undertakings registered in England and Wales.

Analysis of plantation areas

AT 31 DECEMBER 2001

Indonesian estates held by subsidiary undertakings of Rowe Evans Investments PLC ("REI")	Pangkatan	Simpang Kiri	Bilah	Total
	Ha	Ha	Ha	Ha
Oil palm				
Mature	1,456	2,356	2,716	6,528
Immature	222	85	18	325
Total oil palm	**1,678**	**2,441**	**2,734**	**6,853**
Rubber				
Mature	521	—	—	521
Immature	231	—	—	231
Total rubber	**752**	**—**	**—**	**752**
Total planted	**2,430**	**2,441**	**2,734**	**7,605**
Unplanted				
Nurseries, nature reserves, building sites, roads, etc	156	213	227	596
Total plantation land held by subsidiary undertakings	**2,586**	**2,654**	**2,961**	**8,201**

Estates held by REI associated undertakings	Bertam Holdings PLC	PT Kerasaan Indonesia	PT Agro Muko	
	Beradin Perhentian Tinggi Sungei Kruit Sungei Reyla Lendu Bertam	Kerasaan	Muko Muko	Total
	Malaysia	Indonesia	Indonesia	
	Ha	Ha	Ha	Ha
Oil palm				
Mature	2,741	2,000	11,494	16,235
Immature	869	315	3,374	4,558
Total oil palm	**3,610**	**2,315**	**14,868**	**20,793**
Rubber				
Mature	45	—	1,226	1,271
Immature	—	—	610	610
Total rubber	**45**	**—**	**1,836**	**1,881**
Total planted	**3,655**	**2,315**	**16,704**	**22,674**
Unplanted				
Nurseries, building sites, roads, etc	111	47	813	971
Reserve land	—	—	5,411	5,411
Total unplanted	**111**	**47**	**6,224**	**6,382**
Total plantation land held by associated undertakings	**3,766**	**2,362**	**22,928**	**29,056**
Total held by REI subsidiary and associated undertakings				**37,257**

Five-year summary

	2001	2000	1999	1998	1997
Crops	**Tonnes**	Tonnes	Tonnes	Tonnes	Tonnes
Oil palm fresh fruit bunches ("f.f.b.")	**125,689**	138,465	123,870	104,750	122,797
Rubber	**982**	1,176	863	853	874
Average sale prices					
Oil palm f.f.b.- Rupiah/tonne	**383,000**	370,883	453,100	613,124	242,927
Rubber - Rupiah/kg	**5,411**	5,224	4,887	6,668	2,849
Exchange rates					
£1 = Indonesian Rupiah – average	**14,666**	12,666	12,672	16,939	4,753
– year-end	**15,230**	14,215	11,390	13,227	9,010
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Turnover – continuing activities	**3,775**	4,534	4,756	4,201	6,792
Estate profit (before exceptional items)	**1,620**	2,252	2,611	2,985	3,751
Profit on ordinary activities before taxation	**3,192**	4,904	5,375	6,331	9,306
Earnings per share	**4.43p**	6.75p	7.53p	8.91p	12.64p
	Pence	*Pence*	*Pence*	*Pence*	*Pence*
Equity dividend per share					
– conventional	**4.25**	4.25	4.25	4.25	0.44
– foreign-income dividend	**—**	—	—	—	3.81
Total for the year	**4.25**	4.25	4.25	4.25	4.25
	£'000	*£'000*	*£'000*	*£'000*	*£'000*
Equity shareholders' funds	**49,377**	47,295	45,792	43,644	39,993
Movement in net funds	**336**	(1,890)	(558)	1,113	2,501

Notice of meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of Rowe Evans Investments PLC will be held at the Tallow Chandlers' Hall, 4 Dowgate Hill, London EC4R 2SH on 13 June 2002 at 12:30 p.m. for the following purposes:

As ordinary business

1 To receive and consider the report of the directors and the audited financial statements for the year ended 31 December 2001.

RESOLUTION ON FORM OF PROXY **No 1**

2 To declare a dividend.

RESOLUTION ON FORM OF PROXY **No 2**

3 To re-elect Mr R M Robinow, who retires by rotation, as a director.

RESOLUTION ON FORM OF PROXY **No 3**

4 To re-appoint Deloitte & Touche as auditors and to authorise the directors to determine their remuneration.

RESOLUTION ON FORM OF PROXY **No 4**

As special business

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

5 That the maximum nominal amount of relevant securities (within the meaning of section 80 of the Companies Act 1985) which the directors are authorised to allot pursuant to article 4(B) of the Company's articles of association shall be £1,559,993 provided that this authority shall expire at the conclusion of the next annual general meeting of the Company or on 13 September 2003 whichever shall be the earlier.

RESOLUTION ON FORM OF PROXY **No 5**

6 That the directors be empowered to allot equity securities (as defined in section 94(2) of the Companies Act 1985) pursuant to the authority conferred by resolution 5 as if section 89(1) of the Companies Act 1985 did not apply to any such allotment provided that this power shall be limited to any allotment falling within the provisions of article 4(C)(a) of the Company's articles of association or any allotment up to an aggregate nominal amount of £242,000 falling within the provisions of article 4(C)(b) of the Company's articles of association.

RESOLUTION ON FORM OF PROXY **No 6**

7 That the Company is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 163 of the Companies Act 1985) of shares of 10p each in the capital of the Company provided that:

(a) the maximum number of shares hereby authorised to be purchased is 4,840,007;

(b) the minimum price which may be paid for each share is 10p (exclusive of expenses);

(c) the maximum price (exclusive of expenses) which may be paid for each share is an amount equal to 105% of the average of the middle-market quotations for such shares as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day of purchase; and

(d) the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company or on 13 September 2003 whichever shall be the earlier save that the Company may, before the expiry of this authority, make a contract of purchase which will or may be executed wholly or partly after such expiry and may make a purchase of shares pursuant to any such contract.

RESOLUTION ON FORM OF PROXY **No 7**

By order of the board
M. P. Evans (UK) Limited *Secretaries*
15 May 2002

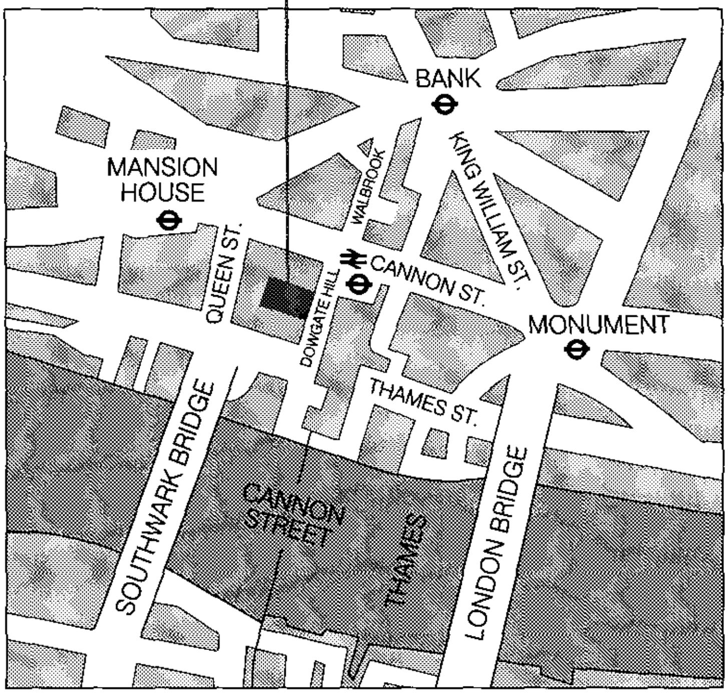
Notes

1 A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend. A proxy need not also be a member of the Company, but, except in the case of a proxy for a corporate member, is not entitled to vote except on a poll. A two-way form of proxy is enclosed for this purpose. If you are unable to attend the meeting, please complete and return the enclosed form of proxy so as to reach the registered office of the Company as soon as possible and, in any event, not less than 48 hours before the time appointed for holding the meeting.

2 The register of directors' interests showing all transactions of each director and, where applicable, of his family, in the share capital of the Company, will be available for inspection at the registered office of the Company on any weekday, Saturdays and public holidays excepted, during normal business hours from the date of this notice until the annual general meeting and at the Tallow Chandlers' Hall for a period of fifteen minutes prior to the annual general meeting and during the meeting. No director has a service contract with the Company of more than one year's duration.

Venue of annual general meeting

Tallow Chandlers' Hall



Designed by Walter Judd Advertising and Print Limited   Typeset by Michael R. Dalby Limited   Printed by Crucial Colour Ltd.