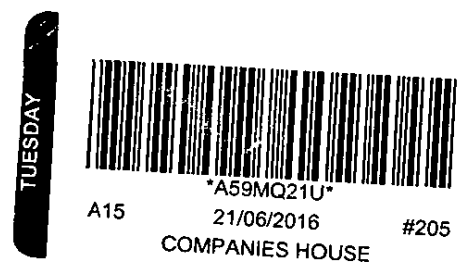


ANNUAL REPORT 2015



M.P. Evans
GROUP PLC 

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

PORTFOLIO OF ASSETS AS AT 31 DECEMBER 2015

25,400 planted hectares of majority-held oil-palm plantations in Indonesia plus a 60-tonne-per-hour mill in Kalimantan and a 40-tonne-per-hour mill in Sumatra

7,400 hectares of associated smallholder co-operative schemes

20,000-hectare oil-palm concession in South Sumatra – current estimate 10,000 hectares plantable (7,000 for the Group)

21,800 planted hectares of minority-held (of which Group's share 8,100 hectares) established oil-palm and rubber plantations in Sumatra, Indonesia plus two 60-tonne-per-hour palm-oil mills and a crumb-rubber factory

34 4% interest in a leading Australian cattle company, NAPCo, owning 5.8 million hectares in Queensland and the Northern Territory

70 hectares of plantation land in Peninsula Malaysia, with property-development premium

40% share of a substantial property-development company, Bertam Properties, near Penang Island, Malaysia with a land bank of 344 hectares

Net current assets of US\$43.7 million as at 31 December 2015

LAND ASSETS BY VALUE

31 DECEMBER 2015

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

A final dividend of 8.75p per share reflects the satisfactory results

Group highlights

Group profits benefited from good results in its beef-cattle operations in a year when palm-oil prices fell by 24%

FINANCIAL

- ▶ Profit for the year US\$25.4 million (2014 US\$28.3 million)
- ▶ Earnings per share US cents 43.4 (2014 US cents 45.4)
- ▶ Total dividend for the year maintained at 8.75 pence per share
- ▶ Net cash at 31 December 2015 of US\$11.5 million (2014 US\$1.5 million)

AUSTRALIAN BEEF CATTLE

- ▶ Sale of Woodlands completed in November 2015
- ▶ NAPCo made very substantial gain following record cattle prices
- ▶ Woodlands, prior to its sale, made good profit as a result of the strong cattle market
- ▶ Cattle prices remain relatively strong in early 2016 and satisfactory rainfall received at many of NAPCo's properties

INDONESIAN PALM OIL

- ▶ Plantation profits lower at US\$15.1 million (2014 US\$31.8 million) as palm-oil prices weakened during year
- ▶ Ffb crops 10% higher than 2014 despite adverse weather conditions
- ▶ Extraction rates remained at very acceptable levels
- ▶ Palm-oil price averaged US\$622 per tonne (2014 US\$821) but since year end has strengthened to around US\$720 per tonne
- ▶ Progress made on the new Musi Rawas project – over 1,000 hectares now planted and a further 2,200 hectares have been compensated
- ▶ Group crops projected to continue rising strongly in future years

MALAYSIAN PROPERTY

- ▶ Similar profits to 2014 from two sales of land and fewer sales of developed properties completed than in 2014

SUMMARY OF RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015	2014
	<i>US\$ million</i>	<i>US\$ million</i>
Revenue	72.5	90.0
Gross profit	15.1	31.8
Group-controlled profit before tax	6.8	24.1
Profit for the year	25.4	28.3
Equity attributable to the owners of M P.Evans Group PLC	300.0	291.5
Net cash inflow generated by operating activities	20.2	29.2
	<i>US cents</i>	<i>US cents</i>
Basic earnings per 10p share	43.4	45.4
	<i>Pence</i>	<i>Pence</i>
Dividend per 10p share in respect of the year	8.75	8.75

MANAGING DIRECTOR'S STATEMENT

2015 was a year of contrast between weak palm-oil prices and robust cattle prices

2015 was a year of contrast between weak palm-oil prices and robust cattle prices. The Group's cattle property in Australia, Woodlands, was sold after a record year's trading. As a result of the foregoing, the Group's overall profit for the year was US\$25.4 million, 10% lower than that recorded for 2014.

2015 was marked by the effect of the dry "El Niño" weather conditions in the third and fourth quarters which affected the new projects in Kalimantan and Bangka although the established estates in Sumatra remained largely unscathed. Notwithstanding this, the Group crops of oil-palm fresh fruit bunches ("FFB"), at 423,900 tonnes, showed a 10% increase over 2014's 385,400 tonnes and this upward trend looks set fair to continue for some time to come. Oil-extraction rates remained at very acceptable levels. The associated-company crops (Agro Muko and Kerasaan) were similar in 2015 to the previous year.

Palm-oil prices weakened during 2015 with the consequence that, despite the improved crops referred to above, the gross profit from the Indonesian operations fell sharply (by 53%) compared with 2014.

The results of the Indonesian associated plantation companies were similarly affected. It is pleasing to report, however, that there has been a marked improvement in the price since the end of the year. Group FFB crops in the first quarter of 2016 have been ahead of the same period last year and in line with expectations except Bangka where the 2015 El Niño event has had a negative impact.

The new Musi Rawas project in South Sumatra began to gain some momentum in 2015 with over 1,000 hectares planted (both Group and smallholders' co-operatives). Good progress was also made on the infrastructure of the project.

Set against the downturn in palm-oil prices in 2015, cattle prices in Australia were at robust levels. As a consequence, both Woodlands (prior to its disposal) and NAPCo achieved record results during the year.

Bertam Properties had another successful year with some 370 (2014 – 410) developed properties, and two pieces of raw land, sold. A similar profit was recorded.

On a personal note, I shall be stepping down from my position as managing director at the annual general meeting on 10 June 2016. The board has asked me to stay on as a non-executive director and I have been pleased to agree to this.

I joined the Group 34 years ago in 1982. Since that time the structure of the Group has changed almost beyond recognition as have the operating assets, now concentrated in Indonesia and Australia. It has been a pleasure working with my colleagues on the board, the staff in the UK head office, our president director in Indonesia, Chandra Sekaran, and his management team there, the management teams in Australia and Malaysia as well as the staff and workforces in those countries. I should like to thank them all for their hard work, loyalty and professionalism which made my job considerably easier.

I should also like to thank the shareholders, many of whom have held their shares for a long time, for their support and encouragement. Peter Hadsley-Chaplin is continuing as chairman and Tristan Price has been appointed Group managing director. In addition, Matthew Coulson has recently been appointed as chief financial officer. I have full confidence that they will manage the Group effectively and take it forward to an exciting and prosperous future.

I look forward to continuing to work with them and the other members of the board in my non-executive capacity.



Philip Fletcher
Managing director
21 April 2016

MARKET INFORMATION

Palm oil

During 2015 the average palm-oil price (Rotterdam c i f) continued on the downward path that began in early 2014. The average crude-palm-oil ("CPO") price in 2015 was US\$622 per tonne, 24% lower than the 2014 average price of US\$821 per tonne. The price remained stable at around US\$650 per tonne during the first half of the year but then declined sharply to just under US\$500 at end of August as plentiful supplies of soybean and other vegetable oils and rising vegetable-oil stocks, adversely affected market sentiment.

More importantly, a low world mineral-oil price reduced the demand for palm-oil based biodiesel. However, the CPO price recovered quickly as dryness in South East Asia limited output growth, notably in the fourth quarter, to trade at between US\$550 and US\$600 per tonne for the remainder of the year. Since the beginning of 2016 the CPO price has strengthened to reach a level of US\$720 per tonne.

Beef cattle

AGE PROFILE OF THE GROUP'S OIL PALMS

31 DECEMBER 2015

Australian beef-cattle prices continued to rise strongly in 2015, both for backgrounded grass-fed cattle (Woodlands) and heavier, grain-finished cattle (NAPCo). The strength is attributable to the continuing reduction in the size of the Australian cattle herd, and that in the US, coupled with sharpening demand from Asia. Prices remain relatively firm in 2016.

- ▶ Australia is one of the world's largest beef exporters with some 19% by weight of world exports
- ▶ Australia is well placed geographically to serve Asia – the world's fastest-growing beef consumer
- ▶ NAPCo (34.4% held) is one of Australia's leading beef-cattle companies with thirteen properties covering an area of 5.8 million hectares

CHAIRMAN'S STATEMENT

The new oil-palm project in South Sumatra, Musi Rawas, began to take on some momentum in 2015 and some 1,000 hectares were planted by the end of the year

RESULTS

Despite the 24% decline in the price of the Group's principal commodity, palm oil, and chiefly as a result of the sharp increase in the Australian cattle market, the profit for the year declined by only 10% to US\$25.4 million, compared with US\$28.3 million in 2014. Earnings per share fell by 5% to US cents 43.4 (2014 US cents 45.4).

The effects of the reduction in the palm-oil price were also mitigated by a 10% increase in the Group's Indonesian f f b crops to 423,900 tonnes. The higher crop level was mainly attributable to the continuing increase from the Group's two new projects on Bangka Island and in East Kalimantan, although there was a pleasing increase too from the Group's established Sumatran estates.

Crop levels achieved by the Group's two associated Indonesian palm-oil companies were similar to last year but their profits were significantly lower following the palm-oil price decline. This drop in price, to an average of US\$622 per tonne from US\$821 per tonne, resulted from a number of factors, the principal of which appear to have been the decline in the biodiesel market, following the strong fall in the mineral-oil price, and a build up of global vegetable-oil stocks. Fortunately, the price has staged a partial recovery in the early part of 2016.

With regard to the Group's Australian operations, both Woodlands (prior to its sale in late 2015) and the Group's associate, The North Australian Pastoral Company Pty Limited ("NAPCo"), enjoyed substantially-higher profits owing to the increasingly-strong cattle market during 2015. This strength resulted from continuing high Asian demand for beef, assisted by the softening of the Australian Dollar, and a tightening of the supply of cattle following the ongoing reduction in the size of both the Australian and US cattle herds. In Malaysia, the Group's share of the profit achieved by Bertam Properties Sdn Berhad ("Bertam Properties") declined a little, notwithstanding that property development and sales continued at a healthy level. Overall, as a result of the sharply-improved result at NAPCo, the Group's share of its associated companies' profits increased by 28%.

DIVIDEND

The board recommends that the final dividend for the year is maintained at 6.50p per share. Together with the interim dividend of 2.25p per share paid in November 2015 (the same as in November 2014) the total dividend for the year is therefore maintained at

8.75p per share. A scrip-dividend alternative is again being offered.

STRATEGY

The Group's strategy is to continue to expand its oil-palm areas in Indonesia, in a sustainable and cost-effective manner, and to capitalise on the value of its Australian and Malaysian operations, using any sale proceeds to fund the continuing Indonesian palm-oil development. The strategy is set out in more detail in the strategic report on page 10.

KEY OPERATIONAL DEVELOPMENTS

As referred to above, despite some adverse weather conditions during the year, f f b crops continued their upward trend with an overall 10% increase over 2014 with extraction rates, although a little lower than in the previous year, remaining at impressive levels. Good progress was made during the year with the construction of the new mill on the Bangka project. As at the date of this report, the mill is in the process of being commissioned and is expected to be fully operational by the end of the second quarter of 2016.

The new oil-palm project in South Sumatra, Musi Rawas, began to take on some momentum in 2015 and some 1,000 hectares (relating to both the Group's own areas and those of the associated smallholders' co-operatives) were planted by the end of the year. The project is still at a very early stage but it remains the board's estimate that, of the 20,000-hectare concession, the Group may be able to plant 7,000 hectares for itself and 3,000 hectares for the smallholders' co-operatives.

On the Bangka project, some 1,400 hectares (relating to both the Group's own areas and those of the associated smallholders' co-operatives) were planted during the year. With over 8,300 hectares planted as at the end of 2015, the project is heading towards completion. Only a small area (approximately 100 hectares) was planted on the Kalimantan project. The final area to be planted will not be committed until the flood-protection bunds and pumping stations are completed and operational.

BIOLOGICAL ASSETS

This annual report includes the Group's results and financial position using the amended International Accounting Standard 41 ("IAS41") on biological assets. The Group was pleased this amendment removed the obligation to account for its oil palms at a valuation, instead recording them in the accounts at depreciated cost much like any other manufacturing facility.

However, the Group's auditor has a different interpretation to that of the board regarding the valuation of f f b still growing on the palms, which has to be considered separately for the first time. Taking into account their advice regarding interpretation of IAS 41, the Group has adopted a policy for its statutory reporting of including in its financial statements an estimated valuation of partly-formed f f b prior to harvest, notwithstanding that different defensible methodologies will give widely differing valuations and that users of financial statements tend to find fair-value information for this type of asset of limited use, not least because of the potential for manipulation and the degree to which assumptions vary significantly between companies. This policy will be kept under review.

PROSPECTS

Because of the El Niño phenomenon experienced in the second half of 2015, f f b crops may well be adversely affected, particularly on the new projects in Kalimantan and Bangka, in the middle of 2016. It is a little early to determine at this stage the extent of this impact. Overall, however, the upward trend of crops is expected to continue over the coming years.

Palm-oil prices weakened significantly in 2015 but it is pleasing to report that there has been a marked improvement in the first quarter of 2016. The board is of the view that palm oil, because of its high yield and low cost of production, is well placed to continue to benefit from increasing demand for vegetable oil and the outlook, therefore, remains encouraging.

In Australia, an encouraging start has been made to 2016 with significant rainfall recently received on many of NAPCo's properties, while cattle prices remain at historically-strong levels. NAPCo is now the Group's sole Australian investment and the board has continued to review any potential strategic opportunities with regard to this holding.

BOARD CHANGES AND APPOINTMENT OF CHIEF FINANCIAL OFFICER

As announced on 31 March 2016, there are a number of changes to the board proposed to take effect from the conclusion of the annual general meeting on 10 June 2016. I should like to add one or two comments.

Philip Fletcher

Philip, who will be stepping down as the Group managing director, has worked for the Group for 34 years. He has played a crucial role in its leadership and helped to effect a number of mergers within the Group.

In the last decade, he has steered the Group through seminal strategic changes, including the switch from irrigated cotton to beef cattle in Australia, the sale of the majority of the Group's Malaysian portfolio of plantations and the substantial expansion of the Group's oil-palm operations in Indonesia.

I should like, on behalf of the board, to express my thanks to him for his invaluable contribution to the Group over so many years. I am delighted that he has agreed to remain on the board as a non-executive director, so that we may continue to reap the benefit of his considerable knowledge and experience.

Tristan Price

I am delighted too that Tristan, the current Group finance director, will be taking over as the new Group managing director. He has played a major part in effecting the changes that have taken place since the time he joined the Group some ten years ago. My colleagues on the board and I believe he is eminently qualified to lead the Group to continuing success in the future.

Bruce Tozer

Bruce has a wealth of experience in the agribusiness sector. My colleagues and I are very pleased that he has agreed to join the board as an independent, non-executive director, subject to shareholders' approval at the annual general meeting on 10 June 2016, and believe that he will make a valuable contribution to the board's deliberations.

Matthew Coulson

I am very happy that, in addition to the proposed board changes, Matthew Coulson, who has worked for Deloitte LLP as an audit director, has agreed to join the Group as chief financial officer on 1 May 2016.

ACKNOWLEDGEMENTS

First, I should like to thank Michael and Patty Wright for their excellent management of Woodlands over the seventeen years that the Group has owned it. We wish them well in their future endeavours.

In addition, I should like to express the board's appreciation to all the Group's managers, staff and workers worldwide for their dedication and hard work and for contributing to another year of progress for the Group, despite difficult conditions in the palm-oil market.

Peter Hadsley-Chaplin

Chairman
21 April 2016



STRATEGIC REPORT 2015

The Group's strategy is to continue to expand its oil-palm areas in Indonesia in a sustainable and cost-effective manner and to capitalise on the value of its Australian and Malaysian operations using any sale proceeds to fund the continuing Indonesian palm-oil development

The Group's principal, majority-held, activity is the ownership, management and development of sustainable oil-palm estates in Indonesia (together with the management and development of smallholder areas adjoining the new projects). The Group also has a joint venture in the oil-palm sector in Indonesia and a substantial minority holding in a company operating in the beef-cattle sector in Australia. In addition to these, in Malaysia, the Group owns a small oil-palm estate with property-development potential and a significant minority share of a property-development company operating on one of the Group's former estates.

The total planted area of the Group's majority-held Indonesian operations extends to approximately 25,400 hectares, 1,400 of which were planted on its new projects during 2015. The planted smallholder areas adjoining the new projects amount to 7,400 hectares, 1,100 of which were planted in 2015. The estimated unplanted land bank is some 7,600 hectares, including the new Musi Rawas project, on the Group's estates and some 4,000 hectares on the adjoining smallholder areas managed by the Group. It is the board's aim for the Group's own areas to be planted at as rapid a rate as the availability of suitable land permits. In addition to the Group's existing unplanted land bank, the board seeks, in the future, to acquire further pieces of land suitable for sustainable oil-palm development located, if possible, near the Group's existing estates. The Group will also seek continually to maintain and, where possible, improve

agronomic standards and productivity on its estates with a view to increasing crops of f f b and production of CPO. Furthermore, the Group will continue to work closely with its joint-venture partner, SA SIPEF NV ("SIPEF"), with regard to the two associated estates which SIPEF manages, to ensure that the highest standards are achieved.

In Australia, with regard to Woodlands, it was the board's aim, after substantial improvements had been made to the property, to dispose of it once a suitable opportunity arose. Following the strong cattle market in 2015, an acceptable offer to purchase the property was received and completion duly took place in November 2015. Woodlands is shown as a discontinued operation. This now leaves NAPCo as the Group's sole investment in Australia. The board has continued to review any potential strategic opportunities with regard to this holding.

In Malaysia, the aim is for Bertam Properties to continue to capitalise on the value of its land, either by the development and sale of housing, retail and other units or through the outright sale of raw land. The Group will continue to reap the benefit of this development and sale activity until, in an estimated five to ten years' time, the project is fully developed, or until an acceptable offer is received to acquire the Group's 40% share. It is also the Group's long-term intention to dispose of its adjacent estate and therefore, as a consequence, ultimately to exit from Malaysia entirely.

GROSS PROFIT FROM AGRICULTURAL ACTIVITIES

Despite increased f f b crops in Indonesia from both the Group's own areas and the associated smallholder co-operatives, the marked weakening of palm-oil prices during 2015 resulted in revenues 19% lower, at US\$72.5 million compared with US\$90.0 million in 2014. The average palm-oil price (Rotterdam c i f) in 2015 was US\$622 per tonne, US\$199 (24%) lower than the average in 2014 of US\$821. The cost of production of palm product (CPO and palm kernels) continued to fall, partly as a result of higher utilisation in the two mills (Kalimantan and Pangkatan) and partly as a result of the continuing strengthening of the US Dollar against the Indonesian Rupiah. A strengthening US Dollar has the effect of reducing local, Rupiah-based, operating costs in US Dollar terms. The combined operating cost of the two mills was US\$350 per tonne of palm product compared with US\$370 in 2014.

As a result of the lower palm-oil prices in 2015 the Indonesian gross-profit margin fell in 2015 to 20.8% compared with the 35.4% achieved in 2014.

Commencement of the operation of the new Bangka Mill is expected to improve the margin from the Bangka project.

The gross margin has been particularly badly affected on the Group's new projects, notably in Kalimantan where the relatively high level of field maintenance and fertilizer cost magnified the loss of margin due to the lower CPO price compared with the established estates in North Sumatra.

As a result of the above, the Group's gross profit on continuing activities amounted to US\$15.1 million (2014 US\$31.8 million). A detailed analysis is given in note 4 to the consolidated accounts on pages 60 and 61. The Group's palm-oil and beef-cattle operations are reviewed in more detail in the section on operations below, commencing on pages 14 and 22 respectively.

BIOLOGICAL ASSETS

The International Accounting Standards Board ("IASB") issued an amendment to International Accounting Standard 41 Biological Assets ("IAS41") in June 2014 which was endorsed by the European Union in November 2015. As foreshadowed in the 2014 annual report, the Group has adopted this amendment with effect from 1 January 2015 (see notes 3(c), 3(j) and 3(s)(i)). From the beginning of 2015, palms have been accounted for at depreciated

historical cost rather than as a 'biological asset' valued on the basis of discounted projected future cash flows. This new measurement is consistent with the way in which the Group reported prior to the adoption of IAS41 and reflects the board's view that investing in a plantation is similar to constructing a factory but where the machinery is biological rather than mechanical. All of the Group's financial statements since the adoption of IFRS have presented audited figures both including and excluding the oil-palm bearer-biological-asset adjustment. The Group retains its plantations which remain as productive as previously but, since the biological valuations produced under IAS41 exceeded the cost of those plantations, the effect of adopting the amendment is to reduce the Group's reported book value of net assets at 31 December 2014 by US\$88.5 million to US\$311.8 million.

The amended IAS41 also covers growing f f b before they are harvested. Inclusion in the financial statements is required "when, and only when, they are reliably measurable". The standard presumes the value of growing bunches is always measurable at the point of harvest. It also encourages those encountering practical difficulty in measuring crop, such as growing f f b, to consider whether they are exempt from estimating their value, noting that clearly-unreliable measurement justifies their exclusion from the financial statements. In common with universal industry practice, f f b prior to harvest have never been included in any of the Group's internal reporting and are not incorporated in the board's decision making. The board is also aware that different defensible methodologies will give widely differing valuations and that users of financial statements tend to find fair-value information for this type of asset of limited use, not least because of the potential for manipulation and the degree to which assumptions vary significantly between companies.

Taking into account the advice of its auditor regarding interpretation of IAS 41, the Group has adopted a policy for its statutory reporting of including in its financial statements an estimated valuation of partly-formed f f b prior to harvest (see notes 3(j) and 3(s)(i)). The effect of this has been to reduce profit in the year by US\$0.2 million (2014 US\$0.4 million loss) and increase current and net assets by US\$0.9 million at 31 December 2015 (2014 US\$1.1 million).

STRATEGIC REPORT 2015 CONTINUED

FOREIGN-EXCHANGE LOSSES

A significant foreign-exchange loss was incurred on the Group's cash and other current assets held in Indonesian Rupiahs and Malaysian Ringgits as these two currencies depreciated against the US Dollar. As well as US\$10.4 million of cash denominated in Rupiahs and Ringgits at the end of 2015, the Group balance sheet included US\$14.9 million recoverable from the smallholder co-operative schemes attached to its new projects that is denominated in Indonesian Rupiahs and so gives rise to exchange differences.

OTHER ADMINISTRATIVE EXPENSES

Other administrative expenses of US\$2.8 million were US\$1.8 million lower than the US\$4.6 million reported in 2014. Most of this fall is due to the reversal in 2015 of US\$1.0 million of provisions recorded some years ago against the possibility that tax credits arising in the Group's operating subsidiaries would prove to be not recoverable. Also, during the period under review Sterling depreciated by some 7% against the US Dollar, reducing the reported cost of the Group's UK head-office operation in US Dollar terms.

ASSOCIATED COMPANIES

Indonesia

As has been mentioned in previous annual reports, due to the enhanced replanting programme, the f f b crop of PT Agro Muko ("Agro Muko") is expected to remain at, or possibly slightly below, the levels that have been achieved over the last two or three years. This has again been the case in 2015. Crops are expected to increase in the future as the areas recently replanted, and to be replanted over the next few years, mature and begin their upward yield trend. The oil and kernel-extraction rates improved slightly and, as a result, CPO production in 2015 was marginally ahead of that in 2014. The weakening palm-oil prices in 2015 referred to above which negatively affected the Group's own majority-owned operations had a similar impact on the results of Agro Muko.

Agro Muko's rubber crop improved in line with expectations but the rubber market proved to be very weak during 2015. This was due to increasing supply from Vietnam and Africa and a fall off in demand, particularly from China, as the price of synthetic rubber fell in line with the mineral-oil price.

As a result of the weak palm-oil and rubber markets, the Group's share of Agro Muko's post-tax results in 2015 amounted to US\$5.1 million compared with US\$9.9 million in 2014.

The f f b crop of PT Kerasaan Indonesia ("Kerasaan") was virtually identical to that for 2014. As a result of the weakness of the palm-oil market in 2015 referred to above, the Group's share of the results in 2015 was US\$0.7 million which compares with US\$1.1 million in 2014. The Group's combined share of the post-tax results in 2015 of these two associated companies accordingly amounted to US\$5.8 million (2014 US\$11.0 million). In 2015, the Group received gross dividends of US\$5.5 million from Agro Muko (2014 US\$9.2 million) and US\$0.6 million from Kerasaan (2014 US\$0.9 million).

Australia

Despite indifferent weather conditions during the year, in terms of head of cattle, NAPCo's sales and closing herd were similar to those in 2014. The significant improvement in NAPCo's results compared with the previous year arose from much higher cattle prices. At the end of 2015 the price for NAPCo's cattle was some 30% higher than it had been at the beginning of the year following good export demand and restricted domestic supply. Furthermore, average cattle weights for steers were very similar at the end of 2015 to where they stood a year earlier, and those for heifers were only a little lower. The combination of these effects led to a significant increase in the valuation of NAPCo's cattle, which very positively affected its profit for the year. As a result of these factors, the Group's share of NAPCo's profit rose to US\$11.0 million (2014 US\$1.5 million). The Group's share of NAPCo's gross dividends was US\$0.5 million (2014 US\$0.4 million).

Malaysia

Property-development revenues fell by 9% during 2015, reflecting a similar reduction in the number of properties sold. However, Bertam Properties was able to maintain its gross-profit margin on these sales and lower overheads incurred in 2015 than in the previous year resulted in a US\$6.2 million profit on this activity – a 20% reduction, although only a 4% fall in local-currency terms.

Unlike in 2014, when there were no such sales, two pieces of land were sold in 2015 at a profit of US\$1.0 million. The remaining, residual, plantation operation and the golf club returned small losses.

Overall, the Group's share of Bertam Properties' profit for the year amounted to US\$2.8 million (2014 US\$2.9 million). Its share of Bertam Properties' gross dividends was US\$0.9 million (2014 US\$1.2 million).

PROFIT FOR THE YEAR

As a result of all of the above, the Group's profit for the year amounted to US\$25.4 million, a reduction of US\$2.9 million compared with the US\$28.3 million reported in 2014.

NET ASSETS AND BORROWING

At the end of 2015, the Group's net assets amounted to US\$321.6 million (2014 US\$311.8 million). Current assets exceeded current liabilities by US\$43.7 million, a significant increase over the US\$28.6 million reported at the end of 2014 owing to a reduction in the Group's short-term borrowings at the end of the year following the sale of the Woodlands cattle operation.

At 31 December 2015, the Group had cash balances of US\$44.2 million (of which US\$18.4 million had been pledged as security). At this date, the Group's gearing ratio was 9.2% and it held a net-cash balance of US\$11.5 million (2014 US\$1.5 million).

OPERATIONS

Palm oil

Growth in the world production of palm oil continued, albeit at a slightly lower pace than in 2014

PALM-OIL MARKET

2015 was a year in which palm-oil prices fell throughout most of the year. Ample supplies of soybean, sunflower and rapeseed oil exerted downward pressure on palm-oil prices during 2015, as did the weakness of world mineral-oil prices. The low mineral-oil price made palm-oil-based biodiesel uneconomic and production in Indonesia dropped sharply. Consumption of palm oil in Indonesia was accordingly curbed markedly and, as a result, more was diverted to export markets, contributing further to downward price pressure.

Growth in world production of palm oil continued, albeit at a slightly lower pace than in 2014. The dry period experienced in parts of Indonesia in the middle of 2015 began to have an effect on production in the last quarter and there is likely to be a further impact in 2016 which may provide support for palm-oil prices.

The discount of palm-oil prices to soybean oil widened during the year from around US\$100 per tonne to over US\$130. This improved competitiveness led to a sharp increase in exports of palm oil, notably to India.

Palm-kernel-oil prices largely followed palm oil but were quite volatile in the last quarter of the year due to the tension between low CPO prices and high coconut-oil prices.

MAJORITY-OWNED ESTATES

CROPS AND PRODUCTION

Despite some difficult weather conditions experienced in parts of Indonesia, the upward trend of crops continued. The overall Group f f b crop for 2015 amounted to 423,900 tonnes, an increase of 10% over the 385,400 tonnes harvested in 2014.

The crop in Kalimantan continued to increase. The first half of 2015 was adversely affected by the dry period in the second half of the previous year, resulting in only a modest improvement in the crop when compared with the first half of 2014. The crop was expected to increase markedly in the second half of 2015 which it did but another acute dry period, an El Niño phenomenon, restricted the expected increase. As a result, the crop for the full year was 164,500 tonnes, 3% higher than the 160,200 tonnes recorded in 2014, a more modest increase than had been experienced in earlier years. It is likely that the 2015 El Niño event may impact negatively on the crop in the middle of 2016.

The 2015 crop on the Bangka project recovered from the drought-affected years of 2013 and 2014 and, at 66,300 tonnes, was in line with expectations and was 55% higher than the 42,700 tonnes recorded in 2014. The El Niño phenomenon also affected Bangka during 2015 and, as in Kalimantan, the effects of this may well be felt during 2016.

Crops in 2015 on the established Sumatran estates, at 193,100 tonnes, returned to their 2013 levels after the drought-affected 2014 (182,500 tonnes). Fortunately, the El Niño conditions did not seem to affect the Group's Sumatran estates in the same way that other parts of Indonesia were affected.

Although slightly lower than in the previous year, oil-extraction rates continued at very acceptable levels in 2015. The Kalimantan mill continued to achieve rates of over 25%. The average rate in 2015, at 25.1% was slightly lower than 2014's 25.6% partly due to weather conditions and partly due to a marked increase in third-party fruit purchased. The average rate in the mill on Pangkatan Estate fell, as expected, since, in 2014, third-party fruit was purchased from other estates - see further comment below under "Sumatra - established estates".

Details of crops, production and extraction rates for 2015, with comparative figures for 2014, are set out below -

	2015 TONNES	INCREASE %	2014 TONNES
Crops			
Own crops			
Pangkalan group	148,900		140,400
Simpang Kiri	44,200		42,100
	193,100	6	182,500
Kalimantan	164,500	3	160,200
Bangka	66,300	55	42,700
	423,900	10	385,400
Smallholder co-operative crops			
Kalimantan	70,400	9	64,500
Bangka	30,300	36	22,200
	100,700	16	86,700
Outside crop purchased			
Kalimantan	21,400	37	15,600
Pangkalan	16,300	—	—
Production			
Crude palm oil			
Kalimantan	64,300	5	61,500
Pangkalan	37,900	13	33,500
	102,200	8	95,000
Palm kernels			
Kalimantan	11,000	9	10,100
Pangkalan	9,600	16	8,300
	20,600	12	18,400
Extraction rates	%		%
Crude palm oil			
Kalimantan	25.1		25.6
Pangkalan	23.0		23.9
Palm kernels			
Kalimantan	4.3		4.2
Pangkalan	5.8		5.9

REVIEW OF OPERATIONS

Sumatra – established estates

The four established estates in Sumatra continue to be well run at low cost and are improving year by year. Their location can be seen on the map on the inside front cover. As referred to above, the El Niño phenomenon largely left the established estates unaffected and crops for the whole year were slightly ahead of expectations. Crops in 2014 were affected by dry weather, particularly in the second half of that year and this effect continued into the first half of 2015. However, unlike in 2014 when the crop in the second half of the year was similar to that in the first half, in 2015 more normal conditions returned and the crop in the second half was significantly higher than in the first.

Reference has been made in previous annual reports to two of the established estates, Bilah and Simpang Kiri, having been set up in the 1980's and now reaching the stage when significant areas need to be replanted. Yields on the older areas are falling and the replanting programme is now well under way. This programme will continue for the next six or seven years and crops are expected to remain, in total, at, or around, current levels until the replantings mature and yields again start to accelerate. During 2015, 230 hectares were replanted on Bilah Estate, 159 hectares on Sennah Estate and 176 hectares on Simpang Kiri Estate, totalling 565 hectares. Over the next few years, the programme is to replant between 350 and 600 hectares each year. Only high-quality planting material (seeds) is used.

The oil-extraction rate achieved by Pangkatan Mill (which processes the f f b from Pangkatan, Bilah and Sennah Estates) continued during 2015 at an acceptable average rate of 23.0%. This was lower than the 23.9% in 2014 but, as foreshadowed in previous

OPERATIONS Palm oil CONTINUED

annual and interim reports, f f b were purchased from outside sources in 2015. The mill has surplus capacity but, as there is fierce competition in the area of the mill for f f b, it was decided to seek to purchase fruit only during the period of peak production, which is mainly in the third quarter of the year. Inevitably, despite attempts to ensure that purchased fruit is of an adequate standard, it is unlikely to reach the high standards achieved on the Group's estates and therefore the overall extraction rate falls. This, however, is taken into account in the price paid to the suppliers of fruit. During 2015, 16,300 tonnes of outside f f b were purchased. This provided useful utilisation in the mill, thereby reducing fixed costs per tonne in a year when palm-oil prices were at lower levels than had been experienced in recent years.

During the year, close co-ordination on the Group's own areas between the mill and the field ensured that fruit of the optimum quality and ripeness was delivered to the mill for processing. High standards continue to be required in the mill with regard to extraction rates, oil quality and the minimisation of oil losses.

The low-quality planting material on part of Sennah Estate which was known about when the estate was purchased in 2002 has held back, to a minor extent, the overall extraction rate in Pangkatan Mill. These areas are in the process of being planted with modern, high-yielding seeds and the programme is expected to be completed by 2018. Once these areas mature and start producing fruit, the overall extraction rate in Pangkatan Mill is expected to improve.

Management has been unable to agree terms on which to sell electricity to the Indonesian Government electricity board (PLN). Investment in plant to capture methane and burn it in a gas engine will not be made until acceptable terms can be agreed.

Pangkalan Mill has been accredited by the International Round Table on Sustainable Palm Oil (RSPO), Indonesian Sustainable Palm Oil (ISPO) and International Sustainability and Carbon Certification (ISCC). Successful "surveillance" audits were carried out for all three during 2015. Because purchases were made from third-party, uncertified sources during the year, only the proportion of production that relates to the Group's own certified areas can be regarded as certified and sold as such under the "mass-balance" system.

During the year, credits for both CPO and palm kernels were sold through a marketing platform with those for palm-kernel oil (and therefore for palm kernels) remaining stronger than CPO. Premia were, at various points in the year, received from buyers of RSPO-accredited oil and also for good-quality CPO with low levels of free fatty acid ("f f a"). Management is reviewing possibilities with regard to improving the premia available from selling accredited oil.

Sumatra – Musi Rawas project

The planting programme began to gain some momentum during 2015. During the year, some 1,030 hectares were planted, of which 750 related to the Group and 280 to the smallholders' co-operatives. Compensation terms on a further 2,200 hectares had been agreed and paid by the end of the year.

Good progress was made during the year with the infrastructure on the project such as roads and buildings, including housing for staff and workers, offices and storage facilities. A full management team is in place and the workforce is drawn from the local community on a contract basis at this early stage of the development of the project. As the project matures, workers will be taken on on a permanent, full-time basis as and when required. The soil, the land (largely flat with low undulations) and rainfall are ideal for oil-palm cultivation.

The board continues to estimate that 10,000 hectares (7,000 for the Group and 3,000 for the smallholders' co-operatives) might ultimately be able to be planted although it is very difficult at this early stage to be certain what will be available. Much will depend upon the Group's ability to agree acceptable terms with the occupants of the land. The Group has undertaken to develop 30% of the planted land for the smallholders' co-operatives. The members of the co-operatives will be those who have agreed to sell their rights on the land to the Group.

Kalimantan

As referred to above under "Crops and production", the f f b crop was 3% higher at 164,500 tonnes (2014 -160,200 tonnes). Although the crop trend is still upwards, the increase was more modest in 2015 compared with earlier years due to adverse (dry) weather conditions both in the second half of 2014 and in the second half of 2015.

Close co-ordination continues between the mill and field management on the Group's own estates

Reversing the trend of recent years, fruit purchased from third parties increased in 2015 to 21,400 tonnes from 15,600 tonnes in 2014. This provided useful extra income at a time when the Group's own crop was negatively affected by an acute dry period. The increase in the purchase of third-party fruit inevitably reduced the overall extraction rate to a minor extent but the lower extraction rate achieved from bought-in fruit is reflected in the price paid for it. Close co-ordination continues between the mill and field management on the Group's own estates. Good-quality fruit of the correct ripeness is delivered from the field and high standards are maintained in the mill to obtain good extraction rates, minimum oil losses and good-quality oil.

The project is nearing completion and most of the remaining plantable land is in the area behind the flood-protection bunds currently under construction. Accordingly, as the bund-building programme is currently under way, planting during the year was minimal. Official clearances were received during 2015 and work commenced on the earthworks and on the construction of the pumping stations. The first two phases of this project, totalling five kilometres, are nearing completion. The dry period in the second half

of the year referred to above, whilst having an adverse effect on the crop, was beneficial in terms of allowing work to proceed on the flood-protection bunds and the pumping stations. Good progress was made during the year and construction is expected to be completed during 2016. Once completed, it is expected that over 800 hectares will be able to be planted and also some 1,000 hectares that have already been planted but are prone to regular flooding will be able to be upgraded and, where necessary, infilled. Once protected in this way, the yields from these areas are expected to be good. Electricity for the powerful pumps will be provided by the gas engine fuelled by methane captured from the liquid mill effluent.

At the end of 2015 some 14,010 hectares had been planted of which 9,770 hectares relate to the Group and 4,240 hectares to the smallholders' co-operatives. The board's estimation remains that, ultimately, some 15,000 hectares will be planted of which 10,600 hectares will relate to the Group and 4,400 hectares to the smallholders' co-operatives.

As referred to in the 2014 annual report, an experienced senior agriculturist has been appointed with a view to raising husbandry standards in the field. Now that the project is maturing, assistance is being

OPERATIONS Palm oil CONTINUED

provided to senior management by training the staff and providing regular reports on where improvements in agricultural practice and administration are needed. This process continued during 2015.

The gas engine running on methane captured from the liquid mill effluent referred to above is operating well. Most of the electricity requirements on the project and in the mill are now being provided from the steam-driven generators in the mill and from the gas engine. This has enabled some diesel-powered generators to be stood down and moved to other locations. A second palm-oil mill is scheduled to be constructed on the project and it is estimated that this will be commissioned in 2018. It is the intention to capture methane from the liquid effluent and operate a gas engine in that mill as well. Electricity surplus to the project's requirements is likely to be generated and it is hoped that acceptable terms can be agreed with the Indonesian Government electricity board (PLN) to sell the electricity into the grid.

At the moment, only 30% of the liquid effluent is utilised from the existing mill for the generation of electricity. Consideration is being given to expanding this to 100% with a view to the resultant surplus electricity being sold to PLN. Investment in methane capture and electricity generation in either location will not proceed, however, unless acceptable terms can be agreed in advance with PLN.

Bangka

The 55% increase in the crop in 2015 to 66,300 tonnes (2014 – 42,700 tonnes) reflected the recovery from the drought-affected years of 2014 (particularly in the first half) and 2013 as well as the increasing yields from the young areas. Unfortunately, the El Niño conditions referred to above also had an effect on the weather in 2015 and another acute dry period was

experienced in the second half of the year. It is possible that this may affect crops in 2016. Bangka Island normally has a dry period in the middle of the year but the El Niño phenomenon in 2015 extended this dry period into the fourth quarter of the year.

As has occurred in dry periods in previous years, rodent damage increases as rats feed on fruitlets to access moisture. Prevention through improved baiting, however, reduced the effect of this damage in 2015.

The Bangka project is beginning to approach the end of the planting programme. As at the end of 2015 the Group's planted areas amounted to 5,410 hectares with those relating to the smallholders' cooperatives amounting to 2,910 hectares. The total planted was therefore 8,320 hectares. During the year, 680 hectares of the Group's own areas and 760 hectares of the smallholders' co-operative areas, totalling 1,440 hectares, were planted. The board's estimate remains that 10,000 hectares will ultimately be planted, of which 6,000 will relate to the Group and 4,000 to the co-operatives.

The project's new mill is approaching completion and commissioning is expected to be concluded in mid-2016. The 45-tonnes-per-hour mill (expandable at a later date to 60 tonnes) is expected to cost approximately US\$15 million, including the composting facility. Methane will be captured from the liquid effluent, "scrubbed" and then used as fuel in a gas engine which will generate electricity for the project. Surplus electricity will be sold into the national grid. The cost of the methane-capture plant and the gas engine will be approximately US\$2 million. As at the Kalimantan and Pangkatan mills, the liquid effluent will be sprayed on to the bunches from which the fruitlets have been removed (empty fruit bunches) for processing into palm oil and for recovering the palm kernels. The resulting nutritious compost is then applied in the field. As a result of this process, all liquid effluent is utilised and used in the palm-oil process and no effluent reaches rivers or water tables.

The current arrangements for selling the project's f f b are to sell it to a nearby mill owned by another company. It is anticipated that, when the project's new mill is operational, the sale of the CPO and palm kernels, less manufacturing costs, will be significantly more profitable than selling f f b.

ENVIRONMENTAL AND SOCIAL FACTORS

Reference has been made above to the Group's commitment to producing environmentally-sustainable palm oil. The Kalimantan and Pangkatan mills are already RSPO accredited. During 2015, "surveillance" audits were successfully conducted for both. Pangkatan Mill is also ISPO and ISCC accredited and, again, surveillance audits were successfully conducted for these two in 2015. The Kalimantan mill is in the process of seeking accreditation for ISPO and ISCC. The Bangka project already adheres to the RSPO "Principles and Criteria". The accreditation process will not be able to commence until the new mill is operational and CPO and palm kernels are being sold. The ISPO and ISCC accreditation process will also commence once the mill is operational.

The Group's environmental and social activities and policies are set out in more detail in the section entitled "Environmental and social responsibility" on pages 30 to 35.

ASSOCIATED COMPANY ESTATES

CROPS AND PRODUCTION

Agro Muko's f f b crop in 2015 was, at 340,500 tonnes, 1% lower than the 344,900 tonnes recorded in 2014. The El Niño phenomenon had some effect on rainfall in the year, reducing it in the third quarter, but more normal levels returned in the fourth quarter. As referred to in previous annual and interim reports, an enhanced replanting programme is under way as the early plantings at the start of the project in the late 1980's and early 1990's are now becoming due for replacement. This programme will extend over the next five or so years during which time overall crops are likely to remain at the levels harvested in 2015 or possibly a little lower. Once, however, these new and young plantings mature, the overall crop is expected to move on to an upward trend again.

Oil-extraction rates improved a little and management continues to concentrate its efforts on further improvement. One of the mills, Bunga Tanjung, is operating below its optimal capacity. This has arisen because the mill was constructed on the basis that Agro Muko had an obligation to process smallholders' f f b. However, because of the rapid expansion of oil-palm planting in the area, several mills without surrounding plantation areas were constructed.

These mills are able to offer very competitive rates to suppliers of f f b which Agro Muko is not able to match. Recently, however, the SIPEF group, which is a co-investor in Agro Muko and also manages it, has started the development of oil-palm areas in the vicinity of the existing Agro Muko estates. The project, including associated smallholder areas, amounts to some 2,000 hectares. It is the intention that that f f b from these areas will be purchased on a commercial basis and processed by Bunga Tanjung Mill. The first deliveries, of some 2,700 tonnes, were made in 2015.

The rubber crop continued its upward trend with 1,650 tonnes tapped in 2015, 9% higher than the 1,520 tonnes for 2014. The rubber is now all concentrated on one estate, Sungai Jerinjing, and the young age profile should result in increasing crops for the foreseeable future. The crumb-rubber factory has been under utilised but this has been improved by buying lower-grade rubber from one of SIPEF's estates near Palembang on commercial terms.

Kerasaan Estates's f f b crop, at 41,600 tonnes, was virtually identical to the 42,000 recorded in 2014.

Details of crops, production and extraction rates for 2015, with comparative figures for 2014, are set out below -

	2015 TONNES	INCREASE/ (DECREASE) %	2014 TONNES
F f b crops			
PT Agro Muko			
- own	340,500	(1)	344,900
- outgrowers	12,700	49	8,500
	353,200	0	353,400
PT Kerasaan Indonesia	41,600	(1)	42,000
	394,800	0	395,400
Production (PT Agro Muko)			
Crude palm oil	80,300	1	79,400
Palm kernels	18,800	2	18,500
Extraction rates			
	%		%
Crude palm oil	22.7		22.5
Palm kernels	5.3		5.2
Rubber crops			
	TONNES		TONNES
PT Agro Muko - own	1,650	9	1,520

OPERATIONS Palm oil CONTINUED

PLANTATION PERFORMANCE INDICATORS

The principal performance indicators considered by the board in assessing the Group's plantation operations are as follows

PLANTED HECTARAGE	F.F.B. CROP	F.F.B. YIELD PER HECTARE	CPO AND PK EXTRACTION RATES	COST PER TONNE OF PALM PRODUCTS
Planting new hectareage and replanting hectareage that has reached the end of its economic life determines the Group's capacity to produce crop growth in the future	The volume of ffb crop is the primary determinant of the Group's ability to generate CPO and palm kernels for sale	The rate at which the Group is able to generate ffb from its planted hectareage is the most important measure of its agricultural efficiency	The rate at which the Group is able to convert its ffb into CPO and palm-kernel, quantified as oil and kernel-extraction rates, is the most important measure of its processing efficiency	The Group's long-term profitability depends on its success in minimising costs of production that are summarised in this measure

REVIEW OF OPERATIONS

Management has continued its programme of raising agricultural standards. Retaining workers, particularly harvesters, has proved difficult in the past but the expansion of house building and extending permanent contracts has gone some way to improving the situation. The number of harvesters has increased which has improved yields. Recent replantings have continued to be carried out to a high standard.

The capture of methane has been reviewed and it has been decided to stop burning it in the boilers and trying to use it in the dryers in the rubber factory. Instead, active consideration is being given to burning the methane in a gas engine and selling the resulting electricity (to the extent that it is not required by Agro Muko) into the grid if acceptable terms can be agreed with PLN.

The substantial road-stoning programme continues. The improvement in the quality of the roads allows access during wet periods and reduces costs by enabling trucks to pick up ffb in the field rather than double handling using tractors and trailers which then have to offload into trucks before the fruit is then transported to the mill.

One of the two Agro Muko mills is ISCC accredited (following the installation of the methane-capture plant) which enables buyers to choose between selling Agro Muko's CPO either into the food sector (when accredited CPO is required) or into the green-energy / biodiesel sector.

Kerasaan Estate is a well-run estate but concern continues about the incidence of the fungal disease, ganoderma. Tight standard operating procedures are enforced covering land preparation before replanting and action to be taken in the event that palms are found to be infected. It is hoped that strict adherence to these rules can minimise the impact of this fungus.

PERFORMANCE EVALUATION

PLANTATION AND MILL OPERATIONS

Management monitors and assesses the efficiency of operations with regard to crops and production by means of performance indicators. The assessment of crops is measured for each year's planting on each estate in terms of yield per hectare. The yield per hectare on each individual estate, indeed on each year's planting on each estate, is budgeted, recorded and monitored. Yields can vary widely because of factors such as soil type, terrain, sunshine hours, rainfall, distribution of rainfall and the fertility cycle of the palms. Because of this, monitoring is not carried out on a Group basis but rather takes into account the conditions on each year's planting on each estate. Key factors which are under management's control are husbandry standards, fertiliser application, harvester numbers and productivity, and the quality of infrastructure (estate roads, drains, for example). These are monitored by management on the ground and, in some cases, independently verified and advised upon. Decisions, such as when and how to replant, are taken based on local conditions.

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

With regard to mill production, the key performance indicators are the extraction rate of palm oil and palm kernels per tonne of f f b , and the percentage of f f a , oil losses, dirt and moisture. Extraction rates vary according to factors such as the type and quality of planting material, the age profile of plantings, rainfall, etc. Oil losses, dirt and moisture content are expressed in terms of percentages and actual achievement against maximum permitted levels are monitored by management.

PLANTATION AND MILL COSTS

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

CURRENT TRADING AND PROSPECTS

The Group's f f b crops have been in line with expectations so far in 2016 with the exception of Bangka where the downturn following the El Niño phenomenon in the third and fourth quarters of 2015 appears to be having its effect. The crops in Kalimantan are also expected, as a result of El Niño, to be negatively impacted in the middle of 2016 and, although not obviously affected by El Niño in 2015, the crops in Sumatra appear to be heading for a downward trend in the middle of 2016. Overall, Group crops were 3% higher at 87,000 tonnes for the first three months of 2016, compared with 84,800

tonnes for the same period in 2015. Crops in Sumatra and Kalimantan were similar or higher, whilst on Bangka the El Niño effect referred to above resulted in a lower outturn. The details are set out in the following table -

	3 MONTHS ENDED 31 MARCH 2016 TONNES	INCREASE/ (DECREASE) %	3 MONTHS ENDED 31 MARCH 2015 TONNES
Sumatra	36,300	0	36,200
Kalimantan	38,200	9	35,100
Bangka	12,500	(7)	13,500
	87,000	3	84,800

The associated companies' f f b crops have overall been slightly higher in the first quarter of 2016 compared with the same period last year.

Because of the El Niño effect in the second half of 2015, world production is expected to stagnate or fall in the first half of 2016. As a result, palm-oil prices have strengthened in the first part of 2016 and, as at the date of this report, at US\$720 per tonne (Rotterdam c i f), are 26% higher than the level at 31 December 2015 (US\$573). Rubber prices have also improved in the first quarter of 2016.

In Indonesia the application of funds generated by the palm-oil export levy in subsidising biodiesel production and a higher government biodiesel mandate are expected by Oil World to increase biodiesel production. The continuing wide price premium of palm oil over mineral oil is likely, however, to mean that biodiesel production will not reach its full potential.

Since the end of 2015 the Indonesian Rupiah has strengthened from US\$ 1=Rp 13,785 to the current level of approximately Rp 13,100. A weaker US Dollar increases Rupiah costs incurred when translated into US Dollars.

OPERATIONS

Beef cattle

NAPCo achieved a record profit in 2015, of which the Group's share amounted to US\$11.0 million (2014 US\$1.5 million)

AUSTRALIAN BEEF-CATTLE MARKET

Australian beef-cattle prices continued to rise strongly in 2015, for both backgrounded grass-fed cattle (Woodlands) and heavier, grain-finished cattle (NAPCo). This strength was attributable to the continuing reduction in the size of the Australian cattle herd, and that in the US, coupled with sharpening demand from Asia. Prices remain relatively firm in 2016.

MAJORITY-OWNED OPERATIONS

WOODLANDS

Following improvements in both 2014 and 2013, profit from cattle trading grew strongly in 2015 to reach US\$4.5 million (2014 US\$2.0 million). This increase

arose from the sale of the whole Woodlands herd at a time of very strong cattle prices prior to the disposal of the operation. As noted in the 2014 annual report, given the improving prospects for the beef-cattle market, the board increased the size of the Woodlands herd. The herd had grown to more than 8,100 head by the time the board took the decision, in line with its strategy, to sell the property. The sale was completed in November 2015 (see note 11 on page 64).

Good rainfall on Woodlands, spread throughout the year, resulted in good pastures and ample fodder crops. Despite the large numbers of cattle coming onto the property, which lose weight as they recover from their inward journey, weight gained per cattle day rose from the low levels experienced in 2014 to reach 0.55 kg per day (2014 – 0.22 kg per day), with weight

gain slightly higher in the second half of the year than in the first half. Total weight gained by the Woodlands herd was 78% higher in 2015 than in the previous year. This improvement in operational performance was further strengthened by an increase in cattle prices. In Australian Dollar terms the price achieved for cattle sales in 2015 rose by 83% compared with 2014. Hence, a combination of improved weight gain and higher prices delivered a farm profit of US\$2.7 million (2014 US\$0.2 million).

ASSOCIATED COMPANY - NAPCO

RESULTS FOR THE YEAR

NAPCO achieved a record profit in 2015, of which the Group's share amounted to US\$11.0 million (2014 US\$1.5 million). The substantially-improved profit arose principally as a result of the record cattle prices achieved during the year.

SEASONAL CONDITIONS

After a below-average season in the previous year, 2015 started with over 70% of Queensland (where the majority of NAPCO's properties are located) still drought declared. However, good rainfall was received early in the year on the breeder properties in the Northern Territory, and, a little later, on the backgrounding (grass-fattening) properties in Queensland. The Channel Country properties, in Queensland, unfortunately missed out on significant rainfall, or beneficial flooding, throughout the year. Overall, seasonal conditions proved better in 2015 than in 2014.

COMPANY OPERATIONS

Both sales and closing stock numbers were similar in 2015 to those recorded in the previous year. Given the continuing decline in the size of the Australian herd, a trend which is forecast to continue in 2016, simply maintaining cattle numbers was a sound achievement. Company brandings of some 56,900 head were significantly higher than the 50,700 head recorded in 2014.

OPERATIONS Beef cattle CONTINUED

BEEF-CATTLE PERFORMANCE INDICATORS

The principal performance indicators considered by the board in assessing the Group's beef cattle operations are as follows

TOTAL HERD WEIGHT GAIN	HERD SIZE	WEIGHT GAIN PER CATTLE DAY
The aggregate increase in cattle weight during their time on the property is the primary indicator of the property's output	Herd size constrains the maximum total weight gain it is possible for the operation to accumulate during a given period, though herd size must be matched to the property's capacity (itself a function of rainfall)	The speed with which cattle, on average, put on weight during their time on the property is an important factor in determining total weight gains

NAPCo CATTLE SALES AND BRANDINGS

PERFORMANCE EVALUATION

Management monitors and assesses the efficiency of operations with regard to cattle fattening by means of performance indicators. This assessment involves the establishment of weight gain per beast per day, which depends on the weather and pasture/forage-crop conditions.

The ability to maximise the weight gain in any one year will be determined by the amount of rainfall. This, in turn, determines both the quality of the existing pastures and what areas of forage crops can be planted. Whilst rainfall is clearly not a factor under management's control, the area of forage crops that can be both planted and brought

ahead to a state that can sustain cattle is crucial to the operations of the company. The area planted, and the cost, is therefore a performance indicator that is under constant review by management.

CURRENT TRADING AND PROSPECTS

Welcome rainfall has been received in early 2016 on many of the NAPCo properties and, unlike in 2015, beneficial flooding has also occurred in the river systems which flow through the company's Channel Country properties. Cattle prices have eased a little but remain above historical averages and the outlook for Australian beef appears to be positive.

OPERATIONS

Property

The Group's 40% investment in Bertam Properties is currently estimated to be worth in excess of US\$30 million

MALAYSIAN PROPERTY

MAJORITY-OWNED OPERATIONS

BERTAM ESTATE

It is the board's intention to sell Bertam Estate (70 hectares) when market conditions are deemed suitable. The land is estimated, based on independent advice, to have a value of approximately US\$16 million. In the meantime, the minor oil-palm operations on the remaining 65 hectares of cultivated land continued with 1,800 tonnes (2014 – 1,400 tonnes) of f f b harvested. No replanting has been undertaken since 1997.

ASSOCIATED COMPANY – BERTAM PROPERTIES

The Penang property market experienced a slowdown in 2015 with the residential market proving to be more resilient than the commercial sector. Bertam Properties completed the sale of some 370 developed properties in 2015 compared with approximately 410 in 2014. As a result, the profit after tax from these sales

amounted to US\$6.2 million (Group share US\$2.5 million) compared with a profit of US\$7.7 million (Group share US\$3.1 million) in the previous year. The sale of two pieces of raw land were also completed during the year realising a profit after tax of US\$1.0 million (Group share US\$0.4 million).

The Group's share of Bertam Properties' profit in 2015 amounted to US\$2.8 million (2014 US\$2.9 million). The oil-palm plantation activities continued on the small remaining area of agricultural land of 107 hectares (2014 – 115 hectares). 1,800 tonnes of f f b were harvested compared with 1,400 tonnes in 2014 and, because of the weakness of palm-oil prices during the year, a small loss was incurred compared with 2014's modest profit.

As at the end of 2015, Bertam Properties owned 344 hectares of land. This included 143 hectares of the golf course and 39 hectares currently under development, leaving 162 hectares undeveloped. This remaining area continues to be a very valuable asset. The Group's 40% investment in Bertam Properties is currently estimated to be worth in excess of US\$30 million.

RISK MANAGEMENT

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

INDONESIA COUNTRY RISK

The Group relies on the continuing ability to acquire and enforce property rights in Indonesia. The country has recently benefited from a period of political stability and economic growth. There was an increase in nationalist sentiment during the 2014 presidential election but, given Indonesia's significant need for infrastructure development and to attract inward investment, the board continues to perceive a low risk of, for example, nationalisation or the imposition of exchange controls and the attendant risk that the Group will be unable to extract profits from its subsidiaries and associated companies in Indonesia.

In 2014 a draft plantation law was tabled in the Indonesian House of Representatives which included a provision to restrict foreign ownership of plantations in Indonesia to 30%. This was not enacted, but a modified version was subsequently passed in September 2014 that did not include this restriction. The new law mandated the Government to prioritise domestic investment, protect local customary rights, empower local farmers and to set a cap on foreign investment at some point in the future. The board continues to monitor the situation closely and will, if necessary, liaise with other non-Indonesian plantation companies and industry bodies in lobbying the government to argue against similar proposals being enacted in future. The board has already been considering the merits of a partial listing in Jakarta of its Indonesian business, partly to mitigate this risk.

Security of land tenure is a matter of fundamental concern to plantation operators. The Group holds its land under 25 or 30-year renewable leases (HGU's) which have, to date, been renewed without difficulty when falling due. A variation on this risk is that the Group may ultimately fail to obtain good title to the land on which it has developed its new projects. To date, the Group has obtained all the necessary licences for these projects short of the ultimate lease, the HGU. These include a valid right to develop the land (*izin lokasi*) and operating licences (*izin usaha pertambangan*). The Group compensates smallholders and ensures full and prompt payment of relevant

government taxes. Both are important activities that are assessed during the final application for an HGU. Where other companies have been granted licences which potentially conflict with those held by the Group, swift and determined legal action has been taken to defend the Group's position.

Operations in Indonesia are deemed to be at high risk from the threat of bribery and corruption. The Group has a policy on bribery and corruption, completed a risk assessment and conducted training of senior management in Indonesia and Malaysia. It has approached all of its business partners and submitted questionnaires on their respective anti-bribery and corruption activities and policies. The Group has employed external advisers to ensure that its actions carry the maximum prospect of preventing bribery and corruption in its operations.

SUPERVISION OF OPERATIONS

Geographical distance between the UK head office and operations located in Indonesia, Australia and Malaysia puts a premium on strong supervision of the Group's operations. Regular written reporting from all operating companies is supplemented with routine telephone contact and frequent visits by the executive directors to all areas of the Group's operations, including the operations of associated companies. The Group has seats on the boards of its three major associated companies and regularly attends those companies' board meetings, as well as maintaining a dialogue with those companies' chief executives and senior management.

At the Group's regional office in Jakarta, the local president director has put together a team of senior managers (agricultural, engineering, legal, procurement, marketing, finance, human resources, internal audit and sustainability) with extensive experience and expertise, well qualified to confront the problems that arise on new and existing plantation projects. Senior regional managers are now resident in Sumatra (also covering Bangka and Musi Rawas) and Kalimantan.

The Group uses its Kalimantan training school to instil

the Group's systems and high standards into new and existing staff, covering agriculture, engineering, finance and protection of the environment

PROTECTION OF THE ENVIRONMENT

Concerns about global warming and particularly the destruction of tropical rainforest have received, and continue to receive, close scrutiny in the media. The palm-oil industry, unfairly in many cases, is closely associated with cutting down rainforest and destroying the habitat of endangered species such as the orangutan, elephant, tiger and rhinoceros. The Group is therefore likely to receive attention from the many organisations connected with climate change and South East Asian tropical rainforests.

The Group is a member of the Round Table on Sustainable Palm Oil ("RSPO"). The RSPO has strict guidelines which members must abide by in order to be able to state that they are producing sustainable palm oil, including the protection of forested areas. The Group endorses the "Principles and Criteria" which have been adopted by the membership. The Group has specialist RSPO officers, supported by external consultants, working to ensure the Group complies with RSPO best practice. RSPO accreditation was granted to its North Sumatran mill on Pangkatan Estate in 2015 and in 2014 for the new Kalimantan mill. The Group is also complying with the requirement to achieve certification as Indonesian Sustainable Palm Oil ("ISPO") and International Sustainability Carbon Certification ("ISCC").

As evidenced by its new projects in Kalimantan and on Bangka Island, the Group has a clear policy that only heavily-degraded land will be acquired and developed. An environmental assessment is undertaken by an independent consultant for any new project. Implicit in these studies is the requirement to abide by riparian-buffer zones and nature-conservation areas and to compensate people cultivating (parts of) the land to be developed in a fair and transparent way.

With regard to both its mills, the Group has installed composting systems which utilise both the "empty" fruit bunches (i.e. after the fruit has been removed from them) and the liquid effluent from the mill. The resulting nutritious compost is applied in the field and reduces the requirement for inorganic fertiliser. No effluent is discharged into external water courses. Since the middle of 2012, at the mill in Kalimantan, methane has been captured from the mill effluent

before it is used for composting, and used in a bio-gas engine to generate electricity for workers' villages on the project. A similar system is under construction at the Group's new mill in Bangka, expected to be commissioned in mid-2016.

Management follows industry best-practice guidelines and abides by Indonesian law with regard to such matters as fertiliser application and health and safety. Any accidents are thoroughly investigated by senior head office staff. During 2015, the Group underwent an independent health & safety inspection in all its areas of operation, an exercise it intends to repeat annually. The managers of all of the Group's estates and mills hold a monthly meeting with key staff to review health and safety. These meetings are minuted and actions identified.

RELATIONSHIP WITH LOCAL POPULATIONS

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

Particular attention is paid to the Group's relationship with the local population where development is taking place. On each of the projects there has been extensive communication not only with local government officials but also with local people collectively and through their representatives: the local mayor and village heads. Smallholder co-operative schemes ("KKPA") are being developed alongside the Group's areas and managed by the Group. Staff members have been appointed to deal with compensation for losing the use of land and crops, and to explain the basis and workings of the KKPA schemes and to gain the support of the villages surrounding the Group's project areas. This is a time-consuming process.

RELATIONSHIP WITH LOCAL PARTNERS

A breakdown in relations with a local partner could affect relations with the local populations where the Group is operating, with a detrimental effect on operations. The board recognises the importance of building and maintaining a good relationship with the minority partners and fellow shareholders in its Indonesian plantation projects but inevitably disagreements do sometimes arise. The executive directors endeavour to maintain regular and open contact,

RISK MANAGEMENT CONTINUED

both formal and informal, with the Group's partners to discuss current and future issues affecting the Group's operations. Where disputes do arise, the Group seeks to negotiate a mutually-acceptable settlement.

WEATHER AND NATURAL DISASTERS

Oil palms rely on regular sunshine and rainfall but these patterns can vary and extremes such as unusual dry periods or, conversely, heavy rainfall leading in some locations to flooding, can occur. Dry periods, in particular, will affect yields in the short and medium term but any deficits so caused tend to be made up at a later date. Where appropriate, bunding is built around flood-prone areas and drainage constructed and adapted either to evacuate surplus water or to maintain water levels in areas quick to dry out.

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

Rainfall is of crucial importance to cattle farming in Australia and is unpredictable. The level of rainfall will determine the ability of existing pastures to be maintained and of management to plant forage crops. In turn, the quality and quantity of feed will determine the carrying capacity of the property. Investment is made in pumps, pipes, dams and water tanks to ensure drinking water is available in all areas.

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

COMMODITY-PRICE FLUCTUATION

The price of CPO, palm kernels and beef determines the Group's revenue and earnings. Fluctuations in the price directly affect the Group's reported earnings and its ability to generate cash inflows from its operations.

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

under contract at a price derived from the quoted world price. Over a year, by selling on a "spot" basis, an average price is therefore achieved. Given this, the directors have taken the view that in the long run it is not generally cost effective to sell forward contracts for the delivery of CPO, particularly since the presence of Indonesian export tax increases the risk in such contracts since it is determined and levied at the time of delivery, not at the time at which the contract is agreed.

The price of palm oil is determined both by disposable income around the world generated by economic activity and by the supply, pricing and demand for competing vegetable oils. These factors can result in fluctuations in the price. As with any commodity, oversupply does occur in the vegetable-oil market which exerts downward pressure on prices. The competing oils, the main ones of which are soybean, oilseed rape and sunflower, are annual crops and producers tend to react to low prices by switching to other crops which has, in the past, quickly reduced oversupply and restored upward pressure on prices.

The board is satisfied that the fundamental structure of the vegetable-oil market, and particularly the palm-oil market, is sound. Continuing strong demand from the fast-developing economies, such as India, China and Indonesia itself, as well as from more established markets in Europe, for vegetable oil for human consumption has supported prices, as has demand for vegetable oils as a biofuel. Palm oil is the vegetable oil with the highest production in the world, has the lowest cost and is the most productive, by a wide margin, in terms of yield per hectare.

The price that the Group's associated company, NAPCo, achieves for the sale of its fattened cattle is substantially determined by a world market over which the company has no control. The price of live cattle and beef is determined by economic activity around the world, giving the wherewithal for demand for red meat to be created. This activity fluctuates, as does the beef price. Australia is a high-quality, efficient producer free of BSE and foot-and-mouth disease, whose markets are mainly in Asia and the United States, with its principal competitors being South America and the United States itself. The board accepts price fluctuation as a risk of the business and has concluded that the structure of the Australian cattle industry is sound and that its proximity to its main markets in South East Asia gives it a competitive advantage over its rivals.

EXCHANGE-RATE FLUCTUATION

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

The board has taken the view that these risks are part of the business and feels that adopting hedging mechanisms to counter the negative effects of exchange movements are both difficult to achieve and would not be cost effective.

SECURITY OF LIQUID FUNDS

The board is concerned to ensure that the Group's liquid funds, which are in the order of US\$44 million worldwide at the date of this report, are deposited in a secure environment and not at risk of loss. The Group's policy is, and has been for many years, only to deposit funds either with banks with an acceptable credit rating from reputable rating agencies or with banks that are majority owned by sovereign governments.

Approved by the board of directors and signed on its behalf



Philip Fletcher
Managing director

21 April 2016

Environmental & social responsibility

- ▶ The Group produces environmentally-sustainable palm oil in all its palm-oil mills and at its joint venture in Bengkulu province
- ▶ Smallholder co-operative schemes attached to the Group's new projects have been developed and are operated to the same high standards applied to the Group's own areas
- ▶ To ensure its high environmental standards are maintained, the Group regularly monitors air and water quality on all its estates
- ▶ The Group has 1,500 hectares of conservation areas, with another 2,200 hectares at its joint venture in Bengkulu province
- ▶ In Australia, NAPCo has won a number of environmental awards and is involved in the preservation, and rehabilitation, of indigenous flora and fauna

SUSTAINABILITY CERTIFICATION

ROUNDTABLE ON SUSTAINABLE PALM OIL ("RSPO")

The Group is a member of the RSPO. The membership covers a wide variety of interests from plantation owners to non-governmental organisations and supermarkets. The Group endorses the "Principles and Criteria" which have been adopted by the RSPO in relation to environmental, social and ethical plantation practices.

The Pangkatan mill was granted accreditation to the RSPO in October 2012. The CPO from the mill is therefore recognised as having been derived from a sustainable source. The three estates that send ffb to the mill, namely Pangkatan, Bilah and Sennah Estates, are covered by this accreditation. The annual "surveillance" audit was successfully completed in 2014. The RSPO audit took place on the Kalimantan project at the end of 2013 and certification was received in 2014.

Preliminary work is being done on the Bangka project to facilitate speedy certification of the mill once it is commissioned, expected to be in mid-2016. It is hoped the final audit for RSPO certification can take place before the end of 2016.

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

INDONESIAN SUSTAINABLE PALM OIL ("ISPO")

The mandatorily-required ISPO certification, the requirements of which are similar in most respects to those of the RSPO, was received in respect of Pangkatan Mill in early 2014 and is expected in respect of the Kalimantan mill by the end of 2016. It is hoped the final certification audit of the new Bangka mill will take place before the end of 2016.

AGRONOMIC POLICIES

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

NEW LAND

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

ZERO BURNING

For new plantings or replantings, no burning is allowed. Vegetation or old palms/trees are chipped and stacked in inter-rows between the new planting lines and allowed to rot down.

CONSERVATION AREAS

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

LEGUMES

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

TERRACING AND SOIL EROSION

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

INTEGRATED PEST MANAGEMENT ("IPM")

The Group adopts IPM to control pests on its plantations.

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

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

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

The effluent from which methane has been captured is applied to the empty fruit bunches, which break down into nutritious compost. The balance of the effluent which has not been utilised for methane capture is

immediately applied to the empty fruit bunches to create compost. The compost, in turn, is applied in the field, reducing the requirement for inorganic fertilisers. Because the effluent is used quickly, the production of methane is minimal. No effluent is discharged into rivers or water courses. Similarly, Pangkatan Mill's liquid effluent is applied to empty bunches to create compost.

Management is considering the commercial feasibility of capturing methane from the effluent pond to burn and then generate and sell electricity in a similar way to that described above at the Kalimantan mill.

Methane capture and generation of electricity has been integrated into the planning for and construction of the Group's mill on Bangka.

HEALTH AND SAFETY

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

Medical care is provided on the plantations in polyclinics which are staffed on a daily basis by trained employees

Kindergartens are provided for very young children, as is transport for older children to nearby government schools

On its Kalimantan project, the Group employs a full-time doctor. The Group pays for hospital treatment if this is required. During 2015, independent health and safety inspections were carried out on the Group's North Sumatran and Kalimantan estates.

The managers of all of the Group's estates and mills hold a monthly meeting with key staff to review health and safety.

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

FACILITIES

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

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

TRAINING

The Group undertakes to train and motivate its staff and workforce, to help employees build on their skill levels and to extend their education and qualifications.

It has built a first-class residential training facility on its project in East Kalimantan which conducts residential induction courses for the Group's agricultural staff as well courses covering subjects as diverse as accounting, people management, harvesting, first aid, anti-bribery-and-corruption training and environmental standards.

SMALLHOLDER SCHEMES

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

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

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

COMPENSATION IN RESPECT OF LAND ACQUIRED

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

REPORT OF THE DIRECTORS

The directors present the audited consolidated financial statements of M.P.Evans Group PLC for the year ended 31 December 2015

PRINCIPAL ACTIVITIES

At 31 December 2015, the Company, through its subsidiary and associated undertakings, operates oil-palm and rubber plantations in Indonesia, beef-cattle operations in Australia, and property development in West Malaysia

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

A review of the year and future prospects (including the principal risks and uncertainties facing the Company) is included in the chairman's statement (pages 8 and 9) and in the strategic report (pages 10 to 29) and is incorporated in this report by reference

RESULTS AND DIVIDEND

Details of the profit for the year are given in the consolidated income statement on page 50

An interim dividend of 2.25p (2014 – 2.25p) per share was paid on 3 November 2015. The board recommends a final dividend of 6.50p (2014 – 6.50p) per share. This dividend will be paid on or after 21 June 2016 to those shareholders on the register at the close of business on 22 April 2016. This final dividend is not provided for in the 2015 financial statements

SCRIP-DIVIDEND SCHEME

The Company currently operates a scrip-dividend scheme with the authority of the resolution passed at the Company's annual general meeting in 2015 (which is valid for three years). The scheme will continue to be operated in accordance with the terms and conditions set out in the circular to shareholders dated 14 May 2010 and available on the Company's website (www.mpevans.co.uk/en/investors/dividends) and may be amended, suspended or terminated at the discretion of the board without notice.

The board has decided to make the scrip-dividend option available for the final dividend. Shareholders who have previously elected to receive their dividends in this manner will automatically receive this dividend

as scrip. Forms of election will be dispatched to remaining shareholders under separate cover.

Shareholders who now wish to make an election to receive this and future dividends as scrip, or who wish to revoke a previous election, should contact the Company's registrars (contact details on page 92) without delay. Any such elections or revocations will not be effective unless they have been sent in accordance with the Company's instructions and received by the Company's registrars no later than 5.00 p.m. on 31 May 2016.

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

To calculate the basis of the allotments, the Company will use the average of the middle-market quotations of the Company's shares for the five business days commencing on the ex-dividend date for the dividend as derived from the London Stock Exchange Daily Official List. The scrip-dividend scheme is conditional on the directors allotting the necessary new shares for the purposes of section 551 of the Companies Act 2006 and the admission of the new shares allotted to trading on the AIM market of the London Stock Exchange.

SHARE CAPITAL

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

SHARES OF 10P EACH	
Issued (fully-paid and voting) capital at 1 January 2015	55,327,395
Shares issued in lieu of a cash dividend	
18 June 2015	304,355
3 November 2015	68,694
Issued (fully-paid and voting) capital at 31 December 2015	55,700,444

Peter E Hadsley-Chaplin, MA MBA
EXECUTIVE CHAIRMAN

Appointed a director in 1989, chairman in 2010. Former executive chairman of Bertam Holdings PLC and Lendu Holdings PLC. A director of The North Australian Pastoral Company Pty Limited. Former chairman of The Association of the International Rubber Trade. Prior to joining the Group in 1988 he was a commodity broker with C Czarnikow Limited.

Philip A Fletcher, FCA
MANAGING DIRECTOR

Appointed a director in 1987, managing director in 1991 and executive chairman between 1999 and 2005. Former executive director of Bertam Holdings PLC and Lendu Holdings PLC. Joined the Group in 1982 after his initial career in accountancy with KPMG in London and Sydney and in industry with the Rio Tinto plc group.

Tristan R J Price, MA MSc FCA
FINANCE DIRECTOR

Appointed a director in 2010. Qualified as a Chartered Accountant with Coopers and Lybrand. Worked in the UK Diplomatic Service, and as an economist at the Organisation for Economic Co-operation and Development (OECD).

Jock M Green-Armytage
SENIOR INDEPENDENT
NON-EXECUTIVE DIRECTOR

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

Richard M Robinow
INDEPENDENT
NON-EXECUTIVE DIRECTOR

Appointed a director in 1999 and chairman from 2005 to 2009. A non-executive director of R E A Holdings PLC (having previously been chairman) and a former director of the Belgian plantation group, SA SIPEF NV. Member of the audit and remuneration committees.

J Derek Shaw, FRAGS
INDEPENDENT
NON-EXECUTIVE DIRECTOR

Appointed a director in 2005. A director of The North Australian Pastoral Company Pty Limited. Former chairman of Linden Foods Limited and former chairman and founder of the Australian cotton producer, Colly Farms Cotton Limited. Former non-executive deputy chairman of Lendu Holdings PLC. Member of the audit and remuneration committees.

REPORT OF THE DIRECTORS CONTINUED

DIRECTORS AND DIRECTORS' INTERESTS

The present membership of the board is detailed on page 37. All of the directors served throughout the year. Richard Robinow, Derek Shaw, Philip Fletcher and Tristan Price will retire from the board at the forthcoming annual general meeting in accordance with the articles of association and, being eligible, will offer themselves for re-election. Bruce Tozer will offer himself for election as a non-executive director.

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

	BENEFICIAL	NON-BENEFICIAL	OPTIONS
AT 31 DECEMBER 2015			
P E Hadsley-Chaplin	1,561,717	25,000	—
P A Fletcher	1,128,171	—	—
T R J Price	—	—	250,000
R M Robinow	96,147	—	—
J D Shaw	353,065	—	—
J M Green-Armytage	—	—	—
AT 1 JANUARY 2015			
P E Hadsley-Chaplin	1,561,717	25,000	—
P A Fletcher	1,128,171	—	—
T R J Price	—	—	250,000
R M Robinow	96,147	—	—
J D Shaw	394,065	—	—
J M Green-Armytage	—	—	—

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 47.

None of the directors holds any beneficial interest in, or holds options to buy shares in, any subsidiary undertaking of the Company as at the date of this report.

No director has had a material interest in any contract of significance in relation to the business of the Company, or any of its subsidiary undertakings, during the financial year or had such an interest at the end of the financial year.

As permitted by the Company's articles of association, there was throughout the year to 31 December 2015 and is at the date of this report, a qualifying third-party indemnity provision, as defined in section 236 of the Companies Act 2006 in force for the benefit of the directors.

SUBSTANTIAL INTERESTS

The following substantial interests have been disclosed to the Company as at the date of this report.

	SHARES	%
Direct interests		
Alcatel Bell Pensioenfonds VZW	5,793,497	10.40
JP Morgan Asset Management Holdings Inc	2,819,546	5.06
Montanaro Asset Management	1,982,894	3.56
M M Hadsley-Chaplin	1,892,254	3.40
Indirect interests		
Aberdeen Asset Managers Limited	8,836,122	15.86
FIL Limited	5,239,222	9.40

AUTHORITY TO ALLOT SHARES

At the annual general meeting a general authority is being sought, under resolution 9, for the directors to allot shares up to a maximum nominal amount of £1,856,681, which represents 33.33% of the Company's issued share capital as at the date of this report. The Company does not currently hold any shares as treasury shares within the meaning of section 724 of the Companies Act 2006. It is also proposed, under resolution 10, to empower the directors to allot equity securities for cash pursuant to this general authority (and to sell any treasury shares which it may acquire for cash) otherwise than in accordance with shareholders' statutory pre-emption rights so as to deal with practical problems arising in connection with rights issues or otherwise up to an aggregate nominal amount of £278,502, representing 5% of the Company's issued share capital as at the date of this report. The directors do not have any present intention of using the authorities sought under resolutions 9 and 10. These authorities will lapse on 30 June 2017 or, if earlier, the date of the Company's next annual general meeting.

AUTHORITY TO MAKE MARKET PURCHASES OF SHARES

The directors propose to seek authority under resolution 11 for the Company to purchase its own shares on the AIM market of the London Stock Exchange until 30 June 2017 or, if earlier, the date of the Company's next annual general meeting. The authority will give the directors flexibility to purchase the Company's shares as and when they consider it appropriate. The board will only exercise the power of purchase when satisfied that it is in the best interests of

the Company so to do and all such purchases will be market purchases made through the AIM market of the London Stock Exchange. The directors would only consider making purchases if they believed that the earnings or net assets per share of the Company would be improved by such purchases. The directors would consider holding the Company's own shares which had been purchased by the Company as treasury shares as this would give the Company the flexibility of being able to sell such shares quickly and effectively where it considers it in the interests of shareholders so to do. Whilst any such shares are held in treasury, no dividends will be payable on them and they will not carry any voting rights.

Resolution 11 set out in the notice of the annual general meeting will accordingly be proposed to authorise the purchase of up to a maximum of 5,570,044 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 11 will lapse on 30 June 2017 or, if earlier, the date of the Company's next annual general meeting.

As at the date of this report there were options to subscribe for 370,000 shares outstanding under the executive share-option schemes. If all of the options were exercised, the resulting number of shares would represent (a) 0.66% of the enlarged issued share capital at that date, and (b) 0.73% of the enlarged issued equity share capital at that date if the proposed authority to purchase shares was exercised in full (excluding any share capital which may be purchased and held in treasury).

PAYMENTS TO SUPPLIERS

It is the Group's normal practice to make payments to suppliers in line with agreed terms, provided that the supplier has performed in accordance with the

relevant terms and conditions. The Group's average creditor days calculated as at 31 December 2015 amounted to 42 days (2014 - 36 days).

FINANCIAL INSTRUMENTS

Details of the Group's financial instruments, and the board's policy with regard to their use, are given in note 32 to the consolidated financial statements on pages 75 and 76.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Company financial statement 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 for that period. In preparing these financial statements, the directors are required to

- ▶ select suitable accounting policies and then apply them consistently,
- ▶ make judgements and accounting estimates that are reasonable and prudent,
- ▶ state whether applicable IFRSs as adopted by the European Union and applicable United Kingdom accounting standards, including FRS101, have been followed, subject to any material departures disclosed and explained in the Group's and Company's financial statements respectively,
- ▶ prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with

REPORT OF THE DIRECTORS CONTINUED

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 and, as regards the Group financial statements, article 4 of the IAS Regulation. 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.

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

GOING CONCERN

The board's conclusions on adopting the going-concern basis for preparing the financial statements are set out in the report on corporate governance on page 43 and are incorporated in this report by reference.

POST-BALANCE-SHEET EVENTS

There have been no post-balance-sheet events.

DISCLOSURE OF INFORMATION TO AUDITORS

Each person who is a director at the date of approval of this report confirms that:

- ▶ so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- ▶ he has taken all reasonable steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418(2) of the Companies Act 2006.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers LLP, have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the forthcoming annual general meeting.

Approved by the board of directors and signed on its behalf

Claire Hayes
Company secretary



21 April 2016

CORPORATE GOVERNANCE

The board recognises the importance of a sound system of corporate governance and internal control and the board seeks to follow the principles set out in the Corporate Governance Code for Small and Mid-Size Quoted Companies 2013 published by the Quoted Companies Alliance ("QCA") as far as they are relevant to the Group and its context. It should be noted that the Group is not required to comply with this Code but it is nonetheless the board's intention to disclose and report on the corporate-governance structures and processes operated by the Group and to develop these further to meet the appropriate standards. An explanation of how the Group has applied the principles is set out below.

DIRECTORS

The details of the Company's board, together with the audit and remuneration committees, are set out on page 37. The board comprises an executive chairman, two further executive directors and three non-executive directors, one of whom chairs the audit and remuneration committees.

Philip Fletcher will stand down as managing director at the annual general meeting and will offer himself for re-election as a non-executive director. The current finance director, Tristan Price, will replace Philip Fletcher as managing director and a new finance director will be appointed in due course. Bruce Tozer will offer himself for election as a new non-executive director. Following these changes, the board will comprise an executive chairman, one executive director and five non-executive directors. The maximum number of directors permitted under the articles of association is eight.

This structure is designed to ensure that there is a clear balance of responsibilities between the executive and the non-executive functions. The board meets at least quarterly and is provided with information which includes executive operating reports, management accounts and budgets. All of the executive directors and non-executive directors attended each of the five full board meetings held in 2015, with the exception of Jock Green-Armytage who was unable to attend the meeting on 10 September 2015. Each executive director, and non-executive director with less than nine years' tenure, retires and must seek re-election at least every three years. Thereafter, non-executive directors will offer themselves for re-election at each year's annual general meeting.

The board reserves to itself a range of key decisions to ensure it retains proper direction and control of the Company, whilst delegating authority to individual executive directors who are responsible for the day-to-day management of the business. All major and strategic decisions of the Company are made in the United Kingdom. The executive and non-executive directors have discussions on an informal yet frequent basis to discuss progress against budget and other business issues.

The board has an executive chairman, Peter Hadsley-Chaplin. Given the current structure and composition of the board, the role that Peter Hadsley-Chaplin performs (which is not that of chief executive officer), the size of the Group, the size of the shareholdings which the directors hold in the Company and the active dialogue with institutional shareholders that takes place throughout the year, the board considers that a non-executive chairman would not provide any further benefit to the Company.

The board has access to independent professional advice at the Group's expense when the board deems it necessary in order for them to carry out their responsibilities. Currently, the board retains Peel Hunt as the Company's nominated adviser and Hudson Sandler for advice regarding corporate public relations. It additionally receives advice from independent professionals on the valuation of its property assets in Australia and Malaysia.

INDEPENDENCE AND RE-ELECTION OF LONG-SERVING DIRECTORS

During the year the board has had a balance of executive and non-executive directors. A description of the roles and responsibilities of the directors is set out on page 37 and the terms and conditions of the non-executive directors are available on the website (www.mpevans.co.uk/mpevans/en/aboutus/board/non-executive-directors). Half of the directors are non-executive, two of whom (Richard Robinow and Derek Shaw) have served for more than nine years. The board considers that Richard Robinow, Derek Shaw and Jock Green-Armytage have valuable experience in the palm-oil and cattle industries and that all act in the best interests of the Company and the Group, free from any conflicts or undue influence. As such, the board is satisfied that Richard Robinow, Derek Shaw and Jock Green-Armytage are

independent and that the Group should continue to benefit from their experience and knowledge. The board acknowledges that Philip Fletcher will not be independent if he is appointed as a non-executive director.

DIRECTORS' REMUNERATION AND APPOINTMENT

As set out in the report on page 45, the remuneration of the executive directors is determined by the remuneration committee whilst that of the non-executives is determined by the whole board. The committee met twice during 2015 and both meetings were attended by all the members.

The Company does not currently have a nominations committee. Owing to the size of the board, it is considered inappropriate to establish such a committee at this time. Any new appointments to the board are discussed at a full board meeting and each member of the board is given the opportunity to meet the individual concerned prior to an appointment being made.

RELATIONS WITH SHAREHOLDERS

The board attaches great importance to communications with both institutional and private shareholders. The board actively meets with major shareholders to update them on the progress of the Group and discuss any areas of concern that they may have. Any issues raised by major shareholders are discussed by the board as a whole.

This is not always possible with private shareholders but the annual general meeting provides an opportunity for private shareholders to raise any issues and discuss the development of the business.

The board uses the Group's website to set out details of the annual general meeting and the results of the votes cast at those meetings and contains the reports and presentations given at meetings with investors.

www.mpevans.co.uk/mpevans/en/investors/reports

and

www.mpevans.co.uk/mpevans/en/investors/governance/agm

These are also available through an "app" that is available for users to download free of charge.

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 pages 39 and 40 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 and presented to the board for discussion and approval. In summary this is reported on pages 26 to 29.

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

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

Important control procedures, in addition to the day-to-day supervision of holding-Company business, include regular executive visits to the areas of operation of the Group and of its associates, comparison of operating performance and monthly management accounts with plans and budgets, application of authorisation limits, internal audit of subsidiary undertakings and frequent communication with local management.

Going-concern basis

The Group's operations are funded through a combination of long-term equity capital, cash resources, long-term loans and an overdraft

The board has undertaken a recent review of the Group's current financial position, forecasts, associated risks and sensitivities. This review was conducted in the light of the board's current plans for the development of the Group's business which incorporates the planting expenditure in Indonesia on the areas noted in the strategic report on pages 15 to 19. The forecasts indicate that the Group will have sufficient resources to meet its obligations as they fall due (see note 24 on page 70). Discussions on putting in place further term loans are well advanced, and the directors have taken the view that it is reasonable to expect these discussions will successfully conclude with agreements on terms acceptable to the Group.

The board has concluded that, given the current level of cash resources in the Group, the level of existing borrowings and the facilities under negotiation, as well as its ability to manage capital expenditure, the Group is expected to be able to continue in operational existence for the foreseeable future, being a period of at least 12 months from the date of the approval of the financial statements. As a result, the board has concluded that the going-concern basis continues to be appropriate in preparing the financial statements.

AUDIT COMMITTEE

The audit committee is formally constituted with written terms of reference (which are available on the Company's website www.mpevans.co.uk) and is chaired by Jock Green-Armytage, the other members are Richard Robinow and Derek Shaw. All served throughout the year. The executive directors are not members of the committee but can be invited to attend its meetings. The auditors of the Group may also attend part or all of each meeting and they have direct access to the committee for independent discussions, without the presence of the executive directors. The committee met three times during 2015 and each meeting was attended by all of the members. The external auditors attended two of the meetings.

The audit committee may examine any matters relating to the financial affairs of the Group or the Group's audit, this includes reviews of the annual accounts and

announcements, accounting policies, compliance with accounting standards, the appointment and fees of auditors and such other related matters as the board may require.

During the year the audit committee has

- ▶ reviewed the financial statements, having received a report from the external auditors on their review and audit,
- ▶ reviewed the effectiveness of the Group's internal controls, including a review of the main findings of the internal-audit team in Indonesia,
- ▶ considered the Group's accounting policies, notably its response to an amendment by the IASB to IAS 41 and which standard to adopt for the Company accounts under new UK-GAAP,
- ▶ considered and approved the Group's risk analysis,
- ▶ considered the points made by the external auditors on their review of the effectiveness of internal controls, and
- ▶ agreed the fees and terms of appointment of the external auditors, reviewed their quality and effectiveness and discussed the key risks to be addressed during their audit.

Auditors

The auditors were first appointed, following a tender exercise, in 2009. The audit partner changes every five years in accordance with professional and regulatory standards in order to protect independence and objectivity, with Tim McAllister currently the audit partner for the 2015 audit. Current policy is to tender the external audit at least every ten years.

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 2015 results. The external auditors have provided only audit services, other than some tax advice in the UK, Malaysia and Australia. Accordingly, the board does not consider there to be a risk that the provision of non-audit services may compromise the external auditors' independence.

CORPORATE **GOVERNANCE** CONTINUED

To assess the effectiveness of the auditors, the committee reviewed their fulfilment of the agreed audit plan and variations from it, and the auditor's 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 Group's response to the IASB's amendment of IAS 41 'Biological assets', which permits entities to account for plantation assets at depreciated cost rather than at 'biological valuation'. The committee concluded that depreciated historical cost should be used and that for internal reporting and decision-making f f b should be recognised at harvest. For the purposes of statutory reporting, taking into account the advice of its auditor regarding interpretation of IAS 41, the Group has adopted a policy of including an estimated valuation of partly-formed f f b prior to harvest. Out of the wide range of possible assumptions, the committee has adopted the assumption that 'measurable' value in f f b is related to oil content, which accrues exponentially in the four weeks prior to harvest, and
- ▶ the adoption of FRS101 for the Company accounts under new UK-GAAP.

After reviewing the presentations and reports from management and consulting with the auditors, the audit committee is satisfied that the financial statements appropriately address the critical judgements and key estimates, for both the amounts reported and 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.

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 to the board. The committee comprises all of the non-executive directors and is chaired by Jock Green-Armytage.

SERVICE CONTRACTS

All of the executive directors have service contracts with the Company. These contracts continue until terminated by either party giving not less than one year's notice in writing. The non-executive directors do not have service contracts or provisions for pre-determined compensation on termination of their appointment.

BOARD AND PERFORMANCE EVALUATION

Whilst the board does not undertake any formal appraisal process for the directors, there is a close working relationship between the board as a whole and the executive and non-executive directors and

with the Company's external advisers. Given the nature of the business of the Group and the open dialogue with investors, the board does not feel that a formal appraisal process is currently appropriate but will continue to review this position.

SUCCESSION PLANNING

The chairman maintains a strong individual relationship with all the directors and any changes to the board are managed collaboratively and with minimal cost and disruption to the Group. Philip Fletcher will stand down as managing director at the annual general meeting and will offer himself for election as a non-executive director. The current finance director, Tristan Price, will replace him as managing director and a chief financial officer has been appointed. It is intended to appoint a new finance director in due course. It is considered that the board would be robust to any unplanned retirements and be able to recruit suitable, well-qualified, candidates within a reasonable time period.

TOTAL DIRECTORS' REMUNERATION

The total amount of directors' remuneration for the year ended December 2015 was as follows -

	SALARY AND FEES £	BONUS £	BENEFITS IN KIND £	SALARY IN LIEU OF PENSION £	PENSION COSTS £	TOTAL REMUNERATION 2015 £	TOTAL REMUNERATION 2014 £
Executive directors							
P E Hadsley-Chaplin	160,000	36,000	26,049	24,605	—	246,654	230,040
P A Fletcher	266,500	60,000	39,411	40,982	—	406,893	395,240
T R J Price	200,000	45,000	25,484	—	25,000	295,484	272,722
	626,500	141,000	90,944	65,587	25,000	949,031	898,002
Non-executive directors							
R M Robinow	30,000	—	—	—	—	30,000	27,500
J D Shaw	43,000	—	—	—	—	43,000	39,250
J M Green-Armytage	35,000	—	—	—	—	35,000	32,000
K P Legg	—	—	—	—	—	—	11,881
	108,000	—	—	—	—	108,000	110,631
Total	734,500	141,000	90,944	65,587	25,000	1,057,031	1,008,633

- The pension costs for Mr T R J Price set out above are the contributions made by the Company to a Company-sponsored Self-Invested Personal Pension ("SIPP"). Pension contributions for Mr P E Hadsley-Chaplin and Mr P A Fletcher ceased on 29 February 2012 and salaries in lieu of pension (net of employer's National Insurance contributions) have been paid from 1 March 2012 onwards.
- No long-term incentives, other than the share options described below, have been awarded to directors.
- Directors' remuneration includes any bonus in respect of the year even where this is paid after the year end. Previously, bonuses have been reported in the year in which they were paid. Total remuneration for 2014 has been increased by £21,000 compared with that previously reported to reflect this change (P E Hadsley-Chaplin £6,000, P A Fletcher £10,000 and T R J Price £5,000).

REPORT OF THE BOARD TO THE SHAREHOLDERS ON DIRECTORS' REMUNERATION CONTINUED

REMUNERATION POLICY

The remuneration committee's philosophy is to offer a transparent and simple remuneration package to the executive directors, comprising a salary, a bonus related to current results and personal performance, and share options. This structure for remuneration is designed to be easily understood by both executives and shareholders. It aims to encourage the executive directors to work collegially, focus their efforts on making the 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. It avoids the need for complex performance measures and the risk that targets encourage behaviour that sacrifices long-term growth potential in favour of short-term results.

Executive directors

The Group's policy on remuneration recognises that the success of the Group depends, in part, on the performance of the directors and senior management and recognises the importance of ensuring that employees are incentivised. 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. It is the Group's policy 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. In addition, remuneration packages are designed to ensure retention in the long term and to be broadly comparable with those offered by similar businesses. In reaching its decisions, the remuneration committee reviews remuneration in other European plantation and AIM-listed companies.

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

The committee has put in place long-term incentives by means of options to purchase shares, with a view to

aligning the interests of the executive directors with those of the shareholders. Executive directors are given the option to purchase shares on a future date at the market price on the date that the options are granted.

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 SCHEMES

The executive directors are members of executive share-option schemes which were established in 2001 and 2012 under which options to subscribe for shares in the Company may be granted to selected employees. No further options can be granted under the schemes established in 2001. As at 31 December 2015, options over 250,000 (2014 – 250,000) shares granted to executive directors remain outstanding. These were granted to the executive directors between 16 November 2007 and 17 January 2013. During the year, no options (2014 – none) granted to directors were exercised and none (2014 – none) lapsed.

No performance criteria are attached to the options and no options are held by the non-executive directors. However, options grant the executive director the right to purchase shares on a future date at the market price of the shares on the date that the options are granted. As such, the value of any option is closely tied to the performance of the Group as reflected in its share price. These options are of no value if the share price on the exercise date is lower than that on the date that the options were granted.

At 31 December 2015 the middle-market quotation for the Company's shares, as derived from the London Stock Exchange Daily Official List, was 390.00p, as compared with the high and low quotations for the year of 438.50p and 345.50p respectively.

Details of the options held over shares of the Company by the executive directors during the year ended 31 December 2015 are set out in the table overleaf -

Number of shares under option

	BALANCE AT 1 JANUARY 2015	GRANTED IN THE YEAR	EXERCISED IN THE YEAR	BALANCE AT 31 DECEMBER 2015	EXERCISE PRICE	MARKET PRICE WHEN EXERCISED	DATE OF OF GRANT	DATE FROM WHICH NORMALLY EXERCISABLE	EXPIRY DATE
P E Hadsley- Chaplin	—	—	—	—	—	—	—	—	—
P A Fletcher	—	—	—	—	—	—	—	—	—
T R J Price	75,000*	—	—	75,000	385 00p	—	16 Nov 07	16 Nov 10	16 Nov 17
	75,000*	—	—	75,000	159 50p	—	24 Nov 08	24 Nov 11	24 Nov 18
	50,000	—	—	50,000	483 21p	—	19 Jun 12	19 Jun 15	19 Jun 22
	5,750	—	—	5,750	520 00p	—	17 Jan 13	17 Jan 16	17 Jan 23
	44,250	—	—	44,250	510 00p	—	17 Jan 13	17 Jan 16	17 Jan 23
	250,000	—	—	250,000					
Total	250,000	—	—	250,000					

* Held at appointment on 1 January 2010

PENSIONS

The Company sponsors self-invested personal pensions ("SIPPs") for the UK executive directors. Contributions made by the Company to the SIPPs and to a life-assurance company give the executives a pension at retirement, a pension to a spouse payable on death 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 cease 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 on its behalf

Claire Hayes
Company secretary



21 April 2016

INDEPENDENT AUDITORS' REPORT

To the members of M.P.Evans Group PLC

REPORT ON THE GROUP FINANCIAL STATEMENTS

OUR OPINION

In our opinion, M P Evans Group PLC's Group financial statements (the "financial statements")

- ▶ give a true and fair view of the state of the Group's affairs as at 31 December 2015 and of its profit and cash flows for the year then ended,
- ▶ have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union, and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006

WHAT WE HAVE AUDITED

The financial statements, included within the annual report, comprise

- ▶ the consolidated balance sheet as at 31 December 2015,
- ▶ the consolidated income statement and consolidated statement of comprehensive income for the year then ended
- ▶ the consolidated statement of changes in equity for the year then ended,
- ▶ the consolidated cash-flow statement for the year then ended,
- ▶ the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

Certain required disclosures have been presented elsewhere in the annual report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the information given in the strategic report and the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion, we have not received all the information and explanations we require for our audit. We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the statement of directors' responsibilities set out on pages 39 and 40, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the parent Company's members as a body in accordance with chapter 3 of part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- ▶ whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed,
- ▶ the reasonableness of significant accounting estimates made by the directors, and
- ▶ the overall presentation of the financial statements

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OTHER MATTER

We have reported separately on the parent-Company financial statements of M P Evans Group PLC for the year ended 31 December 2015.



Timothy McAllister (Senior Statutory Auditor)

for and on behalf of

PricewaterhouseCoopers LLP

*Chartered Accountants and Statutory Auditors
London*

21 April 2016

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	NOTE	YEAR ENDED 31 DECEMBER 2015 US\$'000	YEAR ENDED 31 DECEMBER 2014 (RESTATED)* US\$ '000
Continuing operations			
Revenue	4	72,528	89,956
Cost of sales		(57,469)	(58,189)
Gross profit	4	15,059	31,767
Loss on biological assets	17	(232)	(424)
Foreign-exchange losses	4	(5,320)	(2,379)
Other administrative expenses	4	(2,768)	(4,596)
Other income	4	380	448
Operating profit		7,119	24,816
Finance income	4.6	894	1,600
Finance costs	4.7	(1,244)	(2,354)
Group-controlled profit before tax	8	6,769	24,062
Tax on profit on ordinary activities	4.9	(2,401)	(9,095)
Group-controlled profit after tax		4,368	14,967
Share of associated companies' profit after tax	4.15	19,531	15,308
Profit for the year on continuing operations		23,899	30,275
Profit/(loss) for the year from discontinued operations		1,496	(2,012)
Profit for the year		25,395	28,263
Attributable to			
Owners of M P Evans Group PLC		24,084	25,065
Non-controlling interests	30	1,311	3,198
		25,395	28,263
		US CENTS	US CENTS
Continuing operations			
Basic earnings per 10p share	12	40.70	49.08
Diluted earnings per 10p share	12	40.66	49.02
Continuing and discontinued operations			
Basic earnings per 10p share	12	43.39	45.44
Diluted earnings per 10p share	12	43.35	45.38

* Restated for the early adoption of amended IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture' in relation to bearer plants (see note 33)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	YEAR ENDED 31 DECEMBER 2015 <i>US\$'000</i>	YEAR ENDED 31 DECEMBER 2014 (RESTATED)* <i>US\$'000</i>
Other comprehensive income		
<i>Items that may be reclassified to the income statement</i>		
Exchange loss on translation of foreign operations	(10,402)	(4,060)
Release of deferred profit on sale of land	(263)	(506)
<i>Items that will not be reclassified to the income statement</i>		
Release of deferred tax	—	2,460
Other comprehensive income/(expense)	232	(587)
Other comprehensive expense for the year	(10,433)	(2,693)
Profit for the year	25,395	28,263
Total comprehensive income	14,962	25,570
Attributable to		
Owners of M P Evans Group PLC	13,630	21,483
Non-controlling interests	1,332	4,087
	14,962	25,570

* Restated for the early adoption of amended IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture' in relation to bearer plants (see note 33)

CONSOLIDATED BALANCE SHEET

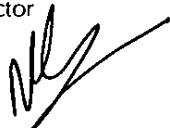
As at 31 December 2015

	NOTE	31 DECEMBER 2015 US\$'000	31 DECEMBER 2014 (RESTATED)* US\$'000	31 DECEMBER 2013 (RESTATED)* US\$'000
Non-current assets				
Goodwill	13	1,157	1,157	1,157
Property, plant and equipment	14	185,902	191,584	185,471
Investments in associates	15	97,586	94,333	95,521
Investments	16	78	96	102
Deferred-tax asset	25	17,076	14,137	14,996
		301,799	301,307	297,247
Current assets				
Biological assets	17	893	5,564	2,143
Inventories	18	8,000	6,879	8,267
Trade and other receivables	19	18,316	13,220	12,345
Current-tax asset		3,155	2,029	2,201
Cash and cash equivalents	20 23	44,214	48,042	56,348
		74,578	75,734	81,304
Total assets	4	376,377	377,041	378,551
Current liabilities				
Borrowings	22	13,453	32,424	31,710
Trade and other payables	21	15,209	12,555	10,311
Current-tax liability		2,206	2,202	4,313
		30,868	47,181	46,334
Net current assets		43,710	28,553	34,970
Non-current liabilities				
Borrowings	22	19,222	14,103	34,780
Deferred-tax liability	25	429	199	2,903
Retirement-benefit obligations	26	4,233	3,765	2,933
		23,884	18,067	40,616
Total liabilities	4	54,752	65,248	86,950
Net assets		321,625	311,793	291,601
Equity -				
Share capital	27	9,360	9,302	9,253
Other reserves	29	76,226	69,258	75,212
Retained earnings	29	214,423	212,949	190,939
Equity attributable to the owners of M P Evans Group PLC		300,009	291,509	275,404
Non-controlling interests	30	21,616	20,284	16,197
Total equity		321,625	311,793	291,601

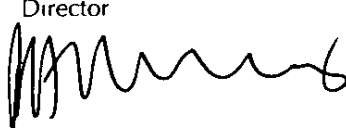
* Restated for the early adoption of amended IAS 16, 'Property, plant and equipment' and IAS 41 'Agriculture' in relation to bearer plants (see note 33)

The financial statements of pages 50 to 79 were approved by the board of directors on 21 April 2016 and signed on its behalf by

Tristan Price
Director



Philip Fletcher
Director



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	NOTE	SHARE CAPITAL US\$'000	OTHER RESERVES US\$'000	RETAINED EARNINGS US\$'000	TOTAL US\$'000	NON-CON TROLLING INTERESTS US\$'000	TOTAL EQUITY US\$'000
Profit for the year		—	19,531	4,553	24,084	1,311	25,395
Other comprehensive (expense)/income for the year		—	(7,312)	(3,142)	(10,454)	21	(10,433)
Total comprehensive income for the year		—	12,219	1,411	13,630	1,332	14,962
Issue of share capital	27 29	58	2,308	—	2,366	—	2,366
Dividends	10 15 31	—	(7,637)	63	(7,574)	—	(7,574)
Credit to equity for equity-settled share-based payments	28	—	78	—	78	—	78
Transactions with owners		58	(5,251)	63	(5,130)	—	(5,130)
At 1 January 2015		9,302	69,258	212,949	291,509	20,284	311,793
At 31 December 2015	29,30	9,360	76,226	214,423	300,009	21,616	321,625
Profit for the year		—	15,308	9,757	25,065	3,198	28,263
Other comprehensive (expense)/income for the year		—	(11,734)	8,152	(3,582)	889	(2,693)
Total comprehensive income for the year		—	3,574	17,909	21,483	4,087	25,570
Issue of share capital	27 29	49	2,130	—	2,179	—	2,179
Dividends	10 15 31	—	(11,742)	4,101	(7,641)	—	(7,641)
Credit to equity for equity-settled share-based payments	28	—	84	—	84	—	84
Transactions with owners		49	(9,528)	4,101	(5,378)	—	(5,378)
At 1 January 2014		9,253	102,548	235,390	347,191	24,101	371,292
Adjustment on change in accounting policy	2(a)(i)	—	(27,336)	(44,451)	(71,787)	(7,904)	(79,691)
At 1 January 2014 (restated*)		9,253	75,212	190,939	275,404	16,197	291,601
At 31 December 2014 (restated*)	29 30	9,302	69,258	212,949	291,509	20,284	311,793

* Restated for the early adoption of amended IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture' in relation to bearer plants (see note 33)

CONSOLIDATED CASH-FLOW STATEMENT

For the year ended 31 December 2015

	NOTE	YEAR ENDED 31 DECEMBER 2015 US\$'000	YEAR ENDED 31 DECEMBER 2014 (RESTATED)* US\$'000
Net cash generated by operating activities	31	20,231	29,156
Investing activities			
Purchase of property, plant and equipment	14	(28,419)	(20,556)
Interest received	6	894	1,600
Proceeds on disposal of property, plant and equipment		21,127	1,985
Sale of shares to non-controlling interest	30	—	926
Net cash used by investing activities		(6,398)	(16,045)
Financing activities			
Loan drawdown	23	18,571	—
Repayment of borrowings	23	(30,449)	(16,548)
Proceeds on issue of shares	27	—	—
Dividends paid to Company shareholders		(5,208)	(5,462)
Dividend paid to non-controlling interest	30	—	—
Net cash used by financing activities		(17,086)	(22,010)
Net decrease in cash and cash equivalents		(3,253)	(8,899)
Net cash and cash equivalents at 1 January		48,042	56,348
Effect of foreign-exchange rates on cash and cash equivalents		(575)	593
Net cash and cash equivalents at 31 December	20	44,214	48,042

* Restated for the early adoption of amended IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture' in relation to bearer plants (see note 33)

NOTES TO THE CONSOLIDATED ACCOUNTS

For the year ended 31 December 2015

NOTE 1 General information

M P Evans Group PLC is incorporated in the United Kingdom under the Companies Act 2006 and listed on the London Stock Exchange's Alternative Investment Market ("AIM"). The address of its registered office is given on page 92. The nature of the Group's operations and its principal activities are set out in note 4 and in the strategic report on pages 10 to 25. The Group is domiciled in the UK.

The functional currency of M P Evans Group PLC, determined under IAS 21, is the US Dollar. Likewise, the functional currency of subsidiaries operating in the palm-oil sector is the US Dollar. The functional currency of Group companies operating in the beef-cattle and property-development sectors is the local currency.

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own income statement for the year. M P Evans Group PLC reported a profit of US\$57,958,000 for the financial year ended 31 December 2015 (2014 US\$36,754,000). The Company's separate financial statements are set out on pages 82 to 86.

By virtue of Section 479A of the Companies Act 2006, the following subsidiaries are exempt from the requirement to have an audit and prepare individual accounts: Lendu (UK) Limited, Sungkai Estates Limited, Supara Investments Limited, and The Singapore Para Rubber Estates, Limited.

NOTE 2 Adoption of new and revised accounting standards

(a) New and amended standards adopted by the Group

- i) Amendments to IAS 16, 'Property, plant and equipment' and IAS 41, 'Biological assets' (see notes 3(c), 3(s)(i) and 33) on pages 56, 59 and 77 to 79.

(b) New standards, amendments and interpretations issued but not effective for the year beginning 1 January 2015 and not adopted early

- i) IFRS 9, 'Financial instruments' (effective 1 January 2018, not yet endorsed by the EU) replaces the guidance in IAS 39 on the classification and measurement of financial assets and liabilities. The Group has not yet assessed the impact of this on the consolidated financial statements.
- ii) IFRS 15, 'Revenue from contracts with customers' (effective 1 January 2018, not yet endorsed by the EU). This affects the point at which revenue is recognised and is not expected to have a material impact on the Group's results.
- iii) IFRS 16, 'Leases' (effective 1 January 2019 or when applying IFRS 15, not yet endorsed by the EU). The new standard requires lessees to recognise nearly all leases on the balance sheet, reflecting both their right to use an asset and the associated liability for payments. This is not expected to have a material impact on the Group's results or financial position.
- iv) Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' on depreciation and amortisation (effective 1 January 2016) clarified that depreciation should not be based on measures of revenue. This is not expected to have a material impact on the Group's results or financial position.
- v) Amendments to IAS 27, 'Separate financial statements' on equity accounting (effective 1 January 2016) allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. This is not expected to have a material impact on the Group's results or financial position.
- vi) Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates and joint ventures' on applying a consolidation exemption (effective 1 January 2016, not yet endorsed by the EU) clarifies the application of the consolidation exception for investment entities and their subsidiaries. This is not expected to have a material impact on the Group's results or financial position.
- vii) Annual improvements (2014) effective 1 January 2016 affecting IFRS 5, 'Non-current assets held for sale and discontinued operations' regarding methods of disposal, IFRS 7, 'Financial instruments: Disclosures', (with consequential amendments to IFRS 1) regarding servicing contracts, IAS 19, 'Employee benefits' regarding discount rates, and IAS 34, 'Interim financial reporting' regarding disclosure of information. None are expected to have a material impact on the Group's results or financial position.
- viii) Amendments to IAS 12, 'Income taxes' on recognition of deferred tax assets for unrealised losses (effective 1 January 2017, not yet endorsed by the EU) clarifies how to account for deferred tax assets related to debt instruments measured at fair value. The Group has not yet assessed the impact of this on the consolidated financial statements.
- ix) Amendments to IAS 7, 'Statement of cash flows' (effective 1 January 2017, not yet endorsed by the EU) to enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Group has not yet assessed the impact of this on the consolidated financial statements.

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

NOTE 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 International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRS IC") interpretations as adopted by the European Union, and the Companies Act 2006 as applicable to companies reporting under IFRS. They have been prepared under the historical cost convention, as modified by the valuation of biological assets and available-for-sale financial assets. The Group financial statements therefore comply with the AIM rules.

(b) Going concern

The financial statements have been prepared on a going-concern basis. The directors have conducted a review of projected cash flows from operations, investing and financing, concluding that the Group has sufficient projected funds to carry on its business and its planned investment programme in the medium term. Furthermore, the Group has control over its main cash expenditure, investment in its new estates and mills, which it can manage according to the resources available. Further details are given in the corporate governance section on page 43.

(c) Change in accounting policy

The Group has adopted the revised International Accounting Standards 16, 'Property, plant and equipment' and IAS 41, 'Agriculture' in these financial statements. Comparative amounts have been restated to bring them in line with this change in accounting policy (see note 33).

(d) Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all of its subsidiaries, and equity accounts for its associated undertakings. The Group treats as subsidiaries those entities in which it has the power to determine financial and operating policies. All subsidiary and associated undertakings prepare their financial statements to 31 December.

Where necessary, the financial statements of subsidiary and associated companies are adjusted prior to consolidation or equity accounting to bring them into line with the Group's accounting policies. All intra-Group transactions, balances, income and expenses are eliminated on consolidation. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from or up to the effective point of acquisition or disposal.

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.

(e) Revenue

Revenue represents the value of crops, livestock and produce sold during the year, excluding sales taxes. Income is recognised at the point of delivery. Revenue in respect of construction contracts is recognised at the point the sale of the developed property is fully completed. Investment income is taken into account by reference to the date on which it is declared payable.

(f) Operating profit and exceptional items

The Group separately identifies gains and losses arising from significant asset disposals outside the ordinary course of business, gains and losses arising from acquisition and disposal of shares in subsidiary and associated undertakings, and restructuring costs. These are included within operating profit.

(g) Retirement benefits

The Group operates a defined-contribution pension scheme. The pension charge represents the contributions payable by the Group under the rules of the scheme. In Indonesia, as required by law, a lump sum is paid to employees on retirement or on leaving the Group's employment. This terminal benefit is unfunded but the expense is accrued by the Group and charged to the income statement on the basis of individuals' service at the balance-sheet date.

(h) 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 vesting period, dividend yield is the latest annual dividend divided by the share price on the date the options are granted, share-price

NOTE 3
*continued***Accounting policies CONTINUED****(h) Share-based payments (continued)**

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.

(i) 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 assets acquired, including an estimation of the fair value of property, plant and equipment, intangible fixed assets and biological assets. This comparison is used to establish the value of goodwill or the excess of fair value of the identifiable assets and liabilities acquired over their cost.

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, once made, provisions are not reversed. 'Negative goodwill', where the fair value of the assets acquired exceeds the fair value of the consideration given, is taken to the income statement in the period in which it arises.

Goodwill arising on acquisitions before the IFRS transition date has been retained at the amount determined under UK-GAAP and is subjected to impairment testing at least annually. Negative goodwill on the acquisition of shares in the Group's Australian associated undertaking was eliminated on transition to IFRS.

(j) Biological assets

Cattle at the Group's Woodlands operation (sold in November 2015) are classified as current consumer-biological assets since the Group generally sells these assets within one year of the balance-sheet date. In applying the 'fair value hierarchy' in IFRS 13, the Group has concluded that the valuation of its beef cattle falls into Level 1 since there is an active local market for beef cattle of varying ages and weights.

The cost of forage crops is charged to the income statement over the period during which they are consumed. Deferred tax is recognised at the relevant local rate on the difference between the cost of biological assets and their carrying value determined under IAS 41.

For internal reporting and decision making, the Group's policy is to recognise f f b at the point of harvest.

For the purposes of statutory reporting, taking into account advice from the Group's auditor on the interpretation of IAS 41, the Group's policy is to include an estimate of the value of f f b prior to harvest as a biological asset in the Group's financial statements (see note 17). The valuation falls into the IFRS category 'Level 3', since f f b prior to harvest are never transacted. This policy will be kept under review.

(k) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes all expenditure incurred in acquiring the asset. Leasehold land in Indonesia is held on 25 or 30-year leases and is 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 over 20 years.

Buildings, plant, equipment and vehicles are written off over their estimated useful lives at rates which vary between 3% and 50% per annum. Estimated useful lives are reviewed at each balance-sheet date. Where the board judges the residual value of an asset to exceed its carrying value, no provision is made for depreciation.

Construction in-progress is measured at cost and is not depreciated.

The Group follows transitional arrangements made available under IFRS1, 'First-time Adoption of International Financial Reporting Standards'. The fair value of Indonesian leases (*hak guna usaha*) held by the Group on 1 January 2006 at transition to IFRS is taken to be their deemed cost.

(l) Investments in associated companies

Undertakings over which the Group has the ability to exert significant influence 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 statements for the year ended 31 December 2015. In the consolidated balance sheet, the investments in the associated undertakings are shown as the Group share of net assets at the balance-sheet date, as adjusted for any associated goodwill.

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

NOTE 3 continued

Accounting policies CONTINUED

(m) **Non-current assets and investments held for sale**

The Group treats assets, including investments, as held for sale once the sale is considered highly probable and is expected to complete within 12 months of the balance-sheet date. They are valued at the lower of fair value, and carrying value less costs to sell.

(n) **Inventories**

Inventories are valued at the lower of cost and net realisable value. In the case of palm oil and rubber, cost represents the weighted-average cost of production, including appropriate overheads. Other inventories are valued on the basis of first in, first out.

(o) **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 on initial recognition of goodwill.

The Group recognises deferred-tax liabilities arising from taxable temporary differences on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and 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.

(p) **Financial instruments**

Financial assets and financial liabilities are recognised on the Group's balance sheet at fair value when the Group becomes a party to the contractual provisions of the instrument.

Available-for-sale financial assets – the Group's investments in unlisted shares (other than associated undertakings) are classified as available for sale and stated at fair value, with gains and losses recognised directly in equity. Fair value is the directors' estimate of sales proceeds less costs to sell at the balance-sheet date.

Trade and other receivables – these represent amounts due from customers in the normal course of business, are not interest bearing, and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts, which are charged to the income statement.

Cash and cash equivalents – these include cash at hand, and 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.

Equity instruments – equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(q) **Foreign currencies**

As set out in note 1, the functional currency of the parent Company and of subsidiaries operating in the palm-oil sector is the US Dollar. The functional currency of Group companies operating in the cattle and property-development sectors is the local currency. Where relevant, results of all Group companies are translated for the purposes of consolidation into the Group's presentation currency, the US Dollar. The monetary assets and liabilities of the Group's foreign operations are translated at exchange rates on the balance-sheet date. Items in the income statement are translated at the average exchange rate for the period.

Exchange differences are recognised as a profit or loss 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'.

NOTE 3
*continued***Accounting policies CONTINUED****(r) 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.

(s) Critical accounting judgements and key sources of estimation uncertainty

The preparation of consolidated financial statements under IFRS requires the Group to make estimates and assumptions that affect the application of policies and reported amounts. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and assumptions which have the most significant impact on the carrying amount of assets and liabilities are discussed below.

(i) Valuation of biological assets

Oil palms are harvested continuously, and so at any given time each individual palm will be at a different point in its production cycle depending on its age, innate productivity, past production, rainfall, terrain, climate and husbandry. It is not feasible to undertake a census of each individual palm: the Group's own operations contain upward of three million palms. Even if it were possible to conduct a census, there is no accepted method within the industry for gauging the time until harvest of an observable growing bunch. Hence it is impossible to measure directly the volume of growing f f b.

An alternative to direct measurement is to estimate the volume of growing f f b indirectly. This can be done by attributing an assumed percentage of full ripeness at the measurement date to crop actually harvested in future months. This necessitates further assumptions about percentage ripeness. Female flowers that become f f b appear some 22 months prior to harvest, though bunches become visible only some five to six months prior to harvesting. By assumption, a decreasing percentage can be applied to future crop to synthesise an assumed volume of growing bunches at the measurement date.

The Group has investigated a range of different assumptions for indirectly estimating the equivalent of tonnage-at-harvest of its growing f f b. These deliver a valuation ranging from US\$1.1 million to US\$13.2 million at 31 December 2014. In the board's view, the wide range of estimates generated by the Group's initial exploration of the valuation possibilities support its conclusion that there is no measure of growing f f b prior to harvest widely accepted in the industry, in the sense that reasonable persons would tend to arrive at substantially the same value for the asset being measured. Given there is no one self-evidently correct methodology and that different defensible methodologies will give widely differing answers, f f b prior to harvest continue to be excluded from internal reporting and are not used in decision making, rather, for both these purposes f f b are recognised at the point of harvest.

The Group's auditors have a different interpretation to that of the board regarding f f b prior to harvest, and on their advice that reliable measurement constitutes an ability to construct an estimation methodology capable of being applied consistently from year to year, the Group's policy for statutory reporting is to include an estimate of f f b prior to harvest in its financial statements. This estimate is based on the assumption that 'measurable' value in f f b is related to oil content, which accrues exponentially in the four weeks prior to harvest (see note 17).

(ii) Leasehold land in Indonesia

The directors have concluded that leasehold land in Indonesia should not be depreciated. Further information on this policy is included in note 3(k).

(iii) Deferred tax on unremitted earnings

The Group's subsidiaries and associated undertakings hold a significant level of unremitted earnings. The directors have concluded that no deferred-tax liability should be recognised in relation to these balances given the ability of the Group to control the remittance of these earnings and the Group's operational plans for the relevant entity. Further information on the level of these reserves is disclosed in note 25.

(iv) Investments

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

On acquisition of shares in subsidiary companies or associated undertakings, the directors compare the fair value of the consideration given for the shares with the fair value of the assets acquired, including an estimation of the fair value of property, plant and equipment, intangible fixed assets and biological assets. This comparison is used to establish the value of goodwill or the excess of fair value of the identifiable assets and liabilities acquired over their cost.

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

NOTE 4 Segment information

The Group's reportable segments follow the three areas of activity set out in the strategic report 2015. These are distinguished by location and product: plantation crops (predominantly palm oil) in Indonesia, with a residual balance in Malaysia, cattle in Australia, and property development in Malaysia.

	PLANTATION INDONESIA US\$'000	PLANTATION MALAYSIA US\$'000	TOTAL US\$'000	CATTLE AUSTRALIA US\$'000	PROPERTY MALAYSIA US\$'000	OTHER UK US\$'000	TOTAL US\$'000
2015							
Continuing operations							
Revenue	72,381	101	72,482	—	—	46	72,528*
Gross profit/(loss)	15,084	(71)	15,013	—	—	46	15,059
Loss on biological assets	(232)	—	(232)	—	—	—	(232)
Foreign-exchange (loss)/gain	(5,311)	(116)	(5,427)	—	—	107	(5,320)
Other administrative gains/(expenses)	289	221	510	(19)	—	(3,259)	(2,768)
Other income	373	7	380	—	—	—	380
Operating profit							7,119
Finance income	863	17	880	4	—	10	894
Finance costs	(788)	—	(788)	—	—	(456)	(1,244)
Group-controlled profit before tax							6,769
Tax	(1,260)	(26)	(1,286)	—	—	(1,115)	(2,401)
Group-controlled profit after tax							4,368
Share of associated companies' profit after tax	5,804	—	5,804	10,977	2,750	—	19,531
Profit for the year for continuing operations							23,899
Profit for the year on discontinued operations	—	—	—	1,496	—	—	1,496
Profit for the year							25,395
Consolidated total assets							
Assets	263,621	768	264,389	2,150	—	12,252	278,791
Investments in associates	30,352	—	30,352	52,164	15,070	—	97,586
	293,973	768	294,741	54,314	15,070	12,252	376,377
Consolidated total liabilities							
Liabilities	31,917	47	31,964	3,213	—	19,575	54,752
Other information							
Additions to non-current assets	28,126	—	28,126	227	—	66	28,419
Depreciation	9,594	10	9,604	220	—	45	9,869
Retirement-benefit obligations	1,016	—	1,016	—	—	—	1,016

* US\$34.5 million of revenue (47.6%) was from sales of CPO and ffb to four customers (14.2%, 12.0%, 10.8% and 10.6% respectively).

NOTE 4
*continued***Segment information CONTINUED**

	PLANTATION INDONESIA US\$'000	PLANTATION MALAYSIA US\$'000	TOTAL US\$'000	CATTLE AUSTRALIA US\$'000	PROPERTY MALAYSIA US\$'000	OTHER UK US\$'000	TOTAL US\$'000
2014 (restated)*							
Continuing operations							
Revenue	89,786	124	89,910	—	—	46	89,956*
Gross profit/(loss)	31,813	(92)	31,721	—	—	46	31,767
Loss on biological assets	(424)	—	(424)	—	—	—	(424)
Foreign-exchange (loss)/gain	(2,074)	(354)	(2,428)	—	—	49	(2,379)
Other administrative (expenses)/gains	(1,356)	396	(960)	(20)	—	(3,616)	(4,596)
Other income	448	—	448	—	—	—	448
Operating profit							24,816
Finance income	1,259	322	1,581	9	—	10	1,600
Finance costs	(1,758)	(266)	(2,024)	—	—	(330)	(2,354)
Group-controlled profit before tax							24,062
Tax	(7,066)	(557)	(7,623)	(25)	—	(1,447)	(9,095)
Group-controlled profit after tax							14,967
Share of associated companies' profit after tax	10,949	—	10,949	1,454	2,905	—	15,308
Profit for the year for continuing operations							30,275
Loss for the year on discontinued operations	—	—	—	(2,012)	—	—	(2,012)
Profit for the year							28,263
Consolidated total assets							
Assets	238,167	1,052	239,219	29,003	—	14,486	282,708
Investments in associates	30,643	—	30,643	47,147	16,543	—	94,333
	268,810	1,052	269,862	76,150	16,543	14,486	377,041
Consolidated total liabilities							
Liabilities	35,890	68	35,958	18,236	—	11,054	65,248
Other information							
Additions to non-current assets	20,496	—	20,496	57	—	3	20,556
Depreciation	8,984	12	8,996	355	—	37	9,388
Retirement-benefit obligations	1,178	—	1,178	—	—	—	1,178

* US\$42.3 million of revenue (47.0%) was from sales of CPO to three customers (19.0%, 17.1% and 10.9% respectively)

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

NOTE 5 Employees

	2015 US\$'000	2014 US\$'000
Employee costs during the year		
Wages and salaries	11,743	12,583
Social-security costs	1,405	894
Current-service cost of retirement benefit (see note 26)	942	620
Other pension costs	130	169
Share-based-payment charge	78	84
	14,298	14,350
	NUMBER	NUMBER
Average monthly number of persons employed (including executive directors)		
Estate manual	3,404	2,141
Local management	72	71
United Kingdom head office	7	7
	3,483	2,219

Details of directors' remuneration required by the Companies Act 2006 are shown within the report of the board to the shareholders on directors' remuneration on pages 45 to 47 and form part of these audited financial statements

NOTE 6 Finance income

	2015 US\$'000	2014 US\$'000
Interest receivable on bank deposits	894	1,600

NOTE 7 Finance costs

	2015 US\$'000	2014 US\$'000
Interest payable on bank loans and overdrafts	1,244	2,354

NOTE 8 Group-controlled profit before tax

	2015 US\$'000	2014 (RESTATED) US\$'000
Profit before tax is stated after charging		
Depreciation of property, plant and equipment	9,869	9,388
Auditors' remuneration	343	356
Employee costs (note 5)	14,298	14,350
The analysis of auditors' remuneration is as follows -		
Fees payable to the Company's auditor and their associates for services to the Group*		
Audit of UK parent Company	20	20
Audit of consolidated financial statements	94	96
Total audit services	114	116
Audit of overseas subsidiaries	186	172
Total fees payable	300	288

* In addition to the above, fees of US\$43 000 (2014 US\$68,000) were payable to other firms for the audit of subsidiary companies

NOTE 9 Tax on profit on ordinary activities

	2015 US\$'000	2014 (RESTATED) US\$'000
United Kingdom corporation tax charge for the year	480	413
Relief for overseas taxation	(480)	(413)
	—	—
Overseas taxation	7,001	8,152
Adjustments in respect of prior years	26	—
Total current tax	7,027	8,152
Deferred taxation – origination and reversal of temporary differences (see note 25)	(4,626)	943
	2,401	9,095

The standard rate of tax for the year, based on the United Kingdom standard rate of corporation tax, was 20.25% (2014 – 21.49%). The standard rate of Indonesian tax was 25% for the current year (2014 – 25%). The actual tax charge is higher (higher also in 2014) than the standard rate for the reasons set out in the following reconciliation -

	2015 US\$'000	2014 US\$'000
Profit on ordinary activities before tax	6,769	24,062
Tax on profit on ordinary activities at the standard rate	1,371	5,171
Factors affecting the charge for the year		
Withholding tax on overseas dividends and interest	635	1,059
Unrelieved losses	1,677	1,474
Expenses not deductible for tax purposes	6	21
Unrealised Indonesian exchange differences not included in Group profit	(1,349)	47
Utilisation of losses brought forward	(46)	(56)
Lower rate applicable to disposals of fixed assets	(263)	(99)
Biological assets	47	91
Other exchange differences	(392)	115
Adjustments to valuation of investments	(102)	51
Other differences	817	1,221
Total actual amount of tax	2,401	9,095

NOTE 10 Dividends paid and proposed

	2015 US\$'000	2014 US\$'000
2015 interim dividend – 2.25p per 10p share (2014 interim dividend – 2.25p)	1,928	1,994
2014 final dividend – 6.50p per 10p share (2013 final dividend – 6.00p)	5,646	5,647
	7,574	7,641

Following the year end, the board has proposed a final dividend for 2015 of 6.50p per 10p share, amounting to US\$5.10 million. Shareholders will again have the option to elect to receive the dividend in shares rather than in cash. Further information is published in the report of the directors on page 36. The dividend will be paid on or after 21 June 2016 to those shareholders on the register at the close of business on 22 April 2016.

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

NOTE 11 Discontinued operations

The Group completed the sale of its wholly-owned cattle property in Australia, Woodlands, in November 2015. This has been reported in these financial statements as a discontinued operation. The financial information relating to the discontinued operation for the period up to the date of disposal is set out below.

	2015 US\$'000	2014 US\$'000
Revenue	11,259	966
Expenses	(9,355)	(2,978)
Profit/(loss) before income tax	1,904	(2,012)
Loss on disposal of property	(408)	—
Profit/(loss) from discontinued operation	1,496	(2,012)

	2015 US\$'000	2014 US\$'000
Net cash inflow/(outflow) from operating activities	1,904	(4,133)
Net cash inflow from investing activities	20,862	4
Net cash outflow from financing activities	(16,058)	(5,487)
Net increase/(decrease) in cash generated by discontinued operations	6,708	(9,616)

NOTE 12 Basic and diluted earnings per share

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

	2015 US\$'000	2015 NUMBER OF SHARES	2014 US\$'000	2014 NUMBER OF SHARES
Profit for the year attributable to the owners of M P Evans Group PLC	24,084		25,065	
Average number of shares in issue		55,501,745		55,163,657
Diluted average number of shares in issue*		55,557,477		55,235,438

* 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.

	2015 US CENTS	2014 (RESTATED) US CENTS
Basic earnings per share		
From continuing operations attributable to equity holders of the company	40.70	49.08
From discontinued operation	2.69	(3.64)
Total basic earnings per share attributable to equity holders of the company	43.39	45.44
Diluted earnings per share		
From continuing operations attributable to equity holders of the company	40.66	49.02
From discontinued operation	2.69	(3.64)
Total diluted earnings per share attributable to equity holders of the company	43.35	45.38

NOTE 13 Goodwill

	2015 US\$'000	2014 US\$'000
At 1 January and 31 December	1,157	1,157

Goodwill is carried at cost. The directors have tested goodwill for impairment, concluding that the carrying amounts are recoverable. Goodwill has arisen in respect of the Group's projects in Indonesia in Kalimantan and on Bangka Island. The directors consider the fair value of these investments to exceed their carrying value by a significant margin. Given this, and the size of the goodwill balance, the directors do not consider it necessary to provide further detailed disclosures regarding impairment.

NOTE 14 Property, plant and equipment

	FREEHOLD LAND US\$'000	LEASEHOLD LAND US\$'000	PLANTING US\$'000	BUILDINGS US\$'000	PLANT, EQUIPMENT & VEHICLES US\$'000	CON- STRUCTION IN PROGRESS US\$'000	TOTAL US\$'000
Cost or valuation							
At 1 January 2015	24,087	30,773	93,493	52,803	34,300	2,813	238,269
Additions	151	3,024	8,121	451	1,861	14,811	28,419
Re-classification	—	—	—	3,911	—	(3,911)	—
Exchange differences	(2,234)	(44)	—	(456)	(283)	—	(3,017)
Disposals	(22,004)	—	(238)	(3,594)	(3,194)	—	(29,030)
At 31 December 2015	—	33,753	101,376	53,115	32,684	13,713	234,641
Accumulated depreciation							
At 1 January 2015	3,682	215	13,892	10,866	18,030	—	46,685
Charge for the year	—	18	4,122	2,910	2,819	—	9,869
Exchange differences	—	—	—	(128)	(231)	—	(359)
Disposals	(3,682)	—	(196)	(975)	(2,603)	—	(7,456)
At 31 December 2015	—	233	17,818	12,673	18,015	—	48,739
Net book value at 31 December 2015	—	33,520	83,558	40,442	14,669	13,713	185,902
Cost or valuation							
At 1 January 2014 (restated)	26,008	28,185	87,406	44,030	32,642	5,270	223,541
Additions	—	2,604	8,639	—	2,367	6,946	20,556
Re-classification	—	—	—	9,403	—	(9,403)	—
Exchange differences	(1,921)	(16)	—	(355)	(364)	—	(2,656)
Disposals	—	—	(2,552)	(275)	(345)	—	(3,172)
At 31 December 2014 (restated)	24,087	30,773	93,493	52,803	34,300	2,813	238,269
Accumulated depreciation							
At 1 January 2014 (restated)	2,566	201	11,254	8,382	15,667	—	38,070
Charge for the year	—	14	3,620	2,678	3,076	—	9,388
Exchange differences	—	—	—	(88)	(330)	—	(418)
Disposals	—	—	(982)	(106)	(383)	—	(1,471)
Impairment	1,116	—	—	—	—	—	1,116
At 31 December 2014 (restated)	3,682	215	13,892	10,866	18,030	—	46,685
Net book value at 31 December 2014 (restated)	20,405	30,558	79,601	41,937	16,270	2,813	191,584
Net book value at 1 January 2014 (restated)	23,442	27,984	76,152	35,648	16,975	5,270	185,471

As at 31 December 2015, the Group had entered into contractual commitments for the acquisition of property, plant and equipment of US\$9,108,000 (2014 US\$2,267,000).

Depreciation is charged to cost of sales, other than US\$45,000 (2014 US\$37,000) charged to other administrative expenses.

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

NOTE 15 Investments in associates

Details of the Group's subsidiary and associated undertakings are given on page 87. The Group's associated companies are all unlisted.

	SHARE OF NET ASSETS 2015 US\$'000	SHARE OF NET ASSETS 2014 (RESTATED) US\$'000
Share of net assets		
At 1 January	93,332	94,519
Exchange differences	(8,641)	(4,753)
Profit for the year	19,531	15,308
Dividends received	(7,637)	(11,742)
At 31 December	96,585	93,332
Goodwill		
At 1 January and 31 December	1,001	1,001
Carrying value		
At 31 December	97,586	94,333
At valuation		
Unlisted (directors' valuation)	212,000	202,000

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

	AGRO MUKO (36.84%) US\$'000	KERASAAN (38.00%) US\$'000	NAPCO (34.37%) US\$'000	BERTAM PROPERTIES (40.00%) US\$'000	TOTAL US\$'000
2015					
Revenue	18,640	2,230	33,730	12,209	66,809
Profit after tax	5,105	699	10,977	2,750	19,531
Non-current assets	22,759	1,660	84,466	8,238	117,123
Current assets	9,227	853	15,155	11,234	36,469
Total assets	31,986	2,513	99,621	19,472	153,592
Current liabilities	(2,359)	(287)	(3,334)	(2,738)	(8,718)
Non-current liabilities	(2,079)	(157)	(44,389)	(1,664)	(48,289)
Total liabilities	(4,438)	(444)	(47,723)	(4,402)	(57,007)
Net assets	27,548	2,069	51,898	15,070	96,585
Goodwill	735	—	266	—	1,001
Carrying value at 31 December	28,283	2,069	52,164	15,070	97,586
2014 (restated)					
Revenue	25,596	2,943	24,835	15,084	68,458
Profit after tax	9,856	1,093	1,454	2,905	15,308
Non-current assets	21,226	1,398	86,453	11,197	120,274
Current assets	12,067	1,077	11,619	13,238	38,001
Total assets	33,293	2,475	98,072	24,435	158,275
Current liabilities	(3,339)	(380)	(5,405)	(5,734)	(14,858)
Non-current liabilities	(1,985)	(156)	(45,786)	(2,158)	(50,085)
Total liabilities	(5,324)	(536)	(51,191)	(7,892)	(64,943)
Net assets	27,969	1,939	46,881	16,543	93,332
Goodwill	735	—	266	—	1,001
Carrying value at 31 December	28,704	1,939	47,147	16,543	94,333

NOTE 16 Investments

	2015 US\$'000	2014 US\$'000
Other available-for-sale financial investments (unlisted)		
At 1 January	96	102
Exchange differences	(18)	(6)
At 31 December	78	96

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

NOTE 17 Current biological assets

The figures in respect of f f b prior to harvest are based on the market price of f f b 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 f f b. This weight derives from the assumption that value accrues exponentially to f f b from the increase in oil content in the four weeks prior to harvest in terms of tonnage at any given month end, equivalent to 32.3615% of the following month's crop.

The chosen valuation methodology determines the value presented for f f b prior to harvest, different defensible valuation methods will give widely differing answers (see note 3s(i)). Changes to the assumed tonnage will have a directly equivalent proportional effect on the reported valuation.

The Group completed the sale of its Woodlands cattle operation in November 2015. Hence, there was no cattle on hand at 31 December 2015.

	2015 US\$'000	2014 (RESTATED) US\$'000
F f b prior to harvest		
Loss in fair value	(232)	(424)
Livestock		
Gain in fair value	4,578	1,545
Increase due to purchases	2,675	3,044
Decrease due to disposal and reclassification	(11,207)	(694)
Foreign-exchange loss	(485)	(49)
Change in carrying value of biological assets	(4,671)	3,422
At 1 January	5,564	2,142
At 31 December	893	5,564
F f b prior to harvest	893	1,124
Livestock	—	4,440
	893	5,564

NOTE 18 Inventories

	2015 US\$'000	2014 (RESTATED) US\$'000
Processed produce for sale	3,701	2,760
Estate stores	2,846	2,422
Nurseries	1,453	1,697
	8,000	6,879

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

NOTE 19 Trade and other receivables

	2015 US\$'000	2014 US\$'000
Trade receivables	687	1,116
Receivable from smallholder co-operatives	14,913	10,258
Other receivables	1,461	508
Prepayments and accrued income	1,255	1,338
	18,316	13,220
<i>Trade and other receivables analysed by currency of receivable</i>		
Indonesian Rupiah	17,187	12,144
US Dollar	865	865
Sterling	158	132
Australian Dollar	98	71
Malaysian Ringgit	8	8
	18,316	13,220

Sales of palm oil 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 2015 there was no provision for impairment of trade receivables (2014 US\$nil). The directors consider the carrying amount of trade and other receivables approximate their fair value.

NOTE 20 Cash and cash equivalents

	2015 US\$'000	2014 US\$'000
Cash and cash equivalents	44,214	48,042

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. The carrying value of these assets approximates their fair value. Of this balance, US\$ 18.4 million (2014 US\$20.1 million) has been pledged as security against bank loans.

	2015 US\$'000	2014 US\$'000
Cash and cash equivalents	44,214	48,042
Bank overdrafts and loans (see note 22)	(13,453)	(32,424)
Cash net of short-term borrowings	30,761	15,618

NOTE 21 Trade and other payables

	2015 US\$'000	2014 US\$'000
Trade payables	8,963	4,286
Amounts owed to associated undertakings	27	44
Other payables	6,219	8,225
	15,209	12,555

The average credit period taken for trade purchases is 42 days (2014 – 36 days). The Group has processes in place to ensure payables are settled within the agreed terms.

NOTE 22 Borrowings

	2015 US\$'000	2014 US\$'000
Secured borrowing at amortised cost		
Bank loans	32,675	46,527
Total borrowings		
Amount due for settlement within 12 months	13,453	32,424
Due for settlement in one to two years	8,956	4,677
Due for settlement in two to five years	10,266	9,426
	32,675	46,527

Bank loans from lenders in Malaysia are secured on the assets of Bertam Estate

Analysis of borrowings by currency

	US DOLLARS US\$'000	AUSTRALIAN DOLLARS US\$'000	TOTAL US\$'000
31 December 2015			
Bank loans	29,104	3,571	32,675
31 December 2014			
Bank loans	28,494	18,033	46,527

Facilities drawn during the year

In the UK, a revolving credit facility of US\$10 million was repaid and a 5-year term loan for the same amount was drawn in its place. Two additional revolving credit facilities were drawn in the amount of US\$5 million and US\$3.6 million (equivalent to A\$5 million).

Undrawn borrowing facilities

At 31 December 2015, the Group had no undrawn loan facilities.

Interest rates

The weighted-average interest rate paid during the year was as follows -

	2015 %	2014 %
Bank loans	4.1	6.3

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

NOTE 23 Net debt

	2015 US\$ '000	2014 US\$ '000
Cash and cash equivalents	44,214	48,042
Secured borrowing		
Indonesia	14,104	18,494
Australia	—	18,033
UK	18,571	10,000
	32,675	46,527
Net cash position	11,539	1,515
Net debt reconciliation		
At 1 January	1,515	(10,142)
Repayment of borrowings	30,449	16,548
Loans drawn down	(18,571)	—
Net change in cash and cash equivalents	(3,253)	(8,899)
Difference on foreign exchange	1,399	4,008
At 31 December	11,539	1,515

NOTE 24 Maturity of financial liabilities

The table below shows the anticipated cash outflows relating to the Group's financial liabilities based on the period remaining between the balance-sheet and contractual-maturity dates. Where borrowings carry a floating rate of interest, an estimate of future interest payments has been made by applying the interest rate in force at the balance-sheet date. Similarly, where liabilities are denominated in foreign currencies, the exchange rate at the balance-sheet date has been applied to all related future cash flows.

	0-1 YEAR US\$ '000	1-2 YEARS US\$ '000	2-5 YEARS US\$ '000
2015			
Trade and other payables	15,182	—	—
Amounts owed to associated undertakings	27	—	—
Short-term borrowings*	8,888	—	—
Term loans	5,136	9,408	10,749
	29,233	9,408	10,749
2014			
Trade and other payables	12,511	—	—
Amounts owed to associated undertakings	44	—	—
Short-term borrowings*	29,233	—	—
Term loans	4,622	5,168	10,911
	46,410	5,168	10,911

* Short-term borrowings are shown as being fully repaid at their contractual expiry date. The Group expects these loans to be renewed. Discussions are well advanced on drawing on three additional facilities, together amounting to US\$19.1 million, to support the Group's investment in its new mill on Bangka and planting on its new projects.

NOTE 25 Deferred tax

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

	ACCELERATED TAX DEPRECIATION US\$'000	REVALUATION OF LAND US\$'000	RETIREMENT BENEFIT OBLIGATIONS US\$'000	OTHER TIMING DIFFERENCES US\$'000	TOTAL US\$'000
At 1 January 2015	(3,776)	—	883	16,830	13,937
(Charge)/credit to income statement	(562)	—	269	4,919	4,626
Exchange differences	388	—	(94)	(2,210)	(1,916)
At 31 December 2015	(3,950)	—	1,058	19,539	16,647
At 1 January 2014 (restated)	(3,411)	(2,679)	734	17,449	12,093
(Charge)/credit to income statement	(477)	—	172	(638)	(943)
Transfer from revaluation reserve	—	2,460	—	—	2,460
Exchange differences	113	219	(23)	19	328
At 31 December 2014 (restated)	(3,775)	—	883	16,830	13,938

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

	2015 US\$'000	2014 (RESTATED) US\$'000
To be recovered after more than 12 months		
Deferred-tax assets	17,076	14,137
Deferred-tax liabilities	(429)	(199)
	16,647	13,938

At the balance-sheet date, the Group had unused tax losses of US\$97,760,000 (2014 US\$84,129,000) available for offset against future profits. A deferred-tax asset has been recognised in respect of US\$78,059,000 (2014 US\$65,529,000) of such losses. No deferred-tax asset has been recognised in respect of the remaining US\$19,701,000 (2014 US\$18,600,000) due to the unpredictability of future profit streams.

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\$269,806,000 (2014 US\$303,618,000). 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\$79,566,000 (2014 US\$75,049,000). No liability has been recognised in respect of these differences because either the Group is in a position to control the timing of the reversal of the temporary differences, or such a reversal would not give rise to an additional tax liability.

At the balance-sheet date, the aggregate amount of temporary differences associated with outstanding executive share options for which deferred-tax assets have not been recognised was US\$304,000 (2014 US\$323,000). No asset has been recognised in respect of these differences due to the unpredictability of future profit streams.

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

NOTE 26 Retirement-benefit obligations

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

	2015 %	2014 %
The main assumptions used to assess the Group's liabilities are		
Discount rate	9.00	8.50
Salary increase per annum	8.00	8.00
	2015 US\$'000	2014 US\$'000
Reconciliation of scheme liabilities		
Current-service cost	942	620
Past-service cost	86	48
Interest cost	300	259
Actuarial (loss)/gain	(312)	251
	1,016	1,178
less: Benefits paid out	(145)	(255)
Movement in the year	871	923
At 1 January	3,765	2,933
Exchange differences	(403)	(91)
At 31 December	4,233	3,765

NOTE 27 Share capital

	AUTHORISED NUMBER	ALLOTTED, FULLY PAID AND VOTING NUMBER	AUTHORISED £ 000	ALLOTTED FULLY PAID AND VOTING US\$ 000
At 1 January 2015	87,000,000	55,327,395	8,700	9,302
Issued during the year	—	373,049	—	58
At 31 December 2015	87,000,000	55,700,444	8,700	9,360
At 1 January 2014	87,000,000	55,034,876	8,700	9,253
Issued during the year	—	292,519	—	49
At 31 December 2014	87,000,000	55,327,395	8,700	9,302

During the year, no 10p shares were issued as the result of the exercise of share options (2014 – nil). In addition, a further 373,049 shares (2014 – 292,519 shares) were issued to shareholders who elected to take scrip in lieu of cash dividends. There were no cash receipts by the Company in respect of allotments in 2015 (2014 US\$nil).

NOTE 28 Share-based payments

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

	NUMBER OF SHARE OPTIONS	2015 WEIGHTED AVERAGE EXERCISE PRICE (IN BRITISH PENCE)	NUMBER OF SHARE OPTIONS	2014 WEIGHTED AVERAGE EXERCISE PRICE (IN BRITISH PENCE)
At 1 January	350,000	375.4	350,000	375.4
Granted during the year	20,000	412.5	—	—
Exercised during the year	—	—	—	—
At 31 December	370,000	355.1	350,000	375.4
Exercisable at the end of the year	280,000	343.7	200,000	287.9

No options were exercised in 2015, nor in 2014. The options outstanding at 31 December 2015 had a weighted-average remaining contractual life of 4.7 years and exercise prices in the range 159.5p to 520.0p. The Group recognised total expenses of US\$78,000 related to equity-settled share based payments (2014 US\$84,000). Details of the directors' share options are set out in the report of the board to the shareholders on directors' remuneration on pages 46 and 47.

NOTE 29 Reserves

	SHARE PREMIUM ACCOUNT US\$ '000	REVALU- ATION RESERVE US\$ '000	CAPITAL REDEMPTION RESERVE US\$ '000	MERGER RESERVE US\$ '000	SHARE OPTION RESERVE US\$ '000	SHARE OF ASSOCIATES' RESERVES US\$ '000	FOREIGN EXCHANGE RESERVE US\$ '000	TOTAL US\$ '000	RETAINED EARNINGS US\$ '000
At 1 January 2015 (restated)	28,195	2,792	4,087	766	448	32,259	711	69,258	212,949
Exchange differences	—	(30)	—	—	—	(7,378)	359	(7,049)	(3,353)
Release of deferred profit on sale of land	—	(263)	—	—	—	—	—	(263)	—
Retirement-benefit obligations	—	—	—	—	—	—	—	—	211
Issue of shares	2,308	—	—	—	—	—	—	2,308	—
Share-based payments	—	—	—	—	78	—	—	78	—
Dividends from associated undertakings	—	—	—	—	—	(7,637)	—	(7,637)	7,637
Profit for the financial year	—	—	—	—	—	19,531	—	19,531	4,553
Dividends paid (see note 10)	—	—	—	—	—	—	—	—	(7,574)
At 31 December 2015	30,503	2,499	4,087	766	526	36,775	1,070	76,226	214,423

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

NOTE 29 Reserves CONTINUED

continued

	SHARE PREMIUM ACCOUNT US\$ '000	REVALU- ATION RESERVE ¹ US\$ '000	CAPITAL REDEMPTION RESERVE US\$ '000	MERGER RESERVE US\$ '000	SHARE OPTION RESERVE US\$ '000	SHARE OF ASSOCIATES RESERVES US\$ '000	FOREIGN EXCHANGE RESERVE US\$ '000	TOTAL US\$ '000	RETAINED EARNINGS US\$ '000
At 1 January 2014 (restated)	26,065	9,513	3,896	1,056	364	32,986	1,332	75,212	190,939
Exchange differences	—	(524)	—	—	—	(4,293)	(621)	(5,438)	1,301
Release of deferred profit on sale of land	—	(506)	—	—	—	—	—	(506)	—
Retirement-benefit obligations	—	—	—	—	—	—	—	—	(183)
Issue of shares	2,130	—	—	—	—	—	—	2,130	—
Share-based payments	—	—	—	—	84	—	—	84	—
Statutory Indonesian reserve	—	—	191	—	—	—	—	191	(191)
Liquidation of dormant subsidiary	—	—	—	(290)	—	—	—	(290)	—
Transfer to retained earnings ²	—	(8,151)	—	—	—	—	—	(8,151)	8,151
Release of deferred tax	—	2,460	—	—	—	—	—	2,460	—
Dividends from associated undertakings	—	—	—	—	—	(11,742)	—	(11,742)	11,742
Sale of shares to minority	—	—	—	—	—	—	—	—	(926)
Profit for the financial year	—	—	—	—	—	15,308	—	15,308	9,757
Dividends paid (see note 10)	—	—	—	—	—	—	—	—	(7,641)
At 31 December 2014 (restated)	28,195	2,792	4,087	766	448	32,259	711	69,258	212,949

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

2 This amount had been treated as non-distributable since it arose on the disposal of some properties in Australia. On further investigation it was established that under IFRS this amount is distributable and was therefore transferred to retained earnings.

NOTE 30 Non-controlling interests

	2015 US\$'000	2014 (RESTATED) US\$'000
At 1 January	20,284	16,197
Share of profit in the year	1,311	3,198
Dividends paid	—	—
Share of retirement-benefit credit/(debit) charged to other comprehensive income	21	(37)
Transfer on sale of non-controlling interest by the Group	—	926
At 31 December	21,616	20,284

NOTE 31 Note to the consolidated cash-flow statement

	2015 US\$'000	2014 (RESTATED) US\$'000
Profit for the year	25,395	28,263
Discontinued operations	(1,496)	2,012
Share of associated companies' profit after tax	(19,531)	(15,308)
Tax charge	2,401	9,095
Finance costs	1,244	2,354
Finance income	(894)	(1,600)
Operating profit	7,119	24,816
Biological gain	(4,346)	(1,121)
Disposal of property, plant and equipment	438	833
Release of deferred profit	(263)	(506)
Depreciation of property, plant and equipment	9,869	9,388
Retirement-benefit obligations	871	923
Share-based payments	78	84
Discontinued operations	1,496	(2,012)
Dividends from associated companies	7,637	11,742
Operating cash flows before movements in working capital	22,899	44,147
Decrease/(increase) in inventories	7,399	(1,018)
Increase in receivables	(5,228)	(974)
Increase in payables	2,676	2,265
Cash generated by operating activities	27,746	44,420
Income tax paid	(6,271)	(12,910)
Interest paid	(1,244)	(2,354)
Net cash generated by operating activities	20,231	29,156

NOTE 32 Financial instruments**Capital-risk management**

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising returns to shareholders. The capital structure of the Group consists of debt (see note 22), cash and cash equivalents and equity attributable to the owners of the parent Company, comprising issued capital, reserves and retained earnings. The Group is not subject to any externally-imposed capital requirements.

The Group's board continues to monitor the capital structure based on the funding requirements of the Group. At the balance-sheet date the Group had cash net of short-term borrowings of US\$30,761,000 (2014 US\$15,618,000) as shown in note 20 and equity attributable to the owners of the parent Company of US\$300,009,000 (2014 US\$291,509,000). The board intends to fund its continuing Indonesian expansion by a combination of the Group's cash resources, disposal of its remaining Malaysian interests and by securing additional borrowing.

Categories of financial instruments

All of the Group's financial assets are classified as loans and receivables, with the exception of its other investments shown in note 16 which are classified as available-for-sale financial assets. All of the Group's financial liabilities are measured at amortised cost.

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

Financial-risk-management objectives

The main risks arising from the Group's financial instruments are foreign-currency, interest-rate, credit and liquidity. The board reviews and agrees the policies for managing these risks. The policies and the impact of these risks on the Group's balance sheet at the end of the financial year are summarised below.

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

NOTE 32 Financial instruments CONTINUED

continued

Foreign-currency risk

The majority of the Group's operations are undertaken in Indonesia, Australia and Malaysia. The Group does not have transactional currency exposures arising from sales or purchases by its operating units but the Group's balance sheet can be significantly affected by movements in exchange rates. Whilst the Group's trading takes place in local currencies in South East Asia, relevant commodity prices are determined in US Dollars in a world market which reduces the Group's currency risk. The Group has a policy not to hedge exchange-rate fluctuation and does not make use of forward-currency contracts.

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

	2015 US\$'000	2014 US\$'000
US Dollar	31,374	30,790
Indonesian Rupiah	9,856	15,597
Australian Dollar	2,051	465
Malaysian Ringgit	533	832
Sterling	400	358
	44,214	48,042

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

The Group is exposed to changes in foreign-currency exchange rates. This is in relation to the impact of movements on its non-US Dollar monetary assets, but also in relation to the consolidation of its non-US Dollar-functional-currency subsidiary and associated undertakings. The most significant sensitivities arise in respect of movements in the Australian Dollar and Malaysian Ringgit. Management estimates that a 10% weakening of the US Dollar against these currencies would have the following impact on the result and net assets of its two relevant associated undertakings:

	2015 US\$'000	2014 US\$'000
Australian Dollar		
Result for the year	1,003	(51)
Net assets	4,718	3,078
Malaysian Ringgit		
Result for the year	287	413
Net assets	1,941	2,266

Interest-rate risk

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

The Group's only financial liabilities other than short-term trade and other payables are the borrowings referred to in note 22. The term loans, denominated in US Dollars, carry interest charged at a monthly variable rate related to US Dollar LIBOR, the revolving credits, denominated in US Dollars and Australian Dollars, carry interest at a floating rate.

The Group's net position means it is not materially exposed to changes in interest rates on its financial assets and liabilities.

Credit risk

The Group's credit risk on cash deposits is described above. Regarding trade receivables, the Group performs a credit evaluation before extending credit to customers. The Group does not have any significant concentrations of credit risk (defined by management as more than 10% of gross monetary assets), other than in relation to bank deposits which management seeks to mitigate through the use of banks with high credit ratings, 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 eight years. The maturity profile for financial liabilities is shown in note 24.

NOTE 33 Reconciliation of change in accounting policy

As a result of a change in the Group's accounting policy referred to in note 2(a)(i), prior-year financial information has had to be restated. The following tables show the adjustment made to each individual line item. As permitted under transitional rules in IFRS, the effect of the change in accounting policy on the current period is not disclosed.

Balance sheet

	PREVIOUSLY REPORTED 31 DECEMBER 2014 US\$'000	ADOPTION OF AMENDED IAS 16 AND IAS 41 US\$'000	31 DECEMBER 2014 (RESTATED) US\$'000
Non-current assets			
Goodwill	1,157	—	1,157
Biological assets	163,538	(163,538)	—
Property, plant and equipment	111,983	79,601	191,584
Investments in associates	120,617	(26,284)	94,333
Investments	96	—	96
Deferred-tax asset	14,137	—	14,137
	411,528	(110,221)	301,307
Current assets			
Biological assets	4,440	1,124	5,564
Inventories	7,294	(415)	6,879
Trade and other receivables	13,220	—	13,220
Current-tax asset	2,029	—	2,029
Cash and cash equivalents	48,042	—	48,042
	75,025	709	75,734
Total assets	486,553	(109,512)	377,041
Current liabilities			
Borrowings	32,424	—	32,424
Trade and other payables	12,555	—	12,555
Current-tax liability	2,202	—	2,202
	47,181	—	47,181
Net current assets	27,844	709	28,553
Non-current liabilities			
Borrowings	14,103	—	14,103
Deferred-tax liability	21,183	(20,984)	199
Retirement-benefit obligations	3,765	—	3,765
	39,051	(20,984)	18,067
Total liabilities	86,232	(20,984)	65,248
Net assets	400,321	(88,528)	311,793
Equity			
Share capital	9,302	—	9,302
Other reserves	95,542	(26,284)	69,258
Retained earnings	267,064	(54,115)	212,949
Equity attributable to the owners of M P Evans Group PLC	371,908	(80,399)	291,509
Non-controlling interests	28,413	(8,129)	20,284
Total equity	400,321	(88,528)	311,793

NOTES TO THE CONSOLIDATED ACCOUNTS CONTINUED

NOTE 33 Reconciliation of change in accounting policy CONTINUED

continued

Balance sheet

	PREVIOUSLY REPORTED 31 DECEMBER 2013 US\$'000	ADOPTION OF AMENDED IAS 16 AND IAS 41 US\$'000	1 JANUARY 2014 (RESTATED) US\$'000
Non-current assets			
Goodwill	1,157	—	1,157
Biological assets	148,394	(148,394)	—
Property, plant and equipment	109,319	76,152	185,471
Investments in associates	122,856	(27,335)	95,521
Investments	102	—	102
Deferred-tax asset	14,996	—	14,996
	396,824	(99,577)	297,247
Current assets			
Biological assets	594	1,549	2,143
Inventories	7,990	277	8,267
Trade and other receivables	12,345	—	12,345
Current-tax asset	2,201	—	2,201
Cash and cash equivalents	56,348	—	56,348
	79,478	1,826	81,304
Total assets	476,302	(97,751)	378,551
Current liabilities			
Borrowings	31,710	—	31,710
Trade and other payables	10,311	—	10,311
Current-tax liability	4,313	—	4,313
	46,334	—	46,334
Net current assets	33,144	1,826	34,970
Non-current liabilities			
Borrowings	34,780	—	34,780
Deferred-tax liability	20,963	(18,060)	2,903
Retirement-benefit obligations	2,933	—	2,933
	58,676	(18,060)	40,616
Total liabilities	105,010	(18,060)	86,950
Net assets	371,292	(79,691)	291,601
Equity			
Share capital	9,253	—	9,253
Other reserves	102,548	(27,336)	75,212
Retained earnings	235,390	(44,451)	190,939
Equity attributable to the owners of M P Evans Group PLC	347,191	(71,787)	275,404
Non-controlling interests	24,101	(7,904)	16,197
Total equity	371,292	(79,691)	291,601

NOTE 33 Reconciliation of change in accounting policy CONTINUED
continued

Income statement

	PREVIOUSLY REPORTED RESULT FOR YEAR ENDED 31 DECEMBER 2014 US\$'000	ADOPTION OF AMENDED IAS 16 AND IAS 41 US\$'000	YEAR ENDED 31 DECEMBER 2014 (RESTATED) US\$'000
Continuing operations			
Revenue	89,956	—	89,956
Cost of sales	(54,230)	(3,959)	(58,189)
Gross profit	35,726	(3,959)	31,767
Gain/(loss) on biological assets	15,144	(15,568)	(424)
Planting expenditure	(6,314)	6,314	—
Foreign-exchange losses	(2,379)	—	(2,379)
Other administrative expenses	(4,596)	—	(4,596)
Other income	448	—	448
Operating profit	38,029	(13,213)	24,816
Finance income	1,600	—	1,600
Finance costs	(2,757)	403	(2,354)
Group-controlled profit before tax	36,872	(12,810)	24,062
Tax on profit on ordinary activities	(12,018)	2,923	(9,095)
Group-controlled profit after tax	24,854	(9,887)	14,967
Share of associated companies' profit after tax	14,256	1,052	15,308
Profit after tax and before discontinued operations	39,110	(8,835)	30,275
Discontinued operations	(2,012)	—	(2,012)
Profit for the year	37,098	(8,835)	28,263

Cash flow

Cash flow from operating, investing and financing activities is unaffected by this change of accounting policy

NOTE 34 Related-party transactions

Remuneration of key management personnel

The remuneration of the directors, who are the key management personnel of the Group, is set out in the report of the board to the shareholders on directors' remuneration on page 45. The directors' participation in the executive share-option scheme is disclosed on page 47.

The Group received dividends from its associated companies during the year. These are set out in note 15 on page 66.

INDEPENDENT AUDITORS' REPORT

To the members of M.P. Evans Group PLC parent-Company

REPORT ON THE PARENT-COMPANY FINANCIAL STATEMENTS

OUR OPINION

In our opinion, M P Evans Group PLC's parent-Company financial statements ("financial statements")

- ▶ give a true and fair view of the state of the parent-Company's affairs as at 31 December 2015,
- ▶ have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- ▶ have been prepared in accordance with the requirements of the Companies Act 2006

WHAT WE HAVE AUDITED

The financial statements, included within the annual report, comprise

- ▶ the parent-Company balance sheet as at 31 December 2015, and
- ▶ the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information

Certain required disclosures have been presented elsewhere in the annual report, rather than in the notes to the financial statements. These are cross-referenced from the financial statements and are identified as audited

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice)

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, the information given in the strategic report and the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion

- ▶ we have not received all the information and explanations we require for our audit, or
- ▶ 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 financial statements are not in agreement with the accounting records and returns

We have no exceptions to report arising from this responsibility

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the statement of directors' responsibilities set out on pages 39 and 40, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the parent-Company's members as a body in accordance with chapter 3 of part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other

person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of

- ▶ whether the accounting policies are appropriate to the parent-Company's circumstances and have been consistently applied and adequately disclosed,
- ▶ the reasonableness of significant accounting estimates made by the directors, and
- ▶ the overall presentation of the financial statements

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw

conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both

In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

OTHER MATTER

We have reported separately on the Group financial statements of M P Evans Group PLC for the year ended 31 December 2015



Timothy McAllister (Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

21 April 2016

PARENT-COMPANY BALANCE SHEET

At 31 December 2015

	NOTE	2015 US\$'000	2014 US\$'000
Non-current assets			
Property, plant and equipment	iv	934	913
Investments in subsidiaries	v	31,494	31,494
		32,428	32,407
Current assets			
Trade and other receivables	vi	161,772	94,716
Cash and cash equivalents		434	7,545
		162,206	102,261
Total assets	vii	194,634	134,668
Current liabilities	vii		
Trade and other payables		46,025	48,683
Net current assets		116,181	53,578
Non-current liabilities			
Borrowings		9,796	—
Total liabilities		55,821	48,683
Net assets		138,813	85,985
Equity			
Share capital	ix	9,360	9,302
Other reserves	ix	36,359	33,973
Retained earnings		93,094	42,710
Total equity	x	138,813	85,985

The financial statements of pages 82 to 86 were approved by the board of directors on 21 April 2016 and signed on its behalf by

Tristan Price
Director



Philip Fletcher
Director



TO THE PARENT-COMPANY BALANCE SHEET

For the year ended 31 December 2015

NOTE i Significant accounting policies

Basis of accounting

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 principal accounting policies are summarised below. The directors have concluded that the functional currency is the US Dollar.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- ▶ Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment',
- ▶ IFRS 7, 'Financial Instruments: Disclosures',
- ▶ IAS 7, 'Statement of cash flows',
- ▶ Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of IAS 16 paragraph 73(e) – A reconciliation showing the carrying amounts of property, plant and equipment at the beginning and end of the period need not be presented for prior periods,
- ▶ Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective),
- ▶ Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation) and the requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

The transition to FRS 101 has not materially affected the reported financial position and financial performance of the Company. The comparative figures in respect of 2014 are unchanged from those previously reported. 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.

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.

Cash and cash equivalent

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

Trade and other payables

These are measured at amortised cost.

NOTES TO THE PARENT-COMPANY BALANCE SHEET CONTINUED

NOTE II Profit for the year

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year. M P Evans Group PLC reported a profit for the year ended 31 December 2015 of US\$57,958,000 (2014 profit US\$36,754,000)

The auditors' remuneration for audit and other services was US\$20,000 (2014 US\$20,000)

NOTE III Employees

	2015 US\$'000	2014 US\$'000
Employee costs during the year		
Wages and salaries	1,678	1,946
Social-security costs	231	221
Pension costs	76	80
Shared-based payments	78	84
	2,063	2,331

As recorded in the report of the board to the shareholders on directors' remuneration on page 45, wages and salary costs include bonuses paid to the directors in respect of 2015 and 2014

	NUMBER	NUMBER
Average monthly number of persons employed		
Staff	4	4
Directors	3	3
	7	7

NOTE IV Property, plant and equipment

	BUILDINGS US\$'000	PLANT, EQUIPMENT & VEHICLES US\$'000	TOTAL US\$'000
Cost			
At 1 January 2015	834	229	1,063
Additions	—	66	66
Disposals	—	(38)	(38)
At 31 December 2015	834	257	1,091
Accumulated depreciation			
At 1 January 2015	—	150	150
Charge for the year	—	45	45
Disposals	—	(38)	(38)
At 31 December 2015	—	157	157
Net book value at 31 December 2015	834	100	934
Net book value at 31 December 2014	834	79	913

NOTE v Investments in subsidiaries

	US\$'000
Subsidiary undertakings	
At 1 January and 31 December 2015	31,494
At 1 January and 31 December 2014	31,494

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
Sungkar Holdings Limited	UK	100
Bertam (UK) Limited	UK, Australia	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 87.

NOTE vi Trade and other receivables

	2015 US\$'000	2014 US\$'000
Amounts owed by subsidiary undertakings	161,613	94,585
Other debtors	31	76
Prepayments and accrued income	128	55
	161,772	94,716

NOTE vii Trade and other payables

	2015 US\$'000	2014 US\$'000
Amounts owed to subsidiary undertakings	36,308	37,692
Borrowings	8,775	10,000
Other creditors	942	991
	46,025	48,683

NOTE viii Called-up share capital

See note 27 to the consolidated financial statements on page 72.

NOTES TO THE PARENT-COMPANY BALANCE SHEET CONTINUED

NOTE ix Reserves

	SHARE PREMIUM ACCOUNT US\$'000	CAPITAL REDEMPTION RESERVE US\$'000	MERGER RESERVE US\$'000	OTHER RESERVES US\$'000	TOTAL US\$'000	RETAINED EARNINGS US\$'000
At 1 January 2015	28,195	3,896	1,434	448	33,973	42,710
Issue of shares	2,308	—	—	—	2,308	—
Share-based payments	—	—	—	78	78	—
Profit for the financial year	—	—	—	—	—	57,958
Dividends*	—	—	—	—	—	(7,574)
At 31 December 2015	30,503	3,896	1,434	526	36,359	93,094

* See note 10 to the consolidated financial statements on page 63

NOTE x Reconciliation of movement in shareholders' funds

	2015 US\$'000	2014 US\$'000
Profit for the financial year	57,958	36,754
Dividends declared	(7,574)	(7,641)
	50,384	29,113
Issue of shares	2,366	2,179
Share-based payments	78	84
Net increase in shareholders' funds	52,828	31,376
At 1 January	85,985	54,609
At 31 December	138,813	85,985

SUBSIDIARY AND ASSOCIATED UNDERTAKINGS

SUBSIDIARY UNDERTAKINGS

Details of the Group's subsidiary undertakings as at 31 December 2015 are as follows -

NAME OF SUBSIDIARY	% OF SHARES HELD	COUNTRY OF INCORPORATION	COUNTRY OF OPERATION	FIELD OF ACTIVITY
PT Pangkatan Indonesia	80	Indonesia	Indonesia	Production of crude palm oil and palm kernels
PT Bilah Plantido	80	Indonesia	Indonesia	Production of crude palm oil and palm kernels
PT Sembada Sennah Maju	80	Indonesia	Indonesia	Production of crude palm oil and palm kernels
PT Simpang Kiri Plantation Indonesia	80	Indonesia	Indonesia	Production of crude palm oil and palm kernels
PT Prima Mitrajaya Mandiri	95	Indonesia	Indonesia	Production of crude palm oil and palm kernels
PT Teguh Jayaprima Abadi	95	Indonesia	Indonesia	Production of crude palm oil and palm kernels
PT Gunung Pelawan Lestari	90	Indonesia	Indonesia	Production of crude palm oil and palm kernels
PT Evans Lestari	80	Indonesia	Indonesia	Production of crude palm oil and palm kernels
PT Evans Indonesia	100	Indonesia	Indonesia	Provision of agronomic and management-consultancy services
Gubbagunyah Partnership	100	Australia	Australia	Beef-cattle farming - discontinued November 2015
Bertam Consolidated Rubber Company Limited	100	England & Wales	Malaysia	Property development and production of oil-palm f f b
Bertam (U K) Limited	100	England & Wales	United Kingdom & Australia	Beef-cattle farming
M P Evans & Co Limited	100	England & Wales	United Kingdom	Holding company
Lendu Australia Pty Ltd	100	Australia	Australia	Beef-cattle farming
Sungkai Holdings Limited	100	England & Wales	United Kingdom	Holding company
Lendu (U K) Limited	100	England & Wales	United Kingdom	Dormant
Sungkai Estates Limited	100	England & Wales	United Kingdom	Dormant
Supara Investments Limited	100	England & Wales	United Kingdom	Dormant
The Singapore Para Rubber Estates, Limited	100	England & Wales	United Kingdom	Dormant

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

ASSOCIATED UNDERTAKINGS

Details of the associated undertakings as at 31 December 2015 are as follows -

	ISSUED, FULLY-PAID SHARE CAPITAL	% HELD	COUNTRY OF INCORPORATION	COUNTRY OF OPERATION	FIELD OF ACTIVITY
Unlisted					
PT Agro Muko	Rp54,578.70m	36.84	Indonesia	Indonesia	Production of crude palm oil, palm kernels and rubber
PT Kerasan Indonesia	Rp138.07m	38.00	Indonesia	Indonesia	Production of oil-palm f f b
The North Australian Pastoral Company Pty Limited	A\$16.80m	34.37	Australia	Australia	Beef-cattle farming
Bertam Properties Sdn Berhad	RM60.00m	40.00	Malaysia	Malaysia	Property development

ANALYSIS OF PLANTATION LAND AREAS

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

	OWNERSHIP %	MATURE HA	IMMATURE HA	TOTAL PLANTED HA	INFRA- STRUCTURE/ CONSERVATION AREAS HA	TOTAL HA	CO-OPERATIVE SCHEMES PLANTED HA
Subsidiaries – oil palm							
Pangkalan	80 00	2,177	256	2,433	153	2,586	
Bilah	80 00	2,490	366	2,856	100	2,956	
Sennah	80 00	1,462	219	1,681	132	1,813	
Total Pangkatan group		6,129	841	6,970	385	7,355	
Simpang Kiri	80 00	2,002	418	2,420	131	2,551	
Total Sumatra		8,131	1,259	9,390	516	9,906	
East Kalimantan	95 00	9,321	451	9,772	4,289	14,061 ¹	4,240
Bangka	90 00	3,089	2,320	5,409	1,255	6,664 ¹	2,911
Musi Rawas	95 00	—	795	795	78	873 ²	234
Total new Indonesian projects		12,410	3,566	15,976	5,622	21,598	7,385
Total Indonesia		20,541	4,825	25,366	6,138	31,504	7,385
Total Malaysia – Bertam Estate	100 00	65	—	65	5	70	—
Total subsidiaries		20,606	4,825	25,431	6,143	31,574	7,385
Group share of subsidiaries' land		18,206	4,278	22,484	5,697	28,181	—
Associates							
Agro Muko – oil palm	36 84	15,622	2,197	17,819	3,033	20,852	669
– rubber	36 84	1,068	638	1,706	394	2,100	—
		16,690	2,835	19,525	3,427	22,952	669
Kerasaan – oil palm	38 00	1,648	659	2,307	56	2,363	—
Total associates		18,338	3,494	21,832	3,483	25,315	669
Group share of associates' land		6,774	1,294	8,068	1,283	9,351	—
Memorandum							
Group share of subsidiaries' land and share of associates' land		24,980	5,572	30,552	6,980	37,532	
Subsidiaries' land and Group share of associates' land		27,380	6,119	33,499	7,426	40,925	

Notes

- 1 The currently-estimated total plantable area for Group ownership is 10,600 hectares in East Kalimantan and 6,000 hectares on Bangka, for the co-operatives 4,400 hectares in East Kalimantan and 4,000 hectares on Bangka
- 2 In 2012, the Group acquired a concession in South Sumatra over a gross area of 20,000 hectares. It is not yet clear how much will be plantable but the board has made an initial estimate that it may be possible to plant 10,000 hectares, of which 7,000 hectares would relate to the Group and 3,000 hectares to the smallholders' co-operatives

5-YEAR SUMMARY*

	2015 TONNES	2014 TONNES	2013 TONNES	2012 TONNES	2011 TONNES
Production					
Crude palm oil	102,200	95,000	82,900	75,400	35,600
Palm kernels	20,600	18,400	16,400	14,800	8,700
Crops					
Oil-palm fresh fruit bunches ("f f b ")					
Indonesian majority-owned estates	423,900	385,500	344,200	317,000	249,300
Indonesian associated company estates	382,100	386,900	387,000	408,600	401,200
	US\$	US\$	US\$	US\$	US\$
Average sale prices					
Crude palm oil – Rotterdam c i f per tonne	622	821	856	998	1,123
Exchange rates					
US\$1 = Indonesian Rupiah – average	13,390	11,864	10,449	9,355	8,763
– year end	13,795	12,440	12,189	9,670	9,068
US\$1 = Australian Dollar – average	1 33	1 11	1 04	0 97	0 97
– year end	1 37	1 22	1 12	0 96	0 98
US\$1 = Malaysian Ringgit – average	3 91	3 27	3 15	3 09	3 06
– year end	4.29	3 50	3 28	3 06	3 17
£1 = US Dollar – average	1 53	1 65	1 56	1 59	1 60
– year end	1 47	1 56	1 66	1 63	1 56
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	72,528	89,956	82,186	83,213	57,756
Gross profit	15,059	31,767	24,735	23,035	25,919
Group-controlled profit before tax	6,769	24,062	6,530	12,185	21,038
	US CENTS	US CENTS	US CENTS	US CENTS	US CENTS
Basic earnings per share	43 39	45 44	26 28	27 70	56 71
	PENCE	PENCE	PENCE	PENCE	PENCE
Dividend per share	8.75	8 75	8 25	8 00	8 00
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Equity attributable to the owners of M P Evans Group PLC	300,009	291,509	274,091	284,094	273,600
Net cash generated by operating activities	20,231	29,156	19,494	33,897	48,339

* Figures have been adjusted retrospectively to reflect the adoption of the amendment to International Accounting Standards 16 and 41 (see note 2(a)(i))

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of M P Evans Group PLC will be held at Tallow Chandlers' Hall, 4 Dowgate Hill, London EC4R 2SH on 10 June 2016 at 12 noon for the following purposes -

AS ORDINARY BUSINESS

	RESOLUTION ON FORM OF PROXY
1 To receive and consider the report of the directors and the audited consolidated financial statements for the year ended 31 December 2015	No 1
2 To re-elect Mr T R J Price as a director	No 2
3 To re-elect Mr P A Fletcher as a director	No 3
4 To re-elect Mr R M Robinow as a director	No 4
5 To re-elect Mr J D Shaw as a director	No 5
6 To elect Mr B C Tozer as a director	No 6
7 To declare a final dividend	No 7
8 To re-appoint PricewaterhouseCoopers LLP as auditors and to authorise the directors to determine their remuneration	No 8

AS SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions, of which resolution 9 will be proposed as an ordinary resolution and resolutions 10 and 11 will be proposed as special resolutions -

	RESOLUTION ON FORM OF PROXY
9 That, in substitution for all existing unexercised authorities, the authority conferred on the directors by article 7 2 of the Company's articles of association be renewed (unless previously renewed, varied or revoked) for a period ending on the earlier of the date of the Company's next annual general meeting and 30 June 2017 and, for that period, the Section 551 Amount is £1,856,681	No 9
10 That, in substitution for all existing unexercised authorities, the authority conferred on the directors by article 7 3 of the Company's articles of association be renewed and extended (unless previously renewed, varied or revoked) for a period ending on the earlier of the date of the Company's next annual general meeting and 30 June 2017 so that the directors are authorised to allot shares pursuant to article 7 3 of the Company's articles of association and to sell treasury shares for that period in an aggregate amount of up to £278,502 (the Section 561 Amount)	No 10
11 That the Company is hereby generally and unconditionally authorised to make market purchases (within the meaning of section 693 of the Companies Act 2006) of shares of 10p each in the capital of the Company provided that - a) the maximum number of shares hereby authorised to be purchased is 5,570,044 b) the minimum price which may be paid for each share is 10p (exclusive of expenses), c) the maximum price (exclusive of expenses) which may be paid for each share is an amount equal to 105% of the average of the middle-market quotations for such shares as derived from the Daily Official List of the London Stock Exchange for the five business days immediately preceding the day of purchase, and d) the authority hereby conferred shall expire at the conclusion of the next annual general meeting of the Company or on 30 June 2017 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	No 11

By order of the board

Claire Hayes
Company Secretary

21 April 2016



Notes

- 1 A member of the Company entitled to attend, speak and vote at the meeting convened by this notice may appoint a proxy to exercise all or any of his or her rights to attend, speak and vote at the meeting on his or her behalf. A proxy need not be a member of the Company. Appointment of a proxy will not subsequently preclude a member from attending and voting at the meeting in person if he or she so wishes. A member may appoint more than one proxy provided that each proxy is appointed to exercise the rights attached to different shares held by the member. The form of proxy contains instructions on how to appoint more than one proxy.
- 2 A form of proxy for use at the meeting is enclosed. Please return the form of proxy as soon as possible. To be valid, it must be received by post or (during normal business hours only) by hand at the office of the registrars, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ no later than 12 noon on 8 June 2016 (or, if the meeting is adjourned, no later than 48 hours before the time for holding the adjourned meeting, or, if a poll is taken otherwise than at or on the same day as the meeting at which it is demanded, no later than 24 hours before the time appointed for the taking of the poll).
- 3 The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with section 146 of the Companies Act 2006 ("nominated persons"). Nominated persons may have a right under an agreement with the registered shareholder who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.
- 4 Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company has specified that only those shareholders registered on the register of members of the Company at 11.00 p.m. on 8 June 2016 (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 21 April 2016, the Company's issued share capital consisted of 55,700,444 shares carrying one vote each. Therefore the total number of voting rights in the Company as at that date was 55,700,444.
- 6 Copies of the directors' service contracts and terms and conditions of appointment will be available for inspection at the registered office of the Company during normal business hours and at the place of the meeting from 15 minutes prior to the meeting until its conclusion.
- 7 Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member, but powers purported to be exercised by more than one authorised representative in respect of the same shares will be treated as not exercised.
- 8 Members who wish to communicate with the Company in relation to the meeting should do so by writing to the Registrars at The Pavilions, Bridgwater Road, Bristol BS99 6ZZ. No other methods of communication will be accepted. In particular, no person may use any electronic address to communicate with the Company for any purposes other than those expressly stated in the relevant document.

Any addressee of this notice who has sold or transferred all of the shares of the Company held by him or her should pass the annual report of which this notice forms part (including the form of proxy enclosed herewith) to the person through whom the sale was effected for transmission to the transferee or purchaser.

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