2023 Annual Report

Anglo-Eastern Plantations Plc

Company Number: **1884630**

Contents

About Anglo-Eastern Plantations

The group comprising Anglo-Eastern Plantations Plc ("AEP") and its subsidiaries (the "Group"), is a major producer of palm oil and to a lesser extent rubber with plantations across Indonesia and Malaysia, amounting to approximately 90,500 ha, following the sale of the three non performing plantations in South Sumatera.

Newly built BioCNG Plant in Blankahan

Progressive Replanting in Bengkulu

Loading of CPO at Buntok jetty (Kalimantan)

- AEP has a Premium Listing on the Main Market of the London Stock Exchange. The Company was listed in 1985.
- Primary activities are the crop production and processing of palm oil and some rubber.
- Palm oil is an important commodity and the industry employs millions of workers directly and indirectly across Indonesia and Malaysia. It is used extensively in food, cosmetics, consumer products and biofuel.
- The Group is committed to the responsible development of its plantations and facilities with particular attention to both the environment and society in which it operates.
- AEP mitigates the impact on the environment by capturing methane gas emissions from four of our mills and generating renewable energy though its biogas plants. Construction of the first Compressed Natural Gas ("BioCNG") plant has been completed, which purifies and compress methane gas for industrial use, replacing the more environmentally harmful fossil fuel.

About Anglo-Eastern Plantations

Oil Palm Plantations
The Group has developed over 56,700 ha of mature oil palm in thirteen plantations across Indonesia, together with one plantation in Malaysia. The weighted average age of the trees in the Group is approximately 14 years. In Indonesia, the trees averaged about 14 years while in Malaysia the trees are older at 26 years. The Group's Fresh Fruit Bunches ("FFB") production in 2023 reached 1.11 million mt of which 1.10 million mt was from continuing operations.

Oil Palm Development
An Oil Palm tree usually takes about three years from planting to harvest of the first crop and will reach full production after a further five years. The Group has approximately 8,100 ha of immature plantations of which 1,923 ha were planted in 2023.

Palm Oil Mills
The Group operates seven palm oil mills processing up to a combined 400 mt of FFB per hour. The combined oil extraction rate ("OER") in 2023 averaged 20.84% while kernel extraction rate ("KER") averaged 4.82%. The Group has a combined capacity to store up to 64,400 mt of crude palm oil ("CPO") at its seven mills.

Third Party Crop Purchases
In 2023 the Group purchased approximately 1.08 million mt of FFB from third party producers, comprising small plantations, local farmers and plasma, for processing through its mills. The total FFB throughput at the Group's mills in 2023 was 2.16 million mt producing 449,000 mt of CPO and 103,900 mt of kernel.

Rubber Plantations
In 2023 the 258 ha of established rubber plantations produced 408 mt of raw latex and rubber lumps. By next year, the rubber plantations will be replanted with oil palms which provides a better return. The average age of the rubber trees is 16 years. The yield in 2023 was 1.58 mt/ha.

Biogas Plants
Four mills are equipped with biogas plants to capture the methane gas emission to generate electricity for its own consumption, with the surplus sold to the Indonesian state authorities. This reduces the mills' reliance on fossil fuels and improves the Group's carbon footprint. In 2023 the Group sold 22,900 MWh of surplus electricity. The Blankahan mill added a BioCNG plant in 2023 with a capacity to produce up to 760 MMBTU/day. Commercial operation will begin in early 2024 after it obtains all the safety certifications.

Financial Highlights

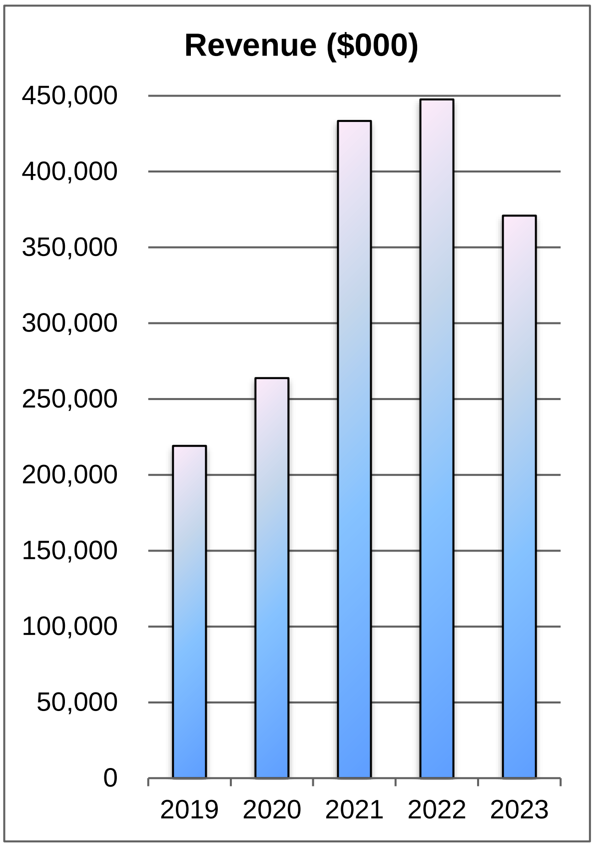
The Group key performance indicators ("KPI") as required in accordance with the requirements of s414C, Companies Act 2006 are as follows:

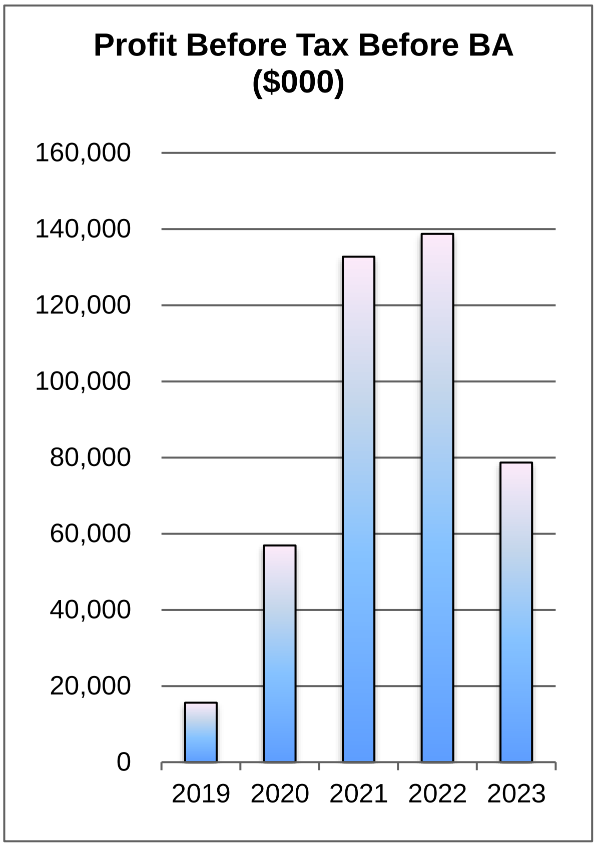
Continuing operations	2023 $m	2022 $m	% change
Revenue	**371.0**	447.6	-17%
Profit before tax:			
- before biological assets ("BA") movement	**78.7**	138.7	-43%
- after BA movement	**77.8**	132.9	-41%
Basic Earnings per ordinary share ("EPS"):			
- before BA movement	**130.24cts**	245.25cts	-47%
- after BA movement	**128.82cts**	235.74cts	-45%
Dividend (cents)	**30.0cts**	25.0cts	

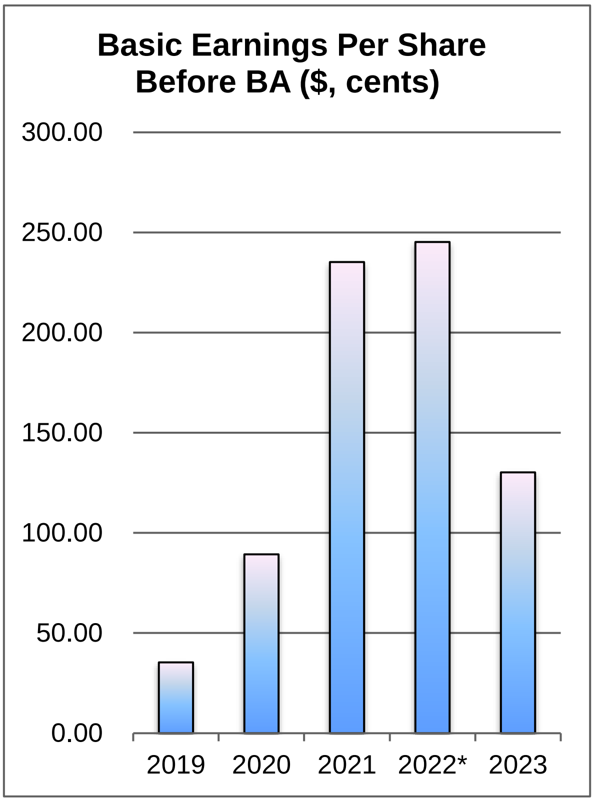
AEP 10 years Share Performance

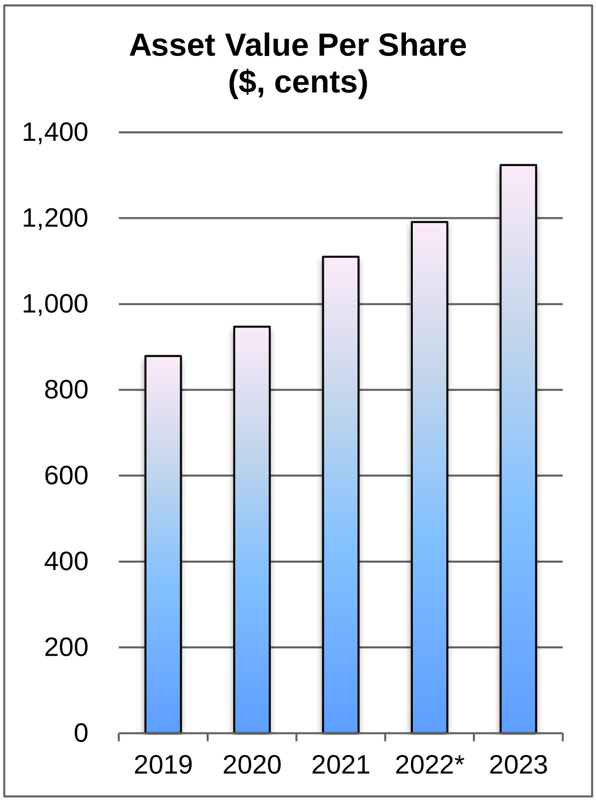
Source: Financial Times

Financial Highlights



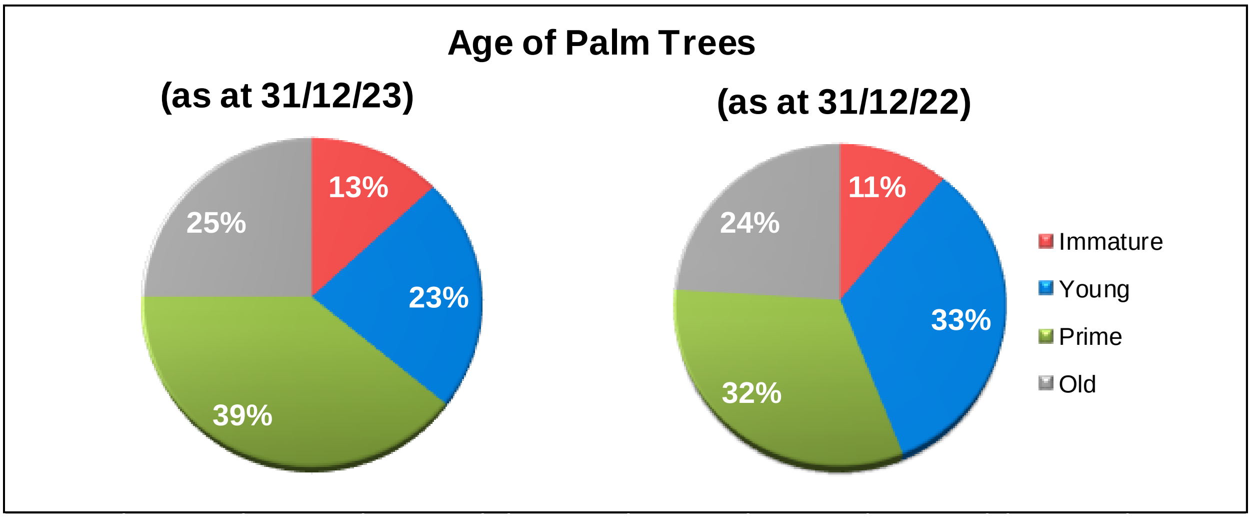


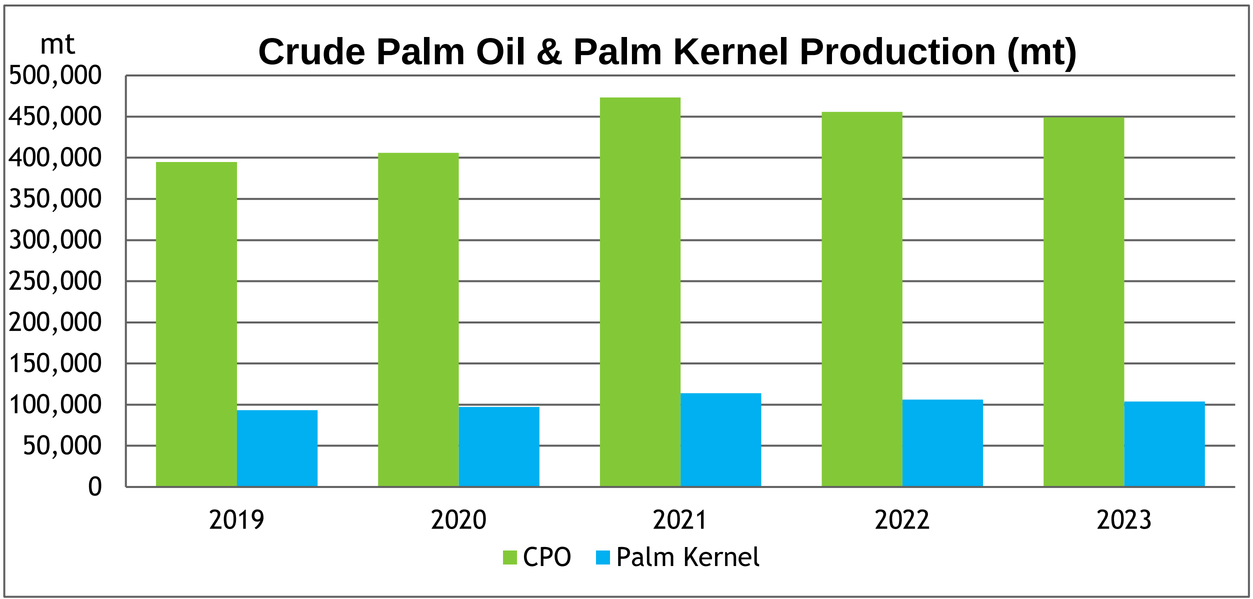


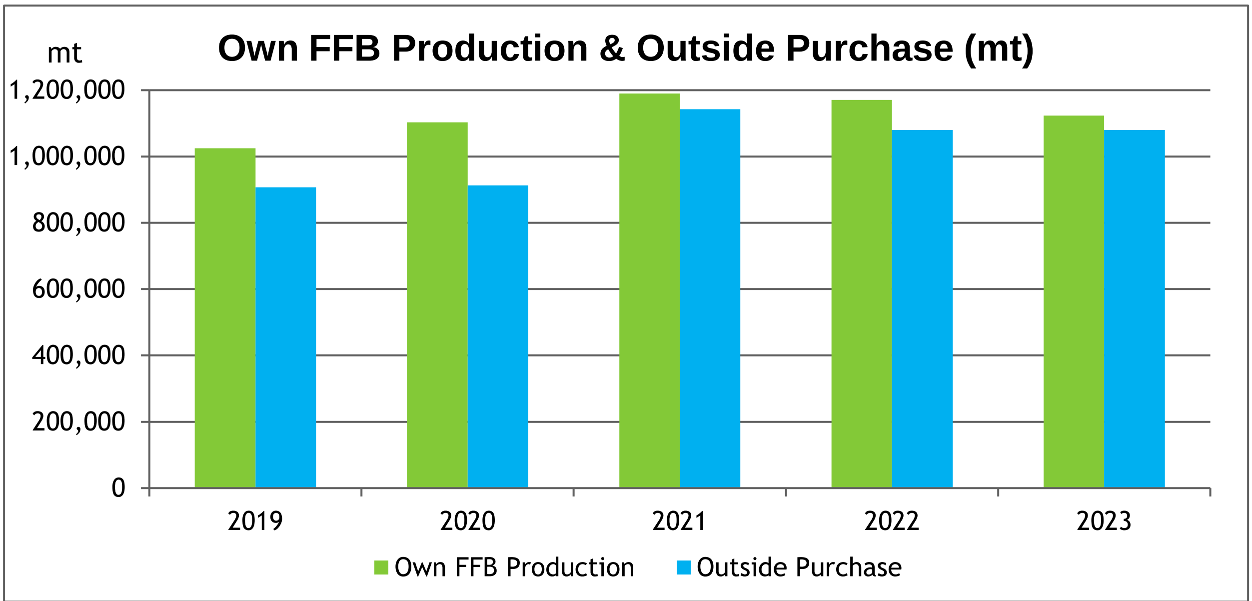


* The details of prior year restatement are disclosed in note 32.

Key Information







Shareholder Information

Market capitalisation
The market capitalisation of Anglo-Eastern Plantations Plc in the United Kingdom ("UK") at 31 December 2023 was £265 million (2022: £317 million). The ordinary share price at the close of business on 26 April 2024 was 762 pence giving a market capitalisation of £301 million.

Website
https://www.angloeastern.co.uk/ contains various details and information on the Company and its operations, together with all the key historical financial and regulatory information on the Company. The website is updated on a continuing basis incorporating all Company announcements and other relevant developments, including environment, social and governance matters ("ESG") and share price movements.

The website allows shareholders and investors to select and receive e-mail alerts from the Company on selected regulatory news. Shareholders are encouraged to use e-mail alerts to follow the development of the Company.

Investor relations

Investors requiring further information on the Company are invited to contact:

Dato' John Lim Ewe Chuan
Executive Director
Anglo-Eastern Plantations Plc
Quadrant House, 6th Floor
4 Thomas More Square
London E1W 1YW
United Kingdom

Tel: 44 (0) 20 7216 4621
Fax: 44 (0) 20 7767 2602
Email: datojohnlim@angloeastern.co.uk

Registrar
Administrative queries about holdings of AEP shares can be directed to the Company's Registrar:

Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
United Kingdom

Tel: +44 (0) 370 703 0164
Email: web.corres@computershare.co.uk

Shareholders can view and update their account details via the Computershare website, details of which can be found at https://www-uk.computershare.com/investor/.

Shareholder Information

Annual General Meeting
The 39th Annual General Meeting ("AGM") of the Company will be held at the offices of UHY Hacker Young LLP, 6th floor Quadrant House, 4 Thomas More Square, London E1W 1YW on Monday, 24 June 2024 at 11 am (UK time). Notice of the meeting will be sent out to shareholders later.

Submission of proxy voting
Shareholders will receive a hard copy of the proxy form for the 2024 AGM. Shareholders will also be able to vote electronically by visiting http://www.investorcentre.co.uk/eproxy. Login details such as Control Number and Pin can be located on the Proxy Form included with this Notice. Shareholders who have elected for electronic communication will receive their login details via email. Proxy votes must be received no later than 9.30 am (UK time) on Thursday, 20 June 2024. To be effective, all proxy appointments must be lodged with the Company's Registrars at Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ. Holders receiving electronic communication and those with deemed consent can request to receive physical copies by contacting Computershare on +44 (0)370 703 0164.

Amalgamation of accounts
Shareholders receiving multiple copies of Company mailings as a result of several accounts being maintained in their name are invited to write to the Company's Registrar at the above address to request that their accounts be amalgamated.

Payment of dividends
While the dividend is declared in US Dollars, shareholders can choose to receive their dividends in Pounds Sterling. In the absence of any specific instruction up to the date of closing of the register, shareholders with addresses in the UK will be deemed to have elected to receive their dividends in Pounds Sterling and those with addresses outside the UK will be deemed to have elected to receive their dividends in US Dollars.

The Pounds Sterling equivalent dividend will be paid at the exchange rate prevailing at the date of closing of the register.

Shareholders are encouraged to switch to digital dividend payments rather than payment through their nominated bank accounts or via cheque. Receiving payments via CREST will reduce the back-office resources application and meets AEP sustainability commitments to shareholders, investors and the market. The switch is easy and you can change your payment instruction by logging online through Computershare Investor Services website.

Electronic communications
Computershare Investor Services PLC offers AEP shareholders the opportunity to manage their shareholding online, through the Investor Centre.

Registration is free and can be used to manage shareholdings quickly and securely. To register for this service, please go to https://www-uk.computershare.com/investor/ and follow the instructions.

2023 was a year of rationalisation and consolidation for the AEP Group.

On 5 July 2023 AEP announced that it had concluded the sale of the three non-performing plantations in South Sumatera for a total cash consideration of $8.5 million. While the price achieved fell short of our expectations, the positive outcome is that the Group no longer has to fund the continuing losses of the three loss making entities, as well as not having to incorporate such losses in the Group's operating results going forward. Following the disposal, AEP's landbank and planted area are at 90,500 ha (2022: 128,000 ha) and 68,948 ha (2022: 76,095 ha) respectively.

During the year, the Group made enquiries on acquisition of plantation lands but nothing materialised because of a lack of quality land or because it was excessively priced. The Group, as part of its strategy, will continue to maintain a disciplined strategy in seeking quality plantation land for expansion.

The Group consolidated its holdings in its Indonesian subsidiaries by buying back shares in nine subsidiaries from minority shareholders for a total consideration of $87.8 million. The purchases were wholly funded from the Group's own cash resources. The buyback of minority interests in these profitable subsidiaries is in line with the Group's stated strategy of consolidating AEP's holdings in these subsidiaries as reported in the 2022 Annual Report. These acquisitions are expected to enhance future earnings and maximise shareholder value as it no longer has to apportion retained profits to the minority shareholders going forward. With these acquisitions, AEP now wholly-owns all its subsidiaries in Indonesia except for two. More details are available on Page 65 of the Strategic Report.

As part of our commitment to sustainability, the Group signed three contracts with PT KIS Biofuels Indonesia to build three BioCNG plants in North Sumatera in the next two years. The construction costs estimated at $10.5 million are to be wholly funded by KIS who will retain the right to operate the plants for fifteen years under Build Own Operate Transfer ("BOOT") concept. The BioCNG plants draw methane from our existing biogas plants, purify the methane content from 55% to 96% and compress the gas into cylinders for transport to buyers to replace their fossil fuels with this renewable BioCNG for industrial use. The Group is compensated by the sales of methane gas, together with a share of the carbon credit sold. At the end of the fifteen years, the operation and ownership of the plants will be handed over to the Group at no cost with the benefits of all the future revenue generated. The first BioCNG plant of its kind in Indonesia with a capacity to produce up to 760 MMBTU/day was built and completed in our Blankahan mill in late 2023, which we duly announced to the market on 2 February 2024. It started commercial operation in January 2024 after receiving all the safety certifications for operating. The mitigation of emission of methane gas from this plant will result in an estimated reduction of 52,000 mt of carbon dioxide per year resulting in 52,000 carbon credits generated. See https://www.esdm.go.id/id/media-center/arsip-berita/pabrik-biocng-komersial-pertama-di-indonesia-diresmikan.

There are generally some concerns among oil palm producers on the recently introduced European Union Deforestation Regulation ("EUDR"). The regulation bans imports into the EU of agricultural products that come from deforestation and illegal sources with the aim of ensuring that products consumed within the EU are not contributing to deforestation or forest degradation anywhere in the world since 2020. It applies to several commodities which includes palm oil whereby producers and traders of these commodities have to carry out due diligence throughout their supply chains before being allowed to trade these products in the EU market. In Indonesia, there are fears that this regulation will disproportionately affect oil palm smallholder and farmers which account for a significant share of the country's total palm oil production. This regulation is not expected to have any effect on AEP as we have adopted the No Deforestation, No Peat and No Exploitation ("NDPE") policy since mid-2019.

AEP's plantations in Indonesia and Malaysia are in compliance with national sustainable practices i.e. ISPO and MSPO. However, with the increasing deforestation regulations, especially from the EU, the Board has decided that it is timely in 2024 to start the process of applying for membership of the Roundtable on Sustainable Palm Oil ("RSPO"). This is AEP's commitment to a more robust and globally accepted certification for certified sustainable palm oil, which would address concerns over EUDR and other sustainability issues. AEP has this year begun the RSPO membership application process, and has appointed accredited consultants to carry out a Land Use Change Analysis ("LUCA") as a first step in the application procedure. The LUCA will cover satellite mapping, field verifications, interviews with stakeholders and surrounding communities to determine potential High Conservation Value ("HCV") and High Carbon Stock ("HCS") areas for restoration and remediation. Upon the completion of LUCA and successful application for RSPO membership, AEP will begin certifying all our facilities within a 5-year timeline. A preliminary study on RSPO gap analysis conducted by our external consultants indicated it will take a substantial amount of costs and resources, up to $18 million, to certify the entire Group and be a full member of RSPO.

Following on, I am pleased to present the operating results of the Group for the year ended 31 December 2023.

The Group's FFB production from continuing operations in 2023 reached 1.10 million mt, 2% lower than last year of 1.12 million mt, mainly due to the replanting of ageing trees. Regionally, the crop production in Bengkulu registered a sharp decline of 17% as 2,260 ha of old palms had been replanted over the last two years. Replanting will continue in 2024 with over 2,100 ha planned, of which 700 ha will be in North Sumatera and over 1,400 ha will be in the Bengkulu region. The application of fertilizers for trees earmarked for replanting is normally reduced and gradually stopped two years prior to replanting which also explains a drop in yield. Production in Kalimantan however improved by 14% as more palms reached maturity and the average bunch weight increased.

With bountiful supply of external crops from May to October 2023, FFB bought from surrounding smallholders and plasma reached 1.08 million mt, similar to 2022. However, our mill in Riau experienced a significant drop of 17% in external crop purchases as competition from small millers heats up. The number of small millers in the vicinity of where our Riau mill is situated has increased significantly over the last two years as record CPO prices in 2022 encouraged entry of independent millers relying solely on external crops for their mill operations. Farmers enjoy better returns as small millers impose minimal or no discount on crops that are contaminated with dirt, excessive moisture, underripe or overripe fruits. The farmers also save on logistical costs as small millers are normally located nearer to them. Our MPM mill on the other hand bought 19% more external crops in 2023, compared to 2022, as the region experienced lower rainfall easing transportation of crops. Our mills processed a combined 2.16 million mt of FFB, 2% lower than last year of 2.21 million mt. CPO production was 1% lower at 449,000 mt, compared to 455,600 mt in 2022, compensated by the improved OER of 20.84% against 20.59% in 2022. Kernal production for 2023 stood at 103,900 mt, 2% lower than last year of 106,200 mt.

After achieving record CPO prices in 2022, prices for 2023 have been trending lower. Despite the regional conflicts in Eastern Europe and the Middle East, production of soft oil remains high resulting in a glut of soyabean and sunflower oil, the main competitors of palm oil. The weaker export and sluggish demand from China continued to be a damper for CPO. Average CPO price ex-Rotterdam for the year was therefore 29% lower at $971/mt, compared to $1,369/mt in 2022. A more detailed explanation is provided in the Strategic Report under Commodity Prices.

The Group's revenue from continuing operations was $371.0 million, 17% lower compared to $447.6 million in 2022, principally due to the lower CPO price in 2023. The operating profit for the Group from continuing operations in 2023, before biological asset ("BA") movement, was lower at $70.6 million, from $132.9 million reported in 2022. The earnings per share, before BA movement from continuing operations, decreased by 47% to 130.24cts, from 245.25cts in 2022. The Group's operating profit after BA movement from continuing operations for 2023 was at $69.7 million after a downward BA movement of $0.9 million as compared to 2022 operating profit of $127.1 million after a downward BA movement of $5.8 million.

The Group's new planting for oil palm including plasma for 2023 totalled 775 ha compared to 952 ha last year. Further details are on page 25 under Corporate Social Responsibility for Plasma obligation of the Group. The new planting was mostly in the Kalimantan region, where land compensation was concluded more efficiently. Replanting of some 1,074 ha of oil palms in Bengkulu was accelerated during the year to replace trees with poor yield. 227 ha was also replanted in North Sumatera. The Group plans to plant 3,000 ha of oil palm in 2024, which includes replanting of 2,100 ha in Bengkulu and North Sumatera. Plasma planting for 2024 is estimated at 270 ha. It is the intention of the Group to replant 2% to 3% of our trees each year to maintain a heathy age profile of the palms. This will also help to improve yield per planted hectare and OER to counter the rising cost of production.

The Group sold 22,900 MWh of surplus electricity from its biogas plants in 2023 compared to 23,900 MWh last year. The plants trap and purify biogas emission consisting mainly of methane from the palm oil mill effluent ("POME") and use it as fuel to generate green electricity. Methane has a higher heat-trapping potential than carbon dioxide and cutting its emission can have a positive impact on reining in global warming. The revenue from the sale of surplus electricity to the national grid in 2023 was $1.08 million (2022: $1.16 million). Constant tripping of transmission lines in the Bengkulu region, together with shutting of the plants for maintenance and downward revision of rates sold to national grid were the reasons for the poor performance in 2023. Further investment in biogas plants in Indonesia is dependent on regional demand for electricity.

The Company launched a share buyback programme in August 2023 to repurchase up to 396,360 ordinary shares representing approximately 1% of the Ordinary Shares in issue. A sum of £3.2 million has been allocated for the share buyback programme. At the close of the financial year, the Company had purchased 75,926 Ordinary Shares at a cost of £0.55 million with an average price of £7.15 per Ordinary Share, and as at 23 April 2024 the Company had purchased a total of 100,430 Ordinary Shares at a total cost of £0.7 million at an average of 713p. Treasury Shares now stands at a total of 440,330 Ordinary Shares. The aim of a share buyback programme is to return some surplus cash to its shareholders with a view to enhancing shareholder value. However, the number of shares bought back to date is very much less than the Board had expected, principally due to the lack of liquidity in AEP's shares. With this in mind the share buyback programme will not be extended beyond its expiry date of the next AGM on 24 June 2024. Further details of the share buyback programme are on page 65 of the Strategic Report.

In determining the level of dividends to be paid to our shareholders, the Board has taken a balanced approach to the requirement of funds in the Company for expansion in planted area as well acquisitions of land or plantations, but at the same time cognisant of shareholders' wishes to have dividends as a form of income. In light of the results achieved in the year, the Board has declared a final dividend of 15.0 cts per share, in line with our reporting currency, in respect of the year up to 31 December 2023. With an interim dividend of 15cts per share already paid, the total dividend declared for the year ended 31 December 2023 will be 30.0 cts (2022: 25.0 cts), equivalent to approximately 25% of the retained profits attributable to the Group for the year ended 31 December 2023. Going forward the Company has adopted a policy of declaring at least 25% of the retained profits attributed to the Group annually.

In the absence of any specific instructions up to the date of closing of the register on 14 June 2024, shareholders with addresses in the UK will be deemed to have elected to receive their dividends in Pounds Sterling and those with addresses outside of UK will be deemed to have elected to receive their dividends in US Dollars. Subject to the approval by shareholders at the AGM, the final dividend will be paid on 12 July 2024 to those shareholders on the register on 14 June 2024.

Proposed Companies Act Ratification

The Board has become aware of an issue concerning technical compliance with the Companies Act 2006 (the "Act"). The Act provides that a public company may, amongst other things, pay a dividend or purchase its own shares out of its distributable profits as shown in either the last accounts circulated to members or, if interim accounts are used for these purposes, interim accounts that have been filed at Companies House, which enable a reasonable judgment to be made of the profits, losses, assets, liabilities, share capital and revenues. Such interim accounts must have been filed at Companies House even if the company in question has sufficient distributable profits at the relevant time.

This issue arose because, whilst the Company had sufficient distributable profits at all relevant times, interim accounts had not been filed at Companies House prior to the declaration of the final dividend in respect of the year ended 31 December 2022 or the interim dividend in respect of the year ended 31 December 2023, together with the series of shares bought back from August 2023 to date following the announcement of the Share Buyback programme, notwithstanding that the shares bought back remained in Treasury and not cancelled. It is intended that this technical issue be ratified by a shareholder resolution, as is customary in these circumstances. Accordingly, the relevant resolution, together with explanations, will be put to shareholders at a general meeting of the Company.

If the shareholder resolution is passed, this will give the Board the necessary authorities to enter into the required waivers which will put all potentially affected recipient shareholders and the Company in the position in which they were always intended to be had the relevant actions been made in accordance with the Act, insofar as practically possible.

Neither the technical issue nor the proposed ratification has any impact on the Company's financial position.

Chairman's Statement

On behalf of the Board of Directors, I would like to convey our sincere thanks to our management and employees of the Group for their dedication, loyalty, resourcefulness, commitment and contribution to the Group.

I would also like to take this opportunity to thank shareholders, business associates, government authorities and all other stakeholders for their continued confidence, understanding and support for the Group.

Mr. Jonathan Law Ngee Song
Chairman   30 April 2024

Strategic Report

Introduction
The Strategic Report has been prepared to provide shareholders with information to complement the financial statements. This report may contain forward-looking statements, which have been included by the Board in good faith based on information available up to the time of approval of this report. Such statements should be treated with caution going forward given the uncertainties inherent with the economic and business risks faced by the Group.

Business Model
The Group will continue to focus on its strength and expertise, which is planting more oil palms sustainably and production of CPO. This includes replanting low-yielding aging palms, replacing old rubber trees with palm trees and building more mills to process the FFB. The Group has, over the years, created value to shareholders through expansion in a responsible manner.

The Group remains committed to use its available resources to develop the land bank in Indonesia, together with acquisition of profitable plantations at strategic locations, as regulatory constraints permit. The Indonesian government has, in recent years, passed laws to prioritise domestic investments and to limit foreign direct investments over national interest, including a limit of 20,000 ha per province and a national total of 100,000 ha on the licensed development of oil palms for companies that are not listed in Indonesia or with less than a majority local ownership.

The Group recognises the importance of its workforce which needs to be rewarded with a fair compensation scheme based on performance, and a safe and a comfortable workplace, together with good accommodation facilities and other social benefits where necessary. At the same time, the Board actively promotes AEP's culture based on the value of integrity, teamwork and excellence. The culture is instilled throughout the workforce, including training on areas such as anti-bribery and corruption, modern slavery and an administered whistle blowing channel. The Group dismisses staff proven to have breached the value of integrity.

The Group's objectives are to provide returns to investors in the long-term from its operations as well as through the expansion of the Group's business, to foster economic progress in localities of the Group's activities and to develop the Group's operations in accordance with the best corporate social responsibility and sustainability standards.

We believe that sustainable success for the Group is best achieved by acting in the long-term interests of our shareholders, our partners and society.

Our Strategy
One of the Group's objectives is to provide an appropriate level of return to the investors and to enhance shareholder value. Profitability, to a large extent, correlated to the CPO price, which is volatile and determined by supply and demand as well as the weather. The Group believes in the long-term viability of palm oil as it can be produced more economically than other competing oils and remains the most productive source of vegetable oil in a growing population. Soybean crops would require up to ten times as much land to produce an equivalent weight of palm oil. It has been reported that one hectare of land can produce up to 4 mt of CPO, much higher than rapeseed of 0.7 mt, sunflowers of 0.6 mt or even soybeans of 0.4 mt. In this regard, palm oil is far more sustainable than other edible vegetable oils. In addition, oil palm has a long and productive biological life of 25 years compared to yearly planting for other soft oils.

The Group's strategies, therefore, focus on maximising yield per hectare above 22 mt/ha, minimum mill production efficiency of 110%, minimising production costs below $300/mt and streamlining estate management. For the year under review, the overall Indonesian continuing operations achieved a FFB yield of 20.2 mt/ha, 131% mill efficiency and production cost for our own crops of $354/mt as compared to a FFB yield of 20.6 mt/ha, 136% mill efficiency and a production cost of $349/mt in 2022. Despite stiff competition for external crops from surrounding millers, the Group is committed to purchasing more external crops from third parties at competitive, yet fair prices, to maximise the production efficiency of the mills. With higher throughput, the mills would achieve economies of scale in production. A mill is deemed to achieve 100% mill efficiency when it operates 16 hours a day for 300 days per annum.

In line with the commitment to reduce its carbon footprint, the Group plans to construct, in stages, biogas and/or BioCNG plants at all its mills. The biogas plants trap methane being the main gas emitted from the anaerobic treatment of palm mill effluents. The biogas produced is used to drive biogas engines to generate electricity to power its boilers which in turn reduces the consumption of fossil fuel. Surplus electricity generated is sold to the national grid. In a BioCNG plant, the methane captured is purified from 55% to 96% and compressed into cylinders for industrial use. With more industrial use of BioCNG, the consumption of fossil fuel is expected to reduce and progressively reduce the greenhouse gas emissions per metric ton of CPO produced in the next few years. Depending on the demand for BioCNG, the Group intends to use Empty Fruit Bunch ("EFB") as a feedstock to increase the BioCNG production. EFB is a biomass left after the palm fruitlets have been stripped for production of CPO. This is an opportunity to turn biomass waste into revenue. It is commonly accepted that failure to address growing calls to reduce greenhouse gas emissions could threaten the long-term social acceptability and profitability of a palm oil company. The Group has also set metrics and targets to lower greenhouse gas emissions over time as detailed in the Decarbonisation modelling and high-level target setting.

The Group will continue to engage and offer competitive and fair compensation to the villagers so that land can be cleared and be planted.

Non-financial and Sustainability Information Statement

The Group has complied with the requirements of Section 414CB of the Companies Act 2006 by providing a wide range of non-financial information about employees, environmental and social matters in the table below and in our website:

Non-financial matter	Policies and standards which govern our approach	Page
Business model	Business model and strategy Principal risks and uncertainties	13 to 4 33 to 38
Environmental matters	Principal risks and uncertainties: Country, regulatory and governance practices Principal risks and uncertainties: Weather and Environmental and conservation practices Indonesian Sustainable Palm Oil Environmental, Social and Governance practices Climate-related financial disclosures - Management of Climate Risks • Climate and nature-related risks and opportunities • Climate & Nature Scenario Analysis - Decarbonisation modelling and high-level target setting - Carbon Reporting Corporate Governance: Environmental and corporate responsibility Other responsible agricultural practices and sustainable policies can be found on our website	34 to 35 37 to 38 28 to 29 29 to 33 39 to 61 39 to 57 44 to 49 50 to 55 58 57 to 61 83
Employees and Health & Safety	Employees: Employment policies Directors' Remuneration Report: Employees engagement Workers are protected from exposure to occupational health and safety hazards that are likely to pose immediate risk of permanent injury, illness or fatality. Proper signages are in place at relevant spots to alert employees of safety. Workshops and training sessions on occupational safety and health care are regularly conducted.	62 to 64 88 to 89
Social matters	Principal risks and uncertainties: Covid-19 and other contagious diseases AEP has established clear policies and strict protocols for the control and prevention of the spread of Covid-19 and other contagious diseases within the workplace environment. There are requirements for mask wearing, social distancing, when necessary, and sanitising of the workplace regularly. AEP also has strict procedures on testing at work and self-isolation of its employees when necessary, together with home support for the affected ones to ensure full recovery before they resumed work.	37
Respect for human rights	AEP has clear policies of no exploitation of its employees, including complying with paying minimum wage. It does not practise child or forced labour in line with the Modern Slavery Statement referred to on its website. In addition, a whistle blowing policy is in place to allow any employee to raise concerns about unethical, illegal or questionable practices, in full confidence, without the risk of reprisal.	62 to 64
Anti-corruption and anti-bribery matters	Anti-corruption and anti-bribery policies and procedures are explained in the Directors' Report.	70

Financial Review

Performance of the business during the year

For the year ended 31 December 2023, the revenue for the Group from continuing operation was $371.0 million, 17% lower than $447.6 million reported in 2022 due primarily to the lower production and lower CPO prices.

The Group's operating profit from continuing operation for 2023, before biological asset movement, was $70.6 million, 47% lower than last year of $132.9 million. The lower operating profit was due to lower production, lower CPO prices and higher operational costs. Transport costs and wages in particular rose sharply during the year.

FFB production for continuing operations for 2023 reached 1.10 million mt, 2% lower than the 1.12 million mt produced in 2022. The yield for continuing operations from Indonesian plantations was lower at 20.2 mt/ha (2022: 20.6 mt/ha) due to lower crop production in Bengkulu and Riau plantations.

FFB bought-in from local smallholders and plasma in 2023 remain at 1.08 million mt (2022: 1.08 million mt). Our mills processed a combined 2.16 million mt of FFB, 2% lower than last year of 2.21 million mt. CPO production was 1% lower at 449,000 mt, compared to 455,600 mt in 2022, compensated by the improved OER of 20.84% against 20.59% in 2022. Kernel production for 2023 stood at 103,900 mt, 2% lower than last year of 106,200 mt.

Profit before tax and after BA movement from continuing operation for the Group was $77.8 million, 41% lower compared to a profit of $132.9 million in 2022. The BA movement was a debit of $0.9 million, compared to a debit of $5.8 million in 2022. The debit BA movement was mainly due to the lower FFB price at 31 December 2023. Net finance income recognised in the income statement increased from $4.9 million in 2022 to $8.0 million in 2023 due to higher deposits income, without interest expense. The tax expenses for 2022 was reduced by the recognition of deferred tax assets amounting to $11.2 million arising from the losses from the disposal of the South Sumatera plantations which can be utilised as a deductible expense against future profits in the Group.

The total gain on the discontinued operations was $6.6 million (2022: $5.8 million), made up of operating loss of $2.5 million (2022: $0.8 million) and reclassification of exchange reserve of $10.4 million. With the sale price of $8.5 million, there was a further write down of $1.4 million of the three plantations in South Sumatera in 2023, due to strength of the Indonesian Rupiah.

The average CPO price ex-Rotterdam for 2023 was $971/mt, 29% lower than 2022 of $1,369/mt. The ex-mill price for 2023 averaged $721/mt, 15% lower than last year of $845/mt.

Earnings per share before BA movement from continuing operations decreased by 47% to 130.24cts compared to 245.25cts in 2022. Earnings per share after BA movement from continuing operations decreased from 235.74cts to 128.82cts. Earnings per share have decreased mainly due to the decrease in profit after tax.

There was a gain of exchange in translation of foreign operations, recognised in other comprehensive income, totalling $10.2 million for 2023 against an exchange loss of $55.7 million in the previous year due to the strengthening of the Indonesian rupiah at the year end. The retirement benefits due to the employees at 31 December 2023, as calculated by a third-party actuary, increased to $11.3 million from $10.9 million last year due to additional accrual during the year.

Position of the business at the end of the year
The Group's statement of financial position remains strong, with a cash and cash equivalents balance including short-term investments (see Note v) of $167.1 million and no external borrowing at the end of 2023. All material changes in statement of financial position and cash flows are listed in the following table:

	Note	**31.12.2023 $000**	(restated) 31.12.2022 $000
Property, plant and equipment	i	**274,382**	252,414
Deferred tax assets	ii	**11,054**	12,773
Income tax liabilities	iii	**(2,951)**	(10,230)
Cash and cash equivalents	v, vi, vii	**152,984**	221,476
Short-term investments	v,vi, vii	**14,076**	55,566
Assets in disposal groups classified as held for sale	iv	**-**	9,000
Net cash generated from operating activities	v	**31,855**	120,511
Purchase of property, plant and equipment		**(33,421)**	(34,026)
Net cash used in financing activities	vii	**(115,934)**	(9,523)

i. The increase in property, plant and equipment from $252.4 million in 2022 to $274.4 million was the result of replanting activities, together with the gain in exchange in translation.

ii. The movement in deferred tax assets was due to the utilisation of the brought forward tax losses against the profit of two subsidiaries.

iii. The income tax liabilities are lower principally as a result of higher tax payment in 2023. A detailed explanation of income tax, including other taxes, is provided in note 8.

iv. The assets in disposal groups were finally sold in 2023 with a further write down of $1.4 million in 2023.

v. As at 31 December 2023, the Group had cash and cash equivalents of $153.0 million (2022: $221.5 million) and short-term investments known as fixed deposits of $14.1 million (2022: $55.6 million). The cash position, including fixed deposits, was lower in 2023 principally due to the buying out of minority interests in Indonesia at $87.8 million, together with the allocation of $4.2 million for the share buyback programme and an investment of $10.0 million in structured products, as detailed on page 65 of the Strategic Report. The net cash inflow from operating activities during the year was lower by 74% at $31.9 million compared to $120.5 million in 2022, mainly due to the lower profit for the year.

vi. The net cash used in financing activities during the year was higher at $115.9 million compared to $9.5 million in 2022 due to the acquisition of non-controlling interests during the year and the higher dividend paid.

Viability Statement
The viability assessment considers solvency and liquidity over a longer period than for the purposes of the going concern assessment made on page 17. Inevitably, the degree of certainty reduces over a longer period.

The Group's business activities, financial performance, corporate development and principal risks associated with the local operating environment are covered under the various sections of this strategic report. In undertaking the review of the Group's performance in 2023, the Board considered the prospects of the Company, focusing on the strategy for growth via the expansion of its planted area in tandem with forecasting demand for CPO, over one to five-year periods. The process involved a detailed review of the 2024 detailed budget and the five-year income and cash flow projection. The one-year budget has a greater level of certainty and is used to set detailed budgetary targets at all levels across the Group. It is also used by the Remuneration Committee to set targets for the annual incentive. The five-year income and cash flow projection contains less certainty of the outcome but provides a robust planning tool against which strategic decisions can be made. The Board believes that to project beyond five years has more elements of uncertainties and therefore less reliable for making informed decisions.

The Board also considered the five-year cash flow projection under various severe but plausible scenarios, including the financial impact on the Group from 50% contraction of demand for palm oil resulting from the Coronavirus pandemic or any other contagious diseases, as outlined in the Strategic Report under Going Concern, and the need to support if any financially loss-making newly matured estates, together with the projected capital expenditure. The Group also factored in the impact of the price increase of materials and fertilisers. In arriving at the conclusion that the Group has adequate resources to continue in operation and meet its liabilities in the next five years, the Board has assumed a worst-case scenario of CPO price at its lowest average of $500/mt and that demand for CPO dropped by 50%, together with a significant rise in cost of materials arising from the disruption of supply chains. The assumptions applied are linked to risk of CPO price fluctuation, risk of a substitute for oil palm and a pandemic from an infectious disease. On this basis and other matters considered and reviewed by the Board during the year, the Board has a reasonable expectation that the Group has adequate resources to continue in operation and meet its liabilities over the five years from 2024 to 2028.

Going Concern
The Directors have carried out stress tests, factoring in the identified uncertainties and risks such as commodity prices and demands post pandemic, together with the current economic issues of high inflation, rising interest rates and cost of living crisis, to ensure that the Group has adequate resources in a worst-case scenario to remain as a going concern for at least twelve months from the date of this report.

The Directors have a reasonable expectation, having made the appropriate enquiries, that the Group has sufficient cash resources to cover the Group's operating expenses for a period of at least twelve months from the date of approval of these financial statements. For these reasons, the Directors adopted a going concern basis in the preparation of the financial statements. The Directors have made this assessment after consideration of the Group's budgeted cash flows and related assumptions including appropriate stress testing of identified uncertainties, as well as impact when demand on palm oil decrease to 50%. Stress testing of other identified uncertainties and risks such as CPO prices and currency exchange rates were also undertaken.

Business Review
Indonesia
The performance of the Indonesian operations was divided into six geographical regions.

North Sumatera
FFB production in North Sumatera, which aggregates the estates of Tasik, Anak Tasik, Labuhan Bilik ("HPP"), Blankahan, Rambung, Sg Musam and Cahaya Pelita ("CPA") produced 408,900 mt in 2023 about 4% lower than last year (2022: 423,900 mt). Rainfall was normal. 227ha was replanted in Musam and CPA in 2023 with more areas earmarked for replanting in 2024. The withdrawal of fertilizers for areas meant for replanting means that these areas will most likely have lower yields. Palm losses at HPP was high due to the outbreak of *Ganoderma* affecting 10% of the trees limiting any potential yield upside. Quick replanting of dead palms ensures a steady high palm density in HPP which currently averaged 145 stand per hectare. Sub-optimal nutrient retention and absorption caused by peat soil is another factor for low bunch weight at HPP. The average annual yield for 2023 in North Sumatera decreased by 2% to 22.3 mt/ha from the previous year of 22.8 mt/ha. Although yield continued to drop in Blankahan, replanting is temporary deferred as the yield is still above 24 mt/ha due to good soil condition.

Elevated planting platform in flood prone areas

In 2023, the three mills in North Sumatera produced marginally higher CPO at 150,100 mt (2022:148,100 mt) from a throughput of 724,800 mt (2022: 738,400 mt). The Blankahan mill with lower internal and external crops purchases processed 5% less fruits in 2023 at 232,700 mt (2022: 244,500 mt), lowering the mill utilisation to 121% from 127% in the previous year. The OER in Blankahan was low due mainly to dura contamination from external crops that made almost 70% of the total crop processed, but marginally improved in 2023 to 19.1% (2022 18.9%). Dura crops with thinner mesocarp normally have an oil content of 18% or lower. The Tasik mill processed 3% marginally lower crops at 479,300 mt (2022: 493,900 mt). Although the external crop purchases increased by 7% to 154,200 mt from 144,700 mt in the previous year, it could not make up for the drop in internal crops production, reducing mill utilisation from 171% in 2022 to 166% in 2023. OER for the Tasik mill improved to 21.5% (2022: 20.6%) as new planting matured. The new HPP mill started processing small batches of in-house crops intermittently in the last quarter of 2023 as a test run. In total, it processed 12,800 mt of FFB in 2023, achieving OER of 21.6%. Commercial operation has started in January 2024 after the bacteria cultivated in the anaerobic effluent treatment plant has sufficiently build up before the whole effluent system is fully functional.

HPP Mill finally completed

The biogas plant in Blankahan in North Sumatera did not perform up to its true potential in 2023, due to the lack of demand from the National Grid, together with the reduction in selling price. The Blankahan plant sold about 6,500 MWh (2022: 6,500 MWh) of surplus electricity, similar to 2022 but generated 4% less revenue of $339,000 (2022: $354,100). The Group has converted Blankahan biogas plant into a BioCNG plant, which next year is expected to generate better returns from sale of methane gas together with a share of carbon credit sold. However, the Tasik biogas plant was not able to sell the surplus electricity to the national grid due to the lack of demand in North and Central Sumatera. The Group has signed an agreement with KIS to convert the Tasik biogas plant to a BioCNG plant and is currently awaiting approvals from the relevant authorities. Further details are in the Chairman Statement on page 9.

The three plantations in North Sumatera where the cultivation rights (“HGU”) were due to expire were extended by the Indonesian government from 25 to 35 years.


Stem rot infected palms

Bengkulu
FFB production in Bengkulu, which aggregates the estates of Puding Mas ("MPM") and Alno produced 223,800 mt (2022: 269,500 mt), 17% lower than 2022 mainly due to the reduction of matured palms as a result of replanting. As a result, matured areas were smaller by 8% in 2023 at 13,204 ha from 14,382 ha. Rainfall was lower in 2023 at 2,870 mm (2022: 3,600 mm) with three consecutive months where rainfall averaged below 65 mm per month in the second half of 2023. Tractors with attached water tank trailers were used to water newly planted trees to minimise damages from the drought. With replanting, the stand per hectare have improved to 111 stand per hectare from slightly below 100. The yield, however, was lower at 16.4 mt/ha from 18.1 mt/ha last year due to the replanting and the drought.

MPM and Sumindo mills processed a combined 633,900 mt (2022: 668,500 mt) of FFB in 2023, 5% lower than 2022 due to lower internal crop production as explained above. Even though external crop purchases increased by 8% to 394,600 mt from 365,500 mt last year, the mill utilisation was lower at 110% from 116% in the previous year. CPO production for the year was 4% lower at 129,900 mt (2022: 136,000 mt) with OER for the two mills averaged 20.5% compared to 20.3% last year. We expect further improvement in OER when the oil recovery plant, which was installed at MPM mill, is fully functional. The oil recovery plant is still at a testing stage at the time of reporting. External crops made up 62% of the throughput compared to 55% in 2022. The remaining processed crop was purchased from other group companies.

1,074 ha of palms in Bengkulu were replanted in 2023 with new generation planting materials. Dura palms formed a significant portion of the planted areas in Bengkulu. Fruits from dura palms have thin mesocarp which ultimately produce less oil hence 4,370 ha of palms would need to be replanted due to poor yield, notwithstanding that they are 16 to 18 years of age. Seedlings are sourced from reputable suppliers to ensure only Tenera palms are cultivated, hence significantly increasing productivity and land use efficiency. This is especially important considering that the oil palm is a perennial crop with a 25-year economic lifespan.

The MPM biogas plant sold over 8,000 MWh (2022: 10,500 MWh) of surplus electricity in 2023, 24% lower and generated $350,000 in revenue (2022: $474,700). The frequent tripping of the old regional power transmission lines supplying electricity to the national grid had caused frequent breakdowns in power generation at the biogas plant. The power rate was also reduced by 0.5% in 2023.


Oil recovery plant testing new technology

Riau

FFB production in the Riau region, comprising Bina Pitri estates, produced 123,000 mt in 2023 (2022: 135,000 mt), 9% lower than 2022. Monthly rainfalls were close to normal at 2,730 mm (2022: 2,480 mm). The yield for the year was lower at 25.6 mt/ha from last year of 28.0 mt/ha. As 79% of the palms are between the ages of 26 to 29 years, and with a declining yield, replanting is planned for 2025.

The mill purchased 17% lower external crop in 2023 at 222,600 mt compared to 268,000 mt last year, reducing the mill utilisation rate to 120% from 140% last year. The competition for external crops in Riau is extremely keen as many mini mills entered the market in early 2022 attracted by high CPO prices, as mentioned in page 9 of the Chairman's Statement. Overall the CPO production was 15% lower at 65,300 mt compared to 77,200 mt in 2022. The region is contaminated by dura palms which made up 64% (2022: 66%) of the crops processed by the mill. The mill therefore had a lower OER of 18.9% from 19.2% in the previous year.

Bangka

FFB production in the Bangka region, comprising Bangka Malindo Lestari estates, produced 21,100 mt in 2023 (2022: 12,900 mt), 64% higher than 2022. The higher crop was due to a larger harvestable area and more palms having reached peak maturity. Rainfall was below optimum averaging 1,643 mm in the year with four months where rainfall fell between 26 mm to 95 mm per month compared to the average of 1,835 mm previous year. The yield increased slightly from 12.1 mt/ha to 12.3 mt/ha in 2023. The average age of palms is 5 years. With new planting in 2023 totalling 104 ha (2022: 63 ha), the total planted area, including plasma, in Bangka reached 3,203 ha (2022: 3,099 ha). We plan to plant another 150 ha in 2024.

Kalimantan

FFB production in Kalimantan which comprises the Sawit Graha Manunggal ("SGM") and Kahayan Agro Plantation ("KAP") estates was 312,800 mt in 2023 (2022: 273,800 mt), 14% higher than 2022. During the year, 519 ha of palms matured in SGM and KAP leading to its first harvest. Production in Kalimantan was higher due to a larger harvestable area as more palms reached maturity. The breeding and releasing weevils to help with pollination has reduced the extent of abnormal fruit bunches reported in the previous year. The average bunch weight was nevertheless below industrial standard due to the sandy soil at SGM but made up by the yield due to higher stand per hectare. The stand per hectare in SGM and KAP plantations averaged 145 stand and 125 stand per hectare respectively. The yield in Kalimantan increased to 20.4 mt/ha from 18.4 mt/ha last year. Rainfall in KAP was lower at 4,009 mm (2022: 4,794 mm) while at SGM, it was also lower at 2,043 mm (2022: 2,438 mm).

New planting in SGM and KAP is expected to reach 460 ha next year. The long-term prospect for Kalimantan plantations remains bright.

Collection of male inflorescense to assist pollination

The purchase of external and plasma crops in SGM reached 147,100 mt in 2023 which was higher by 11% compared to 132,200 mt last year. The total external and plasma crops at the SGM mill made up 33% of the total crops processed similar to last year. With the throughput at the mill reaching 450,700 mt (2022: 402,400 mt), the mill utilisation rate increased to 156% from 140% producing 103,700 mt of CPO, 10% higher than 2022 of 94,300 mt. OER for the mill averaged 23.0% for the year compared to 23.4% last year and continues to outperform the rest of the mills in the Group.

The SGM biogas plant generated 22% more electricity in 2023 at over 8,400 MWh (2022: 6,900 MWh) worth $391,900 (2022: $331,000). The higher power generation was due to shorter downtime as there was no major overhaul of gas engine in 2023. Due to the continuous high demand for electricity in Kalimantan region, the mill is planning to add another gas engine in 2024. This is in line with the Indonesian government's objective of achieving renewal energy at 23% of total energy consumption compared to current rate of 3%.

South Sumatera - discontinued operations
FFB production in South Sumatera, which aggregates the estates of Karya Kencana ("KKST"), Empat Lawang ("ELAP") and Riau Agrindo ("RAA") produced 21,600 mt (2022: 46,300 mt), 53% lower than 2022. The Group had concluded the sale of the South Sumatera plantations in 2023, as detailed on page 9 of the Chairman's Statement. The operation was handed over fully to the new owners in September 2023 and the Group has no further control of the plantations since then.

Overall bought-in crops for the Indonesian operations in 2023, including plasma, were in line with last year at 1.08 million mt. The average OER for our mills was marginally higher at 20.8% in 2023 (2022: 20.6%).

Malaysia
FFB production in 2023 was 34% higher at 12,500 mt, compared to 9,300 mt in 2022. With the temporary lifting of employment restriction, the plantation was able to recruit additional foreign workers. However, retention of foreign workers is challenging because of competition and more lucrative offers from other industries. Experienced harvesters are normally required in our plantation when matured trees are as tall as a 7-storey building. The plantation therefore continued to experience a substantial shortage of workers which hampered not only field maintenance and application of fertilisers but harvesting, resulting in crop losses. Not many locals are prepared to work in plantations despite offering higher wages. The palms, with an average age of 26 years, faced declining yield. The stand per hectare further reduced due to the damages caused by wild elephants. The Malaysian plantation generated a loss before tax after BA movement of $0.2 million in 2023, compared to a profit before tax after BA movement of $0.3 million in 2022.

The financial performance of the various regions is reported in note 6 on segmental information.

Commodity Prices

CPO prices for 2023 was relatively flat compared to the downward price trend in 2022.

The CPO price ex-Rotterdam started the year at a high at $1,060/mt (2022: $1,350/mt). It hit a high of $1,100/mt in January before trending downwards to a low of $860/mt in late May 2023. It recovered somewhat to end the year at $945/mt. Ex-Rotterdam price averaged $971/mt for the year, 29% lower than last year (2022: $1,369/mt). Our average ex-mill price for 2023 was at $721/mt, 15% lower than last year of $845/mt. Ex-mill prices are lower than ex-Rotterdam prices due to logistic, insurance costs, Indonesian levies and taxes.

The regional conflicts and wars, together with the cost-of-living crisis and the lingering effects of the Covid-19 pandemic have created economic uncertainty which has impacted heavily on the global economy.

The weak global economy, the glut of competing vegetable oils and oversupply of soybeans from South America and soft demand from key importers like India and China have made it challenging for palm oil in 2023.

In 2023 producers in Ukraine aggressively sold and export their sunflower oil which increased significantly over the previous year, with EU as the main buyers despite the on-going conflicts and logistical disruptions. Sunflower oil is finding its way to EU through land and river Danube given the risks of shipment through the Black Sea grain corridor. With Brazil already producing massive amounts of soybeans annually, it was also reported their farmers are expected to plant more soybeans in the next crop season, switching from corn. Producers find corn prices unattractive relative to soybeans. A majority of the soybeans produced is destined for the China market, the second largest consumer of CPO. Unless the consumption of vegetable oils in China picks up strongly, a weaker demand for CPO is expected.

Like other commodities, the prices of competing soft oils relative to CPO price is a key to demand. With the abundance of soft oils, the CPO discount to sunflower and soya-oil have narrowed significantly and therefore CPO has lost its attractiveness particularly for markets that are sensitive to prices.

In the coming months, CPO prices are expected to be volatile due to the effects of El Niño on crop production, especially in the second of 2024, together with the higher uptake of CPO in Indonesia because of the National biodiesel mandate.

Over a period of ten years, CPO price has touched a monthly average low of $472/mt in November 2018 and a monthly average high of $1,857/mt in March 2022. The monthly average price over the ten years was about $828/mt.

CPO CIF Rotterdam – 10-Years Price Trend

Rubber prices averaged $1,297/mt for 2023 (2022: $1,431/mt), 9% lower in 2023. Our small area of 258 ha of mature rubber contributed a revenue of $0.5 million in 2023 (2022: $0.6 million). With the continuing low prices for rubber, it has been decided to replace the rubber with oil palm in 2024.

Estate Development

In 2023, the Group opened up new land and planted 775 ha (2022: 952 ha) of oil palm mainly in Kalimantan and Bangka. With the disposal of the South Sumatera plantations, planted area including the smallholder cooperative scheme, known as Plasma, reduced by 9% to 68,948 ha (2022: 76,095 ha). Another 1,301 ha was replanted in North Sumatera and Bengkulu. In 2024, the Group plans to plant 3,000 ha of oil palm which includes replanting of 2,120 ha in North Sumatera and Bengkulu. Opening of new land for planting can be cumbersome and requires written approval from local authorities, submission of environment impact assessments and meetings with local communities. All new plantings are carried out following the High Carbon Stock Approach ("HCSA") guidelines and are verified by accredited consultants.

Throughout the plantations, old quarters for workers were progressively modernised in 2023 at a cost of $2.3 million. Another $3.1 million is budgeted for 2024 for renovations and refurbishments to provide better comfort for workers. Following our discussion with the relevant authorities to speed up electrification of remote locations, where our plantations are located, the Group spent $156,400 to connect 288 houses with electricity. In 2024, $1.5 million is allocated to provide electricity to more than a thousand homes.

The construction of the seventh mill in HPP, North Sumatera was finally completed in the fourth quarter of 2023 at a cost of $22.5 million following a lengthy delay caused by the unfortunate explosion of one of the anaerobic tanks during construction which resulted in work having to be suspended, pending the completion of an investigation and clearance from the authorities before work can be resumed. The contractor has compensated the families of the deceased and the families have waived any future claim against AEP. The mill has started processing small batches of in-house crops to test various equipment. The start-up of the effluent treatment plant requires controlled feeding of small amount of palm oil mill effluent ("POME") to cultivate the anaerobic bacteria in the anaerobic tank digesters. When the effluent treatment plant is fully operational, the mill will go into full production including intake of external FFBs. The effluent treatment in HPP is unique compared to the other mills as lagoons to hold the effluents are not permitted in HPP due to the risks of contamination by seepage of effluents into ground water. Effluents are therefore stored in tanks which need better treatment and control due to limited storage capacity.

The Environmental Impact Assessment ("EIA") for the proposed new mill in KAP in Kalimantan has been completed and submitted to the Ministry for Environment and Forestry for approval. The process for approval can be tedious and likely to take some time due to strict new regulations issued by the Indonesian government. We are following up with the relevant authorities and making every effort to speed up the approval so that earthworks can begin. The earthworks will be substantial and costly involving levelling terrain to create flat areas for the site. The KAP estate is located in a very hilly area with deep ravines and the choice of sites for the mill is limited. The mill, with a planned capacity of 45 mt/hr will be sufficient to process all the crops from KAP plantation. The mill is projected to start in the first half of 2024 at a cost $15.3 million.

During the year, the Group purchased 23 units of dump trucks costing $713,000 to improve transportation and delivery of FFB in our plantations as well as to the mills. An additional sum of $377,000 has been allocated in 2024 for the same purpose. This is necessary amidst rising logistic cost as independent transport companies especially in Kalimantan and Bengkulu cannot supply adequate trucks to transport our harvest as many trucks especially in Kalimantan are diverted to carry coal which pay better transport rates. In addition, the Group spent $1.2 million to improve the field roads and connectivity between estates and mills by building new bridges. The Group has budgeted to spend a further $3.1 million in 2024 to improve and maintain our roads for better connectivity.

In Bina Pitri mill, three old and worn-out vertical sterilisers/pressure vessels have been replaced with better designed units requiring new foundations. The fourth unit in Bina Pitri mill is being replaced in the second quarter of 2024. The total cost of replacement will be in the region of $600,000. In Sumindo mill, four units of old sterilizers were completely replaced at a cost of $510,000.

In 2023, SGM mill processed in excess of 450,000 mt of FFB. Additional features were added to ensure the smooth running of the milling process without disruption. The sterilizer station will be extended with two additional units of vertical sterilizers complete with FFB feeding and discharge conveyors at a cost of $750,000 on top of four existing units. The project is expected to be completed by the second quarter of 2024. An additional oil storage tank with a capacity of 4,000 mt was added at a cost of $275,000 in addition to the present four units to increase storage capacity to 17,000 mt. This is to ensure that SGM has sufficient storage in the event of delays in the collection by tanker ships caused by bad weather.

At Tasik mill, the railway tracks and the marshalling system for the cages were upgraded at a cost of $200,000. In the coming year, Tasik mill will install a new boiler with superheaters of 45,000 kg/hr at an estimate cost of $1.2 million.

The corroded roofings and structures to both factory buildings in MPM and Bina Pitri mills were replaced for $370,000. MPM mill also spent reconstruction cost of $150,000 to fix a hill slope next to the mill, damaged by landslide during heavy rainfall in 2023. One unit of horizontal sterilizer was replaced at MPM mill costing $145,000 while another boiler is currently being refurbished and upgraded by adding superheaters to enhance its performance at a cost of $350,000, to be completed by the second quarter of 2024.

The oil recovery system installed at MPM mill is having some problems and is only partially operating. While the decanter is operating well to remove some of the solids in the sludge, the membrane system chokes frequently during operation. The contractor will introduce a high-speed separator to improve the performance.

Two of our mills namely SGM and HPP, which use river barges to transport their CPO, are required by the government authorities to build their own jetties. The mills currently use government owned jetties and the Group can only use them on a temporary basis as they are meant for public use. Jetties are used to connect the shore and deep water for the purpose of docking of river barge to facilitate loading of CPO. The Group is targeting to acquire suitable land next to the rivers to construct two jetties in 2024 which is expected to cost $1.7 million.

Corporate Social Responsibility

Corporate Social Responsibility ("CSR") is an integral part of corporate self-regulation incorporated into our business model. Law 40/2007 of the Indonesian Limited Liability Companies Article 1 Paragraph 3 defines corporate social and environmental responsibility as the company's commitment to participate in sustainable economic development in order to enhance the quality of life and environment to benefit the company, local communities and the general public. AEP embraces this responsibility for the impact of its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere. In engaging the social dimension of CSR, the Group's business has taken cognizance of the contribution and further enrichment of its employees while continuing to make contributions to improve the well-being of the surrounding community.

Donation to underprivileged

The Group sustainability policy and commitment to no deforestation and development on peat land, no open burning, no exploitation, no forced or child labour and other best management practices can be downloaded from the website under Corporate Governance. The Group also released a statement on the UK Modern Slavery Act 2015 which was published on the website under the same section.

The majority of employees and their dependents in the plantations and mills are housed in self-contained communities built by the Group. The employees and their dependents are provided with free housing, clean water and electricity. The Group also builds, provides and repairs places of worship for workers of different religious faiths as well as schools and sports facilities in these communities. Over the years, the Group has built a total of seventy-nine mosques and twenty churches across its estates. During the fasting month, the management team frequently broke fast with the employees from the estates and mills as well as with surrounding villagers. The Group has also sponsored and donated cows for sacrifice to celebrate religious festivals. The Group spent $239,000 (2022: $194,900) in 2023 to maintain these amenities and to support the communal activities.

Places of worship for different faith

The Group provides free education for all employees' children in the local plantations and communities where they work. The access to education and the spread of knowledge to hundreds of children across remote locations provide a chance to overcome poverty, whom otherwise may be deprived leaving them without a good prospect for the future. In addition, the Group provides computers and funding to construct educational facilities including laboratories and libraries. The salaries of teachers in the estates and the cost of buying and running the school buses to transport employees' children are provided by the Group. Over the years a total of thirty-nine schools, which comprised of twenty-two pre-schools, eleven primary schools, five secondary and one high school were built. The first school was built by the Group in the Tasik Raja estate in 1998. The combined student enrolment at the end of the 2023 was more than

3,000, which was lower than the previous year as the responsibility to support four schools were handed over to the new owners who took over the South Sumatera operation. Some 83% of the enrolment are our employees' children while the balance is from the local communities. AEP currently employs one hundred and thirty-five full time teachers and operates forty-seven school bus. The Group spent some $1.19 million (2022: $880,950) in running the schools and operating the buses in 2023.

As part of the Group's contribution to education, it provides scholarships to qualified students from the communities as well as our employees' children to pursue tertiary education. One hundred and fifty-one children of our employees were sponsored to study in various universities in Indonesia up to 2023 at a cost of $198,500 (2022: $178,800) since its introduction in 1999. The popular courses range from Engineering, Education, Economics to Agriculture. Seventy of these children have successfully graduated from the universities with a number of them now working for the Group.

In November 2023, the Group engaged the local electricity authority to supply electricity to 288 homes of our employees in Bengkulu, and since then they no long have to depend on generators which limit the hours of operation.

Electrification of workers housing in HPP

The Group continues to provide free comprehensive health care for all its workers as we believe that every employee and their dependents should have easy access to health services. We have established twenty-three clinics of which nineteen are still operated by the Group with qualified doctors, nurses and hospital assistants in the estates. The Group had in the previous year upgraded two of its clinics in North Sumatera and Bengkulu to meet the minimum standard required by the government under the country's Health and Social Security Agency. The upgraded clinics also provide health care services to the surrounding community without the need to travel to faraway cities for medical treatment. Since the pandemic, management has equipped all the clinics, particularly those in remote locations, with personal protection equipment, ventilators, oxygen tanks and oximeters. The Group also operates 17 ambulances to support emergency transportation needs within the estates, mills and surrounding villages. In addition, the Group organised fogging to prevent the spread of dengue mosquitoes.

At the end of 2022, the Indonesian government officially announced the end of the Community Activities Restriction Enforcement, commonly referred locally as PPKM to contain the Covid-19 pandemic. Staff, however, are encouraged to wear mask when using public transport and in closed confined spaces. Nevertheless, the Group remains vigilant and constantly reminds all its employees to adopt safe practices including staying at home when they are down with fever, cough and flu and to seek immediate medical attention.

Providing clean water to employees through reverse osmosis

In remote and isolated locations, where piped water is not available, water is generally pumped from underground or rivers sources. Reverse osmosis water facilities are progressively installed in all estates for distribution of clean drinking water to workers. Related healthcare expenses for full and part-time field workers including monthly contributions to Health and Social Security Agency in 2023 were $1.8 million (2022: $1.7 million).

A strong commitment to CSR has a positive impact on employees' attitudes and boosts employee recruitment. The Group realises that employees are valuable assets in order to run an efficient, effective, profitable and sustainable business and operations. Selected employees are given the opportunity to attend seminars and external training to enhance their working skills and capability. The Group constantly recruits potential field employees who are sent to the Group's central training facilities in Blankahan, set up in 2014, to undergo a rigorous twelve-month training programme which includes theory and practical fieldwork. A total of five hundred and sixty-two employees have participated in the programme since its inception in 1993 with 35% of participants still working for the Group. Over the years, one employee has successfully been promoted to General Manager level with another twenty-eight being employed in various senior positions in the head office, plantations and mills.

Separately, the Group also sends their security personnel regularly to training facilities organised by the Police to be certified. The Group frequently hired professional trainers to conduct leadership development training courses to upskill its managers at the estates and mills.

The Group also recognises its obligations to the wider farming communities in which it operates. The Indonesian authorities have established that not less than 20% of the newly planted areas acquired from 2007 onwards are to be reserved for the benefit of the smallholder cooperative scheme, known as Plasma, and the Group is integrating such smallholder developments alongside its estates. The Plasma development has commenced in stages for its estates in Sumatera and Kalimantan. Out of the 6,765 ha plasma commitment, the Group has planted oil palm in 3,825 ha. In 2023 the Group received 48,700 mt of FFB from Plasma schemes compared to 45,300 mt in the previous year. Total revenue generated by Plasma cooperatives was $6.8 million in 2023 against $7.3 million in 2022.

In order to aid the development of Plasma schemes, the Group provided corporate guarantees of over $15 million through its subsidiaries to local banks to cover loans raised by the cooperatives. The Group also assisted the cooperatives to obtain the proper land rights certification from the local land office, in which 1,431 ha were approved and certified until 2023.

The Group when it renewed cultivation rights also participated in government social and partnership programmes for farmers and smallholders. These programmes include providing financial support to farmers to cover agricultural and planting materials and equipment on top of training and education on good plantation practices to improve smallholders' productivity and output. The partnership also assists farmers to obtain proper permits from relevant government authorities and regencies to plant. We also help them to obtain legal land titles so that the smallholders can eventually apply for ISPO sustainable certification. The Group spent $150,000 for these partnerships in 2023.

The Group supported the Kas Desa smallholder village development programme to supplement the livelihood of the villages. The Group has to-date financed, developed and managed twenty-two smallholder village schemes of oil palm across four companies. This programme allows the participants to opt out to self-manage. Six smallholders had successfully exited from the programme in 2022 and 2023.

In addition, the Group also develops infrastructure such as the construction and repair of bridges and maintained over 168 km of external roads in 2023 at a cost of $3.6 million (2022: $3.8 million). The Group also provided initial aid and seed capital to villagers such as fruit seedlings, fish fry, cattle and ducks to start community sustainable programs.

The Group leased eight hectares of land just outside Kuala Lumpur, Malaysia and started to clear the land from 2020 to build greenhouses for organic farming. It aims to produce organic vegetables and fruits in an environmentally sustainable manner and make them available to consumers at affordable prices as part of its corporate social responsibility. Substantial part of the produce is donated to orphanages and retirement homes.

Indonesian Sustainable Palm Oil ("ISPO")
The ISPO certification is legally mandatory for all plantations in Indonesia. In March 2012, ISPO, which is fundamentally aligned to Roundtable on Sustainable Palm Oil ("RSPO") principles, has become the mandatory standard for Indonesian planters. In comparison, RSPO has the most comprehensive social impact assessment requirements and the strongest measures for biodiversity protection. Even though the Presidential Decree 8/2018 that imposed a moratorium on forest clearance had expired in 2021, we continue to enforce zero deforestation as outlined in our Sustainability policy.

ISPO scheme is designed to ensure that palm oil in Indonesia is produced in an environmentally and socially responsible manner. It sets strict sustainable procedures primarily in ensuring no exploitation of workers, reduced use of harmful chemicals and proper pesticides use and application techniques. Companies must undergo regular audits and verification to maintain the certification status.

Workshops and training sessions on occupational safety and healthcare were carried out to inculcate a safety culture in workplaces at all the estates and mills. The Group compiles and reviews statistics on work related accidents in its operations. Any incident resulting in fatality or serious injury will be rigorously investigated to identify the cause so that corrective action can be implemented to prevent future incident. In the previous year, the Ministry of Labour awarded a total of nine Zero Accident Awards for our operating companies in North Sumatera, Bengkulu and Kalimantan in recognition of our operating companies' effort and high standards to reduce accidents at workplaces. The Group continued to upgrade its agricultural chemical stores and diesel fuel storage tanks in various plantations and mills to meet safety and environmental standards such as International Sustainability and Carbon Certification ("ISCC"), ISO 14001, and Program for Pollution Control Evaluation and Rating ("PROPER") standards.

Every estate under ISPO is required to have a fire team with each personnel fully trained and equipped with certificate of competence issued by the fire departments. Our Group conducts a fire drill at least once a year. Watch towers are constructed in every estate to monitor fire outbreaks. Standard operating procedures were refined and documented based on sustainable oil palm best practices. The Group also conducts internal audits using an audit checklist adopted from the above practices to determine the level of compliance.

The Group has worked closely with appointed certification consultants in the implementation of ISPO standard. To-date all thirteen operating companies have been ISPO certified and are in full compliance. ISPO certification provides third party verification and confirmation that the companies are operating according to national and international standards. During the year, ISPO certification in three companies was renewed after independent audits were carried out.

As mentioned in the Chairman’s Statement on page 9, the Group intends to embark on the RSPO certification in 2024. This is AEP’s commitment to a more robust and globally accepted certification for certified sustainable palm oil. This also seeks to address concerns over EUDR and other sustainable issues caused by differing standards used by regional certification bodies. The first step in the certification process involves the appointment of accredited consultants to carry out LUCA which covers satellite mapping, field verifications, interviews with stakeholders and surrounding communities. This is to determine potential HCV and HCS areas for restoration and remediation.

The Malaysian plantation was certified Malaysian Sustainable Palm Oil (“MSPO”) in January 2021.

Environmental, Social and Governance (“ESG”) Practices
AEP believes that the responsible stewardship of our environment is critical in benefiting our consumers, employees, shareholders and society in general, thus maintaining the industry’s long-term prospects.

The Group has a dedicated sustainability manager based in Medan, Indonesia within an Environmental Health and Safety (“EHS”) and sustainability department overseen by our Indonesian President Director. On the ground, the sustainability team is assisted by a team of staff in each of our estates to tackle sustainability-related matters as they happen. To ensure better oversight on ESG-related matters, AEP plans to form an ESG management committee who will report directly to the Board at least twice yearly. The sustainability management committee will comprise of senior leadership team across the plantations, mills and corporate offices, and will be tasked to assist and advise the Board to monitor performance as well as key risks and opportunities related to ESG, and to facilitate the Group's dialogue with its stakeholders. The board will provide guidance and ensure that relevant ESG matters are incorporated into the Group's vision, mission, governance, operations, strategy, risk management and accountability reporting.

Sustainable food supply project in Bengkulu

The Board, Executive and Management Committee have visibility and general awareness of climate and nature-related risks and opportunities. Any plans, objectives and targets related to climate and nature risk are discussed annually, as well as when the need arises, both through regular engagement with our external sustainability partners and through the Management Committee who raises any new or material issues. Climate change and nature is a standing agenda item for the main Board at least once annually and the Management Committee at least twice annually.

The Board monitors and reviews the progress against our sustainability-related targets on an annual basis, including the carbon reduction target we set in 2021. The Board also oversees reviews of the Group’s corporate governance policies and initiatives, including our Sustainability Policy which was published in 2019. Our Sustainability Policy aims to drive change needed in reducing environmental impact, delivering more efficient land use, ensuring social justice and practicing responsible business across all operations. It embeds policies to mitigate key climate and nature-related risks. The Group also participates in the Sustainable Palm Oil Transparency Toolkit (“SPOTT”) assessment by the Zoological Society of London (“ZSL”) that uses publicly available information to annually assess palm oil producers on the transparency of their commitments to environmental, social and governmental best practice. Apart from aligning with the Taskforce for Climate-related Financial Disclosures ("TCFD"), we have also looked to adopt the recommendations of the Taskforce for Nature-related Financial Disclosures ("TNFD") despite this not yet being a mandatory requirement.

Warning sign against trespassers in HCV areas

Chipping and shredding of old palms to hasten decomposition

The palm oil industry has continuously received close scrutiny in the media due to concerns on global warming and rainforest destruction. Realising this, the Group has adopted a zero deforestation, zero peat planting and zero burning policy throughout our group. When it comes to replanting, felled palm trunks are chipped, shredded and left to decompose on the site. This mitigates the release of greenhouse gases commonly associated with open burning through the traditional land-clearing method of slash-and-burn. Chipping and shredding palm trunks also enriches soil organic matter and recycles nutrients back onto the soil. Where land is sloping, terraces are built which helps to prevent landslides and soil erosion, conserve the water and nutrients and provide better accessibility for operations. Conservation pits and sumps are also constructed to harvest and contain rainwater. Legume cover crops are planted to minimise soil erosion, preserve the soil moisture and improve soil chemical and physical properties, thus reducing the use of chemical fertilisers. In mature areas, fronds and EFB are neatly stacked on the inter-rows to allow for the slow release of organic nutrients while minimising soil erosion. Estates with sandy areas use soft grass, *Nephrolepis biserrata* ferns and cut fronds to cover bare ground to increase soil moisture and improve organic matter contents.

The effluents discharged from our mills are fully treated in anaerobic lagoons and aerobic tanks to reduce its biological oxygen demand ("BOD"). The final discharge is applied to the estate's land as fertilisers and the BOD is tested regularly to ensure that it is below the legal limit for land application in Indonesia. The Group is working towards a zero-effluent policy whereby no by-products from the production of CPO are discharged into rivers.

The Group's four biogas plants further enhance the treatment of effluents in the mills and at the same time mitigate greenhouse gas emissions. The trapped biogas is used to generate and supply power to the national grid to reduce dependency on fossil fuels or purified and compressed to produce BioCNG. As covered in the Chairman's Statement, the Group has also embarked on three green projects with an investor to develop compressed and purified biogas with 96% methane content to diversify the end use of the biogas. Similar undertakings for the Group's mills, where they are commercially viable are planned and shall be implemented in stages.

BioCNG plant commercial operation begins in 2024

The Group is committed to implementing good agricultural practices as spelt out in its standard operating procedures for all activities. An Integrated Pest Management system has been adopted to control the population of damaging pests and to improve biological balance while reducing dependency on chemical pesticides. Barn owls, which are natural predators, have been introduced to control the rat population, replacing the use of rat baits. Beneficial plants such as *Turnera subulata, Cassia cobanensis* and *Antigonon leptopus* were planted to attract natural predators for biological control of bagworms and leaf-eating caterpillars.

We are committed to minimise the usage of toxic pesticides and herbicides and will not hesitate to phase them out once suitable substitutes are available. Our sprayers are regularly trained in the safety and proper spraying techniques by using judicious dosages. The chemicals are kept in designated storage and examined at regular intervals. Employees who handle the use of chemicals are provided with on-site washing facilities and undergo medical examination routinely. The Group enforces standard occupational safety measures like the use of protective suits and equipment when mixing, loading and applying pesticides which is mandatory by the Indonesian Manpower and Transmigration Ministerial Decree No. 08/2010. Managers and employees, risk being penalized and disciplined as safety standards compliance is audited from time to time. ISPO certified companies are also prohibited from using 36 banned active ingredients used in pesticides which can cause various health issues in humans and the environment. Highly toxic pesticides such as Paraquat have been completely eliminated in our plantations. None of the chemicals on the WHO Class 1A and 1B classification, as well as those that fall under the Stockholm and Rotterdam Conventions are still used or intended to be used. In the meantime, different cocktails of safer pesticides are being evaluated as alternatives. The Group has in place a standard operating procedure that requires the management to be informed of instances of pesticide poisoning among its pesticide applicators.

In order to minimise accidents at workplaces, regular training and refresher courses are held to instil the importance of safe working practices. Warnings and reminders are displayed at the mills and estates to remind the workers on their safety. Warning signs are placed at strategic locations such as speed limits in housing estates and warning against crossing Irish bridges when river water is at a dangerous level.

The Group continues to comply and preserve HCV as well as HCS areas recognised by the Department of Forestry. Every development has gone through the proper environmental impact analysis. Environmental impact assessment studies, environment management and monitoring efforts are retained under the Indonesia Omnibus Law passed in 2020, companies are however no longer required to obtain environmental license. All HCV and HCS areas were mapped with boundaries clearly marked by independent surveyors to ensure that the Group does not plant in these sensitive areas. The Group patrols these protected areas to ensure no encroachment and maintain regular monitoring and management plans to preserve the flora and fauna of these sensitive areas. The Group has identified about 3,753 ha as riparian reserves and another 1,255 ha as HCV along with 150 ha as HCS areas within its land. The reduction in conservation areas from the previous year is due to conservation areas in the South Sumatera plantations which have left the Group. Natural vegetation on uncultivable lands such as deep peat, very steep areas and riparian zones along watercourses and mangroves are spared from planting in order to preserve biodiversity and wildlife corridors as well as to check erosion. Peatland is considered to be one of the most efficient carbon sinks and any burning or drying will release the sequestered carbon dioxide into the air contributing to global warming. Conservation of peatland is also important as it is at high fire risk, raising concerns of sub-terrain wildfires which is very difficult to put out. Peatland is made up of decomposed vegetation which not only holds carbon dioxide but also highly inflammable when dry. The Group has a strict no-peat policy and no longer plant in peat areas since 2019. In places like HPP where palms were planted between 2006 to 2012 on peat, before the introduction of no-peat policy, 42 permanent water gates were installed to constantly monitor to keep surface of water stable. Degradation of the mangroves on the other hand causes coastal erosion and harm biodiversity and economic losses for communities that depend on them for a living. Progress has been made in recent years to step up environmental protection in Indonesia.

Management of water level and flood gates in flood prone areas

In Indonesia where drought occurs regularly, an emergency response team is set up in every estate armed with the proper equipment and gear to put out fire and prevent them from spreading during the dry months. Regular training on fire-fighting techniques and safety is provided by the fire departments. Our estates have also invested in modern technology by utilising drones to pinpoint areas of fire outbreak whenever they are detected by the watchtowers. These drones are particularly useful in remote areas where accessibility is restricted. According to Indonesian Law No. 41/1999 on forestry, a deliberate act of forest burning could lead to 15 years imprisonment and a fine of up to Rp5 billion or about $350,000, while negligence act that leads to a forest fire is punishable by a 5-year imprisonment and a fine of up to Rp1.5 billion or $105,000 for environmental crime. The government is stepping up its enforcement where large fines were imposed on companies for breach of environmental law.

All sacred and customary lands are set aside and also preserved by the Group out of respect for the local tribes and customs to pray and conduct their ritual ceremonies. Some of these locations are posted on the company's websites.

The six mills in the Group are operating in compliance with criteria set by PROPER overseen by the Indonesian Department of Environment. Many of the criteria set by PROPER are also part of the ISPO requirement. These mills are officially graded Blue and rated to adhere to the criteria set for the management of waste and compliance to environmental conservation over water resources, land development, air and sea pollution and dangerous and toxic waste treatment which impact the environment. The certification of the seventh mill which has just commenced operation is currently under review. All six mills were certified to ISO 14001:2015 (Environmental Management System) standard. Implementing an environmental management system can provide the mills, the ability to manage environmental performance through more efficient use of resources and will also increase the confidence of internal and external parties that the environmental impacts of its activities have been measured, managed and continuously improved.

The ISCC is issued by ISCC System GmbH, a global certification body based in Cologne, Germany. The criteria used in the certification process are:

- Implement social and ecological sustainability criteria

- Monitor deforestation-free supply chains
- Avoid conversion of biodiverse grassland
- Calculate and reduce greenhouse gas ("GHG") emissions
- Establish traceability in global supply chains

The estates and mill in Tasik Raja were ISCC certified in 2023 and will be re-certified in 2024. The estate and mill in Blankahan were also ISCC certified in 2023. A certification identifies a company as a responsible player in the industry that has taken efforts to produce sustainable CPO.

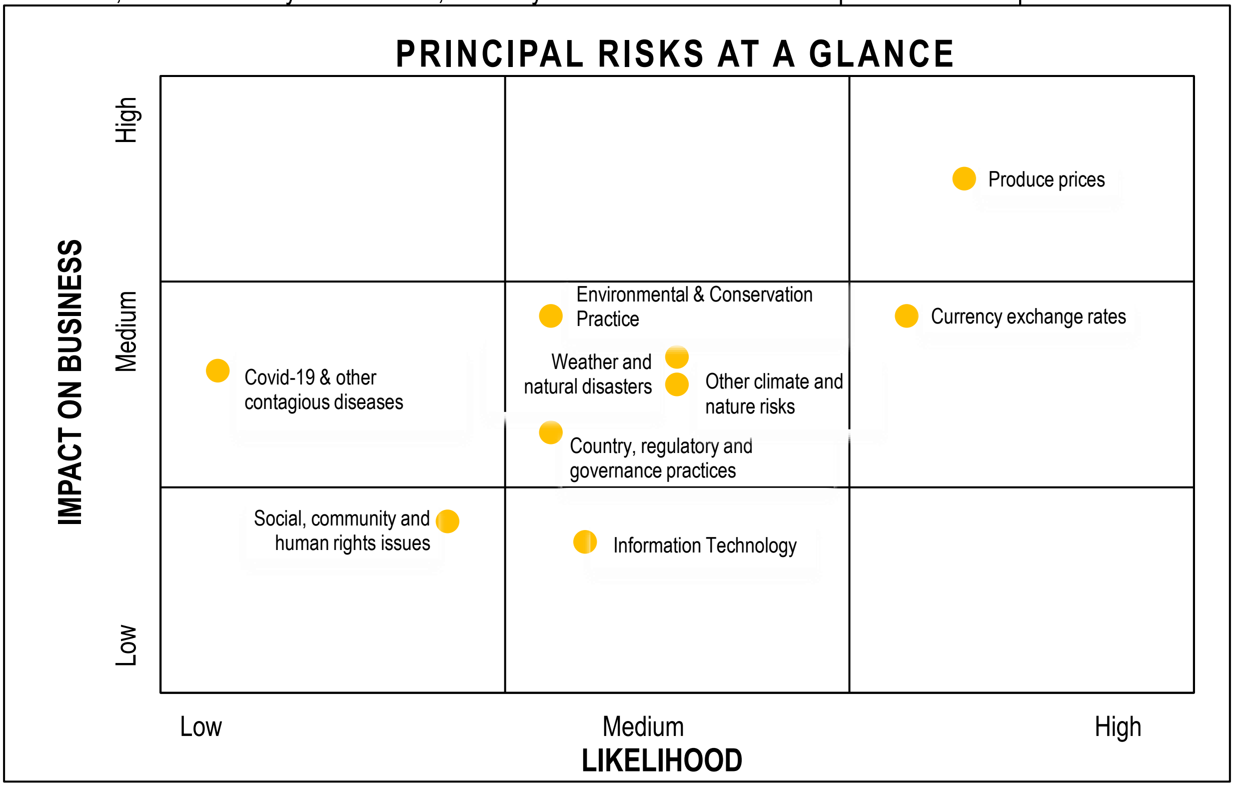
We have finally achieved 100% traceability of external FFB purchased for processing from the suppliers' farms or plantations to our mills. The Group maintains a complete database of every one of our smallholders within our supply chain and know their precise locations, with each arrival to the Group's mills recorded and its origin verified. By keeping a close relationship with our suppliers, we are able to not only support them with technical and management expertise, but also to inculcate our sustainability policies in their practices. Satellite monitoring of our FFB sources were also carried out through our FFB buyers to ensure no encroaching into prohibited areas.

More details may be obtained from the Company's website under our Sustainability dashboard which covers the Environment, CSR, Workers' rights and safety, Corporate Governance and Sustainability certification.

Principal and emerging risks and uncertainties
The Board members have sound knowledge of the palm oil industry, including sustainability, and are also aware of the politics and economics of the business world, especially in the countries where AEP operates.

The Board carried out a robust assessment of the principal and emerging risks facing the Group on an annual basis. A board paper on risk management, with contributions from Board members on emerging significant business risks, if any, is discussed at least once a year in conjunction with the risk register. Significant emerging business risks identified and actions agreed thereon, together with the management of other business risks will be monitored by the Executive Director who is regularly briefed by the senior management of the Group. The Executive Director in turn briefs the Audit Committee and the Board whenever they meet.

The Group's business involves risks and uncertainties of which the Directors currently consider the following to be material. There are or may be other risks and uncertainties faced by the Group that the Directors currently deem immaterial, or of which they are unaware, that may have a material adverse impact on the Group.



Nature of the risk and its origin	Circumstances under which the risk might be most relevant to the Company	Mitigating or other relevant considerations
Country, regulatory and governance practices		
The Group's operations are located substantially in Indonesia and therefore significantly rely on economic and political stability in Indonesia.	Political upheaval and deterioration in the security situation may cause disruption on the operation, loss of management control and consequently financial loss.	The country has recently benefited from a period of relative political stability, steady economic growth and stable financial system. The Group's operations were not interrupted by the regional security problems including occasional racial conflicts.
Introduction of measures to rein in the country's fiscal deficits. This included the exchange controls and restriction on repatriation of profit through payment of dividends.	Transfer of profit from Indonesia to the UK will be restricted affecting servicing of UK obligations and payment of dividends to shareholders.	The Board is not aware of any attempt by the government to impose exchange controls that would restrict the transfer of profits from Indonesia to the UK. The Board perceives that the Group will be able to continue to extract profits from its subsidiaries in Indonesia for the foreseeable future.
Changes in land legislation. Based on National Land Agency Law 2 / 1999, mandatory restriction to land ownership by non-state plantation companies and companies not listed in Indonesia to 20,000 ha per province and a total of 100,000 ha in Indonesia. Mandatory reduction of foreign ownership of Indonesian plantations.	Could force divestment of interests in Indonesia at below market values.	The Group realises that there is a possibility that foreign owners may be required over time to partially divest ownership of Indonesia oil palm operations but has no reason to believe that such divestment would be anything other than at market value.
Group failure to meet the standards expected in relation to bribery and corruption.	Reputational damage and criminal sanctions.	The Group continues to maintain strong controls in this area as Indonesia has been classified as relatively high risk by the International Transparency Corruption Perceptions index.

Nature of the risk and its origin	Circumstances under which the risk might be most relevant to the Company	Mitigating or other relevant considerations
Country, regulatory and governance practices - continued		
Imposition of import controls or taxes in consuming and exporting countries. Efforts by EU to restrict the use of palm oil and palm biodiesel either by trade barriers including EUDR or increased tariffs including export levy and export tax.	Reduced revenue and reduction in cash flow and profit. The higher import levy will raise the price of CPO and make it less competitive in the global oil market, thus reducing demand. Trade barriers including increased compliance and increased tariffs will make it more difficult to export palm oil to EU either for food or palm biodiesel and will hurt the demand of CPO in EU which is the third largest consumer of CPO.	The Indonesian government allows almost free export of CPO of local production but applies a sliding scale of duties on exports which allows producers economic margins. The export levy collected to fund local biodiesel subsidies is designed to support the CPO prices. Higher tariffs and trade barriers in EU will result in higher consumption of alternative vegetable oils despite CPO remaining amongst the cheapest source and most productive of vegetable oil in a growing population.
Currency exchange rates		
CPO is a US Dollar denominated commodity and a significant proportion of operating costs in Indonesia (such as fertiliser and fuel) and development costs (such as heavy machinery and mill equipment) are imported and are US Dollar related.	Adverse movements of Rupiah against US Dollar will increase operating costs and will have a negative effect on the profitability and raise funding costs.	The Board has taken the view that these risks are inherent in the business and feels that adopting hedging mechanisms to counter the negative effects of foreign exchange volatility are both difficult to achieve and would not be cost effective.
Produce prices		
CPO and palm kernel are primary commodities and is affected by the world economy, levels of inflation, and availability of alternative soft oils such as soybean oil. CPO price also moves historically in tandem with crude oil prices which determine the competitiveness of CPO as a primary source of feed stock of biodiesel in Indonesia.	This may lead to significant price swings. The profitability and cash flow of the plantation operations depend upon world prices of CPO and palm kernel and upon the Group’s ability to sell CPO and palm kernel at price levels comparable with world prices, unlike soybean which is sown annually and production can be increased or decreased to match demand and prevailing prices.	Directors believe that such swings should be moderated by continuous demand in economies like China, India and Indonesia. Larger exports would lead to a lower inventory of CPO which augurs well for future produce price. In the short term, the prices and demand will be volatile due to the pandemic and the ongoing conflicts in Ukraine and Middle-East. Indonesia imposition for local producer to sell 20% of their output to domestic refiners will reduce supply for export possibility helping to sustain CPO prices

Nature of the risk and its origin	Circumstances under which the risk might be most relevant to the Company	Mitigating or other relevant considerations
Social, community and human rights issues		
Any material breakdown in relations between the Group and the host population in the vicinity of the operations could disrupt the Group's operations. The plantations hire large numbers of people and have significant economic importance for local communities in the areas of the Group's operations. Disputes over compensation and rights for land allocated to the Group through location permits granted by the Indonesian government which were previously used by the communities for their livelihood.	Communication breakdown would cause disruption in the operation and consequently financial loss. Access to areas in estates and mills of disputed compensation is restricted due to blockages and illegal encroachment by the communities.	The Group mitigates this risk by liaising regularly with village representatives to mediate on disputes including some land compensation matters and rights. It develops a close relationship with villagers by improving local living standards through mutually beneficial economic and social interaction. The Group, when possible, gives priority to applications for employment from the local population and supports specific initiatives to encourage local farmers and tradesmen to act as suppliers to the Group, its employees and their dependents. The Group spends considerable money constructing new infrastructures and maintaining existing schools, clinics, roads and bridges used by villagers. The Group also provides technical and management expertise to villagers to develop oil palm plots and Plasma schemes surrounding the operating estates. The returns from these plots are used to improve villages' community welfare.
Deterioration or disputes in relationships with the local shareholders in the Group's Indonesian subsidiaries.	Seek Indonesian courts for enforcement of shareholders' agreements and resolving disputes. Uncertainties over judicial process may result in financial loss to the Group.	The Group endeavours to maintain cordial relations with local shareholders by seeking their support for decisions affecting their interests and responding constructively to any concerns that they may have. The minority interests in the Indonesian subsidiaries were substantially reduced following the consolidation exercises in 2023. Almost all of the Indonesian subsidiaries are now wholly owned.

Nature of the risk and its origin	Circumstances under which the risk might be most relevant to the Company	Mitigating or other relevant considerations
Covid-19 and other contagious diseases		
The Covid-19 pandemic we recently had has affected national and world economies. Covid-19 and similar contagious diseases on a pandemic scale could disrupt the Group's operation.	Our plantations and mills could be seriously infected which may require a total shut down of the infected part of our operations to contain and eradicate the infection. However, as the vaccination rate increased both in Indonesia and Malaysia the risk of a total shutdown is reduced.	With the reduced Covid-19 cases as a result of the increased vaccination rate, the Group is gradually softening the existing SOPs to reflect the sentiments of coexisting with Covid-19.
	The local governments where the Group operates could enforce a total lockdown requiring total shutdown of the Group's operations.	The Group has budgeted cash requirements on a minimum spend basis that would sustain the continuity of the Group for at least twelve months.
Weather and natural disasters		
Oil palms rely on regular sunshine and rainfall but these weather patterns can vary and extremes such as unusual dry periods or, conversely, heavy rainfall leading to flooding in some locations can occur. Indonesia, where most of its plantations are located, frequently experience natural disasters like earthquake, forest fire and tsunami. Refer to TCFD Report from page 47 to 48.	Dry periods, in particular, will affect yields in the short and medium term. It may result in wildfire that may damage and destroy the palms. Drought induces moisture stress in palm trees. Conversely high levels of rainfall can disrupt estate operations and result in harvesting delays with loss of FFB or deterioration in fruit quality. Delay in collection of harvested FFB could raise the level of free fatty acid ("FFA") in the CPO. CPO with high FFA would be sold at a discount to market prices. Low level of sunshine could result in delay in formation of FFB resulting in potential loss of revenue. Any natural disaster could result in a shortage of workers and incur temporary work stoppage due to damage to the plantation or mill. Tsunami could wipe off large tracks of the plantation resulting in loss of revenue.	Bunding and platforming is built around flood prone areas. Water gates, canals and retention ponds are constructed either to evacuate surplus water or to maintain water levels in areas quick to dry out. Operations located in and near the tropic can expect adequate amount of sunshine regularly. Where practical, natural disasters are covered by insurance policies. Certain risks (including the risk of crop loss through fire, earthquake and flood) if they materialise could dent the potential revenues, for which insurance cover is either not available or would in the opinion of the Directors be disproportionately expensive, are not insured. Such risks are mitigated by the geographical spread of the plantations but an occurrence of an adverse uninsured event could result in material losses.

Nature of the risk and its origin	Circumstances under which the risk might be most relevant to the Company	Mitigating or other relevant considerations
Environmental and conservation practices		
Failure to comply and observe environmental and conservation practices in its oil palm cultivation as detailed in the management for Climate Risk in the Directors' Report.	Reputational and financial damage through criticisms by conservation groups and boycott of the Group's produces. Government could impose hefty fine and penalties for environmental breach.	The Group is committed to sustainable development and maintains substantial conservation reserves to safeguard biodiversity. It has obtained ISPO and MSPO certifications for all its operations. The Group conducts independent environmental impact assessment studies and complies with its recommendation before any development begins. The Group has sustainability partners to advise on climate related risks and compliance.
Information Technology ("IT") security risk		
The security threats faced by the Group include threats to its IT infrastructure, unlawful attempts to gain access to classified information and potential for business disruptions associated with IT failures.	Failure to combat cyberattack could cause disruption to our business operations. Potential loss including loss of financial records leading to error or misstatement in financial statements. Recovery of lost data can also be expensive.	The Group has measures in place including appropriate tools and techniques to monitor and mitigate this risk. The Group through its IT Consultant has in place antivirus, threat detection, log analysis, Distributed denial-of-service ("DDOS") attacks protection and Firewalls.

Climate and nature-related risks and opportunities

Global concerns about sustainability are steadily rising. Many countries are working to prevent climate change and nature loss with various targets set to minimize the effects. A Special Report on Climate Change and Land (IPCC, 2019) estimates that agriculture is directly responsible for up to 8.5% of all global Greenhouse Gas ("GHG") emissions with a further 14.5% coming from land use change. Soil erosion, land clearance and deforestation are major contributors to these emissions. Indonesia, where AEP predominately operates, is understood to be one of the 10 countries with the largest agricultural emissions.

Indonesia is also exposed to the naturally occurring El Niño and La Niña climate pattern, globally the most significant cause of extreme weather. Climate change is expected to increase the frequency of more severe weather ranging from frequent drought and severe floods in the coming years, potentially impacting our operations and the ecosystems on which we depend.

We also recognise that nature is core to our business and closely interlinked with climate, in terms of our impacts, dependencies, risks and opportunities.

AEP therefore acknowledges and welcomes both the Taskforce on Climate-related Financial Disclosures ("TCFD") and the Taskforce on Nature-related Financial Disclosures ("TNFD") and recognises their disclosure recommendations as effective global frameworks for disclosing climate and nature-related risks and opportunities and improving our strategic resilience in the face of climate change and nature loss.

This year is our fourth year disclosing against the eleven TCFD recommendations and, following the TCFD gap analysis we conducted in 2022, we have continued to improve our alignment with the TCFD's recommendations by acting in accordance with the TCFD roadmap we put in place last year. We have revisited our climate and nature-related risks and opportunities, and have conducted Scenario Analysis in line with TCFD expectations.
This Scenario Analysis explores how strategically-important climate and nature risks and opportunities may change across short, medium and long-term time horizons within distinctive and plausible scenarios (including a Paris Agreement Aligned scenario which limits global warming to 1.5C by the end of the century).

We have begun the process of aligning our climate and nature risk management to the TNFD by explicitly considering nature risk alongside climate risk, and by adopting elements of the TNFD's recommended scenario analysis methodology – using a 'What If' process to build out our scenarios to consider how climate and nature risks might manifest. We will further develop our holistic approach to risk management which integrates climate and nature in the future.

Summary TCFD alignment table

TCFD Pillar	AEP's assessment of our compliance with the disclosure recommendations	Page number for further information
Governance		
a. Describe the board's oversight of climate-related risks and opportunities	Compliant as the Board, Executive and Management Committee have oversight. We however need to formalise an integrated approach to both climate and nature.	Page 44
b. Describe management's role in assessing and managing climate-related risks and opportunities	Compliant as management assess and manage key risks and opportunities. We however need to formalise an integrated approach to both climate and nature.	Page 44
Strategy		
a. Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	Compliant. We have conducted a climate and nature risk identification exercise - with prioritised risks and opportunities then explored through scenario analysis to assess their potential impact across short, medium and long-term time horizons. We recognise that building our understanding of climate and nature risks and opportunities - and nature-related dependencies and impacts - is an ongoing exercise and we will continue to explore these topics.	Page 44 - 49
b. Describe the impact on the business of climate-related risks and opportunities on the organisation's business, strategy and financial planning	Compliant. We have conducted a scenario analysis to explore how prioritized climate and nature risks might impact AEP's business, strategy and financial planning.	Page 50 - 54
c. Describe the resilience of the organisation's strategy, taking into consideration different scenarios, including a 2°C or lower climate scenario	Compliant. We have explored how prioritized climate and nature risks might impact AEP across different scenarios and time horizons, and have considered and disclosed the resilience of our strategy against these risks.	Page 54 - 55

Summary TCFD alignment table -continued

TCFD Pillar	AEP's assessment of our compliance with the disclosure recommendations	Page number for further information
Risk Management		
a. Describe the organisation's processes for identifying and assessing climate-related	Compliant as we have a process in place to assess material risks and opportunities.	Page 55
b. Describe the organisation's process for managing climate-related	Compliant as we have a process in place to manage and mitigate material risks and opportunities.	Page 56
c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	Not yet compliant. We are forming an ESG committee in 2024 who will report directly to the Board at least twice yearly. The committee will comprise of senior leadership team across the plantations, mills and corporate offices, and will be tasked to assist and advise the Board to monitor performance as well as key risks and opportunities related to ESG, and to facilitate the Group's dialogue with its stakeholders. The Board in turn will provide guidance and ensure that relevant ESG matters are incorporated into the Group's vision, mission, governance, operations, strategy, risk management and accountability reporting.	Page 56
Metrics and Targets		
a. Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	Compliant. We are continually assessing our sustainability related targets for their appropriateness at managing our climate and nature related risks. We therefore will continue to develop sustainability metrics as our approach matures and we re-review our risks each year.	Page 56 - 57
b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and related risks.	Compliant as we disclose scope 1, 2, and 3 emissions.	Page 57
c. Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	Compliant. We are continually assessing our sustainability related targets for their appropriateness at managing our climate and nature related risks. We therefore will continue to develop sustainability metrics as our approach matures and we re-review our risks each year.	Page 57

Summary TNFD alignment table

TNFD Pillar	AEP's assessment of our compliance with the disclosure recommendations	Page number for further information
Governance		
a. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities	Compliant as the Board, Executive and Management Committee have oversight. We however need to formalise an integrated approach to both climate and nature.	Page 44
b. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities	Compliant as management assess and manage key risks and opportunities. We however need to formalise an integrated approach to both climate and nature.	Page 44
Strategy		
a. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium, and long term	Compliant. We have conducted a climate and nature risk identification exercise - with prioritised risks and opportunities then explored through scenario analysis to assess their potential impact across short, medium and long-term time horizons. We recognise that building our understanding of climate and nature risks and opportunities - and nature-related dependencies and impacts - is an ongoing exercise and we will continue to explore these topics.	Page 44 - 49
b. Describe the impact on the business of nature-related risks and opportunities on the organisation's business, strategy and financial planning	Compliant. We have conducted a scenario analysis to explore how prioritized climate and nature risks might impact AEP's business, strategy and financial planning.	Page 50 - 54
c. Describe the resilience of the organisation's strategy, taking into consideration different scenarios, including a 2°C or lower climate scenario	Compliant. We have explored how prioritized climate and nature risks might impact AEP across different scenarios and time horizons, and have considered and disclosed the resilience of our strategy against these risks.	Page 54 - 55
d. Describe the organisation's interactions with low integrity & high importance ecosystems or areas of water stress	None of AEP's sites are located within areas of water stress, but all are located within regions of high biodiversity value. We will outline our interactions with high importance ecosystems in future reports.	Page 49
Risk Management		
a. Describe the organisation's processes for identifying and assessing nature-related dependencies, impacts, risks and opportunities	Compliant as we have a process in place to assess material risks and opportunities.	Page 55
b. Describe the organisation's process for managing nature-related dependencies, impacts, risks and opportunities	Compliant as we have a process in place to manage and mitigate material risks and opportunities.	Page 56

Summary TNFD alignment table - continued

TNFD Pillar	AEP's assessment of our compliance with the disclosure recommendations	Page number for further information
Risk Management - continued		
c. Describe how processes for identifying, assessing, and managing nature-related risks are integrated into the organisation's overall risk management	Not yet compliant. We are forming an ESG committee in 2024 who will report directly to the Board at least twice yearly. The committee will comprise of senior leadership team across the plantations, mills and corporate offices, and will be tasked to assist and advise the Board to monitor performance as well as key risks and opportunities related to ESG, and to facilitate the Group's dialogue with its stakeholders. The Board in turn will provide guidance and ensure that relevant ESG matters are incorporated into the Group's vision, mission, governance, operations, strategy, risk management and accountability reporting.	Page 56
d. Describe the organisation's approach to locate the sources of inputs used to create value that may generate nature-related dependencies, impacts, risks and opportunities	Not yet compliant.	Page 56
e. Describe how stakeholders, including rightsholders, are engaged by the organisation in its assessment and response to nature-related dependencies, impacts risks and opportunities	Not yet compliant.	Page 56
Metrics and Targets		
a. Disclose the metrics used by the organisation to assess nature-related risks and opportunities in line with its strategy and risk management process	Compliant. We are continually assessing our sustainability related targets for their appropriateness at managing our climate and nature related risks. We therefore will continue to develop sustainability metrics as our approach matures and we re-review our risks each year.	Page 56 – 57
b. Disclose the metrics used by the organisation to assess and manage direct, upstream and, if appropriate, downstream dependencies and impacts on nature	Not yet compliant.	Page 57
c. Describe the targets used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and performance against targets	Compliant. We are continually assessing our sustainability related targets for their appropriateness at managing our climate and nature related risks. We therefore will continue to develop sustainability metrics as our approach matures and we re-review our risks each year.	Page 57
d. Describe how targets on nature and climate are aligned and contribute to each other, and any trade-offs	Not yet compliant.	Page 57

Current and future steps on TCFD and TNFD

Governance

Board oversight

Responsibility for ensuring that management operates the business in a responsible manner also lies with the Group's Board of Directors ("The Board"). The Board has overall responsibility for the Group's systems of internal control and risk management, including climate and nature-related risks and opportunities, and for reviewing its effectiveness. The Audit Committee reviews and monitors specific risks and internal control procedures and reports to the Board where appropriate.

For climate and nature-related risks and opportunities more specifically, the Board, Executive and Management Committee have visibility and general awareness of climate and nature-related risks and opportunities (i.e. those identified initially in our climate risk report and which has undergone a high-level review and update each year since). Any plans, objectives and targets related to climate and nature risk are discussed annually, as well as when the need arises, both through regular engagement with our external sustainability partners and through Group management who raise any new or materialising issues. We understand the importance of regular discussion and 'climate change and nature' is a standing agenda item for the main Board at least once annually and for the Management Committee at least twice annually.

The Board monitors and reviews progress against our sustainability-related targets on an annual basis, including the carbon reduction target we set in 2021 (page 58). The Board also oversees reviews of the Group's corporate governance policies and initiatives, including our Sustainability Policy. Our Sustainability Policy aims to drive change needed in reducing environmental impact, delivering more efficient land use, ensuring social justice, and practicing responsible business across all operations. It embeds policies to mitigate key climate and nature-related risks. The policy applies to all current and future AEP Group operating units, including mills, estates or biogas & bioCNG plants which we own, manage, or invest in. Related third parties are expected to comply with this policy while being in any trading relationship with us.

As we progress our alignment with both the TCFD and TNFD in future years, the Board and Management Committee will be trained as necessary to ensure there is understanding and oversight of AEP's dependencies and impacts on nature, and the interdependence of climate and nature-related risks and opportunities.

Management's role

Executive staff (part of the Management Committee) and Directors (part of the Board) are responsible for overseeing the identification and assessment of risks and the implementation of control procedures to manage these risks. The Management Committee meets monthly to discuss the operation of the business as well as all strategic risks, some of which are climate and nature-related. The Management Committee is chaired by the Group Chief Operating Officer from Malaysia who reports to the Executive Committee and the Board. The EHS and Sustainability Department reports to the Management Committee on material local risks identified by representatives of the Department based at each of our estates, some of which are climate and nature-related, and periodically updates on the monitoring of these risks.

We are taking steps to further integrate our climate and nature risk management approach with wider strategic risk management, and to ensure our understanding of risk covers medium and long-term time horizons. In 2023, we created a working group tasked with identifying, assessing and managing climate and nature-related dependencies, impacts, risks and opportunities within an integrated approach to business risk management. In 2024 we will further formalise governance of these risks and opportunities. In 2023 we performed upskilling for the climate and nature risk working group to further stakeholder understanding of climate and nature risk and scenario analysis.

Strategy

Material climate and nature-related risks and opportunities

In 2021 we published the results of a consultation with our external sustainability partners to identify and prioritise Group-level climate-related risks and opportunities. This list was revisited in 2022 to identify which of these risks and opportunities are also nature-related. These risks – which are disclosed in the table below, alongside our approach to managing them - remain relevant to the business.

Type	Primary risk/ opportunity driver	Rationale for inclusion as priority risk	Management approach	Changes from 2022 to 2023
Policy & Legal	Compliance with changing regulations	Import tariffs and taxes and other import restrictions imposed by importing countries will affect the demand for CPO and its derivative products, and can encourage substitution by other vegetable oils. The ISPO certification, which requires producers to mitigate their environmental impacts, is legally mandatory for all plantations in Indonesia and therefore non-compliance presents a financial risk through fines. AEP is legally required to incorporate climate-related financial disclosures into annual reporting, in line with recommendations of the TCFD. AEP expects additional nature-related disclosures to become mandatory in the future, in line with recommendations of the TNFD. Other legislation aimed at achieving nature-positive outcomes is anticipated to increase as a result of COP15, such as the EU regulation on deforestation-free products, which seeks to encourage regeneration as well as halting deforestation.	All of our Indonesian plantations are currently certified under ISPO. Our Malaysian plantation has also received the MSPO certification. Our mills in Tasik Raja and Ukindo have received the ISCC, and we have obtained ISO 14001:2015 certification for all our mills to improve our PROPER rating. The mills are regularly audited for renewal of certification. Example, every 1 year for ISCC, 3 years for ISO 14001 and 4 years for ISPO. We are in the process of applying for a RSPO membership, and conducting a Land Use Change Analysis ("LUCA") to determine our compensation liabilities. We are also engaging with our buyers for detailed EU guidelines on how to conduct due diligence for EUDR compliance. Our current list of sustainability certifications is available on our website, https://www.angloeastern.co.uk/sustainability/sustainability-certification. We recognise that certifications are not solely proof of good practice, so will seek to go further to improve transparency through tracking / audits.	We assessed policy and legal risk through Scenario Analysis in 2023 – the results of which are disclosed below.

Type	Primary risk/ opportunity driver	Rationale for inclusion as priority risk	Management approach	Changes from 2022 to 2023
Market & Reputation	Changes in buyer preferences / Difficulty accessing capital	Negative perceptions about palm oil and its links to deforestation can affect market access/demand and possibly lead to changes in international legislation or regulations. Many large buyers and their investors have targets to source a certain % of palm oil from RSPO certified producers or producers with carbon reduction targets. The loss of a major customer through a lack of RSPO certification or Scope 1, 2 & 3 carbon targets may impact profitability. Access to capital, through banks and investors, is also increasingly tied to the ability to evidence the sustainability of palm oil products, with several large banks, investors and RSPO members.	As tenders are performed on a weekly basis, we do not find ourselves overly reliant on a single customer. We ensure transparency in our palm oil production practices through annual disclosure to SPOTT and certification as detailed above. We are in the process of applying for a RSPO membership, and conducting a Land Use Change Analysis ("LUCA") to determine our compensation liabilities. We are also engaging with our buyers for detailed EU guidelines on how to conduct due diligence for EUDR compliance. We communicate regularly with buyers and capital providers, to understand their changing expectations, and have investigated the value of RSPO to the business. Our financial position also currently negates the need for financing through bank loans. We have also commissioned an external consultant to prepare a Sustainability Report for 2024.	We assessed potential changes in customer preferences through Scenario Analysis in 2023 – the results of which are disclosed below.

Type	Primary risk/ opportunity driver	Rationale for inclusion as priority risk	Management approach	Changes from 2022 to 2023
Market & Reputation	Development of new products	Palm oil can be used to produce a range of products, including low-carbon alternative fuels and materials. The development of new products can provide both reputational and financial opportunities, despite in many instances being expensive to produce. For example, increasing demand for biodiesel in markets such as China offers additional sources of revenue. However, policies in the EU to reduce and phase out the use of palm oil in biodiesel by 2030 means that this opportunity may be limited.	We have signed long term contracts with an investor to construct purified/compressed biogas plants ("BioCNG"). These plants will purify the biogas produced from the biogas plants in the mills to generate compressed biogas with a high methane content to be used to replace diesel in industrial use. BioCNG can also be used in trucks carrying FFB within our estates. This can provide a reputational benefit, increased operational resilience, and new revenue streams. We are currently investigating projects which utilise Biomass from Crude Palm Oil for methane production and capture. This would involve building further biogas plants.	No significant change in 2023. We have completed construction of our first BioCNG plant and commenced operation of the plant in January 2024. We are investigating feasibility of future constructions in the other mills.
Technology	Use of lower emission sources of energy	Palm oil mill effluent ("POME") is used as a feedstock in anaerobic digesters to produce biogas which contains about 60% methane. The biogas is purified and used as a fuel in biogas engines to generate electrical power which reduces our reliance on diesel.	Four of our mills are equipped with biogas plants to capture biogas and generate electricity for sale to the state authorities or for own consumption. This also reduces the purchase of diesel for our estates, as they are instead supplied power by the grid, therefore reducing our emissions.	No significant change in 2023.
Physical	Heavy rainfall & flooding	Excessive rainfall generally leads to poor pollination of palms and reduces the effectiveness of fertilisers. High levels of rainfall can also disrupt estate operations and result in harvesting delays with loss of FFB or deterioration in fruit quality. Where leading to a reduction in revenues, insurance cover may not be available or may be disproportionately expensive. Periods of more intense precipitation can also benefit AEP, by enabling the conservation of more water to mediate dry periods.	Where appropriate, bunding is built around flood prone areas and canals/ drainage/ retention ponds and water gates are constructed and adapted to evacuate surplus water. Riparian reserves are also protected to mitigate flood risks. Where the land is undulating, we build terraces for planting which helps to prevent landslides, ensures that water runs off into groundwater stores, conserves nutrients effectively, and provides better accessibility for operations. Where practical, natural disasters are also covered by insurance policies.	We assessed flood risk through Scenario Analysis in 2023 – the results of which are disclosed below.

Type	Primary risk/ opportunity driver	Rationale for inclusion as priority risk	Management approach	Changes from 2022 to 2023
Physical	Droughts	Dry periods affect palm oil yields in the short and medium term through moisture stress and can result in wildfires that may damage the palms. Drought events are localised to our Kalimantan and Bangka estates, where long droughts (>3 months) can affect soil quality and lead to a lower yield the following year (~10-15% decrease at most). Lower rainfall provides opportunities, however, to repair and realign roads to improve the transport of crops.	Legume cover crops are planted to minimise soil erosion, preserve soil moisture and improve soil chemical and physical properties. In mature areas, fronds and EFB are placed inter-rows to allow the slow release of organic nutrients while minimising soil erosion. Conservation pits and sumps are constructed to harvest and contain rainwater, whilst the spreading of oil mill effluent in lines provides a water storage medium. 'Terracing' also ensures that water runs off into groundwater stores. We are also closely following developments of drought-resistant oil palm varieties.	We assessed flood risk through Scenario Analysis in 2023 – the results of which are disclosed below. El Nino conditions emerged in June 2023. El Nino is associated with drought in both Indonesia and Malaysia.
	Aggregated impacts of temperature thresholds being reached	Related to drought risk, temperature increase was identified as a key change factor which may moderate palm oil FFB yield. Evidence suggests that as temperatures increase and global warming surpasses temperature thresholds, aggregated factors relevant to climate change will have a significant impact on palm oil success and yield.	AEP is managing its carbon emissions in order to reduce its contribution to climate change and therefore help to mitigate temperature increase globally.	We assessed the risks associated with rising temperatures through Scenario Analysis in 2023 – the results of which are disclosed below.
	Fires	During drought season the risk of fire is present at several estates, especially where neighbouring land is burnt for crop cultivation by locals. El Nino weather events can indirectly drive widespread forest fires and haze. The financial impact of fire damage is relatively low to the Group due to the diverse geographical spread of plantations.	Fire response crews are stationed in each estate, with regular training on firefighting techniques and safety provided by local fire departments. Ditches and boundaries are created to prevent the spread of fire, whilst watch towers have been built in every estate to pinpoint outbreaks of fire as soon as smoke is detected. The Group has also invested in drones to pinpoint outbreaks of fire where accessibility is restricted. Where practical, natural disasters are also covered by insurance policies.	El Nino conditions emerged in June 2023. El Nino is associated with drought in both Indonesia and Malaysia – and increases the risk of fire at our estates.

Type	Primary risk/ opportunity driver	Rationale for inclusion as priority risk	Management approach	Changes from 2022 to 2023
Physical	Pests & disease	Rhinoceros beetle or Oryctes damage has been observed in areas of large-scale replanting, whilst plantations have previously been detrimentally impacted by stem rot. More extreme fluctuations in precipitation may drive increased damage from bagworms and leaf beetles. There is evidence that pollinating weevils, which help to pollinate palm trees, are showing smaller flight capabilities and pollinating less because of changing climatic conditions.	Pest and disease events are localised, with early-warning provided by supervision and monitoring, and generally impact immature palms. Outbreaks are managed through biological controls, such as the planting of beneficial plants that host natural predators to divert bagworms from oil palms, and the introduction of barn owls to control rats. Individual estates have also been replanted with more resistant anti-Ganoderma material to reduce the threat of stem rot. A variety of planting materials are also being considered to provide variability and pollens, to mitigate changes to pollinating insects, and hand pollination can also be carried out where required.	No significant change in 2023.
	Sea Level Rise	Sea level rise related to climate change may impact AEP's plantation and milling locations, or logistics routes that are coastal or at sea level.	The majority of AEP's operations occur at locations inland and above sea level.	The majority of AEP's operations occur at locations inland and above sea level.
Systemic Risk	Systemic Disruption	The TNFD has built upon the TCFD's categorization of risk by asking companies to consider systemic risk alongside physical and transition risk. It outlines two categories of nature-related systemic risk: Ecosystem stability risk: Risk of the destabilisation of a critical natural system, so it can no longer provide ecosystem services in the same manner as before; and Financial stability risk: Risk that a materialisation and compounding of physical and/or transition risk leads to the destabilisation of an entire financial system.	AEP examined this risk at a high level to better understand and gather evidence on whether/how systemic risks might manifest change over time.	Identified as a potential future risk for AEP (in line with the TNFD's Recommendations).
Key = Opportunity / Risk				

Risk and opportunity impacts on our business, strategy and financial planning

Climate & Nature Scenario Analysis

In 2023 we conducted scenario analysis to explore how a subset of our climate and nature- risks and opportunities may change within 3 distinctive scenarios (including a Paris Agreement Aligned scenario in which global warming is limited to 1.5C by the end of the century).

Building on our existing list of climate and nature-risks – supplemented by a review of disclosures by other palm and agricultural companies – we identified 5 risks to take forward for scenario analysis:

- Policy/regulatory risk and opportunity (transition risk)
- The risks and opportunities associated with changing customer expectations (transition risk)
- Drought risk (physical risk)
- Flood risk (physical risk)
- The aggregated impacts of climate change at different temperature thresholds (physical risk)

These risks were assessed across the short, medium and long-term time horizons listed below:

Short Term	0-2 year	Aligned to risk management planning cycle	2023-2025
Medium Term	2-5 year	Aligned to Near-Term Science-Based Target dates for many companies	2025-2030
Long Term	5-20 year	Aligned to Net Zero Target dates for much of the world and to average economic life of an oil palm plant	2030-2050

In addition, given that the TNFD have built upon the TCFD's categorization of risk types to include systemic risk alongside physical and transition risk, we explored, at a high-level, the possibility that systemic risk might rapidly change our operating context. This analysis flagged the possibility that climate and nature risk might emerge more rapidly, and/or have more fundamental impacts, than suggested by the scenario analysis described below – creating additional incentive for us to demonstrate continued leadership on climate and nature.

To consider how climate and nature risks might impact the business, we used three scenarios based upon well-established archetypes:

- an **orderly** scenario in which society acts aggressively to limit warming to 1.5C;
- a **disorderly** scenario in which society takes action, but does so in an uncoordinated manner, with action divergent and/or delayed across different countries and sectors; and
- a **hot house** scenario in which governments take little further action.

The archetypes align with scenario groupings defined by the Network for Greening the Financial System ("NGFS"), which provide a high-level view of different climatic and socio-economic futures. We applied the themes that define these scenarios to nature as well as climate risk, and have embraced a TNFD-style, 'what if' approach to explore the potential implications for palm sector, and for AEP, under each of these scenarios:

Archetype	**Orderly**	**Disorderly**	**Hot House**
Temperature alignment (2100)	**~1.5°C**	**>2°C**	**>4°C**
External Data Alignment	RCP 2.6 (IPCC) Optimistic (WRI/WWF) Net Zero 2050 (NGFS)	RCP 6.0 (IPCC) Current/Business as Usual (WRI/WWF) Delayed Transition (NGFS)	RCP 8.5 (IPCC) Pessimistic (WRI/WWF)

Summary	Strong, sustained and internationally-coordinated action on climate results in net zero emissions being achieved globally by 2050. Nature rapidly emerges as a key issue for companies and governments alike through the 2020s.	Climate and nature action is divergent across countries and sectors. Differing, and sometimes competing regulations, incentives and climate/nature 'solutions' are embraced in different regions.	Governments fail to build on current policies and action is insufficient to keep warming below 2°C by 2050. Progressive investors and companies attempt to drive continued action and activism becomes increasingly unpredictable and extreme.
Associated 'what if' questions	*What if all current and proposed climate and nature regulation is adopted and scaled globally?* *What if customers demand best-practice on both climate and nature?*	*What if a complex/conflicting regulatory landscape emerges, with differing regional priorities and/or differing emphases on nature/climate?* *What if key customers impose differing demands on growers re: climate and nature?*	*What if no new regulation is introduced to drive climate action and progress on nature stalls?* *How might customers – and other stakeholders – respond if governments backtrack?*

The potential financial impact of the risks and opportunities assessed was ranked as low, moderate or high based on the following criteria:

Rating	Impact	
Low	Minor consequences with limited impact	Would result in small decline in revenue (<1%), limited impact on operations, or small reputational impact in local or niche media
Moderate	Moderate consequences that can be managed	Would result in moderate decline in revenue (1-5%), moderate impact on operations, or moderate reputational impact in mainstream media
High	Severe consequences for the organization and stakeholders	Would result in serious decline in revenue (>5%), severe impact on operations, or severe reputational impact in mainstream media

Climate and Nature Scenario Analysis Findings – Transition Risks

Risk	Potential Impact	Scenario	Potential Exposure		
			Short (2025)	Med (2030)	Long (2050)
Policy/ Regulation	Increasing climate and nature regulation could increase compliance and reporting costs, require changes in growing practices and, if compliance is not achieved, limit market access.	Orderly	Low	Moderate	High
		Disorderly	Moderate	Moderate	High
		Hothouse	Low	Low	Moderate
Changing Customer Requirements	Increasing customer expectations regarding climate and nature could increase administrative and reporting costs, require changes in growing practices, and impact sales.	Orderly	Low	Moderate	High
		Disorderly	Low	Moderate	Moderate
		Hothouse	Low	Low	Moderate

AEP's potential exposure to regulatory risk and to the risk of changing customer expectations – as a result of non-compliance with emerging expectations – is high in the long-term in both the Orderly and Disorderly scenarios. Conversely, an ability to demonstrate strong climate and nature-performance will help to ensure access to markets and customers in both. The risks – or opportunities – are not as great in the Disorderly scenario, but efforts to demonstrate leadership do no harm in this scenario.

AEP is committed to ensuring that our products are produced in a sustainable way. We have implemented a zero deforestation policy, will not plant on peat going forward (zero peat), have committed to respecting and protecting human rights, and to full traceability of our products. We believe our decision to pursue RSPO certification (building on our ISPO and MSPO certification), and our efforts to align with the traceability requirement of the EU Deforestation Regulation ("EUDR"), are likely to provide short-term resilience within a rapidly-evolving regulatory landscape. We are also committed to strengthening our climate and nature-performance over time to ensure the risks associated with non-compliance do not manifest in the medium and long-term.

Policy/ Regulation

A wide range of climate and/or nature-related regulation has been adopted, is in consultation, or has been proposed in different jurisdictions around the world. While there is considerable uncertainty as to how future regulation will evolve, in scenarios that limit warming to 1.5C – and/or in which concern about nature/biodiversity continues to grow – it is highly likely that expectations of palm growers will tighten.

In the Orderly scenario, an internationally-coordinated approach limits risk in the short-term but ever-increasing obligations across a range of sustainability criteria require continual investment in the medium and long-term.

In the Disorderly scenario, a lack of international coordination – particularly regarding the roll-out of regulation around deforestation – creates moderate risk even in the short-term. Different expectations and frameworks apply in different geographies and, with a lack of alignment between climate and nature policy, reporting and compliance costs become very high in the long-term for companies seeking to access all markets.

In the Hot house scenario this risk is low in the short- and medium-term as no new climate or nature-related regulation is introduced or enforced. Reporting and compliance costs are low, although expectations grow over time to voluntarily demonstrate climate/nature resilience and an ability to provide secure supply.

Changing Customer Requirements

The palm sector's prominence in debates about the drivers of tropical deforestation – and the adverse perception of palm oil as an environmentally-unfriendly product (particularly by European consumers) – has increased pressure on public-facing consumer-goods companies to demonstrate strong performance on climate and nature. Those companies are increasingly placing expectations on their suppliers to disclose and improve strategy and performance across a suite of sustainability issues and metrics.

In the *Orderly* scenario this risk is low in short-term but escalates rapidly as leading fast-moving consumer goods companies (FMCGs) push ever-more stringent demands down their supply chains – raising compliance costs and presenting the prospect of lost sales if demands are not met.

In the *Disorderly* Scenario, this risk is low in the short-term and moderate in mid- and long-term as leading European and North American FMCGs push demands down their supply chains (with global buyers following in the long-term). Entry requirements to certain markets are very high; and individual brands demand 'immaculate' supply chains. Strong climate and nature performance can help ensure access to all markets, but uncertainty arises through a relatively capricious market where individual FMCG companies change their sourcing policies reactively based on NGO campaigns.

In the *Hot House* scenario, this risk is low in the short- and medium-term, although customers that are *already* pushing carbon and nature disclosure and performance improvement continue to do so. The percentage of sales at risk from 'non-compliance' is low, but sales are at risk from protectionism. In the long-term, additional uncertainty arises from volatile activism causing poorly predictable customer responses.

Climate and Nature Scenario Analysis Findings – Physical Risks

Risk	Potential Impact	Scenario	Potential Exposure		
			Short (2025)	Med (2030)	Long (2050)
Drought	Palm yield is negatively impacted by drought/water stress. If climate change increases drought conditions and/or water stress it will have a negative impact on yield and revenues.	Orderly	Low	Low	Low
		Disorderly	Low	Low	Moderate
		Hothouse	Low	Low	Moderate
Flooding	Heavy rainfall/flooding can disrupt operations, both on- and off-site. If climate change increases the frequency and intensity of heavy rainfall/flooding events, it will negatively impact operational efficiencies and costs.	Orderly	Low	Low	Low
		Disorderly	Low	Low	Low
		Hothouse	Low	Low	Low
The aggregated impacts of climate change at different temperature thresholds	Palm yield is negatively impacted as temperature thresholds are crossed. As regional temperatures increase, yield of fresh fruit bunches will decrease accordingly and impact AEP's revenue.	Orderly	Low	Moderate	Moderate
		Disorderly	Low	Moderate	High
		Hothouse	Low	Moderate	High

Physical risks are, unsurprisingly, most pronounced in the Hot House scenario, with the aggregated impacts of climate change as temperatures rise having the potential to significantly impact palm yield in the long-term in this scenario. Risk is potentially high in the Disorderly scenario too.

Nevertheless, projections for drought and flood risk at our sites are reassuring, even within the Hot House scenario. No discernible trend in drought is projected for any of our sites through to 2050; and although projections suggest flood risk at our sites will increase slightly, we are already operating – without any significant disruption – within areas that are categorized as having high flood risk.

However, we recognise that palm in Malaysia/Indonesia is vulnerable to the El Niño/La Niña cycle – and that this cycle is not well-captured within climate projections. We will monitor ongoing research into how climate change could influence this cycle.

Our exposure to physical climate risk will be lessened by effective societal action to address climate change. As well as reducing our own emissions, we will support and advocate for wider government and industry action on climate.

Drought

Palm yield is negatively impacted by drought. However, our estates are located within regions that are categorized as having 'low' drought risk, and projections suggest that all our sites will remain within this category through 2050 under all scenarios.

Nevertheless, palm yield in Indonesia and Malaysia is vulnerable to the drought conditions that typically arise during El Niño events. The potential impact of climate change on the El Niño/La Niña cycle remains uncertain, but recent research suggests an increase in both the frequency and intensity of El Niño events is possible. These changes are not yet factored into models used to explore drought risk, and thus it is possible that projected impacts underplay this risk.

Given this uncertainty, we have increased drought risk by 2050 to moderate within the Disorderly and Hot House scenarios. This has been informed by qualitative analysis, rather than financial modelling.

As well as monitoring ongoing research into how climate change could influence the El Niño/La Niña cycle, and incorporating near-term El Niño forecasting into our planting cycles (given that palm seedlings are particularly vulnerable to drought), we will continue our efforts to reduce our greenhouse gas emissions, so as to help ensure the worst impacts of climate change do not materialise.

Flooding

Severe adverse weather conditions, such as tropical storm induced flooding, can result in business interruption through disruption to our supply chain and to local transportation services.

Both the WWF and WRI Water Risk tools used in our scenario analysis showed high levels of baseline (current) flood risk in our areas of operation. However, flooding has not yet caused any significant disruption to our operations. With projections suggesting that flood risk at our sites will only increase slightly – even within the Hot House scenario – our analysis did not flag any significant risk over the timeframes considered (the risk to revenue arising from operational disruption was <1% in all scenarios across all time horizons).

Nevertheless, we will continue to take efforts to protect our operations from flood risk, using techniques such as terracing to control water flow on our estates, and altering commercial practices during wet season (such as selling to local millers) that minimise the risk of disruption. We will continue to monitor potentially vulnerable logistics routes which may require active management in future.

The aggregated impacts of climate change at different temperature thresholds

Projections that consider the potential combined/aggregated impacts of climate change on the palm sector in Indonesia and Malaysia are not consistent across all studies.

Some studies have suggested that Malaysian palm yield will not be negatively impacted by climate change through to 2030, and that yield could even increase slightly by 2050 in response to climate change, for example. Other studies, however, have suggested that the aggregated impacts of climate change occurring as different temperature thresholds are crossed will have a negative impact on palm yield. Given that an explicit purpose of climate scenario analysis is to explore uncertainty, we have modelled the potential impacts on yield based one such study. The results suggest that, in the Disorderly – and especially the Hothouse – scenarios, AEP's potential exposure becomes 'high' by 2050.

Our exposure to physical climate risk will be lessened by effective societal action to address climate change. As well as reducing our own emissions, we will support and advocate for wider government and industry action on climate.

Resilience of our Strategy

Our scenario analysis reveals that we have a good degree of resilience, at least in the short term, to the risks considered. We are currently managing drought and flood risk effectively, and our decision to pursue RSPO certification, alongside our efforts to ensure the traceability of our palm oil supply, will prepare us well for both emerging regulatory obligations as well as changing customer requirements.

We are aware that regulatory and customer expectations around climate and nature could change rapidly, and that climate change is likely to pose challenges to yield over longer timeframes – especially in scenarios in which societal action to address it stalls. We are therefore committed to strengthening our climate and nature-performance over time, and to regularly revisiting associated risks, to ensure we remain resilient.

We are committed to ensuring that our products are produced in a sustainable way. We have implemented a zero deforestation policy, will not plant on peat going forward (zero peat), have committed to respecting and protecting human rights, and to full traceability of our products.

We practice good agricultural practices such as zero burning, integrated pest management, soil and water conservation and recycling of biomass. During replanting, felled palms are chipped and shredded and left to decompose at the site.

This avoids the greenhouse gas emissions commonly associated with burning, and also enriches the organic matter in the soil and recycles nutrients back onto the soil.

Our Sustainability Policy (available at https://www.angloeastern.co.uk/sustainability/corporate-governance) provides additional information on the commitments we have made which will reduce the likelihood and/or impact in some of our key risk areas. As we continue to implement additional actions to improve TCFD and TNFD alignment, we will update our policy as relevant, including our response to the emergence of new risks and opportunities as well as further sustainability-related metrics and targets.

Ecosystem interactions

AEP recognise that the TNFD includes an additional, specific disclosure requirement under the strategy pillar relating to our interactions with low integrity and high importance ecosystems or areas of water stress. AEP operates in HCV areas and obtains various certifications for some of our estates and mills, and we ensure these areas of high importance are managed appropriately through actions outlined in our Sustainability Policy and/or by the certification body.

AEP is committed to the development of the Group-wide NDPE policy that development of plantations is only done after completion of the HCV-HCS assessment. We are also committed to address the issue of non-compliance development which was done in the past.

AEP decided to implement the Re-Entry Requirements in order to compensate for the non-compliant land development and engaged Earthqualizer ("EQ"), a reputable non-profit organisation with international experience dedicated to the sustainable management of natural resources, to implement the Re-Entry Requirements. EQ assessed the Recovery Liability as 967 Ha of which AEP is committed with EQ, a Recovery Plan whereby EQ will assist AEP to identify recovery sites and develop a recovery plan. The proposed area in the Recovery Plan involves engaging in the local Social Forest Schemes. It was previously reported that the district of Muko-Muko, Bengkulu, was included in EQ recovery plan. This was substituted with another location, Seluma district, Sinar Pagi Village in Bengkulu to meet all EQ conditions. The new area covers 1,072 ha and remains a high biodiversity value for Rare, Threatened and Endangered ("RTE") species. The whole project development plan will take about 2 years and upon adopting the Recovery Plan, AEP will continue to implement them in the Social Forest Scheme.

Risk Management

Identifying and assessing dependencies, impacts, risks and opportunities

The climate and nature-related risks and opportunities outlined above were identified and prioritised in collaboration with our external sustainability partners. A cross-functional working group involving senior managers and Directors from across AEP were involved in this process.

We have made a commitment to conduct a formal re-evaluation of this risk assessment every three years, with a review and qualitative assessment occurring in the intervening years.

Regulatory changes are reviewed annually as we recognise that these are faster moving than many of our other, primarily physical risks. As detailed in Strategy above we have included a view of potential risk magnitude across short-, medium and long-term time horizons.

AEP's board has ultimate responsibility to ensure there is ongoing risk oversight to identify and assess new risks or determine if there are changes to materiality.

At an operational level, our managers of estates and mills also identify and assess risks, some of which are climate and nature-related, on an ongoing basis. This approach to risk management is largely guided by our requirements under various standards and certifications at some of our estates and mills, for example ISO14001:2015, PROPER, ISPO and ISCC. AEP recognise the need to identify the elements of climate and nature-related risk management within these, and ensure staff have a robust understanding of this to ensure a holistic and integrated approach to company-wide risk management.

Managing dependencies, impacts, risks and opportunities

AEP is committed to ensuring we have a robust internal process, with clear stakeholder responsibilities identified, to mitigate, transfer, accept, and/or control of climate and nature-related risks. Our management approach to each of the key climate and nature-related risks and opportunities identified is detailed in the table included in Strategy above (page 45 to 49).

Where risks are directly linked to short-term operational management, they are recorded by Group management and given a priority score dictated by their individual risk (a high, medium or low score depending on, for example, individual estate risk of flooding or drought which varies by geographic location). Our Engineering Director has oversight of the management approach across all of our mills and our Chief Operating Officer has oversight across all of our plantations. Both individuals discuss these risks with our Group Sustainability and EHS Manager who reports on sustainability (including risks) to the Management Committee quarterly. This ensures there is Group-level oversight and sign off of risk mitigation activities at each site, and discussion to review progress towards management activities and to determine any resultant change in risk profile. The Sustainability and EHS Manager also performs an annual review of risks, as well as updating the Group-wide risk register continuously, or as new regulations or updates occur.

Where climate and nature risks are identified to have potentially impactful change trajectories, AEP is committed to developing long term plans to manage and control these trajectories for long term success. Integration of this into our global risk management and review of mitigation and trajectory is a priority for AEP in the coming years.

We will continue to develop our risk management approach by improving transparency of our climate and nature-related risk management approach. This will include additional detail on how and where specific management activities have been implemented, and how these actions have changed the inherent risk and potentially the materiality of risks and opportunities identified.

Integration of climate and nature into overall risk management

Climate and nature-related risk management is progressively being integrated into AEP's overall risk management processes. The same stakeholders are involved with both processes and both processes have Board oversight. AEP commit to reviewing and updating business risk management processes to fully integrate climate and nature-related risks. We recognise both climate and nature as business principal risks in our overall risk management.

This year, we have conducted scenario analysis to increase our understanding of how climate and nature-risks might manifest across longer term time horizons and across plausible scenarios.

AEP recognise that there are two additional TNFD-specific disclosure requirements under the risk management pillar relating to:

1) our approach to locate the sources of inputs used to create value that may generate nature-related dependencies, impacts, risks and opportunities; and,
2) how stakeholders, including rightsholders, are engaged in our assessment and response to nature-related dependencies, impacts risks and opportunities.

The final release of the TNFD framework occurred in September 2023. AEP have integrated some key elements of this into our scenario analysis, but will continue to review the TNFD's recommendations and associated guidance to determine appropriate further action and timelines for implementation and disclosure.

Metrics and Targets

Metrics to assess climate and nature-related risks and opportunities

AEP utilise several key metrics to manage risk and opportunity within the business. We use our annual GHG reporting to assess the impact of business decisions on our emissions (in metric tonnes CO2e). This is evaluated in line with the GHG Protocol Corporate Accounting Standard, alongside other industry standards and guidance as referenced in our SECR report (page 57). Our carbon intensity metrics (metric tonnes CO2e per hectare of planted area, per tonne FFB produced and per tonne CPO produced) are useful to indicate the impact on business efficiency throughout the year. These intensity metrics also indirectly indicate the potential impact of certain physical risks such as droughts or excessive rainfall.

Other sustainability-related metrics help us to manage key climate and nature-related risks and opportunities, including metrics we gather for our certifications (e.g., ISPO and MSPO), HCV areas, waste production, water consumption and global cost premiums for certified palm oil products (e.g., RSPO) to evaluate the risk or opportunity of changing market preferences. In 2023, we published an inventory of our Scope 3 emissions.

Building on the review and update of climate and nature-related risks and opportunities undertaken in 2023 (as described in Strategy above), we will identify further appropriate metrics to link to these risks and opportunities and seek to provide both historical trends and forward-looking projections.

Metrics and related impacts and risks

AEP report scope 1 and 2 emissions in line with the SECR regulation (see page 57 for this year's carbon reporting). For 2023, we have also published a full inventory of our Scope 3 emissions. We plan to improve our emissions calculation on an ongoing basis by incrementally strengthening our data collection to reduce reliance on estimation. The GHG Protocol Land Sector and Removals Guidance on how companies should account for and report GHG emissions and removals from land management, land use change, biogenic products, carbon dioxide removal technologies, and related activities is currently being developed. A draft of this guidance was released in 2023, and it is due to be finalised in 2024. We plan to undertake a review of our methodology following the release of the guidance.

As described above, we have some additional nature-related metrics through our legal obligations and certifications at some of our estates and mills, including HCV, ISPO, PROPER, ISO14001 and ISCC. Our review of the TNFD framework (that was released in September 2023) will inform appropriate further action and timelines for implementation and disclosure.

Targets for dependencies, impacts, risks and opportunities

AEP has set a target to reduce absolute scope 1 and 2 emissions by 20.5% by 2030 from a 2019 baseline (see further information in our SECR report on page 57). We commit to reporting progress towards this target each year, and revisiting its appropriateness and ambition on a regular basis to maintain its value to our business and stakeholders.

As we gather further trend data using our existing metrics and from planned new metrics, we aim to set other sustainability-related targets as appropriate, e.g., for water consumption and waste production. We will then disclose and report progress against these targets. Furthermore, upon completion of the emissions reporting methodology review and calculation of scope 3 emissions, we will explore the feasibility of setting SBT's (including SBTi-FLAG and exploring guidance from the Science Based Targets Network for climate and nature targets).

Our review of the TNFD framework (that was released in September 2023) will inform how we act upon its recommendation to 'Describe how targets on nature and climate are aligned and contribute to each other, and any trade-offs'.

Carbon Reporting

AEP recognises that our global operations have an environmental impact and we are committed to monitoring and reducing our emissions year-on-year. We are also aware of our reporting obligations under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. As such, we continue to report on our energy and carbon performance and are committed to transparent communication about our environmental impact to our stakeholders.

2023 Performance Summary

AEP's total carbon emissions have increased by 15% in 2023 from 2022. This is primarily due to an 11% increase in outgrower land clearance and 6% increase in direct land clearance activities. As an agricultural business, our carbon footprint is closely linked to our land management and planting practices.

The increase in emissions can be partly explained by a decrease of carbon dioxide sequestered across our estates, falling by -6% in 2023. This decrease in sequestration is partly due to the closure/sale of four estates, (RAA, ELAP Utara, ELAP Selatan, KKST). Therefore, our operational emissions per hectare planted area have increased by 4% in 2023.

Our overall operational emissions have decreased by -5% in 2023, driven by a decrease in Fertiliser Application, Electricity consumption and Palm Oil Mill effluent ("POME") Treatment. POME Treatment emissions have decreased by -8%. This reduction is a result of more effluent being produced in the area due to high rainfall in Tasik area in Q1, reducing the need for treatment. Emissions from use of fertilizer decreased by -6%, likely caused by delay in application due to weather, logistics and other site issues. Electricity consumption decreased by -8%, partly due to national grid disruptions throughout the year, and we have seen a corresponding increase in fuel consumption of 8% due to use of generators. The total Fresh Fruit Bunches ("FFB") produced in 2023 also decreased by 5%.

There is small variance in our overall transport emissions. Onsite transport has increased by 5% due to additional vehicles in operation during 2023, but in contrast emissions generated from 3rd party vehicles has reduced by -9%.

Energy and Carbon Action
In the period covered by the report AEP has undertaken the following emissions and energy reduction initiatives:
- Connection to the national grid and utilisation of electricity generated from biogas engines across a number of estates to reduce the power generated from the diesel generators.

We have reviewed our past carbon footprint performance and conducted an exercise to establish specific emissions reduction targets for the business. We are aware of upcoming changes in best practice guidance, both in the form of the GHG Protocol Land Sector and Removals guidance and across wider target setting guidance. We will review our approach once this guidance has been finalised and released over the course of 2024.

Metrics and Targets

AEP commits to a reduction in absolute scope 1 and 2 emissions by 20.5% by 2030 from a 2019 baseline. This target does not include the impact of sequestration on site, as activity on this is limited to the age profile of our crop.

In 2023, our scope 1 and 2 emissions (excluding sequestration) are 4% higher than in 2019. We have identified the key areas we need to take action as a business to achieve this target, including the conversion of our remaining mills to biogas plants from anaerobic lagoons, limiting our land clearance levels and investigating our peat management processes, particularly regarding management of drainage depths.

We commit to reporting progress towards this target each year and revisiting its appropriateness and ambition on a regular basis to maintain its value to our business and stakeholders.

2023 Results
Methodology
The methodology used to calculate the GHG emissions is in accordance with the requirements of the following standards:
- World Resources Institute ("WRI") "GHG" Protocol (revised version)
- Defra's Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements (March 2019).

Following an operational control approach to defining our organisational boundary, our calculated GHG emissions from business activities fall within the reporting period of 1st January 2023 to 31st December 2023 and use the reporting period of January 2022 to December 2022 for comparison.

Note on agricultural emissions
Emissions from agricultural cultivation form the most significant part of our carbon footprint. As such we have assessed these emissions in line with the methodology development by the Roundtable for Sustainable Palm Oil (RSPO). Version 4 of the RSPO's PalmGHG application has been used to source relevant emission factors and provide a sense check of calculations.

We include emissions from agricultural cultivation on our own estates within our direct scope 1 and estimate these agricultural emissions from any outgrower crops processed in our mills, included within our scope 3. This is consistent with previous years reporting and is aligned to the WRI reporting principles of completeness and relevance, whereby scope 1 are the direct emissions sources that we own and control. As mentioned above, we will review our approach upon the release of the new GHG Protocol guidance, which is now expected in 2024.

Emissions from land clearance are reported only for the reporting year in which the land clearance activity took place. No amortisation has been applied, whereby the emissions would be allocated equally over a number of years based on the changing land use during that time. We have chosen not to apply amortisation as there is a lack of industry-acknowledge guidance on this topic at present. We review industry guidance each year and update our methodology as appropriate. There has been no further guidance throughout 2023 as the GHG Protocol final revised standards and guidance are now expected to be released i 2024. Therefore, the approach taken this year is in line with our previous years reporting.

Energy and carbon disclosures for reporting year [1]

	Emissions Source	Global Emissions tCO_2e		Variance
		2023	2022	
Scope 1	Fuels	19,994	18,565	8%
	Plantation vehicles	9,688	9,209	5%
	Fertiliser use	23,961	25,425	-6%
	POME Treatment	124,786	135,034	-8%
	Sequestration	(447,716)	(476,707)	-6%
	Land clearance	450,333	424,476	6%
	Peat soil cultivation	490,311	490,314	0%
Total Scope 1		**671,357**	**626,316**	**7%**
Total Scope 2	**Electricity**	**2,715**	**2,947**	**-8%**
Total Scope 1 & 2		**674,072**	**629,263**	**7%**
Scope 3	Electricity transmission and distribution	227	262	-13%
	3rd party vehicles	6,505	7,168	-9%
	Outgrower land clearance	435,042	391,705	11%
	Outgrower peat soil cultivation	59,997	57,311	5%
	Outgrower sequestration	(432,514)	(439,904)	-2%
Total Scope 3		**69,257**	**16,542**	**319%**
Total (Location Based)		**743,329**	**645,805**	**15%**
Total Energy Usage (kWh) [2]		**1,434,182,664**	**1,520,437,938**	**-6%**
Intensity ratio	tCO_2e per hectare of planted area	11.42	9.06	26%
Intensity ratio	tCO_2e per tonne CPO production	1.68	1.42	18%
Intensity ratio	tCO_2e per tonne FFB production	0.66	0.55	20%

AEP Plc is a UK registered company. However, the business does not have any physical presence within the UK, hence the 0% contribution of UK emissions.

[1] Energy reporting includes kWh from scope 1, scope 2 and scope 3 3rd party vehicles only (as required by the SECR regulation)

[2] The analysis of GHG emissions is partially based on the country-specific CO_2 emission factors developed by the International Energy Agency, © OECD/IEA 2022 but the resulting analysis of GHG emissions has been prepared by Accenture for AEP and does not necessarily reflect the views of the International Energy Agency

AEP are required to report to the UK Streamlined Energy and Carbon Reporting ("SECR") regulations. To provide comparison with our reporting for 2019 and earlier the data is also provided in a similar format below.

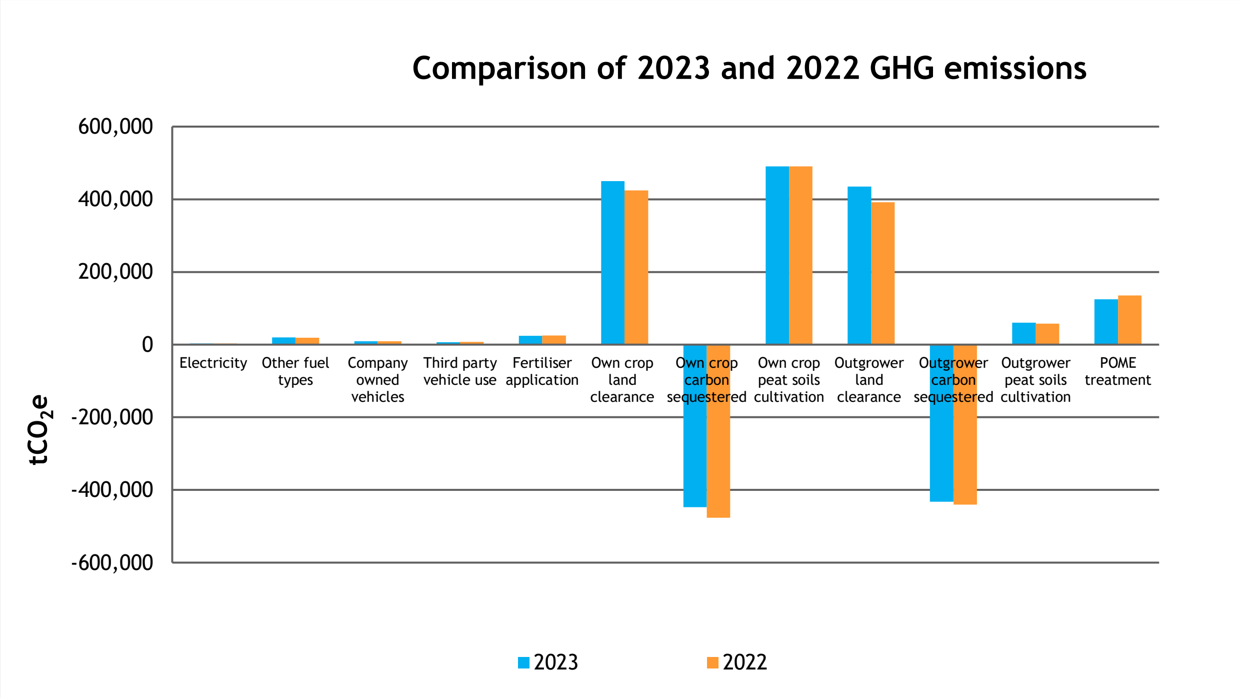
2023 vs 2022 emissions comparison

Emissions source	**2023 Emissions in tCO_2e**		2022 Emissions in tCO2e		Variance	
POME treatment		**124,786**		135,034		-8%
Fertiliser application		**23,961**		25,425		-6%
Diesel	***5,252***		*5,339*		-2%	
Biomass	***14,742***		*13,226*		11%	
Fuel use		**19,994**		18,565		9%
Electricity consumption		**2,715**		2,947		-8%
Electricity T&D		**227**		262		-13%
Company owned vehicles		**9,688**		9,209		5%
Third party vehicle use		**6,505**		7,168		-9%
Total operational emissions		**187,876**		198,610		-5%
	Own crop	***Outgrower crop***	Own crop	Outgrower crop	Own crop	Outgrower crop
Land clearance	**450,333**	**435,042**	424,476	391,705	6%	11%
Carbon sequestered	**(447,716)**	**(432,514)**	(476,707)	(439,904)	-6%	-2%
Peat soils cultivation	**490,311**	**59,997**	490,314	57,311	0%	5%
Total land use emissions		**555,453**		447,195		24%
Overall emissions		**743,329**		645,805		15%

The normaliser reported within the main report is calculated using total CO2e emissions. In previous years the normaliser has been calculated on operational emissions only. This reduces the influence of the fluctuations in agricultural emissions. As such, the operational normalisers are also reported below. The operational planted area intensity has increased (+4%) as planted area has decreased despite there also being a decrease in operational emissions (-5%).

2023 vs 2022 Operational emissions intensity (excluding land use change emissions) (tCO_2e)

Operational emissions reporting metric	**2023 in tCO_2e**	2022 in tCO_2e	Variance
Per hectare of planted area	**2.88**	2.78	4%
Per tonne CPO production	**0.42**	0.44	-5%
Per tonne FFB production	**0.168**	0.17	-1%



Overview of AEP's Total Scope 3 GHG emissions 2023

Scope 3 Emissions	Head office (HO)	Palm Oil Mills (POM)	Oil Palm Plantations (Estates)	Total
Tons CO2 eq	194	674,163	834,520	1,508,877
%	0%	45%	55%	100%

Breakdown of AEP's Overall Scope 3 GHG emissions 2023

Emission Category		tCO2eq	% Total
Cat 1	Purchased goods and services	924,138	61.25%
Cat 2	Capital goods	2,246	0.15%
Cat 3	Fuel-and energy-related activities	81	0.01%
Cat 4	Upstream transportation and distribution	66,645	4.41%
Cat 5	Waste generated in operations	244,087	16.17%
Cat 6	Business Travel	172	0.01%
Cat 7	Employee commuting	1,771	0.12%
Cat 8	Upstream Leased Assets	192,092	12.73%
Cat 9	Downstream transportation and distribution	10,064	0.67%
Cat 10	Downstream Processing of sold products	67,309	4.46%
Cat 11	Downstream Use of sold products	272	0.02%
Cat 12	Downstream End-of-life treatment of sold products	Not relevant	-
Cat 13	Downstream Leased Assets	Not relevant	-
Cat 14	Franchises	Not relevant	-
Cat 15	Investments	Not relevant	-
Total		1,508,877	100.00%

Diversity

The AEP Plc Board is composed of four men and one woman with extensive knowledge in their respective fields of experience. The Board has taken note of the recent legislative initiatives with regards to the representation of women on the boards of directors of listed companies and will make every effort to conform based on legislative requirement. The Company identified all directors through their passports as part of the process to evidence gender and ethnicity.

	2023 average employed during the year		
	Continuing operations		
Group Headcount	**Women**	**Men**	**Total**
Board (Company and subsidiaries)	**2**	**14**	**16**
Senior Management (GM and above)	**2**	**7**	**9**
Managers & Executives	**31**	**389**	**420**
Full Time / Field Workers	**252**	**6,818**	**7,070**
Part-time / Field Workers *	**2,182**	**2,974**	**5,156**
Total	**2,469**	**10,202**	**12,671**
%	**19%**	**81%**	**100%**

	2022 average employed during the year		
	Continuing operations		
Group Headcount	Women	Men	Total
Board (Company and subsidiaries)	3	15	18
Senior Management (GM and above)	1	3	4
Managers & Executives	37	370	407
Full Time / Field Workers	243	6,535	6,778
Part-time / Field Workers*	2,424	2,848	5,272
Total	2,708	9,771	12,479
%	22%	78%	100%

Although the Group provides equal opportunities for female workers in the plantations, the male workers made up a majority of the field workers due to the nature of work, which is labour intensive and in remote locations, away from the towns and cities. The number of female field workers, full and part-time decreased by 9% from 2,667 to 2,434 in 2023. This was partially attributed to a reduction of female workers in CPA planation as some parts of the estate was flooded during the year which were deemed high-risk. Localised social problems involving sexual assault of a local female in a plantation traumatised the local community which led to a general reduction of female workers in KAP. Overall, the number of female workers within the Group's continuing operations reduced from 2,708 (22%) in 2022 to 2,469 (19%) in 2023. More details on gender diversity can be found on our website under Workers' rights and safety / Exploitation / Fair place to work.

The Board continues to monitor the structure and composition of the Group's management team linking it to the balance of age, social and ethnic backgrounds, together with relevant qualifications and experience. To date, the Board believes that the composition of the Group's management team is fairly balanced in respect of all the elements of diversity as mentioned above.

Employees

During the year, the Company relocated its office in Medan, Indonesia to a larger and better equipped premises to provide additional space, comfort and privacy to our expanding staff force.

Oil palm cultivation is a labour-intensive industry. In 2023, the number of full-time workers in the Group's continuing operations averaged 7,515 (2022: 7,207), a 4% increase while the part-time labour averaged 5,156 (2022: 5,272), a 2% decrease. Many part-timers were promoted to full employment upon maturity of the field. The Group has introduced some mechanisation in the field to boost productivity. Mechanisation though has its limits but where possible could help relieve the acute shortage of labour and reduce the cost pressure from rising minimum wages.

It was reported elsewhere that foreign workers are frequently subjected to high recruitment fees that kept them in debt bondage and are forced to work overtime and in dangerous conditions under the threat of penalties, namely withholding of salaries and identification documents and restricted movement. AEP adopts a zero-cost recruitment policy towards all its local and foreign employees.

The Group has formal processes for recruitment, particularly for key managerial positions, where psychometric testing is conducted to support the selection and hiring decisions. Exit interviews are also conducted with departing employees to ensure that management can address any significant issues.

Existing employees are selected on a regular basis for training programmes organised by the Group's own training centre that provide grounding and refresher courses in technical aspects of oil palm estate and mill management. The training centre also conducts regular programmes for all levels of employees to raise the competency and quality of employees in general. These programmes are often supplemented by external management development courses including attending industry conferences for technical updates. A wide variety of topics are covered including work ethics, motivation, self-improvement, company values and health and safety. The Group spent $83,000 on staff training and professional development in 2023 against $113,500 for the previous year. Training remains our priority to increase productivity.

The Group operates a cadet program where graduates from local universities are selected to undergo theory and field training over a twelve-month period. On successful completion, they are assigned as assistants to various mills and estates.

A large workforce and their families are housed across the Group's plantations. The benefits provided to them were extensively covered under CSR in the Strategic Report. On top of competitive salaries and bonuses, these extensive benefits and privileges help the Group to retain and motivate its employees. The Group complied with the minimum wage policy issued by the Indonesian government. It respects the rights of employees and does not exploit workers, use child or forced labour and is not involved in human trafficking as described in the UK's Modern Slavery Act 2015, of which a full statement is provided on our website under Corporate Governance.

The employees are covered by Governmental mandatory personal accident scheme with death benefits covering up to forty-eight months of workers' monthly salaries. The spouses and children of fulltime employees are also privately insured for death benefits by the Group.

In addition to the Indonesian government mandatory retirement program managed by Social Security Management Board ("BPJS"), casual workers are also covered by a defined contribution pension scheme managed by AIA Financial while the Indonesian managers and permanent employees are included in a post-employment compensation fund managed by Allianz Indonesia.

The rights of employees and their extensive benefits covering every aspect of employment from salary review, allowance, bonus, housing, study and training for improvement, work safety and health and code of conduct are contained in the Company's handbook which is available and accessible to all employees.

The Group promotes a policy for the creation of equal and ethnically diverse employment opportunities including with respect to gender.

The Group has in place key performance-linked indicators to determine increment and bonus entitlements for its employees. The human resources and a member of the Remuneration Committee engage members of the labour unions representing full-time workers at least once a year on their yearly performance bonuses and grievances. See Directors Remuneration Report on page 90.

A whistle-blower policy was introduced in 2019 to allow workforce to raise concerns in confidence and if they wish anonymously to the Board of the holding company for independent investigations and follow-up actions. The full details of the policy can be downloaded from the Company's website.

The Group promotes and encourages employee involvement in every aspect wherever practical as it recognises employees as a valuable asset and is one of the key contributions to the Group's success. The employees contribute their ideas, feedback and voice out their concerns through formal and informal meetings including meeting with the Chairman of the Remuneration Committee annually, discussions and annual performance appraisals. In addition, various work related and personal training programmes are carried out annually for employees to promote employee engagement and interaction. The Group organises an annual dinner to recognise high achievers in the plantation and mill operations. It also has an annual family gathering to foster camaraderie among its employees and management staff. These events, having been suspended during the pandemic which employees always look forward to, are set to resume in 2024.

Although the Group does not have a specific policy on the employment of disabled persons, it, however, employs disabled persons as part of its workforce. The Group welcomes disabled persons joining the Group based on their suitability.

Outlook

FFB production for the three months from continuing operations to March 2024 was 5% lower against the same period in 2023 mainly due to the drop in production from North Sumatera, Bengkulu and Riau regions. It is too early to forecast whether the production will improve for the rest of the year.

The CPO price ex-Rotterdam opened the year at $935/mt and averaged about $1,004/mt for the first three months of 2024. It was reported that the global supply of major vegetable oils is forecast to grow in 2024. Despite weak demand for CPO, prices are expected to remain upbeat in 2024 supported by limited palm supplies. There is a risk of El-Nino in the second half of 2024, which is likely to depress oil palm yields and push CPO prices up depending on the severity of dry weather on production.

Nevertheless, barring any unforeseen circumstances, the Group is confident that CPO demand will be sustainable in the long-term and we can expect a satisfactory trading outturn and cash flow for 2024.

Statement by Directors In Performance Of Their Statutory Duties In Accordance With Section 172 (1) Of The Companies Act 2006

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole, having regard to a range of factors set out in Section 172(1)(a) – (f) in the Companies Act 2006.

In discharging our Section 172 duty, we have regard for these factors, taking them into consideration when decisions are made. All the directors recognise their responsibilities to promote the success of the Company for its shareholders, other investors, its employees, customers, suppliers and the wider community. The Board acknowledges the importance of climate change and seeks to mitigate the negative impacts of the business on the environment through its sustainable practices, including engaging a firm of environmental and climate related expertise on this matter.

During the year, the Group concluded the disposal of its three non performing plantations in South Sumatera namely KKST, ELAP and RAA for $8.5 million. The disposal of the South Sumatera plantations will enhance the performance of the Group, as it will no longer have to fund losses from these plantations. The Group also expects the average yield of fruits per hectare to improve following the disposal.

AEP completed two major corporate exercises to consolidate its holdings in its Indonesian subsidiaries by buying back shares in nine subsidiaries from three minority shareholders for a total consideration of $87.8 million. The purchase of minority interests in these profitable subsidiaries is in line with the Group's stated strategy of consolidating AEP's holdings in these subsidiaries with the Group's cash resources as reported in 2022 Annual Report. Financially, the acquisitions of minority interests in Tasik, HPP, Bina Pitri, Alno, Sg Musam, MPM and Blankahan are expected to enhance future earnings per share as it no longer has to apportion retained profits to the minority shareholders going forward. With these acquisitions, AEP now owns 100% of all subsidiaries in Indonesia, except for two subsidiaries where a small percentage is owned by one reluctant shareholder. The new Group structure can be downloaded from AEP website by clicking About us / Group Structure.

After considering the sentiments and the increasing requests from its shareholders, the Company launched a modest shares buyback programme in 2023. Panmure Gordon (UK) Limited ("Panmure") was appointed to manage a programme to repurchase 396,360 Ordinary Shares of 25 pence each in the capital of the Company representing approximately 1% of the Ordinary Shares in issue, up to a maximum aggregate consideration of £3.2 million. The shares buyback programme will end by the date of the Company's next AGM. More details are provided in the Chairman's Statement on page 11 and page 80. Furthermore, AEP made an interim dividend of 15.0 cts during the year, after having engaged with shareholders.

After considering the risks, balanced with the need to earn higher return for its surplus funds, the Group allocated $40 million to invest in capital protected structured products and investment grade US dollar denominated bonds. Further details can be found in page 80.

In the area of sustainability, the Board has approved for AEP to apply for RSPO membership as all its operations in Indonesia and Malaysia have been certified as ISPO and MSPO compliant. An external consultant has been appointed to advise the Group on a 5-year plan towards certification. Internationally accepted certification like RSPO addresses the environmental and social problems associated with palm oil plantations, as detailed on page 81. The Group may also benefit from selling RSPO certified CPO at a premium.

This Strategic report, including the non- financial reporting and sustainability information statement on Page 14, which has been prepared in accordance with the requirements of the Companies Act 2006, has been approved and signed on behalf of the Board. This Strategic report took into consideration the interests of the employees of the Group as detailed on page 88 and that of the Group's business relationship with suppliers as detailed on page 33.

On behalf of the Board:

Dato' John Lim Ewe Chuan
Executive Director 30 April 2024

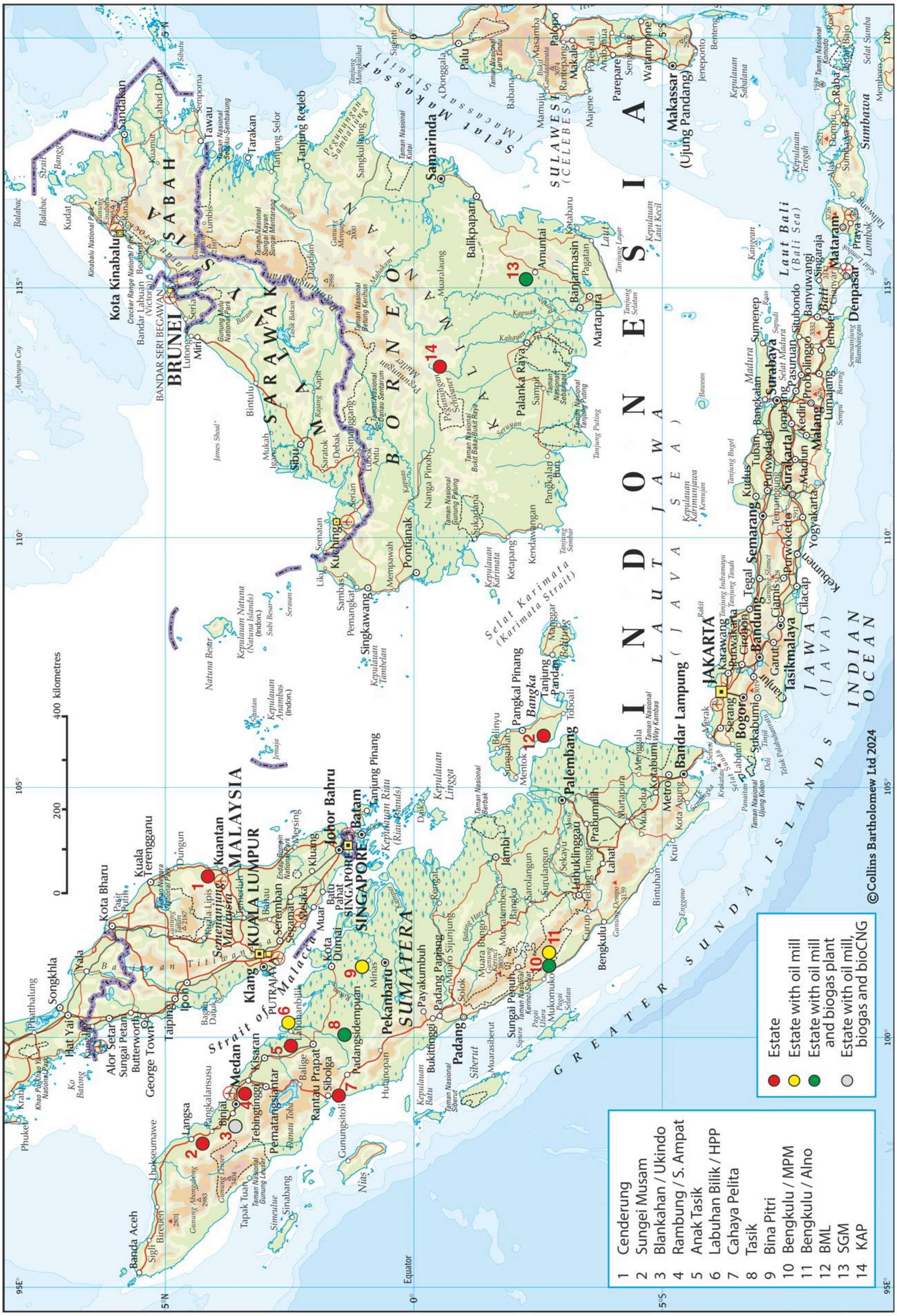
Financial Record

Income statement	2023 $000	(restated) 2022 $000	2021 $000	2020 $000	2019 $000
Continuing operations					
Revenue	**370,962**	447,619	433,421	263,818	219,136
Operating profit before BA	**70,587**	132,895	129,332	54,599	12,178
Profit attributable to shareholders after BA	**50,963**	93,437	96,054	36,393	16,096
Dividend proposed for year	**(11,875)**	(9,909)	(1,982)	(396)	(198)
Financial position	**$000**	$000	$000	$000	$000
Non-current assets & long-term receivables	**304,723**	271,419	282,581	303,067	384,391
Cash net of short-term borrowings	**152,984**	221,476	218,249	115,211	76,643
Other working capital	**62,673**	79,056	38,284	32,423	40,580
Deferred tax	**10,292**	12,026	2,994	13,607	(5,796)
	530,672	583,977	542,108	464,308	495,818
Non-controlling interests	**(6,976)**	(111,865)	(102,078)	(88,875)	(94,661)
Net worth	**523,696**	472,112	440,030	375,433	401,157
Share capital	**15,504**	15,504	15,504	15,504	15,504
Treasury shares	**(1,847)**	(1,171)	(1,171)	(1,171)	(1,171)
Share premium and capital redemption reserve	**25,022**	25,022	25,022	25,022	25,022
Revaluation reserves	**-**	-	-	-	48,413
Exchange reserves	**(341,639)**	(289,434)	(241,907)	(237,599)	(229,026)
Retained earnings	**826,656**	722,191	642,582	573,677	542,415
Equity attributable to shareholders' funds	**523,696**	472,112	440,030	375,433	401,157
Ordinary shares in issue ('000s)	**39,976**	39,976	39,976	39,976	39,976
Basic EPS before BA movement (US cents)	**130.24cts**	245.25cts	235.25cts	89.31cts	35.37cts
Basic EPS after BA movement (US cents)	**128.82cts**	235.74cts	242.34cts	91.82cts	40.61cts
Dividend per share for year (US cents)	**30.0cts**	25.0cts	5.0cts	1.0cts	0.5cts
Asset value per share (US cents)	**1,324cts**	1,191cts	1,110cts	947cts	1,012cts
Exchange rates - year end					
Rp : $	**15,416**	15,731	14,269	14,105	13,901
$: £	**1.27**	1.20	1.35	1.36	1.32
RM: $	**4.60**	4.41	4.17	4.02	4.09
Exchange rates - average					
Rp : $	**15,255**	14,810	14,312	14,572	14,146
$: £	**1.24**	1.24	1.38	1.28	1.28
RM: $	**4.56**	4.40	4.15	4.20	4.14

Estate Areas

	GROUP TOTAL	MALAYSIA	INDONESIA TOTAL	NORTH SUMATERA	BENGKULU	RIAU	BANGKA	KALIMANTAN	(DISCONTINUED) SOUTH SUMATERA
Mills / Biogas Plants									
Number of Mills	**7**	**-**	**7**	**3**	**2**	**1**	**-**	**1**	**-**
Number of Biogas Plants	**4**	**-**	**4**	**2**	**1**	**-**	**-**	**1**	**-**
Combined Mills Capacities (mt/hr)	**400**	**-**	**400**	**160**	**120**	**60**	**-**	**60**	**-**
CPO Storage Capacity ('000mt)	**64**	**-**	**64**	**20**	**23**	**8**	**-**	**13**	**-**
Planted at 31 December 2023	Ha	Ha	Ha	Ha	Ha	Ha	Ha	Ha	Ha
Oil Palm									
Mature	56,740	3,453	53,287	18,205	13,204	4,796	1,714	15,368	-
Immature	8,125	-	8,125	633	3,565	-	1,004	2,923	-
Total Oil Palm	**64,865**	**3,453**	**61,412**	**18,838**	**16,769**	**4,796**	**2,718**	**18,291**	**-**
Rubber									
Mature	258	-	258	258	-	-	-	-	-
Immature	-	-	-	-	-	-	-	-	-
Total Rubber	**258**	**-**	**258**	**258**	**-**	**-**	**-**	**-**	**-**
Plasma Mature	2,629	-	2,629	93	-	-	307	2,229	-
Plasma Immature	1,196	-	1,196	-	-	-	178	1,018	-
Total Plasma	**3,825**	**-**	**3,825**	**93**	**-**	**-**	**485**	**3,247**	**-**
Total Planted area	**68,948**	**3,453**	**65,495**	**19,189**	**16,769**	**4,796**	**3,203**	**21,538**	**-**
Others									
Plantable Reserve/Oil Palm	8,929	1,607	7,322	654	-	-	1,363	5,305	-
Unplantable Areas	9,627	1,236	8,391	1,439	1,222	84	3,666	1,980	-
Oil Palm Nursery/Mill/Infrastructure	3,006	72	2,934	980	534	75	22	1,323	-
Total Others	**21,562**	**2,915**	**18,647**	**3,073**	**1,756**	**159**	**5,051**	**8,608**	**-**
Total Area at 31 December 2023	**90,510**	**6,368**	**84,142**	**22,262**	**18,525**	**4,955**	**8,254**	**30,146**	**-**

Location of Estates and Mills



Directors' Report

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year ended 31 December 2023.

The Directors performance in relation to their statutory duties, together with the principal decisions taken during the year are detailed in the Strategy Report under Statements by Directors in Performance Of Their Statutory Duties In Accordance With Section 172 (1) Of The Companies Act 2006 on page 65.

Accountability and audit
AEP is committed to ensure that the quality of its financial reporting is of a high standard. The Board continually reviews its internal controls and risk management systems to ensure the Group's affairs and the Group's financial reporting comply with the applicable accounting standards as well as good corporate governance. The main features of the Group's internal controls and risk management systems are further disclosed on page 81.

The Board considers the annual report and accounts including the Strategic Report when taken as a whole, is fair, balanced and understandable as it provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

Results and dividends
The audited financial statements for the year ended 31 December 2023 are set out on pages 106 to 163. The Group's profit for the year on ordinary activities before taxation from continuing operations was $77,808,000 (2022: profit $132,941,000) and the profit attributable to ordinary shareholders from continuing operations was $50,963,000 (2022: profit $93,437,000). Interim dividend of 15.0cts was paid on 6 October 2023 (2022: No interim dividend). The Directors recommend a final dividend of 15.0cts (2022: 25.0cts) to be paid to shareholders on 7 July 2023. Shareholders may elect to receive their dividend in Pounds Sterling as described on page 66.

Additional disclosures
Other information that is relevant to the Directors' Report, and which is incorporated by reference into this report, can be located as follows:

	Pages
Future developments	23 to 24
Research and development	69
Financial instruments and financial risk management	144 to 149
Greenhouse gas emissions	57 to 61
Corporate governance report	77 to 83
Colleague engagement	88 to 89
Stakeholder engagement	65
Section 172 statement	65

Disclosures required pursuant to the Listing Rules can be found on the following pages:

	Pages
Listing Rule 9.8.4R	
Statement of capitalised interest	131
Listing Rule 9.8.6(8)	
Climate-related financial disclosures consistent with TCFD	39 to 57

The Company has chosen, in accordance with section 414C(11) of the Companies Act 2006, and as noted in this Directors' Report, to include certain matters in its Strategic Report that would otherwise be required to be disclosed in this Directors' Report. The Strategic Report can be found on pages 13 to 65 and includes an indication of future likely developments in the Company, details of important events and the Company's business model and strategy.

Research and Development
The Group did not undertake any research and development activities. It relies on third parties to conduct research and development of new disease resistant and higher yield oil palm seeds.

Political donations, anti-bribery and anti-corruption
The Group made no political donation during the year.

The Group has in place policies and procedures in respect of bribery and corruption, with detailed guidelines and reporting requirements for its UK, Indonesian and Malaysian operations which may be viewed from the Company's website. The whistle-blowers and grievance mechanism policies which include reporting on corruption practices are also highlighted in Company's handbook. Management and senior staff have had training programmes and updates as part of their responsibility to ensure that bribery and corruption do not exist in the Group's operation. New employees are also briefed on anti-corruption practices during their orientation. The Group has in place a communication channel for employees reporting to the Senior Independent Non-Executive Director on incidences of bribery and corruption on a strictly confidential basis. There are stipulated steps and procedures for the Senior Independent Non-Executive Director to address the reported issues appropriately and to take the necessarily actions, if relevant. The Group uses its best endeavour to ensure that its business partners are in compliance with the anti-bribery and anti-corruption regulations.

Principal risks
The material risks faced by the Group, including any climate change related risks, and actions taken to mitigate those risks are set out in the Principal Risks and Uncertainties section of the Strategic Report.

Information on financial instruments risks is set out in note 27 to the consolidated financial statements.

Property, plant and equipment
Information relating to changes in property, plant and equipment and capitalised interest, as required pursuant to Listing Rule 9.8.4R, are given in note 12 to the consolidated financial statements.

Directors
Mr. Jonathan Law Ngee Song, Dato' John Lim Ewe Chuan, Mr. Marcus Chan Jau Chwen and Ms. Farah Suhanah Tun Ahmad Sarji will be submitting themselves for re-appointment at the forthcoming annual general meeting. Mr. Lim Tian Huat, who will have served nine years and no longer deemed independent after May 2024, will not be seeking reappointment at the forthcoming annual general meeting.

Brief profiles of all Directors are set out on page 75 to 76 of this Annual Report.

Substantial share interests
As at 15 April 2024 and 31 December 2023, the following interests had been notified to the Company in accordance with Chapter 5 of the Disclosure Rules and Transparency Rules of the Financial Conduct Authority, being interests in excess of 3% of the issued ordinary share capital of the Company:

	As at 15.4.2024		As at 31.12.2023	
Name of holder	**Number**	**% of voting rights held**	**Number**	**% of voting rights held**
Genton International Limited*	20,247,814	51.18%	20,247,814	51.18%
Nokia Bell Pensioenfonds	7,015,000	17.73%	7,015,000	17.73%

*The ultimate beneficial shareholders of Genton International Limited are vested in the estates of Madam Lim with the application for probate in progress.

Share capital, restrictions on transfer of shares, arrangements affected by change of control and other additional information

The Company has one class of share capital, ordinary shares. All the shares rank pari passu. The articles of association of the Company contain provisions governing the transfer of shares, voting rights, the appointment and replacement of Directors and amendments to the articles of association. This accords with usual English company law provisions. There are no special control rights in relation to the Company's shares. There are no significant agreements to which the Company is a party which take effect, alter or terminate in the event of a change of control of the Company. There are no agreements providing for compensation for Directors or employees on change of control.

Change of Auditor

All of the current Directors have taken steps to make themselves aware of any information needed by the Company's auditor for the purposes of their audit and to establish that the auditor is aware of the information. The Directors are not aware of any relevant audit information of which the auditor is unaware.

BDO LLP will not seek re-appointment at the forthcoming annual general meeting, having acted as auditors of AEP for the maximum term permitted under the FRC's Ethical Standard. A mandatory rotation of audit firms addresses the threat of familiarity and reinforce the auditors' and audit firms' independence.

Mazars LLP has indicated their willingness to act as auditors and will seek to be appointed at the forthcoming annual general meeting.

Authority to allot shares

At the annual general meeting held on 16 June 2023 shareholders authorised the Board under the provisions of section 551 of the Companies Act 2006 to allot relevant securities within specified limits for a period of five years. Renewal of this authority will be sought at the forthcoming annual general meeting.

The aggregate nominal value which can be allotted under the authority set out in paragraph (i) of the resolution is limited to £3,303,031 (representing 13,212,124 ordinary shares of 25p each) which is approximately one third of the issued ordinary capital of the Company as at 30 April 2024 (being the latest practicable date before publication of this notice). In accordance with guidance issued by The Investment Association, the authority in paragraph (ii) of the resolution will authorise the Directors to allot shares, or to grant rights to subscribe for or convert any security into shares, only in connection with a fully pre-emptive rights issue, up to a further nominal value of £3,303,031 (representing 13,212,124 ordinary shares). This amount (together with the authority provided under paragraph (a) of the resolution) represents approximately two thirds of the Company's issued ordinary share capital (excluding treasury shares) as at 30 April 2024. This authority will expire at the conclusion of the next annual general meeting of the Company. The Directors have no present intention of issuing new shares, or of granting rights to subscribe for or to convert any security into shares.

Disapplication of pre-emption rights

A fresh authority is also being sought under the provisions of sections 570 and 573 of the Companies Act 2006 to enable the Board to make an issue to existing shareholders without being obliged to comply with certain technical requirements of the Companies Act, which create problems with regard to fractional entitlements and overseas shareholders. In addition, the authority will empower the Board to make issues of shares for cash to persons other than existing shareholders up to a maximum aggregate nominal amount of £495,454 representing 5% of the current issued share capital. The authority will be expiring at the forthcoming annual general meeting or on 30 June 2024, whichever is earlier. Renewal of this authority on similar terms will be sought at the forthcoming annual general meeting. The Company does not intend to issue more than 7.5% of the issued share capital on a non pre-emptive basis in any three-year period.

Acquisition of the Company's own shares and authority to purchase own shares
The Company on 24 August 2023, announced that it has entered into an irrevocable commitment with Panmure to manage a programme to repurchase up to 396,360 ordinary shares of 25 pence each in the capital of the Company representing approximately 1% of the Ordinary Shares in issue. Further details are disclosed on page 80.

At 30 April 2024, the Directors had remaining authority under the shareholders' resolution of 16 June 2023, to make purchases of 3,963,637 of the Company's ordinary shares. This authority expires on 30 June 2024. All such purchases will be market purchases made through the London Stock Exchange. Companies can hold their own shares which have been purchased in this way in treasury rather than having to cancel them. The Directors would, therefore, consider holding the Company's own shares which have 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 to do so. Whilst any such shares are held in treasury, no dividends will be payable on them and they will not carry any voting rights.

The Company intends to seek a renewed authority to purchase up to a maximum of 3,963,637 ordinary shares of 25p each on the London Stock Exchange, representing 10% of the Company's issued ordinary share capital, at the forthcoming annual general meeting. The minimum price which may be paid for an ordinary share is 25p. The maximum price which may be paid for an ordinary share on any exercise of the authority will be restricted to the highest of (i) an amount equal to 5% above the average middle market quotations for such shares as derived from the London Stock Exchange Daily Official List for the five business days before the purchase is made and (ii) the higher of price of the last independent trade and the highest current independent bid on the London Stock Exchange. 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.

Dividends
The Board has declared a final dividend of 15.0cts per share (2022: 25.0cts), in line with our reporting currency, in respect of the year to 31 December 2023. Subject to shareholders approval of the requisite resolution at the forthcoming annual general meeting, the final dividend will be paid on 12 July 2024 to those shareholders on the register on 14 June 2024.

While the dividend is declared in US Dollar, as mentioned in the Shareholders Information section of the Annual Report, shareholders can choose to receive the dividends in Pounds Sterling. In the absence of any specific instruction up to the date of closing of the register on 14 June 2024, shareholders with addresses in the UK are deemed to have elected to receive their dividends in Sterling and those with addresses outside of UK in US Dollar. Shareholders who choose to receive the dividends in Pounds Sterling will do so at the exchange rate ruling on 14 June 2024, being the dividend record date. Based on the exchange rate at 25 April 2024 of $1.25 / £, the proposed dividend would be equivalent to 12.0p (2022: 20.2p). Shareholders are reminded that the last day to revoke a currency election is on 21 June 2024.

AEP operates a dividend reinvestment plan ("DRIP"). Holders of the shares may elect to reinvest their final dividend. The latest election date is 21 June 2024.

Please note, if a holder makes a partial DRIP election for shares, then the dividend for the remaining shares will be paid in Pound Sterling.

Proposed Companies Act Ratification
The Board has become aware of an issue concerning technical compliance with the Companies Act 2006 (the "Act"). The Act provides that a public company may, amongst other things, pay a dividend or purchase its own shares out of its distributable profits as shown in either the last accounts circulated to members or, if interim accounts are used for these purposes, interim accounts that have been filed at Companies House, which enable a reasonable judgment to be made of the profits, losses, assets, liabilities, share capital and revenues. Such interim accounts must have been filed at Companies House even if the company in question has sufficient distributable profits at the relevant time.

This issue arose because, whilst the Company had sufficient distributable profits at all relevant times, interim accounts had not been filed at Companies House prior to the declaration of the final dividend in respect of the year ended 31

December 2022 or the interim dividend in respect of the year ended 31 December 2023, together with the series of shares bought back from August 2023 to date following the announcement of the Share Buyback programme, notwithstanding that the shares bought back remained in Treasury and not cancelled. It is intended that this technical issue be ratified by a shareholder resolution, as is customary in these circumstances. Accordingly, the relevant resolution, together with explanations, will be put to shareholders at a general meeting of the Company.

If the shareholder resolution is passed, this will give the Board the necessary authorities to enter into the required waivers which will put all potentially affected recipient shareholders and the Company in the position in which they were always intended to be had the relevant actions been made in accordance with the Act, insofar as practically possible.

Neither the technical issue nor the proposed ratification has any impact on the Company's financial position.

Liability insurance for Company officers
As permitted by the Companies Act 2006 the Company has maintained insurance cover for the Directors against liabilities in relation to the Company which remains in force at the date of this report.

On behalf of the Board:

Dato' John Lim Ewe Chuan
Executive Director 30 April 2024

Directors' Responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with UK adopted international accounting standards and applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors are required to prepare the Group financial statements in accordance with UK adopted International Accounting Standards ("IAS") and have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) ("UK GAAP"). 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 Company and of the profit or loss for 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 they have been prepared in accordance with UK adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business; and
- prepare a Directors' Report, a Strategic Report and Directors' Remuneration Report which comply with the requirements of the Companies Act 2006.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for ensuring that the annual report and accounts, taken as a whole, are fair, balanced, and understandable and provides the information necessary for shareholders to assess the group's performance, business model and strategy.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with the legislation in the UK governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Directors' responsibilities pursuant to Disclosure and Transparency Rules 4 ("DTR4")

The Directors confirm to the best of their knowledge:

- The financial statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of the Group.
- The annual report includes a fair review of the development and performance of the business and the financial position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board:

Dato' John Lim Ewe Chuan
Executive Director

30 April 2024

Directors

Jonathan Law Ngee Song
(Non-Executive Chairman, age 58).

Appointed as an Independent Non-Executive director on 4 July 2013. He was appointed as the Non-Executive Chairman of AEP on 8 July 2022.

Mr. Jonathan Law graduated from Australia National University in 1989 with a Bachelor of Commerce and Bachelor of Laws. He was admitted as an Advocate and Solicitor, to the High Court of Malaya in 1991. He is in legal practice and currently a Partner in Messrs. Azmi & Associates handling merger and acquisitions and corporate practice. He was previously a Partner in Messrs. Nik Saghir & Ismail (1996 to 2019) and Allen & Gledhill (1991 to 1995).

Mr. Jonathan Law is the Non-Independent Non-Executive Chairman of Evergreen Fibreboard Berhad, listed on Bursa Malaysia. He also sits on the board of Pimpinan Ehsan Berhad as a Non-Independent and Non-Executive Director.

Dato' John Lim Ewe Chuan
(Executive Director, age 74).

Appointed on 26 April 2008 as the Senior Independent Non-Executive Director. On 1 September 2010 he was appointed as the Executive Director.

A Chartered Certified Accountant; Dato' John Lim retired as a Partner with UHY Hacker Young LLP, London on 30 April 2019 where he was a Partner since 1998; previously he had a professional accounting career in Singapore and the UK.

Lim Tian Huat
(Senior Independent Non-Executive Director, Chairman of Audit Committee, Chairman of Nomination & Corporate Governance Committee and member of Remuneration Committee, age 69).

Appointed on 8 May 2015.

Mr. Lim is a fellow of the Association of Chartered Certified Accountants and member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. He is the founding President and member of Insolvency Practitioners Association of Malaysia. He holds a degree in BA in Economics (Honours).

He is a practising Chartered Accountant with his own Corporate Restructuring and Insolvency practice, Rodgers Reidy & Co and his Audit and Advisory practice, Lim Tian Huat & Co. He is also the Managing Director of A Advisory Sdn Bhd. He was previously a Partner at Arthur Andersen & Co Malaysia from 1990 to 2002 and a Partner at Ernst & Young Malaysia from 2002 to 2009.

Mr. Lim also served as the Commissioner of the United Nations Compensations Commission for a period of five years. He co-authored a book entitled "The Law and Practice of Corporate Receivership in Malaysia and Singapore".

Mr. Lim is the Senior Independent Non-Executive Director of Majuperak Holdings Berhad, listed on Bursa Malaysia. He is an Independent Non-Executive Director of DUET Acquisition Corp, listed in Nasdaq. He is also an Independent and Non-Executive Director of Pacific & Orient Insurance Co. Berhad. listed on Bursa Malaysia.

Directors

Marcus Chan Jau Chwen
(Non-Executive Director and member of the Nomination & Corporate Governance Committee, age 40).

Appointed on 10 August 2022.

Marcus is deemed to be not independent as he is the son of the late Madam Lim whose estate owns 51.2% of the Company's shares.

Mr. Marcus Chan graduated from the University of Melbourne, Australia with a Bachelor of Commerce. He is currently completing his Master in Business Administration from China Europe International Business School ("CEIBS"). He started his career at Ernst & Young Malaysia as an associate auditor and then continued to financial advisory, business development and marketing. His main experience is in finance, business development and marketing. He is also involved in the various privately owned family businesses.

Farah Suhanah Tun Ahmad Sarji
(Independent Non-Executive Director, member of the Audit Committee, Chairman of the Remuneration Committee and member of the Nomination & Corporate Governance Committee, age 59)

Appointed on 20 October 2022.

Ms. Farah was admitted as an Advocate and Solicitor of the High Court of Malaya in 1996. She graduated with a Bachelor of Arts (Hons) in Law from the University of Kent in 1988, and was admitted as a Barrister-at-Law of the Middle Temple, London in 1989.

Ms. Farah has over 26 years of legal and commercial expertise across Malaysia on regulatory requirements, locally and internationally, in the oil and gas, telecommunications and satellite industries as well as the palm oil plantation industry. She last retired as the Group Legal Counsel of IOI Corporation Berhad, a public listed company in Malaysia with core businesses in palm oil plantations, palm oil downstream manufacturing and investment spanning across Malaysia, Singapore, China, Germany and the Netherlands. Prior to that, she was General Counsel at MEASAT Global, a Malaysian telecommunications company for 10 years, and concurrently managed her own private legal firm. Between 1989 to 1996, she worked for the Malaysian Government as a Magistrate, Deputy Public Prosecutor and Federal Counsel in the Attorney-General's Chambers.

Ms. Farah is an Independent Non-Executive Director of Kluang Rubber Company (Malaya) Berhad, listed on Bursa Malaysia.

Statement on Corporate Governance

I am pleased to report on the activities of the Nomination and Corporate Governance Committee for the year ended 31 December 2023. This Statement on Corporate Governance forms part of the Directors' Report.

Compliance with the UK Corporate Governance Code

AEP is committed to business integrity, appropriately high ethical standards and professionalism in all its activities and operations. This includes a commitment to high standards in corporate governance relating in particular to appropriate systems and controls adopted at a senior level of management of the Group and operation of the Board. The benchmark standards in this regard are set out in the UK Corporate Governance Code 2018 ('the Code'), which was published in July 2018 which forms part of the Listing Rules of the London Stock Exchange. The Code is available from the Financial Reporting Council's ("FRC") website at www.frc.org.uk. The Company is in compliance with the Code except for Provisions 19, 21, 32 and 39. Provision 19 says that the chair should not remain in the post beyond nine years from the date of his appointment to the Board. Mr. Jonathan Law was an Independent Non-Executive Director for nine years before his appointment as Chairman of AEP on 8 July 2022. This provision does however allow a Non-Executive director to step up as Chairman for a limited time to facilitate effective succession planning and the development of a diverse board. The Board is of the opinion that Mr. Jonathan Law should continue his role as the Chairman whilst the estate of the late Madam Lim has not been finalised. AEP was not in compliance with Provision 21 of the Code which provides for a formal and rigorous annual evaluation of the performance of the board, its committees, the chair and individual directors including having externally facilitated board evaluation at least once every three years. All evaluations of performances were performed internally by the Chairman (see page 81). The Company is considering to engage an external consultant to evaluate the performance of the Board in 2024. The Company has not complied with Provision 32 which state that before appointment as chair of the remuneration committee, the appointee should have served on a remuneration committee for at least 12 months due to the lack of qualified independent directors in the Company. Provision 39 provides that contract period of directors should be one year or less. Currently the contracts for AEP directors are mainly for a 2-year term for administrative reasons but can be terminated with one or two months' notice.

Monitoring compliance with the Code is the responsibility of the Nominations and Governance Committee. All Committee terms of reference have been reviewed to reflect the requirements in the Code.

Board leadership and company purpose.

The core objective of the Board is to create and deliver the long-term sustainable success of the Company, generating value for shareholders and contributing to the wider society in a way that is supported by the right culture and behaviours.

See page 13 to 14 for more details on the business model and strategy.

Division of responsibilities.

The Board has agreed a clear division of responsibilities between the running of the Board and running the business of the Group, which is supported by the corporate governance framework. Responsibilities are clearly defined in role statements to ensure that no one individual has unrestricted powers of decision-making and no small group of Directors can dominate the Board's decision-making.

Committee terms of reference determine the authority given to each of the Board's Committees.

For more details on Board composition, leadership and role statements see pages 75 to 76, 78 to 83.

Composition, succession and evaluation.

The Board, with the support of the Nominations and Governance Committee, keeps under constant review the composition of the Board and its Committees, succession planning, diversity, inclusion and governance-related matters.

The Board undertakes a review of its effectiveness and that of its Committees and Directors annually.

Audit, risk and internal control.

See page 78 for more details on Board effectiveness. The activities of the Nominations and Governance Committee can be found on page 82.

The Board is accountable to stakeholders for ensuring that the Group is appropriately managed. The Board sets the Group's risk appetite and satisfies itself that financial controls and risk management systems are robust, while ensuring the Group is adequately resourced. The Board receives regular updates on audit, risk and internal control matters with detailed oversight undertaken by the Audit Committee and its findings are reported to the Board.

See pages 84 to 87 for more details on audit, risk management and internal control and the work of the Audit Committee.

Remuneration.

The Board, supported by the Remuneration Committee, ensures that the remuneration policies are designed to support strategy and promote long-term sustainable success. Executive remuneration is aligned to the successful delivery of the Company's long-term strategy.

See pages 89 to 91 for more details on the remuneration policy and implementation of the policy.

Further details demonstrating how the Principles and Provisions of the Code have been applied can be found throughout the corporate governance report, the Directors' report, each of the Board Committee reports and the Strategic report.

The Financial Reporting Council ("FRC") is responsible for the publication and periodic review of the UK Corporate Governance Code and this can be found on the FRC website **www.frc.org.uk**.

Statement on Corporate Governance

Disclosure required by Listing Rules on diversity, with respect of gender and ethnicity can be found in page 62 of the Strategic Report. Information about share capital required by paragraph 13(2)(c), (d), (f), (h) and (i) of Schedule 7 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 is in page 88.

Relationship Agreement with Controlling Shareholder

The UK Listing Rules require a premium listed issuer with a controlling shareholder to have in place a relationship agreement with the controlling shareholder. The mandatory requirement for the relationship agreement is intended to prevent controlling shareholders from exercising their influence in a way that is improper or unfair to minority shareholders. The requirement is not intended to prevent a controlling shareholder from engaging fairly with an issuer or legitimately disagreeing with the issuer and neither are they intended to prevent shareholders from holding board positions. AEP Plc has identified all controlling shareholders and regarded its major shareholder, Genton International Limited ("Genton") as the only controlling shareholder. In this respect, the Company entered into a relationship agreement with Genton on 14 November 2014. The agreement is available for inspection by the shareholders upon request from the Company Secretary. The Board has reviewed this agreement with the controlling shareholder in 2020 and concluded that AEP Plc has complied with the independence provisions included in the agreement and that, in so far as it is aware, those independence provisions have been complied with by Genton.

The Board

The Board is responsible for the proper leadership of the Company for the long-term success of the Company and Group. The Board is supplied with relevant, timely and accurate information for review prior to each meeting to enable them to discharge their duties. The Audit Committee is responsible for the integrity of the financial information and this is achieved by interacting with the management and with the internal auditors. The Board has identified and formally adopted a schedule of key matters that are reserved for its decision, including the annual fiscal and capital budgets, interim, preliminary and final results announcements, dividends, the appointment of directors and Company Secretary, circulars to shareholders, Group treasury policies, acquisitions and disposals. Other matters are delegated to committees, the details of which are set out below.

AEP is led by a strong and experienced Board of Directors (see biographical details set out on page 75 to 76). During 2023 the Board comprised of five directors, the Non-Executive Chairman, one Executive Director and three Non-Executive Directors, of which two are considered by the Board to be Independent. AEP has complied with the Provision 11 of the UK Code which provides that at least half the board, excluding the chair, should be Non-Executive directors whom the board considers to be independent.

Dato' John Lim who was appointed as the Executive Director, Corporate Finance and Corporate Affairs on 1 September 2010 was redesignated as the Executive Director and the de-facto CEO from August 2022. Prior to 1 September 2010, Dato' John Lim was the Senior Independent Non-Executive Director. The redesignation was made in line with his greater role in the Group going forward and in his capacity as the de-facto CEO.

The Nomination and Corporate Governance Committee will monitor continuously the future leader and talents within the Group as well as outside the Group. This is essential to ensuring a continuous level of quality in management, in avoiding instability by helping to mitigate the risks which may be associated with unforeseen events, such as the departure of a key individual, and in promoting diversity and inclusion. The Company continues to have a systematic approach to succession planning for Non-Executive directors. The Chairman would normally have personal dialogue with individual directors at least once a year to discuss the business of the Group in general and their plans, if any, to facilitate succession planning especially for directors nearing nine years of service and for evaluation of their performance.

Independence of the Non-Executive directors

The Board has evaluated the independence of each of its Non-Executive directors. Following this assessment, the Board has determined that, throughout the reporting period, two of its Non-Executive directors, who were appointed for specified terms of office, were independent, based above all on their objectivity and integrity. The terms and conditions relating to the appointment of the Non-Executive directors are available from the Company Secretary.

In arriving at its conclusion, the Board considered the factors set out in Provision 10 of the UK Code including, inter alia, whether any of the Non-Executive directors:

- has been an employee of the Group within the last five years;
- has, or had within the last three years, a material business relationship with the Group;
- receives additional remuneration from the Group apart from a director's fee;
- has close family ties with any of the Group's advisors, Directors or senior employees;
- holds cross-directorships or has significant links with other Directors through involvement in other companies or bodies;
- has served more than nine years on the Board; or
- represents a significant shareholder.

The UK Code acknowledges that a director may be regarded as independent notwithstanding the existence of any of the above factors, provided a clear explanation is given.

The Independent Non-Executive directors of the Company have a wide range of business interests beyond their position with the Company and the rest of the Board agree unanimously that they have shown themselves to be fully independent.

Senior Independent Non-Executive Director

As required under Code 12, Mr. Lim Tian Huat, an experienced Chartered Accountant acted in the capacity of the Senior Independent Non-Executive Director from 8 May 2015.

Operation of the Board

A schedule of duties and decisions reserved for the Board and management respectively has been adopted. The Audit, Nomination & Corporate Governance and Remuneration Committees have written terms of reference which are available for inspection upon request from the Company Secretary. The terms of reference are also available for download from the Company's website under Sustainability - Corporate Governance section.

Unless warranted by unusual matters, the Board normally meets two to three times each year. Otherwise, all other matters are dealt with by written resolution and telephone conference. In 2023 however, there were six formal Board meetings attended as follows: -

	Attendance
Jonathan Law Ngee Song (Non-Executive Chairman)	6/6
Dato' John Lim Ewe Chuan	6/6
Lim Tian Huat	6/6
Marcus Chan Jau Chwen	5/6
Farah Suhanah Tun Ahmad Sarji	6/6

Agenda and minutes of previous meetings were circulated prior to meetings.

The Independent Non-Executive directors met on their own during 2023. Telephone discussions between the Chairman and the Non-Executive directors also took place outside these meetings.

In 2023, the Board followed the Group results and activities of the various subsidiaries by means of monthly reports prepared by the senior management teams in Malaysia and Indonesia. The Board deliberated on the periodic results and measured its performance against the approved budgets and previous year achievements. It also bench mark its performance against listed plantation companies in the UK, Indonesia, Malaysia and Belgium, with operations primarily in Indonesia.

During the year, the Board set up an Executive Committee which is made up of the Chairman, the Executive Director and a Non-Independent Director who received detailed briefing from the management on a quarterly basis on the Group's performance and significant corporate issues that need addressing. In addition, they followed the development in Indonesia through monthly minutes of senior management operational meetings. The Board believes that given a large part of the Group's revenue is derived from Indonesia, a closer supervision at a higher level will enhance governance to achieve the strategic objectives of the Group. The senior management operational meetings are attended by the Group Chief Operations Officer and Group Accountant from Malaysia and the management team based in Indonesia which includes the President Director, the Chief Operating Officer, the Finance Director and the Engineering Director. Other senior managers are regularly invited to brief the Executive Committee or the Audit Committee on significant issues relating to Internal Audit, ongoing legal cases, sustainability and risk management with follow up actions. The annual budget for 2024 was tabled and following deliberations were approved by the Board.

During the year, the Executive Director had dialogues with the top tier auditing firms in the UK, together with a few from the second tier to seek a replacement for BDO LLP who are no longer eligible to continue after the 2023 audit, after having acted in the capacity of the statutory auditors for the maximum permitted term. After an extensive search, the Board approved the recommendation for Mazars to seek appointment as the statutory auditors for AEP for the year ending 31 December 2024 at the forthcoming AGM on 24 June 2024.

During the year, the Board updated and revised the anti-corruption and bribery policies and dealing documents and also formed a Disclosure Committee and Disclosure Policy in line with suggestions from its Advisors. The Board was briefed of FCA's Listing Rules and Disclosure Guidance and Transparency rules to ensure disclosure procedures are observed in order to avoid any risk of creating a false market in the Company's shares and to avoid the Group being prejudiced by the release of confidential or inaccurate information. The Board also approved the amendment of Article 98 of its Article of Association, increasing the aggregate remuneration which can be paid to its Non-Executive directors as described on page 84 of the Remuneration Report.

The Group has concluded the disposal of its three non performing plantations in South Sumatera namely KKST, ELAP and RAA for $8.5 million on 5 July 2023. The handover of these plantations was completed at the end of September 2023. The disposal of the South Sumatera plantations will enhance the performance of the Group, as it will no longer has to fund losses from these plantations. The Group also expects the average yield of fruits per hectare to improve next year, without the three non performing plantations.

The Presidential Regulation No.10 of 2021 allows foreign companies operating in Indonesia to have 100% ownership in palm oil companies. With this AEP further consolidated its holdings in its Indonesian subsidiaries by buying back shares in nine subsidiaries from three minority shareholders for a total consideration of $87.8 million. These acquisitions are expected to enhance future earnings and maximise shareholders value. With these acquisitions, AEP owns more than 99% of its subsidiaries in Indonesia, except for one reluctant shareholder who owns a small percentage in one subsidiary.

The Company on 24 August 2023, announced that it has entered into an irrevocable commitment with Panmure to manage a programme to repurchase up to 396,360 ordinary shares of 25 pence each in the capital of the Company representing approximately 1% of the Ordinary Shares in issue. The share buyback began on 25 August 2023 and the amount to be spent on the share buyback is limited to a maximum aggregate consideration of £3.2 million for a period up to the forthcoming AGM scheduled on 24 June 2024. The share buyback programme is managed by Panmure through a non-discretionary programme, re-purchasing the Company's ordinary shares on its behalf and within certain defined parameters. Panmure will make trading decisions in relation to the buyback independently of the Company within the programme terms. Share purchases will take place in open market transactions and may be made from time to time depending on market conditions, share price and trading volume. The programme is in accordance with the Company's general authority to purchase a maximum of 3,963,637 Ordinary Shares, granted by its shareholders at the AGM on 16 June 2023. At the close of the financial year, AEP had repurchased 75,926 Ordinary Shares at a cost of £0.54 million with an average price of £7.15 per Ordinary Share. Treasury Shares stands at a total of 415,826 Ordinary Shares as at 31 December 2023.

During the year the Board allocated $10 million to a fund manager to invest in structured products, aiming for a higher return. These structured products are nevertheless capital protected as the Board exercised prudence, amidst generally low risk appetite. Various operating companies are also in the midst of opening custodian accounts in Indonesia and Singapore to invest their surplus working capital primarily in investment grade US dollar denominated bonds with portfolios spread across geographical, sector and industries for diversification. The Board, after meeting with the bank's management team from Singapore and Malaysia, has initially approved an allocation of $30 million for this purpose.

In determining the level of dividends to be paid to our shareholders, the Board has taken a balanced approach to the requirement of funds in the Company for expansion in planted area as well acquisitions of land or plantations, but at the same time cognisant of shareholders' wishes to have dividends as a form of income. In the light of the results achieved in the year, together with the unutilised portion of the allocated funds for the share buyback programme, the Board has declared a final dividend of 15.0cts per share, in line with our reporting currency, in respect of the year to 31 December 2023. With an interim dividend of 15cts per share already paid, the total dividend declared for the year ended 31 December 2023 will be 30.0cts (2022: 25.0cts), an increase of 20% from last year.

The Board reviewed the risks management process and noted the probable financial impact on the operation of the Group should risks of climate change materialise. Despite the reported increase of Covid-19 cases during the year, the Board has lowered the risks of business interruptions associated with Covid-19 in view of higher vaccination rates across Indonesia and Malaysia.

AEP's plantations in Indonesia and Malaysia are in compliance with national sustainability practices i.e. ISPO and MSPO. However, with the increasing deforestation regulations, especially from the EU, the Board has decided that it is timely in 2024 to start the process of applying for membership of the Roundtable on Sustainable Palm Oil ("RSPO"). This is AEP's commitment to a more robust and globally accepted certification for certified sustainable palm oil, which would address concerns over EUDR and other sustainability issues. AEP has this year begun the RSPO membership application process, and has appointed accredited consultants to carry out a Land Use Change Analysis ("LUCA") as a first step in the application procedure. The LUCA will cover satellite mapping, field verifications, interviews with stakeholders and surrounding communities to determine potential High Conservation Value ("HCV") and High Carbon Stock ("HCS") areas for restoration and remediation. Upon the completion of LUCA and successful application for RSPO membership, AEP will begin certifying all our facilities within a 5-year timeline. A preliminary study on RSPO gap analysis conducted by our external consultants indicated it will take a substantial amount of costs and resources, up to $18 million, to certify the entire Group and be a full member of RSPO.

Each Board member has access to the impartial advice and services of the Company Secretary, who is responsible to the Board for ensuring that appropriate procedures are followed. Where necessary, the Board members may seek independent advice from the Company's brokers, including legal counsel at the Company's expense. The Company maintained Directors' and officers' liability insurance throughout 2023.

Non-Executive directors are normally appointed for two-year terms renewable on the recommendation of the Board. To maintain the vitality of the Board, the Company specify fixed terms of office for Non-Executive directors. However, the Board will review the position of each Director for the yearly re-election under the Code. The re-election of the independent Non-Executive directors have always been on the basis of gaining a majority of the independent shareholders vote in addition to the total shareholders vote since this requirement was first introduced.

In 2023 the Board conducted a review of its performance by discussion. It concluded that the Board was performing effectively and that the Board members have the complementary skills appropriate to propel the Group in its strategic direction and for challenges ahead. No other major issues arose from this review. The Company does not appoint an external consultant to conduct a formal and rigorous evaluation of the Board's performance as the Board believes that it had performed commendably going by the financial results achieved over the years when compared to its peers.

Following a review of the internal control and risks management in April 2024 and in the absence of any reported failure and weaknesses which the Board considered significant, it concluded that these remain effective and sufficient for their purpose.

In connection with the statutory provisions regarding directors' conflict of interest, the Directors must avoid a situation in which the Directors have, or can have a direct or indirect interest that conflicts, or possibly may conflict with the interests of the Company. The duty is not infringed if the matter has been authorised by the Directors. Under the Articles, the Board has the power to authorise potential or actual conflict situations. The Board maintains effective procedures to enable the Directors to notify the Company of any actual or potential conflict situations and of those situations to be reviewed and, if appropriate, to be authorised by the Board. Directors' conflicts situation if it arises is reviewed annually and authorisation is recorded in the Board minutes.

Nomination and Corporate Governance Committee
The Nomination and Corporate Governance Committee had two meetings in 2023 which were attended as follows:

	Attendance
Lim Tian Huat (Chairman of Committee)	2/2
Farah Suhanah Tun Ahmad Sarji	2/2
Marcus Chan Jau Chwen	2/2

The policy on diversity is described on page 62 of the Strategic Report.

Activities
During the year, the Nomination Committee reviewed and deliberated on the Statement of Corporate Governance for inclusion in the Annual Report. It also recommended to extend the contract of Mr. Lim Tian Huat for a period of one year to May 2024 and by then, he would have served the Board for nine years. Under the Code, Mr. Lim would no longer be considered independent. With a number of directors contracts expiring by next year (See page 90), the Nomination Committee in its attempt to refresh the leadership of the Board, has been identifying candidates with appropriate skills, experience as well as time to meet board to join AEP's Board. On the subject of succession, the Committee has also been active in searching for suitable candidates for various senior management positions in the Group as some of them have indicated of their desire to retire in the coming years.

The Committee also arranged for a formal training programme conducted by external consultants in January 2024 to update all the directors on their responsibilities and corporate governance on ESG matters. As in the past, the Board will not hesitate to arrange training on specific matters where it is thought to be required.

Relations with shareholders
All shareholders may attend the Company's AGM and put questions to the Board and such questions must be with at least twenty working days' notice. At the conclusion of the AGM, a summary of votes for each resolution is reported and made available at the company's website as soon as practicable after the meeting. Shareholders will not receive a hard copy of the proxy form for the 2024 AGM. Instead, shareholders will be able to vote electronically using the link https://www-uk.computershare.com/investor/. For more details, please refer to online submission of proxy voting on page 8 of the Annual Report.

The Executive Director regularly meets with principal shareholders during the year to understand their concerns and views on governance and performance. The views of the shareholders are communicated to the Board to ensure that it is mindful of the shareholders' sentiment and issues arising at all times.

At the Company's AGM held on 16 June 2023, a significant proportion of shareholders did not support resolution 12 to authorise the directors to allot up to one third of the issued ordinary share capital. The authority sought by the Company is in line with the maximum recommended levels contained within relevant share capital management guidelines and prevailing voting guidelines of leading corporate governance agencies. The Company only retains these authorities to provide flexibility in the capital management of the Company and would only exercise these authorities if it is considered in the best interests of shareholders. Following the AGM, the Company's Executive Director, subsequently consulted and engaged with a group of shareholders who voted against the resolution in order to hear their views and better understand their concerns. The Board is grateful to all shareholders who provided feedback on this resolution. The common theme apparent from this engagement was their concern over dilution and they would prefer not to grant general or annual authorities in respect of changes in equity capital, but instead to review approval when required for specific transactions. AEP is committed to maintaining an open and constructive dialogue with all the Company's shareholders and will continue to engage with those shareholders for whom this resolution present concerns.

Statement on Corporate Governance

The annual report, interim report and trading statements are intended to keep the shareholders informed as to the progress in the operational and financial performance of the Group. The Company maintains a corporate website at https://www.angloeastern.co.uk/. This website has detailed information on various aspects of the Group's operations. The website is updated regularly and includes latest Company announcements, information on the Company's share price, the price of crude palm oil, foreign currency movement of Indonesian Rupiah against US dollar and environmental, social and governance matters.

The Company's results and other news releases issued via the London Stock Exchange's Regulatory News Service are published on the "Investors Information" and "News" sections of the website and together with other relevant information concerning the Company and the Industry, are available for downloading. The website was upgraded recently to enable shareholders and investors to select and receive e-mail alerts from the Company on the selected regulatory news to follow the development of the Company.

Environmental and corporate responsibility

In 2004 a group of growers, processors, retailers and wildlife and conservation groups founded the "Roundtable for Sustainable Palm Oil", known as RSPO, to codify and promote best practices in the industry. Although AEP is not a member of the RSPO, the Group's management and Directors take a serious view of their environmental and social responsibilities and are fully committed to the principles developed by RSPO. Many of these principles overlap with ISPO and MSPO of which compliance is mandatory for AEP. These principles cover eight headings as follows:

- transparency;
- compliance with local laws and regulations;
- commitment to long-term economic and financial viability;
- use of appropriate best practices by growers and millers;
- environmental responsibility and conservation of natural resources and biodiversity;
- responsible consideration of individuals and communities affected by growers and mills;
- responsible development of new plantings; and
- commitment to continuous improvement in key areas of activity.

Within these headings are 40 detailed principles. Among the most important are:

- not to remove primary forest;
- not to use fire for clearing areas designated for new or replanting;
- to follow accepted soil and water conservation practices;
- to use agrochemicals in ways that do not endanger health or the environment and to promote non-chemical methods of pest management;
- to leave wild areas for wildlife corridors, water catchment and riparian protection;
- provide full treatment of mill effluent water;
- ensure the wishes of local communities and individuals are taken account of; and
- to pay to individuals with residual rights over land only freely agreed compensation, in addition to following government land regulations.

AEP seeks to comply with these principles in all areas of its activities. Some of the measures taken for environmental protection are disclosed and updated in the company's website from time to time.

Lim Tian Huat
Chairman, Nomination and Corporate Governance Committee 30 April 2024

Audit Committee Report

Composition
The Audit Committee had five meetings in 2023, which were attended as follows:

	Attendance
Lim Tian Huat (Chairman of Committee)	5/5
Farah Suhanah Tun Ahmad Sarji	5/5

The current members have relevant financial and professional experiences to discharge their specific duties with respect to the Audit Committee. Mr. Lim, in particular, has adequate financial experience to discharge his duties as the Chairman of the Audit Committee. Please see their qualifications on page 75 and 76.

Mr. Lim participated in four external courses and seminars in 2023 mainly organised by the Malaysian Institute of Accountants, Bursa Malaysia and Malaysia Institute of Chartered Secretaries and Administrators. Some of the topics covered were insolvency, megatrends, advocacy programmes to guide directors of listed entities in making disclosures on risk management and personal liabilities of directors.

Ms. Farah attended five external training in 2023 organised by the Institute of Corporate Directors Malaysia. Four of which featured prominently on the subject of corporate sustainability and ESG practices, including corporate directorship in the new era of ESG. She also attended a seminar and workshop entitled Board-Ready Women Program for empowerment of female directors, which was jointly organised with Deloitte.

Roles of the Audit Committee
Audit Committee is responsible for:
- monitoring the integrity of the financial statements and reviewing formal announcements of financial performance and significant reporting issues and judgements that such statements and announcements are fair, balanced and understandable for shareholders to assess the company's financial position and performance, business model and strategy;
- monitoring and reviewing the effectiveness of internal financial controls, internal controls and risk management systems;
- making recommendations to the Board in relation to the appointment, reappointment and removal of the external auditor, their remuneration and terms of engagement;
- reviewing and monitoring the independence and objectivity of the external auditor and the effectiveness of the audit process;
- developing and implementing policy on the engagement of the external auditor to supply non-audit services, ensuring there is prior approval of non-audit services, considering the impact this may have on independence, taking into account the relevant regulations and ethical guidance in this regard, and reporting to the Board on any improvement or action required;
- reporting to the Board on how it has discharged its responsibilities;
- providing advice to the Board on the assessment of the principal risks facing the Group; and
- providing advice to the Board on the form and basis underlying the longer-term viability statement and going concern statement in the Annual Reports.

The Committee monitors the engagement of the auditor to perform non-audit work. The ethical standard of International Standards on Auditing requires the external auditor to evaluate threats to their independence and discuss this with the Audit Committee. Whilst it is the Group's ultimate responsibility to ensure that it does not engage the external auditor in any prohibited services, the external auditor will also be responsible for maintaining a record of all non-audit services undertaken and for ensuring that they do not undertake any of the prohibited services. To ensure that the external auditor satisfies these ethical standards on auditing, the Group had decided not to engage the external auditor for non-audit services for the Company and its affiliates except for the review of the interim report for compliance before announcement. The Committee considered that the nature and limited scope of, and remuneration payable in respect of, this engagement was such that the independence and objectivity of the auditor were not impaired.

Audit Committee Report

The members of the Committee discharge their responsibilities by formal meetings and informal discussions between themselves, by meeting with the external auditor, the internal auditors and management and by consideration of reports by management and by holding at least two formal meetings in each year.

It receives reports from executive management in Indonesia and Malaysia and focuses principally on reviewing reports from management and considers whether significant risks in the Group are identified, evaluated, managed and whether significant weaknesses are promptly remedied including, but not limited to, commodity price movements, exchange rate movements, political and social, government legislation and climate change. Where necessary the Committee also seek independent advice from professionals and experts.

Overview
During the year, the Committee reviewed and discussed the 2022 Annual Report, 2023 Interim Results, 1st Quarter and 3rd Quarter Trading Statement for 2023. The Committee also deliberated and recommended to the Board the dividend rate for the Company.

The Committee updated the risks register chart annually and deliberated on the probability of various material risks from occurring and the resulting financial impact should the risks materialise. The Committee concluded that produce prices continued to be the biggest risks with high probability of occurring and with high financial impact. Despite the reported increase in new Covid-19 cases in Indonesia and Malaysia, the risks of it affecting a major part of business are low given the geographical spread of our operations but if it does materialise, the financial impact would be high. With the Group substantial holding in Indonesian Rupiah, the risks of currency exchange rates movement are high with medium financial impact. The country, regulatory and governance practices, environmental and conservation practice, weather and natural disasters, and other climate and nature risks have medium likelihood of happening with medium financial impacts. Information technology security risks have medium likelihood of happening with low financial impacts. All other risks are generally low in financial impact. See page 31 for the map of principal risks.

The Audit Committee deliberated and set the budget targets for 2024 for the Board's approval. The Audit Committee has regular dialogues, both formal and informal, with the senior management in Indonesia and Malaysia. The discussions are open and constructive.

The Senior Internal Audit Manger presented his Internal Audit plan for the year which was approved by the Audit Committee. He also presented his audit findings and interacted with members of the Audit Committee in one of the meetings. Internal audit reports were tabled and discussed in detail in three of the Audit Committee meetings in 2023.

Before finalising the 2023 accounts, the Audit Committee conducted a stress test, premise on the shutdown of the entire Group's estates and mills operation for a year due to pandemics caused by contagious disease and other circumstances including natural calamities and strikes. Based on this scenario, the cash flow projections showed that the Group has sufficient resources to continue operating as a going concern for the next five years.

During the year, the senior Independent NED, who is authorised by AEP to receive complaints, received a complaint about a plantation manager. The complaint was thoroughly investigated, and the allegation was found to be baseless.

External Audit
BDO LLP are the external auditors. The engagement Partner who has overall responsibility for the audit is Nigel Harker who is in his fourth year of engagement with the Group. He is supported by two Audit Senior Managers and a Partner from their firm in Indonesia who is responsible for the audit of the Indonesian components. BDO has a policy of rotation of the senior members of the engagement team on a gradual basis in order to safeguard its ethical standard on independence and at the same time also ensuring a certain level of continuity from year to year. Further details are disclosed on pages 71 and 80.

The Committee formally met with the external auditor twice in 2023 to discuss the audit findings of 2022 and to plan the audit for 2023 financial year. The external auditor, during the audit planning meeting, highlighted to the Audit Committee their scope of audit and their assessment of areas of audit risks. The significant risks include: -
a) impairment of land and bearer plants,

b) recoverability of amounts due from cooperatives under the plasma scheme,
c) completeness of related party transactions,
d) management override of controls, and
e) unauthorised payments from online banking.

Bearer plants, held as property, plant and equipment, together with estate land are valued at historical cost (IAS 16). Under IAS 36 - Impairment of Assets, an entity is required, at the end of each reporting period, to assess whether there is any indication that an asset may be impaired, or if a previously recognised impairment should be reversed. The palm oil industry is likely to be heavily impacted by climate change and sustainability which will need to be factored into any impairment considerations. This includes, but is not limited to, the physical damages such as flooding and the impact on plantation growth of rapid changes in weather patterns, as well as the transitional risks such as changes in government policy on the use of palm oil and changes in global temperature and sea levels. The determination requires the use of management judgement and complex assumptions, therefore there is a risk that this value may be determined incorrectly.

AEP hold amounts due from cooperatives under the plasma programmes within non-current receivables on the statement of financial position. In some instances where the cooperatives are granted a loan, AEP will provide the guarantee for that loan, in which case AEP will assess the likelihood of their ability to repay this loan in order to determine the correct accounting treatment. There is a risk that the receivables due from cooperatives may not be recoverable and an additional risk that, where a guarantee is given against a loan and there is a default, in which case AEP will become liable. In both cases expected credit losses (“ECL”) may be recognised in accordance with IFRS 9 - Financial instruments.

IAS 24 requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the financial statements. The controlling shareholder has interest in a number of other entities, some of which already have transactions with the Group as disclosed in the Group financial statements. The family business orientated culture in Indonesia and Malaysia therefore increases the risk that related party disclosures are incomplete. There is an associated fraud risk on the basis that management may be incentivised to conceal related party transactions that were not conducted at an arm’s length or were transacted for personal gain.

The Audit Committee ensured completeness of related party transactions by requiring all Directors and key personnel to disclose any related party relationships, transactions, outstanding balances including financial commitments directly or indirectly with the Group via a signed prescribed form for this purpose. The Audit Committee may carry out third party search, if applicable.

The risk of fraud due to management override of controls due potentially to performance obligations linked to compensation or shareholders’ expectations could be achieved by manipulating judgements and estimates or through the posting of inappropriate journals in accounting records.

Fraud risks highlighted by the auditors that admin rights which allow users to change the user access of any individual allowing payments from the online banking system to be made without further authorisation therefore allowing cash to be extracted from the business. This has been ratified by having all changes to user access to be approved by the Group COO.

During the year the Committee carried out an assessment of the effectiveness of the external audit process. The assessment was led by the Chairman of the Audit Committee, assisted by the Executive Director, the Group Chief Operating Officer and the Group Accountant, focused on certain criteria which the Committee considered to be important factors in demonstrating an effective audit process. These factors included the quality of audit staff, the planning and execution of the audit according to agreed plans and timeline, provision of sound challenge on technical issues and degree of independence and professionalism displayed during the audit for 2022. The tenure of audit and extent of non-audit work that will affect the independence of the auditor were also reviewed. During 2023, the non-audit work undertaken by BDO LLP (UK) was to the review of the interim report for compliance before the announcement. The Committee considered the nature, limited scope of engagement and remuneration paid were such that the independence and objectivity of the auditor were not impaired. Fees paid for audit and non-audit services are provided in note 5. The Committee considered the key members of the audit engagement team and component auditors involved in the Group Audit. This includes the Audit Partner and the Audit Manager from BDO LLP (UK) and the Partner from BDO in Indonesia. Broadly, the same team from last year conducted the audit. Following this assessment, the Committee concluded that the external audit process remained effective, and that the objectivity of the external auditor was not impaired and that it provides an appropriate independent challenge of the senior management of the Group.

Internal control

The Company has followed the Code provisions on internal control since 1999 and the Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued by the Financial Reporting Council in 2014. The Board has overall responsibility for the Group's systems of internal control and risk management and for reviewing its effectiveness. Such a system is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Audit Committee reviews and monitors specific risks and internal control procedures and reports to the Board where appropriate. Executive staff and Directors are responsible for implementation of control procedures and for identifying and managing business risks.

The Group accounts and the consolidation process are reviewed by the Group COO and the Executive Director.

The Group has in-house internal auditors who visit operating sites in Indonesia regularly based on an approved Internal Audit Plan and provide summarized internal audit reports to the Audit Committee on a regular basis. The Internal Audit also conducts special audits throughout the year as and when required by management. The internal audit team provides objective assurance as to the effectiveness of the Group's systems of internal control and risk management of the Group's operating management to the Committee. Follow-up audits and discussions are also held to ensure remedial actions are taken promptly. The internal audit review is a continuous and sequential process and in any one year does not necessarily cover all risks which are significant to the Group. The process aims to provide reasonable assurance against material misstatement or loss but cannot eliminate the risk of loss.

During the year, Deloitte Indonesia presented their report and made recommendations to the Audit Committee on control, design and segregation of duty following their completion of the Internal Audit Co-Sourcing contract.

Lim Tian Huat
Chairman, Audit Committee
30 April 2024

Directors' Remuneration Report

Overview
I am pleased to report on the activities of the Remuneration Committee for the year ended 31 December 2023. This report sets out the remuneration policy and remuneration details for the Executive and Non-Executive Directors of the Group. It has been prepared in accordance with Schedule 8 of SI 2008/410 Large and Medium-sized Companies and Groups (Accounts and reports) Regulations 2008.

The Companies Act 2006 requires the auditor to report to the shareholders on certain parts of the Directors' Remuneration Report and to state whether, in their opinion, those parts of the report have been properly prepared in accordance with the Regulations. The parts of the annual report on remuneration that are subject to audit are indicated in that report. The report by the Chairman of the Remuneration Committee and the policy statement are not subject to audit.

Activities
During the year the Remuneration Committee reviewed the annual increment and bonus entitlement of senior management in Indonesia. In considering the bonus for 2023, the Committee took into account the achievement of the key performance criteria related to crop productions, purchases of third-party crops, rate of new planting, oil extraction rates and implementation of cost reduction measures. To remain competitive, we also undertook benchmark comparisons with other plantation companies in respect of bonus payment for the year.

The Committee deliberated and renewed the contract of a Non-Executive director, Mr. Lim Tian Huat for another year. The one-year extension was decided after considering that Mr. Lim would have served on the Board for nine years when his contract expires in May 2024, and may no longer qualify as an independent director under Provision 10 of the Code. As part of succession planning, the Committee, through its network, has been actively identifying appropriately qualified candidates, taking into the account not only the demand on directors' time but also on the potential contribution that the appointee can make to the Board and management

The Board and the Committee are also aware of the need to comply with Code 11, where at least half the Board, excluding the Chair, should be Non-Executive directors whom the Board considers to be independent. Mr Lim was not involved in deciding on the renewal and compensation of his own contract. In respect of related party transactions as detailed on page 86, all directors and senior managers were required to declare their interests as measures to avoid or manage conflicts of interest.

The Committee also deliberated on the 2023 Remuneration Report and recommended to the Board for acceptance.

AEP considers its employees as important stakeholders for the Group's long-term sustainable success. As part of the engagement of its workforce, the Chairman of the Remuneration Committee, a Non-Executive Director, conducted an online meeting with employees' representatives and heads of employees' cooperatives in Sumatera and Kalimantan to discuss and obtain feedback on issues relating to their safety and welfare, working conditions, remuneration and suggestions to improve productivity. The meeting concluded that workers were generally happy and satisfied. Employees also expressed their gratitude for the continued upgrade and renovation of old housing quarters, including construction of proper drainage and sanitation to improve employees' living conditions and safety. While the Company had drilled additional deep wells during the year for them to access water and installed reverse osmosis equipment to ensure continuous supply of clean water, it was inadequate to meet the demand. The Chairman of the Remuneration Committee, after having discussed with management, assured the workforce that additional equipment and budget will be allocated in the coming year to progressively improve the supply of clean water. However villages on higher elevation, where drilling for deep wells had been unsuccessful and costly, will continue to have access to tankers to carry sufficient clean water to them during the dry weather. With cost of living rising, many of the representatives requested the Company to pay higher bonuses and increment including benefits and to grant additional scholarships for higher education of which the management will look into. The employees' representative also acknowledged major progress made by the Company to connect their houses to State Electricity Company ("PLN") and look forward to the day when all houses in the remote estates will be supplied with electricity replacing in-house generators. There was also a request to upgrade a clinic to provide expanded range of services.

Directors' Remuneration Report

The Remuneration Policy was previously voted and approved by the shareholders at the 2023 AGM on 16 June 2023 and has been effective from 1 January 2023. The Policy remains unchanged and was consistently applied to the remuneration of all directors for 2023. The policy is disclosed on pages 89 to 91.

At the last AGM, the shareholders approved amendments to Article 98 of the Company's Articles of Association to increase the limit of the total remuneration of non-executive to £250,000 per annum from £100,000 per annum. This revision will also help to accommodate the recruitment of additional directors should the Board desires to do so at a later time.

The Committee welcomes your support for our Remuneration Report.

Composition

The Remuneration Committee had three meetings in 2023, which were attended as follows:

	Attendance
Farah Suhanah Tun Ahmad Sarji (Chairman of Committee)	3/3
Lim Tian Huat	3/3

Voting at Annual General Meeting

The Remuneration policy was last voted and approved in 2023. In that meeting, the shareholders voted in the following manner:

	Shares For	Shares Against	% Shares For	% Shares Against
To approve Remuneration policy	30,820,328	649,054	97.9%	2.1%

It is the Company's policy to vote on the Remuneration policy once every three years or if there is a change in the policy within the three years.

The Director's Remuneration report was last approved at Company's AGM on 16 June 2023. In the meeting, the shareholders voted in the following manner:

	Shares For	Shares Against	% Shares For	% Shares Against
To approve Directors' Remuneration Report	31,502,730	11,170	99.9%	0.1%

The Company pays due attention to the results of voting. When there are substantial votes against any resolution in relation to directors' remuneration, the reason for any such vote is sought and any action in response will be reported in the following year.

The Listing Rules require the re-election of independent directors in companies with a controlling shareholder to be voted separately by independent minority shareholders in addition to the approval of all shareholders. The results of the re-election of the independent directors in the 2023 AGM were:

	Shares For	Shares Against	% Shares For	% Shares Against
By all shareholders:				
Re-election of Mr. Lim Tian Huat	31,133,570	377,941	98.8%	1.2%
Re-election of Ms. Farah Suhanah	31,511,945	247	99.9%	0.1%

	Shares For	Shares Against	% Shares For	% Shares Against
By independent shareholders:				
Re-election of Mr. Lim Tian Huat	10,581,656	377,941	96.6%	3.4%
Re-election of Ms. Farah Suhanah	10,960,031	247	99.9%	0.1%

Policy of the Remuneration Committee

The Committee sets the remuneration and benefits of the Executive Director and Non-Executive Directors. The Committee believes that the major revision to directors' remuneration made in 2022/2023, reflects fair and market conditions, which will continue to motivate the performance of directors for the long-term interest of the Group and stakeholders.

When determining Executive Director's remuneration, the Committee reviews the pay policy and levels for executives below the Board, as well as pay and conditions of employees throughout the Group. Other factors considered are individual performance, market conditions, the Company's performance, pay and employment conditions of its other employees in the organisation and the need to maintain an economic operation.

The basic salary of the Executive Director who is the de facto Chief Executive Officer is capped at £150,000 per annum following a review in January 2023. The new amount took into consideration his current greater role in the Group and that his salary was capped at £90,000 per annum since 2014.

Type	Purpose	Maximum payment
Base salary	To contain fixed costs.	Capped at £150,000. The cap is reviewed periodically. The policy permits the cap to be changed if this is deemed necessary to meet business, legislative or regulatory requirements.

The table below summarises the key aspects of the Group's Remuneration Policy for the Non-Executive Directors.

Type	Purpose	Maximum payment
Fees	To attract and retain individuals with suitable knowledge and experience.	Determined by the Board within the limits set by the articles of association and by reference to comparable organisations and to the time commitment expected.

The Committee periodically assesses the remuneration of the Non-Executive Directors and submits a proposal to the Board. Non-Executive Directors' remuneration consists exclusively of a fixed payment. The Non-Executive Directors receive no benefit such as share options or other performance-related elements.

The Committee makes recommendations on senior management pay and conditions, after consultation with the Chairman. In determining the remuneration policy of senior management, the Committee takes into account the need to attract, retain and motivate employees. To promote long-term sustainable success, the Committee makes external comparison with the current market trends and practices of equivalent roles considering the size, business complexity and relative performance. The following is a summary of the key components of remuneration packages of senior management:

Base salary
Base salaries of senior management are reviewed on an annual basis by the Remuneration Committee or when there is a change in the individual's responsibilities. The Group does not seek the advice of an external consultant in determining the salaries of senior management and directors.

Bonus
The Group operates a bonus scheme for the Executive Director, senior executives and managers of operating units, which is determined by weighted performance criteria including crop production, external crop purchase, increases in planted area, efficiency of mill performance and overall profitability. There is however no bonus scheme for any of the Non-Executive Directors for good governance.

The operating units in Indonesia and Malaysia have in place a variable compensation policy which over the recent years rewarded senior executives and employees with bonuses ranging from one to eight months' pay based on the individual's and operating units' performance. The key criteria used in the determination of the variable compensation policy for the bonus was revised in 2014 following discussion and consultation with the Company's previous Chairman.

Share options

The UK and overseas executive share option schemes of the Company are administered and supervised by a committee consisting, in the majority, of Non-Executive Directors. These schemes are limited over their ten-year life to issuing no more than 10% of the issued ordinary share capital of the Company from time to time. They provide for options to be granted over treasury shares as well as over new shares. To avoid dilution, the Board intends generally to follow the treasury share route.

Individual grants vest over three years. The total grant to each holder is determined by seniority and total market value at the date of grant is normally limited to two times base salary. Exercise of options is only permitted three years after grant, provided that the holder remains an employee of the Group throughout the period. There are no other performance criteria for exercise of options granted so far. The Company has not issued any share options to any Directors after 2004. No one in the Company has vested or unvested shares.

The above option schemes have expired and the Remuneration Committee is evaluating new schemes which are in use by commercial entities to reward and to retain the services of senior management.

Pensions

The operating units in Indonesia participate in mandatory pension schemes for their local executives and management. There is no company-sponsored scheme for senior executives outside of Indonesia. The Remuneration Committee is in still evaluating an appropriate gratuity scheme, based on length of service, for senior management and executives who are not covered by the group-sponsored scheme.

No employees or shareholders are specifically consulted on the remuneration policy of the Company. If a significant shareholder expresses a particular concern regarding any aspect of the policy, the views expressed would be carefully weighed.

Annual Report on Remuneration

Directors' remuneration (audited)
The following part provides details of the remuneration of all the directors for the year ended 31 December 2023. The numerical components of these disclosures have been audited in accordance with Section 421 of the UK Companies Act 2006.

The remuneration of all directors who served during the year was:

Audited information	**Total 2023 Fixed Remuneration $000**	Total 2022 Fixed Remuneration $000
Name of directors		
Executive:		
Dato' John Lim Ewe Chuan (1)	**148**	93
Non-Executive:		
Jonathan Law Ngee Song (2)	**53**	31
Lim Tian Huat (3)	**40**	23
Marcus Chan Jau Chwen (4)	**47**	11
Farah Suhanah Tun Ahmad Sarji(5)	**33**	6
Lim Siew Kim (6)	**-**	30
Total	**321**	194

Directors' remuneration comprises of directors' fees only. There were no other benefits, pensions, bonuses or share option expenses in respect of the directors.

Unaudited information
Notes:

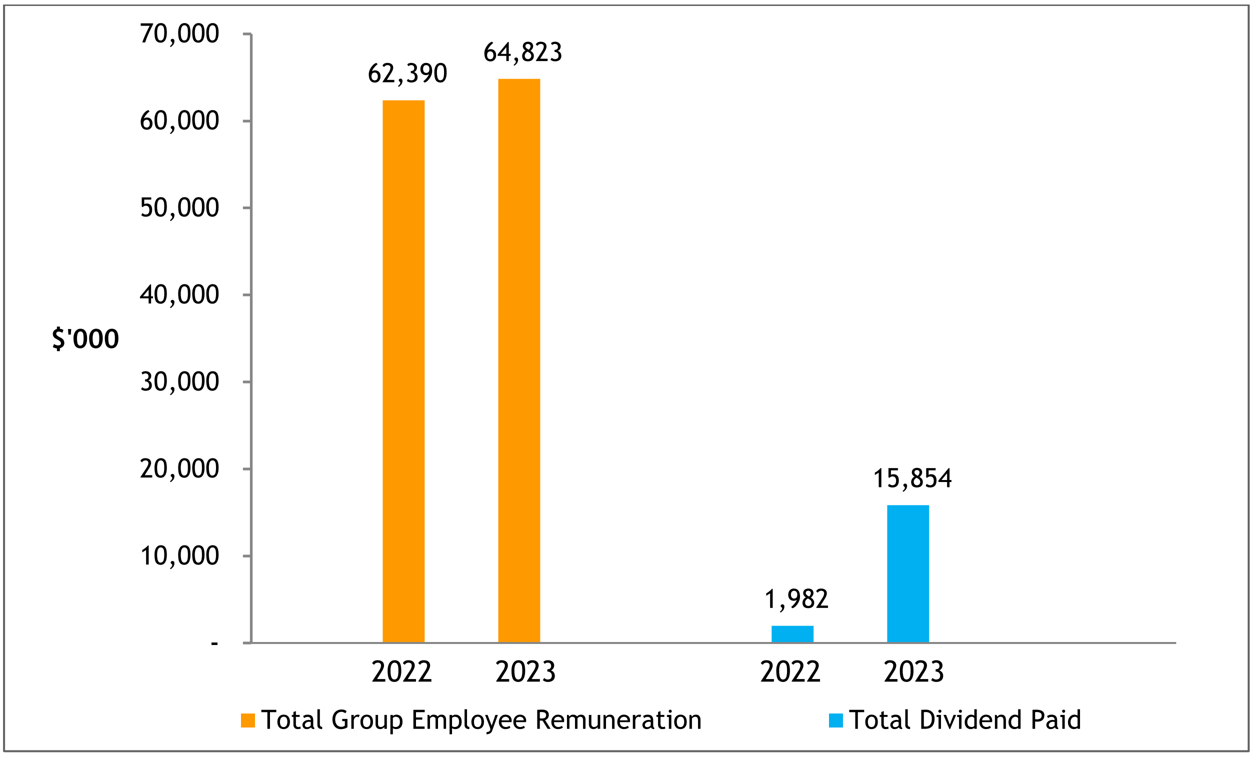
(1) Appointed as Executive Director on 1 September 2010. Previously was the Senior Independent Non-Executive Director.
(2) Appointed as Chairman on 8 July 2022. Previously was the Non-Executive Director from 4 July 2013.
(3) Appointed on 8 May 2015.
(4) Appointed on 10 August 2022.
(5) Appointed on 20 October 2022.
(6) Retired on 8 July 2022.

Executive Director's/de-facto CEO's Remuneration over 10 Years

Year ended 31 Dec	Salary	Benefit	Pension	Bonus	Total	% of maximum payment cap
2023	$148,000*	-	-	-	$148,000	59%
2022	$93,000*	-	-	-	$93,000	48%
2021	$87,000*	-	-	-	$87,000	70%
2020	$103,000*	-	-	-	$103,000	90%
2019	$116,000*	-	-	-	$116,000	100%
2018	$123,000*	-	-	-	$123,000	100%
2017	$113,000*	-	-	-	$113,000	100%
2016	$127,000*	-	-	-	$127,000	100%
2015	$137,000*	-	-	-	$137,000	100%
2014	$133,000	-	-	-	$133,000	89%

* The Executive Director's basic salary was revised to £120,000 per annum with effect from 1 January 2023. From September 2022 to 31 December 2022, his salary was £90,000 per annum. Between September 2020 to August 2022, it was £63,000 per annum. Prior to this, his salary from 2015 to 2019 was £90,000 per annum. The fluctuations during this period were the result of exchange translations.

Relative importance of spend on pay



Directors' interests (audited)

The interests of the directors together with those of their immediate families in the securities of the Company were as shown below:

Directors' beneficial interests at 31 December:	**2023 Ordinary shares**	2022 Ordinary shares
Marcus Chan Jau Chwen	**-**	-
Jonathan Law Ngee Song	**-**	-
Dato' John Lim Ewe Chuan	**15,894**	-
Lim Tian Huat	**-**	-
Farah Suhanah Tun Ahmad Sarji	**-**	-

The ultimate beneficial shareholders of Genton International Limited are vested in the estates of Madam Lim with the application for probate in progress.

There has been no change in the interests of the directors in the securities of the Company between 31 December 2023 and the date of this report. Other than Dato' John Lim, none of the directors had any interest in the securities of the Company between the date of their appointments and the date of this report. There is no requirement for directors to hold shares in the Company. Other than as set out in notes 7 and 24 to the consolidated financial statements, no director had a material interest in any contract of the Company subsisting during, or at the end of the financial year. No directors had any share options in the current or prior year.

Percentage annual change in directors' remuneration and for employees over FY2023 (not subject to audit)
The directors have service agreements with AEP Plc, the parent company. The Company has no employees other than the directors therefore voluntary disclosure has been given based on the Group's employee information.

The table below shows the annual change in the directors' pay compared with the Group's average pay for an employee for 2019 to 2023.

	Annual change in pay for directors compared with the Group's average employees					
	Executive Director	Non-Executive Directors				Group's Average Employees
2022/2023	Dato' John Lim Ewe Chuan	Jonathan Law Ngee Song	Lim Tian Huat	Marcus Chan Jau Chwen	Farah Suhanah Tun Ahmad Sarji	
Base Salary/fees	+59%	+71%	+74%	+327%	+450%	+1%
Benefits	-	-	-	-	-	+16%
Bonus	-	-	-	-	-	+15%

	Annual change in pay for directors compared with the Group's average employees					
	Executive Director	Non-Executive Directors				Group's Average Employees
2021/2022	Dato' John Lim Ewe Chuan	Jonathan Law Ngee Song	Lim Tian Huat	Marcus Chan Jau Chwen	Farah Suhanah Tun Ahmad Sarji	
Base Salary/fees	+7%*	+48%*	+10%*	-	-	+6%
Benefits	-	-	-	-	-	+55%
Bonus	-	-	-	-	-	+36%

	Annual change in pay for directors compared with the Group's average employees					
	Executive Director	Non-Executive Directors				Group's Average Employees
2020/2021	Dato' John Lim Ewe Chuan	Jonathan Law Ngee Song	Lim Tian Huat	Marcus Chan Jau Chwen	Farah Suhanah Tun Ahmad Sarji	
Base Salary/fees	-16%	-	-	-	-	+12%
Benefits	-	-	-	-	-	-5%
Bonus	-	-	-	-	-	+32%

	Annual change in pay for directors compared with the Group's average employees				
	Executive Director	Non-Executive Directors			Group's Average Employees
2019/2020	Dato' John Lim Ewe Chuan	Madam Lim Siew Kim	Lim Tian Huat	Jonathan Law Ngee Song	
Base Salary/fees	-11%	-4%	-	-	-6%
Benefits	-	-	-	-	+13%
Bonus	-	-	-	-	-13%

1. Directors' remuneration comprises of directors' fees only.
2. All directors' fees are paid in currencies other than US dollar.
3. *Mr. Jonathan Law's fees increased as a result of his appointment as the Chairman from 8 July 2022.
4. *Mr. Lim Tian Huat's and Dato' John Lim's fees increased following the renewal of their contracts in May 2022 and September 2022 respectively.

Service contracts

All directors, Executive and Non-Executive, have formal appointment letters. The Executive and Non-Executives are appointed normally on a one to two-year term with notice periods of one month to two months. The service contracts are kept at the registered office and may be inspected by shareholders on request. Notice periods for all other senior management are generally two months. Therefore, any remuneration payment for loss of office will be capped at a maximum of two months. It is not the Company policy to include provisions in directors' service contracts, compensation for early termination beyond providing for an entitlement to payment in lieu of notice if due notice is not given.

The unexpired terms of the retiring directors are:

Jonathan Law Ngee Song	Expiry 6 July 2024
Dato' John Lim Ewe Chuan	Expiry 31 August 2024
Lim Tian Huat	Expiry 7 May 2024
Marcus Chan Jau Chwen	Expiry 9 August 2024
Farah Suhanah Tun Ahmad Sarji	Expiry 19 October 2024

Performance Graph

The performance graph is set out on page 4 and shows the Company's share price performance compared to the FTSE 100 index for the period of 2014 to 2023 (last ten years) to indicate the volatility and trend of the market generally. Except for two brief periods, our share price had underperformed the FTSE 100 index. In determining senior management compensation, the Remuneration Committee is influenced by the operating performance of the Company and not directly by the share price. The FTSE 100 index has been selected for this comparison as there is no index available that is specific to the activities of the Company. Despite reporting stellar earnings, the share performance is likely held back by ESG concerns, reflecting a disconnection between earnings, CPO prices and company's valuation. Active investors are concerned that plantation companies are seen as contributing to deforestation, open burning, high carbon emissions and labour related issues.

Farah Suhanah Tun Ahmad Sarji
Chairman, Remuneration Committee

30 April 2024

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO-EASTERN PLANTATIONS PLC

Opinion on the financial statements
In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2023 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Anglo-Eastern Plantations Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2023 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company statement of financial position, the company statement of changes in equity and notes to the financial statements, including a summary of material accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

Following the recommendation of the audit committee, we were appointed by Board of Directors on 14 June 2001 to audit the financial statements for the year ended 31 December 2001 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 23 years, covering the years ended 31 December 2001 to 31 December 2023. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

Conclusions relating to going concern

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

- A review of the Directors' assessment of going concern, including various stress test scenarios, challenge of the key assumptions used to make this assessment, such as Crude Palm Oil ('CPO') price, Fresh Fruit Bunch ('FFB') production tonnage. These were assessed by reference to external market forecasts and industry production trends;

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO-EASTERN PLANTATIONS PLC (continued)

- A review of the Group's available cash resources and short term investments as at 31 March 2024; and
- A review of the adequacy and consistency of disclosures in relation to going concern in the Group financial statements with reference to management's going concern assessment.

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

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

Overview

Coverage	*98% (2022: 98%) of Group revenue* *94% (2022: 92%) of Group total assets*		
Key audit matters		**2023**	**2022**
	1. Impairment of land and plantation assets	✓	✓
	2. Accounting and disclosure of assets held for sale and discontinued operations*	-	✓
	* Assets held for sale as at 31 December 2022 were disposed of during the year ended 31 December 2023 and therefore no key audit matter identified for the current year.		
Materiality	*Group financial statements as a whole* US$3.9m (2022: US$6.9m) based on 5% (2022: 5%) of profit before tax before biological asset movement.		

An overview of the scope of our audit

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

The Group financial statements are a consolidation of twenty-four companies made up of the Parent Company, a principal sub-holding company, three management companies, four dormant companies and fifteen operating companies. Thirteen of the operating companies are located in Indonesia and two in Malaysia. The head office and main accounting function is located in Kuala Lumpur, Malaysia, with a second accounting function located in Medan, Indonesia, both at separate locations from the operating companies. During the year, the Group completed the disposal of three operating companies which had been classified as held for sale at 31 December 2022.

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF ANGLO-EASTERN PLANTATIONS PLC (continued)

Based on our risk assessment we identified five operating companies which, in our view, were significant components and required a full scope audit of their complete financial information due to their financial significance and a further thirteen companies, consisting of one management company and twelve operating companies, which required audit procedures on specific areas due to their risk characteristics or where there was a balance which was material to the Group. Where the companies were located in Indonesia, the audit work was performed by a BDO network firm in Indonesia and where located in the UK or Malaysia, the audit work was performed by the Group audit team. Certain additional procedures were performed at Group level by the Group audit team in respect of the Key Audit Matters, together with audit procedures over the Group consolidation which gave us the evidence we needed to form our opinion on the Group financial statements as a whole.

The remaining components of the Group were not identified as being significant to the Group and the financial information of these components were principally subject to analytical review procedures performed by the Group audit team.

As part of the audit strategy, senior members of the Group audit team attended a number of meetings with management via video conference. The Senior Statutory Auditor met with the Executive Director in the UK and members of senior management and the Board, including the Audit Committee, in Kuala Lumpur.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- As part of our audit planning, we issued group audit instructions to the Indonesian component team and held remote planning meetings via video conference to discuss the Group and local risks identified and to agree the testing approach and audit timelines. The planning documentation was reviewed by senior members of the Group audit team.
- A visit to Indonesia was conducted by senior members of the Group audit team to perform a review of the complete audit files for the five companies located in Indonesia considered to be significant and to review the relevant audit work in relation to the specific areas identified for the remaining companies located in Indonesia considered to be significant due to their risk characteristics or material balances. Following the review, any further work required by the Group audit team was performed by the component auditors and reviewed by the Group audit team via remote access to the audit files. The component auditors visit the plantation estates on a rotational basis so that each estate is visited at least once every three years and a memorandum is prepared to document this which was reviewed by the Group audit team. The Group audit team attended the local closing meeting with management in person in Indonesia.
- At the completion stage, the Group audit team attended closing meetings with the local audit team via video conference and reviewed their reporting, addressing risks and specific procedures raised. Discussions were held with Group management on the findings from our audit, including adjustments raised.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO-EASTERN PLANTATIONS PLC (continued)

Climate change

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

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the annual report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector;
- Involvement of specific climate-related team members in evaluating the Group's risk assessment and financial statement disclosures; and
- Review of the minutes of Board and Audit Committee meetings and performed a risk assessment as to how the impact of the Group's commitment as set out in the Strategic Report may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in management's going concern assessment and viability assessment.

We also assessed the consistency of managements disclosures included as Other Information on pages 39 to 61 with the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks.

Key audit matters

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

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF ANGLO-EASTERN PLANTATIONS PLC (continued)

Key audit matter	How the scope of our audit addressed the key audit matter
Impairment of land and plantation assets (note 2(g) and note 12) Land and plantation assets (‘bearer plants’) fall within the scope of IAS 16 *Property, Plant and Equipment* and are held at historical cost less depreciation. At the end of each reporting period, the Directors are required to assess whether there is any indication that an asset may be impaired, or whether there is an indication that a previously recognised impairment may be reversed. If any such indication exists, the Directors shall estimate the recoverable amount of the asset. The Directors have identified three estates with such indicators and have, where appropriate, engaged an external expert to carry out an impairment review by calculating the recoverable amount. The Directors exercise significant judgement in determining the underlying assumptions used in this calculation, considered to be Crude Palm Oil (‘CPO’) price and the discount rate. We identified the impairment of land and plantation assets as a key audit matter due to the significant judgement and assumptions involved in its assessment.	We performed our own assessment for indicators of impairment or impairment reversal across all estates based on performance against production budget. We assessed the independence, capabilities, objectivity and competence of management’s expert. We challenged the assumptions made by the expert and management and the appropriateness of data used through discussions with management and management’s expert, corroboration to independent external data sources in respect of CPO price and, where available, through corroboration to supporting documentation and historical trends. With the use of our internal valuations expert, we recalculated the discount rate to determine an acceptable range which was compared to the rate calculated by management’s expert. We performed sensitivity analysis on the CPO price and discount rate assumptions. The calculations to support the disclosures given in respect of the sensitivity of key estimates, being CPO price, discount rate and inflation rate, were re-performed and we checked completeness against the requirements of the applicable accounting standards.
Key observations: *Based on the procedures we performed, we found the key assumptions used by the Directors in assessing any impairment losses to be recognised to be appropriate and the conclusions reached with regards to impairment to be supportable.*	

Our application of materiality

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO-EASTERN PLANTATIONS PLC (continued)

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

	Group financial statements		Parent Company financial statements	
	2023	**2022**	**2023**	**2022**
Materiality	US$3,900,000	US$6,900,000	US$719,000	US$1,057,000
Basis for determining materiality	5% of profit before tax before biological asset movement		2% of total assets	
Rationale for the benchmark applied	Profit before tax before biological asset movement was selected as the benchmark for determining materiality for the Group financial statements as it is considered to be the key indicator of the Group's financial performance.		Total assets was selected as the benchmark for determining materiality for the Parent Company's financial statements since it is held primarily for investment purposes.	
Performance materiality	US$2,925,000	US$5,175,000	US$539,250	US$792,750
Basis for determining performance materiality	75% of materiality having considered a number of aspects including the expected total value of known and likely misstatements based on previous assurance engagements for the Group.			

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of between 24% and 69% (2022: 13% and 57%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from US$943,000 to US$2,695,000 (2022: US$886,000 to US$3,928,000). In the audit of each component, we further applied performance materiality levels of 75% (2022: 75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of US$78,000 (2022: US$138,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO-EASTERN PLANTATIONS PLC (continued)

Corporate governance statement
The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the parent company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 16 and 17; and • The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 17.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 74; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 33; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 87; and • The section describing the work of the audit committee set out on pages 84 to 87.

Other Companies Act 2006 reporting

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

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO-EASTERN PLANTATIONS PLC (continued)

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

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

Non-compliance with laws and regulations

Based on:

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

we considered the significant laws and regulations to be the Companies Act 2006, the UK Listing Rules, certain requirements from the UK, Indonesia and Malaysia Finance Acts, the requirements of the Anti-Bribery and Corruption Acts in the UK, Indonesia and Malaysia, taxation laws in the UK, Indonesia and Malaysia and Indonesian land laws, and we considered the extent to which non-compliance might have a material effect on the Group financial statements.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be health and safety legislation, labour and employment laws in Indonesia and Malaysia, certain requirements from the UK, Indonesia and Malaysia Finance Acts, the requirements of the Anti-Bribery and Corruption Acts in the UK, Indonesia and Malaysia, Indonesian land laws and the Indonesian Sustainable Palm Oil (ISPO) and Malaysian Sustainable Pail Oil (MSPO) certification schemes.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO-EASTERN PLANTATIONS PLC (continued)

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of internal audit reports for any weaknesses in this area.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
    - Detecting and responding to the risks of fraud; and
    - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of those charged with governance for any known or suspected instances of fraud;
- Review of internal audit reports for any identified fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these; and
- Considering shareholders and management's future plans for the business and the related impact this may have.

Based on our risk assessment, we considered the areas most susceptible to fraud to be the management override of controls through the manipulation of journals, the posting of inappropriate journals to revenue, unauthorised payments from online banking and the disclosure of related party transactions.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met defined risk criteria, by agreeing to supporting documentation;
- Testing specific journal entries impacting revenue which met defined criteria by agreeing to supporting documentation;
- Assessing significant estimates made by management for bias, including those set out in the Key Audit Matters section of the report;
- Verification of the online banking log for confirmation that all payments had a separate preparer and approver and that these rights were in line with expectations; and
- Obtaining confirmations from all directors and key management personnel to establish the existence of related party transactions and reviewing these against the disclosure made in the financial statements.

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF ANGLO-EASTERN PLANTATIONS PLC (continued)

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

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

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

Use of our report

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

Nigel Harker (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London
United Kingdom

30 April 2024

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

Consolidated Income Statement
For the year ended 31 December 2023

	Note	2023 Result before BA movement*	2023 BA movement	2023 Total	(Restated) 2022# Result before BA movement*	(Restated) 2022# BA movement	(Restated) 2022# Total
		$000	$000	$000	$000	$000	$000
Continuing operations							
Revenue	3	**370,962**	**-**	**370,962**	447,619	-	447,619
Cost of sales		**(291,553)**	**(875)**	**(292,428)**	(304,424)	(5,792)	(310,216)
Gross profit		**79,409**	**(875)**	**78,534**	143,195	(5,792)	137,403
Administration expenses		**(8,867)**	**-**	**(8,867)**	(10,293)	-	(10,293)
Gain / (loss) arising from fair value	30	**45**	**-**	**45**	(7)	-	(7)
Operating profit		**70,587**	**(875)**	**69,712**	132,895	(5,792)	127,103
Exchange gains		**164**	**-**	**164**	991	-	991
Finance income	4	**7,977**	**-**	**7,977**	4,859	-	4,859
Finance expense	4	**(45)**	**-**	**(45)**	(12)	-	(12)
Profit before tax	5	**78,683**	**(875)**	**77,808**	138,733	(5,792)	132,941
Tax expense	8	**(20,364)**	**194**	**(20,170)**	(21,054)	1,276	(19,778)
Profit for the year from continuing operations		**58,319**	**(681)**	**57,638**	117,679	(4,516)	113,163
Gain / (Loss) on discontinued operations, net of tax	9	**6,611**	**(87)**	**6,524**	(5,684)	(139)	(5,823)
		64,930	**(768)**	**64,162**	111,995	(4,655)	107,340
Profit for the year attributable to:							
- Owners of the parent		**55,414**	**(644)**	**54,770**	92,820	(3,904)	88,916
- Non-controlling interests		**9,516**	**(124)**	**9,392**	19,175	(751)	18,424
		64,930	**(768)**	**64,162**	111,995	(4,655)	107,340
Profit for the year from continuing operations attributable to:							
- Owners of the parent		**51,524**	**(561)**	**50,963**	97,209	(3,772)	93,437
- Non-controlling interests		**6,795**	**(120)**	**6,675**	20,470	(744)	19,726
		58,319	**(681)**	**57,638**	117,679	(4,516)	113,163
Earnings per share attributable to the owners of the parent during the year							
Profit							
- basic and diluted	10			**138.44cts**			224.33cts
Profit from continuing operations							
- basic and diluted	10			**128.82cts**			235.74cts

Earnings per share before BA movement are shown in note 10.

* The column represents the IFRS figures and the result before BA movement. This Alternative Performance Measure ("APM") reflects the Group's results before the movement in fair value of biological assets been applied. We have opted to additionally disclose APM as management do not use the fair value of BA movement in assessing business performance.

The details of prior year restatement are disclosed in note 32.

The accompanying notes are an integral part of this consolidated income statement.

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2023

	2023 $000	(Restated) 2022# $000
Profit for the year	**64,162**	107,340
Other comprehensive income / (expenses):		
Items may be reclassified to profit or loss:		
Profit / (loss) on exchange translation of foreign operations	**10,182**	(55,659)
Recycling of foreign exchange on disposal	**(10,431)**	-
Net other comprehensive income / (expenses) may be reclassified to profit or loss	**(249)**	(55,659)
Items not to be reclassified to profit or loss:		
Remeasurement of retirement benefits plan, net of tax	**(375)**	177
Net other comprehensive (expenses) / income not being reclassified to profit or loss	**(375)**	177
Total other comprehensive income / (expenses) for the year, net of tax	**(624)**	(55,482)
Total comprehensive income for the year	**63,538**	51,858
Total comprehensive income for the year attributable to:		
- Owners of the parent	**54,580**	43,072
- Non-controlling interests	**8,958**	8,786
	63,538	51,858

The details of prior year restatement are disclosed in note 32.

The accompanying notes are an integral part of this consolidated statement of comprehensive income.

Consolidated Statement of Financial Position

As at 31 December 2023

Company Number: 1884630

	Note	31.12.2023 $000	(Restated) 31.12.2022# $000
Non-current assets			
Property, plant and equipment	12	**274,382**	252,414
Investments	30	**10,035**	42
Receivables	13	**20,306**	18,963
Deferred tax assets	14	**11,054**	12,773
		315,777	284,192
Current assets			
Inventories	15	**16,684**	19,590
Income tax receivables	8	**19,169**	4,122
Other tax receivable	8	**40,575**	37,576
Biological assets	16	**5,419**	6,161
Trade and other receivables	17	**10,689**	3,468
Short-term investments	18	**14,076**	55,566
Cash and cash equivalents	18	**152,984**	221,476
		259,596	347,959
Assets in disposal groups classified as held for sale	9	**-**	9,000
		259,596	356,959
Current liabilities			
Trade and other payables	19	**(27,456)**	(33,966)
Income tax liabilities	8	**(2,951)**	(10,230)
Other tax liabilities	8	**(1,184)**	(1,221)
Dividend payables		**(41)**	(32)
Lease liabilities	20	**(300)**	(73)
		(31,932)	(45,522)
Net current assets		**227,664**	311,437
Non-current liabilities			
Deferred tax liabilities	14	**(762)**	(747)
Retirement benefits - net liabilities	21	**(11,298)**	(10,874)
Lease liabilities	20	**(709)**	(31)
		(12,769)	(11,652)
Net assets		**530,672**	583,977

Consolidated Statement of Financial Position
As at 31 December 2023

Company Number: 1884630

	Note	**31.12.2023 $000**	(Restated) 31.12.2022# $000
Issued capital and reserves attributable to owners of the parent			
Share capital	22	**15,504**	15,504
Treasury shares	22	**(1,847)**	(1,171)
Share premium		**23,935**	23,935
Capital redemption reserve		**1,087**	1,087
Exchange reserves		**(341,639)**	(289,434)
Retained earnings		**826,656**	722,191
		523,696	472,112
Non-controlling interests		**6,976**	111,865
Total equity		**530,672**	583,977

The financial statements were approved and authorised for issue by the Board of Directors on 30 April 2024 and were signed on its behalf by:

Dato' John Lim Ewe Chuan
Executive Director

The details of prior year restatement are disclosed in note 32.

The accompanying notes are an integral part of this consolidated statement of financial position.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2023

	Note	Share capital $000	Treasury shares $000	Share premium $000	Capital redemption reserve $000	Exchange reserves $000	Retained earnings $000	Total $000	Non-controlling interests $000	Total equity $000
Balance at 31 December 2021		15,504	(1,171)	23,935	1,087	(241,907)	642,582	440,030	102,078	542,108
Items of other comprehensive (expenses) / income										
-Remeasurement of retirement benefit plan, net of tax	21	-	-	-	-	-	144	144	33	177
-Loss on exchange translation of foreign operations		-	-	-	-	(45,988)	-	(45,988)	(9,671)	(55,659)
Total other comprehensive (expenses) / income		-	-	-	-	(45,988)	144	(45,844)	(9,638)	(55,482)
Profit for the year		-	-	-	-	-	88,916	88,916	18,424	107,340
Total comprehensive (expenses) / income for the year		-	-	-	-	(45,988)	89,060	43,072	8,786	51,858
Acquisition of non-controlling interests	31	-	-	-	-	(1,539)	(7,469)	(9,008)	3,175	(5,833)
Dividends paid		-	-	-	-	-	(1,982)	(1,982)	(2,174)	(4,156)
Balance at 31 December 2022		**15,504**	**(1,171)**	**23,935**	**1,087**	**(289,434)**	**722,191**	**472,112**	**111,865**	**583,977**
Items of other comprehensive income / (expenses)										
-Remeasurement of retirement benefit plan, net of tax	**21**	**-**	**-**	**-**	**-**	**-**	**(374)**	**(374)**	**(1)**	**(375)**
- Recycling of foreign exchange on disposal						**(8,307)**	**-**	**(8,307)**	**(2,124)**	**(10,431)**
-Gain on exchange translation of foreign operations		**-**	**-**	**-**	**-**	**8,491**	**-**	**8,491**	**1,691**	**10,182**
Total other comprehensive income / (expenses)		**-**	**-**	**-**	**-**	**184**	**(374)**	**(190)**	**(434)**	**(624)**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**54,770**	**54,770**	**9,392**	**64,162**
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**184**	**54,396**	**54,580**	**8,958**	**63,538**
Acquisition of non-controlling interests	**31**	**-**	**-**	**-**	**-**	**(52,389)**	**65,923**	**13,534**	**(101,342)**	**(87,808)**
Share buy back		**-**	**(676)**	**-**	**-**	**-**	**-**	**(676)**	**-**	**(676)**
Dividends paid		**-**	**-**	**-**	**-**	**-**	**(15,854)**	**(15,854)**	**(12,505)**	**(28,359)**
Balance at 31 December 2023		**15,504**	**(1,847)**	**23,935**	**1,087**	**(341,639)**	**826,656**	**523,696**	**6,976**	**530,672**

Consolidated Statement of Cash Flows
For the year ended 31 December 2023

	2023 $000	2022 $000
Cash flows from operating activities		
Profit before tax from continuing operations	**77,808**	132,941
Adjustments for:		
BA movement	**875**	5,792
Gain on disposal of property, plant and equipment	**(49)**	(91)
Depreciation	**16,400**	16,724
Retirement benefit provisions	**2,581**	1,157
Net finance income	**(7,932)**	(4,847)
Unrealised gain in foreign exchange	**(164)**	(991)
(Gain) / loss arising from fair value	**(45)**	7
Property, plant and equipment written off	**191**	134
Impairment losses	**35**	617
Provision for expected credit loss	**331**	1,665
Operating cash flows before changes in working capital	**90,031**	153,108
Decrease / (Increase) in inventories	**3,405**	(6,291)
Increase in non-current, trade and other receivables	**(8,520)**	(896)
(Decrease) / Increase in trade and other payables	**(6,939)**	4,028
Cash inflows from operations	**77,977**	149,949
Retirement benefits paid	**(1,206)**	(612)
Overseas tax paid	**(43,108)**	(27,495)
Operating cash flows from continuing operations	**33,663**	121,842
Operating cash flows used in discontinued operations	**(1,808)**	(1,331)
Net cash generated from operating activities	**31,855**	120,511
Investing activities		
Property, plant and equipment		
- purchases	**(33,421)**	(34,026)
- sales	**315**	111
Interest received	**7,977**	4,859
Increase in receivables from cooperatives under plasma scheme	**(4,894)**	(4,513)
Repayment from cooperatives under plasma scheme	**1,921**	1,943
Investment in investment portfolio	**(9,948)**	-
Disposal of subsidiaries	**8,500**	-
Placement of fixed deposits with original maturity of more than three months	**(14,076)**	(55,566)
Withdrawal of fixed deposits with original maturity of more than three months	**55,566**	1,439
Cash generated from / (used in) investing activities from continuing operations	**11,940**	(85,753)
Cash used in investing activities from discontinued operations	**(1,786)**	(1,865)
Net cash generated from / (used in) investing activities	**10,154**	(87,618)

Consolidated Statement of Cash Flows
For the year ended 31 December 2023

	Note	2023 $000	2022 $000
Financing activities			
Dividends paid to the holders of the parent		**(15,845)**	(1,975)
Dividends paid to non-controlling interests		**(12,505)**	(2,174)
Repayment of lease liabilities - principal		**(243)**	(220)
Repayment of lease liabilities - interest		**(45)**	(12)
Acquisition of non-controlling interests		**(86,620)**	(5,142)
Share buy back		**(676)**	-
Cash used in financing activities from continuing operations		**(115,934)**	(9,523)
Cash used in financing activities from discontinued operations		**-**	-
Net cash used in financing activities		**(115,934)**	(9,523)
Net (decrease) / increase in cash and cash equivalents		**(73,925)**	23,370
Cash and cash equivalents			
At beginning of year		**221,476**	218,249
Exchange gains / (losses)		**5,433**	(20,143)
At end of year		**152,984**	221,476
Comprising:			
Cash at end of year	18	**152,984**	221,476

The accompanying notes are an integral part of this consolidated statement of cash flows.

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Notes to the Consolidated Financial Statements

1 Basis of preparation

AEP is a company incorporated in the UK under the Companies Act 2006 and is listed on the London Stock Exchange. The registered office of AEP is located at Quadrant House, 6th Floor, 4 Thomas More Square, London E1W 1YW, UK. The principal activity of the Group is plantation agriculture, mainly in the cultivation of oil palm in Indonesia and Malaysia, of which Indonesia is the principal place of business.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented.

Basis of preparation
The consolidated financial statements have been prepared in accordance with UK adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The consolidated financial statements have been prepared on a historical cost basis, except for the following items:
- Biological assets (note 16)
- Retirement benefits (note 21)
- Investments (note 30)

The Directors have carried out stress tests, factoring in the identified uncertainties and risks such as commodity prices and demands post pandemic, together with the current economic issues of high inflation, rising interest rates and cost of living crisis, to ensure that the Group has adequate resources in a worst-case scenario to remain as a going concern for at least twelve months from the date of this report.

The Directors have a reasonable expectation, having made the appropriate enquiries, that the Group has sufficient cash resources to cover the Group's operating expenses for a period of at least twelve months from the date of approval of these financial statements. For these reasons, the Directors adopted a going concern basis in the preparation of the financial statements. The Directors have made this assessment after consideration of the Group's budgeted cash flows and related assumptions including appropriate stress testing of identified uncertainties, specifically on the potential shut down of the entire operations from three to twelve months if all the plantations are infected with an infectious disease as well as the impact on the demand for palm oil with decreases of 50%. Stress testing of other identified uncertainties and risks such as commodity prices and currency exchange rates were also undertaken.

Changes in accounting standards
(a) New standards, interpretations and amendments effective for the first time for the accounting periods beginning on or after 1 January 2023 in these financial statements in the current year

- IFRS 17 Insurance Contracts
- IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2, amendment related to Disclosure of Accounting Policies
- IAS 8 Accounting policies, Changes in Accounting Estimates and Errors, amendment related to Definition of Accounting Estimates
- IAS 12 Income Taxes, amendment related to International Tax Reform – Pillar Two Model Rules

(b) New standards, interpretations and amendments not yet effective.

The following new standards, interpretations and amendments are effective for future periods (as indicated) and have not been applied in these financial statements:

- IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures, amendment related to Supplier Finance Arrangements (1 January 2024, not yet adopted).
- IFRS 16 Leases, amendment related to Lease Liability in a Sale and Leaseback (1 January 2024, not yet adopted)
- IAS 1 Presentation of Financial Statements, amendment related to Classification of Liabilities as Current or Non-Current (1 January 2024, not yet adopted).
- IAS 1 Presentation of Financial Statements, amendment related to Non-current Liabilities with Covenants (1 January 2024, not yet adopted).
- IAS 21 The Effects of Changes in Foreign Exchange Rates, amendment related to Lack of Exchangeability (1 January 2025, not yet adopted).

None of the above new standards, interpretations and amendments are expected to have a material effect on the Group's future financial statements.

2 Accounting policies

(a) *Basis of consolidation*

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. The Company controls a subsidiary if all three of the following elements are present; power over the subsidiary, exposure to variable returns from the subsidiary, and the ability of the investor to use its power to affect those variable returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date control ceases. In respect of cooperatives under the Plasma scheme, the Group has not consolidated these results on the basis that all key decisions are made by the cooperative and the Company has no voting rights therefore does not have control over those entities.

(b) *Business combinations*

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. Acquisitions of entities that comprise principally land with no active plantation business do not represent business combinations, in such cases, the amount paid for each acquisition is allocated between the identifiable assets/liabilities at the acquisition date.

(c) *Foreign currency*

The individual financial statements of each subsidiary are presented in the currency of the country in which it operates (its functional currency), being the currency in which the majority of their transactions are denominated, with the exception of the Company and its UK subsidiaries which are presented in US Dollar. The presentation currency for the consolidated financial statements is also US Dollar, chosen because, as internationally traded commodities, the price of the bulk of the Group's products are ultimately linked to the US Dollar.

On consolidation, the results of overseas operations are translated into US Dollar at average exchange rates for the year unless exchange rates fluctuate significantly in which case the actual rate is used. All assets and liabilities of overseas operations are translated at the rate ruling at the balance sheet date. Exchange differences arising on re-translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in equity (the "exchange reserves"). Exchange differences recognised in the income statement of Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to the exchange reserves if the item is denominated in the presentational currency of the Group or of the overseas operation concerned.

On disposal of a foreign operation, the cumulative exchange differences recognised in the exchange reserves relating to that operation up to the date of disposal are transferred to the income statement as part of the profit or loss on disposal.

All other exchange profits or losses are credited or charged to the income statement.

(d) *Revenue recognition*

The Group derives its revenue from the sale of CPO, palm kernel, FFB, shell nut, biomass products, biogas products and rubber slab. Revenue for CPO, palm kernel, FFB, shell nut, biomass and biogas products are recorded net of sales, including export taxes and recognised when the customer has taken delivery of the goods. The collection/delivery of the goods will not take place until the goods are paid for. Sales of rubber slab are recognised on signing of the sales contract, this being the point at which control is transferred to the buyer.

The transacted price for each product is based on the market price or predetermined monthly contract value. There is no right of return nor warranty provided to the customers on the sale of products and services rendered.

Advance receipts represent the Group's obligation to transfer goods to a customer for which the Group has received consideration but the goods have yet to be delivered to/collected by the customer.

(e) *Tax*

UK and foreign corporation tax are provided at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

The directors consider that the carrying amount of tax receivables approximates its fair value.

(f) *Dividends*

Equity dividends are recognised when they become legally payable. The Company may pay an interim dividend each year. The final dividend becomes legally payable when approved by the shareholders at the next annual general meeting.

2 Accounting policies - continued

(g) Property, plant and equipment

Plantations comprise of the cost of planting and development of oil palm and other plantation crops. Costs of new planting and development of plantation crops are capitalised from the stage of land clearing up to the stage of maturity. The costs of immature plantations consist mainly of the accumulated cost of land clearing, planting, fertilising and maintaining the plantation and other indirect overhead costs up to the time the trees are harvestable and to the extent appropriate. Oil palm plantations are considered mature within three to four years after planting and generating average annual CPO of four to six metric tons per hectare. Immature plantations are not depreciated.

The Indonesian authorities have granted certain land exploitation rights and operating permits for the estates. The land rights are usually renewed without significant cost subject to compliance with the laws and regulations of Indonesia therefore, the Group has classified the land rights as leasehold land. The leasehold land is recognised at cost initially and is not depreciated except the leasehold land in Malaysia which is depreciated over the term of the lease as its renewal cannot be guaranteed. Costs include the initial cost of obtaining the location permits and subsequent payments to compensate existing land owners plus any legal costs incurred to acquire the necessary land exploitation rights.

Construction in progress is stated at cost. The accumulated costs will be reclassified to the appropriate class of assets when construction is completed and the asset is ready for its intended use. Construction in progress is also not depreciated until such time when the asset is available for use.

Plantations, buildings and oil mills are depreciated using the straight-line method. The yearly rates of depreciation are as follows:

Leasehold land in Malaysia - over the term of the lease
Plantations - 5% per annum
Buildings - 5% to 10% per annum
Oil Mill - 5% per annum
Estate plant, equipment & vehicle - 12.5% to 50% per annum
Office plant, equipment & vehicle - 25% to 50% per annum

(h) Leases

Land rights are recognised at historical cost without depreciation at the balance sheet date except for leasehold land in Malaysia where it is recognised at historical cost and depreciated over the term of the lease.

(i) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. In the case of processed produce for sale which comprises palm oil and kernel, cost represents the monthly weighted-average cost of production and appropriate production overheads. Estate and mill consumables are valued on a weighted average cost basis. Fresh fruit bunches are measured on initial recognition at fair value less costs to sell at the point of harvest, as this is considered to reflect its cost at that date.

(j) Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

Fair value through profit or loss
Investments which are held for strategic gain are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of income statement in gain or loss arising from fair value.

Amortised cost
The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position. All the Group's receivables and loans are non-derivative financial assets with cash flows that are solely payments of principal and interest. They are recognised at fair value at inception and subsequently at amortised cost as this is what the Group considers to be most representative of the business model for these assets.

Cash and cash equivalents consist of cash in hand and short-term deposits at banks with an original maturity not exceeding three months. Bank overdrafts are shown within loans and borrowings under current liabilities on the statement of financial position.

The Group considers a trade receivable or other receivable as credit impaired when one or more events that have a detrimental impact on the estimated cash flow have occurred. Trade and other receivables are written off when there is no expectation of recovery based on the assessment performed. If the receivables are subsequently recovered, these are recognised in income statement.

The Group use three categories for those receivables which reflect their credit risk and how the loss provision is determined for those categories. These include trade receivables using the simplified approach and debt instruments at amortised costs other than trade receivables and financial guarantee contracts using the three-stage approach.

2 Accounting policies - continued

(k) *Financial liabilities*
All the Group's financial liabilities are non-derivative financial liabilities.

Trade and other payables are shown at fair value at recognition and subsequently at amortised cost.

(l) *Deferred tax*
The Group recognises deferred tax liabilities arising from taxable temporary differences on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is possible that taxable profit will be available against which the difference can be utilised.

(m) *Retirement benefits*
Defined contribution schemes
Contributions to defined contribution pension schemes are charged to the consolidated income statement in the year to which they relate.

Defined benefit schemes
The Group operates a number of defined benefit schemes in respect of its Indonesian operations. The schemes' surpluses and deficits are measured at:

- The fair value of plan assets at the reporting date; less
- Plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on Indonesian Government bonds that have maturity dates approximating to the terms of the liabilities; plus
- Past service costs; less
- The effect of minimum funding requirements agreed with scheme trustees.

Remeasurements of the net defined benefit obligation are recognised in other comprehensive income. The remeasurements include:

- Actuarial gains and losses;
- Return on plan assets (interest exclusive); and
- Any asset ceiling effects (interest inclusive).

Service costs are recognised in the income statement and include current and past service costs as well as gains and losses on curtailments.

Net interest expense / (income) is recognised in the income statement, and is calculated by applying the discount rate used to measure the defined benefit obligation / (asset) at the beginning of the annual period to the balance of the net defined benefit obligation / (asset), considering the effects of contributions and benefit payments during the period.

Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in the income statement. Settlements of defined benefit schemes are recognised in the period in which the settlement occurs.

(n) *Financial guarantee contracts*
Where the Company and its subsidiaries enter into financial guarantee contracts and guarantee the indebtedness of other companies within the Group and/or third party entities, these are accounted for under IFRS 9. The details of financial guarantee contracts are disclosed in note 26.

2 **Accounting policies - continued**

(o) *Critical accounting estimates and judgements*

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Judgements
- Assessment of de-facto control of cooperatives under Plasma scheme (see note 2(a) and note 28).
- Classification of land as leasehold with no depreciation charged (see note 12).
- Classification of assets as held for sale and discontinued operations (see note 9).
- Expected credit losses ("ECL") on amounts due from cooperatives under Plasma scheme - determination of possible outcomes and their weighted probability (see note 13).
- Carrying value of income tax receivables - determination of historic recovery rates (see note 8).
- Income taxes and deferred tax - provisions for income taxes in various jurisdictions (see note 8 and note 14).
- Recognition of deferred tax on losses - estimate of future profitability of respective entities (see note 14).

Estimates and assumptions
- Impairment of plantation assets - determination of the discount rate and other assumptions (see note 12).
- Valuation of biological assets - oil content of FFB (note 16)
- Retirement benefits - actuarial assumptions (see note 21).

Fair value measurement - a number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value. The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - unobservable inputs for the asset or liability.

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures the following assets at fair value:
- Biological assets (note 16).
- Investment (note 30).

The Group measures the following assets at amortised cost, however disclosure of fair value is given in accordance with IFRS7 and IFRS 13:
- Non-current receivables due from non-controlling interests (note 13).
- Non-current receivables due from cooperatives under Plasma scheme (note 13).

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

3 Revenue

Disaggregation of Revenue
The Group has disaggregated revenue into various categories in the following table which is intended to:
- depict how the nature, amount and uncertainty of revenue and cash flows are affected by timing of revenue recognition; and
- enable users to understand the relationship with revenue segment information provided in note 6.

There is no right of return and warranty provided to the customers on the sale of products and services rendered. All revenue in the table below is recognised at a point in time.

Year to 31 December 2023	CPO, palm kernel and FFB $000	Rubber $000	Shell nut $000	Biomass products $000	Biogas products $000	Others $000	Total $000
Contract counterparties							
Government	**-**	**-**	**-**	**-**	**1,081**	**-**	**1,081**
Non-government							
- Wholesalers	**363,967**	**529**	**4,844**	**-**	**-**	**541**	**369,881**
	363,967	**529**	**4,844**	**-**	**1,081**	**541**	**370,962**
Timing of transfer of goods							
Delivery to customer premises	**6,784**	**529**	**-**	**-**	**-**	**-**	**7,313**
Delivery to port of departure	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Customer collect from our mills / estates	**357,183**	**-**	**4,844**	**-**	**-**	**-**	**362,027**
Upon generation / others	**-**	**-**	**-**	**-**	**1,081**	**541**	**1,622**
	363,967	**529**	**4,844**	**-**	**1,081**	**541**	**370,962**
Year to 31 December 2022							
Contract counterparties							
Government	-	-	-	-	1,160	-	1,160
Non-government							
- Wholesalers	437,247	630	5,438	24	-	3,120	446,459
	437,247	630	5,438	24	1,160	3,120	447,619
Timing of transfer of goods							
Delivery to customer premises	5,359	630	-	-	-	-	5,989
Delivery to port of departure	-	-	-	24	-	-	24
Customer collect from our mills / estates	431,888	-	5,438	-	-	-	437,326
Upon generation / others	-	-	-	-	1,160	3,120	4,280
	437,247	630	5,438	24	1,160	3,120	447,619

4 Finance income and expense

	2023 $000	2022 $000
Finance income		
Interest receivable on:		
Credit bank balances and time deposits	**7,977**	4,859
Finance expense		
Interest payable on:		
Interest expense on lease liabilities (note 20)	**(45)**	(12)
Net finance income recognised in income statement	**7,932**	4,847

Notes to the Consolidated Financial Statements

5 Expenses by nature

	2023 $000	2022 $000
Expenses by nature:		
Purchase of FFB	**160,692**	182,715
Depreciation (note 12):		
- continuing operations	**16,400**	16,724
- discontinued operations	**-**	-
	16,400	16,724
Impairment losses (note 12):		
- continuing operations	**35**	617
- discontinued operations	**-**	-
	35	617
Impairment loss on adjustments to fair value of assets held for sale	**1,376**	5,034
Provision / (Reversal) for expected credit loss (note 17):		
- continuing operations	**331**	1,665
- discontinued operations	**7**	(91)
	338	1,574
Exchange gains	**(163)**	(994)
Legal and professional fees	**1,426**	1,289
Staff costs (note 7)	**64,823**	62,390
Remuneration received by the Group's auditor or associates of the Group's auditor:		
- Audit of parent company	**5**	5
- Audit of consolidated financial statements	**299**	205
- Audit related assurance service	**10**	9
- Audit of UK subsidiaries	**13**	13
Total audit services	**327**	232
Audit of overseas subsidiaries		
- Malaysia	**22**	22
- Indonesia	**152**	147
Total audit services	**174**	169
Total auditor's remuneration	**501**	401

6 Segment information

Description of the types of products and services from which each reportable segment derives its revenues
In the opinion of the Directors, the operations of the Group comprise one class of business which is the cultivation of plantation in Indonesia and Malaysia. From the cultivation of plantation, the Group produced the crude palm oil and associated products such as palm kernel, shell nut, biomass products, biogas products and rubber.

Factors that management used to identify reportable segments in the Group
The reportable segments in the Group are strategic business units based on the geographical spread. Operating segments are consistent with the internal reporting provided to the Board of Directors. The Board of Directors is responsible for allocating resources and assessing the performance of the operating segments. The Board decision is implemented by the Management Committee, that is made up of a Group Chief Operating Officer and Group Accountant in Malaysia, the President Director, the Chief Operating Officer, Finance Director and the Engineering Director in Indonesia.

Measurement of operating segment profit or loss, assets and liabilities
The Group evaluates segmental performance on the basis of profit or loss before tax calculated in accordance with IFRS but excluding BA movement.

Inter-segment transactions are made based on terms mutually agreed by the parties to maximise the utilisation of Group's resources at a rate acceptable to local tax authorities. This policy was applied consistently throughout the current and prior period.

The Group's assets are allocated to segments based on geographical location.

6 Segment information - continued

	North Sumatera $000	Bengkulu $000	Riau $000	Bangka $000	Kalimantan $000	Total Indonesia $000	Malaysia $000	UK $000	Total from continuing operations $000	South* Sumatera $000
2023										
Total sales revenue (all external)										
- CPO, palm kernel and FFB	120,788	100,998	53,193	3,315	83,630	361,924	2,043	-	363,967	3,810
- Rubber	529	-	-	-	-	529	-	-	529	-
- Shell nut	2,013	1,299	1,479	-	53	4,844	-	-	4,844	-
- Biomass products	-	-	-	-	-	-	-	-	-	-
- Biogas products	339	350	-	-	392	1,081	-	-	1,081	-
- Others	369	49	-	33	54	505	14	22	541	122
Total revenue	124,038	102,696	54,672	3,348	84,129	368,883	2,057	22	370,962	3,932
Profit / (loss) before tax	31,960	15,718	13,606	(95)	19,676	80,865	(896)	(1,286)	78,683	(1,836)
BA movement	(84)	(355)	(174)	5	(273)	(881)	6	-	(875)	(111)
Profit / (loss) for the year before tax per consolidated income statement	31,876	15,363	13,432	(90)	19,403	79,984	(890)	(1,286)	77,808	(1,947)
Interest income	4,392	2,358	1,106	1	47	7,904	69	4	7,977	3
Interest expense	(26)	-	-	-	-	(26)	(11)	(8)	(45)	-
Depreciation	(5,139)	(3,561)	(854)	(488)	(6,131)	(16,173)	(203)	(24)	(16,400)	-
Impairment losses	-	-	-	-	-	-	(35)	-	(35)	-
(Provision) / Reversal for expected credit loss	(17)	57	-	-	(387)	(347)	-	16	(331)	(7)
Inter-segment transactions	(1,011)	(2,310)	(6,815)	(358)	3,464	(7,030)	533	50	(6,447)	6,447
Inter-segmental revenue	33,790	5,296	-	-	10,947	50,033	-	-	50,033	2,716
Tax (expense) / credit	(6,114)	(2,619)	(1,368)	68	(4,921)	(14,954)	17	(5,233)	(20,170)	(584)
Total assets	231,839	107,389	51,568	18,951	149,629	559,376	10,519	5,478	575,373	-
Non-current assets	85,235	48,846	8,196	16,648	107,574	266,499	7,542	341	274,382	-
Non-current assets - additions	9,792	10,612	1,100	1,945	10,041	33,490	496	365	34,351	-

* South Sumatera represents the operations which have been disposed of during the year and have therefore been separated from the continuing operations. The details of discontinued operations for South Sumatera are disclosed in note 9.

6 Segment information - continued

	North Sumatera $000	Bengkulu $000	Riau $000	Bangka $000	Kalimantan $000	Total Indonesia $000	Malaysia $000	UK $000	Total from continuing operations $000	South* Sumatera $000
2022 (restated)										
Total sales revenue (all external)										
- CPO, palm kernel and FFB	146,044	124,480	77,688	2,554	84,198	434,964	2,283	-	437,247	9,192
- Rubber	630	-	-	-	-	630	-	-	630	-
- Shell nut	2,056	1,197	2,067	-	118	5,438	-	-	5,438	-
- Biomass products	24	-	-	-	-	24	-	-	24	-
- Biogas products	354	475	-	-	331	1,160	-	-	1,160	-
- Others	141	-	2,662	33	264	3,100	20	-	3,120	114
Total revenue	149,249	126,152	82,417	2,587	84,911	445,316	2,303	-	447,619	9,306
Profit / (loss) before tax	51,210	35,809	26,166	433	29,079	142,697	(721)	(3,243)	138,733	(1,105)
BA movement	(1,845)	(1,571)	(846)	(106)	(1,354)	(5,722)	(70)	-	(5,792)	(178)
Profit / (loss) for the year before tax per consolidated income statement	49,365	34,238	25,320	327	27,725	136,975	(791)	(3,243)	132,941	(1,283)
Interest income	3,149	1,321	320	-	31	4,821	38	-	4,859	4
Interest expense	(5)	-	-	-	-	(5)	(7)	-	(12)	-
Depreciation	(5,295)	(3,942)	(813)	(374)	(5,922)	(16,346)	(378)	-	(16,724)	-
Impairment losses	-	-	-	-	(185)	(185)	(432)	-	(617)	-
(Provision) / Reversal for expected credit loss	(169)	(57)	-	-	12	(214)	-	(1,451)	(1,665)	91
Inter-segment transactions	4,654	(1,927)	(551)	(291)	(1,960)	(75)	589	53	567	(567)
Inter-segmental revenue	44,080	2,711	-	-	9,628	56,419	-	-	56,419	7,305
Tax (expense) / credit	(10,535)	(7,262)	4,697	(26)	(5,414)	(18,540)	(98)	(1,140)	(19,778)	494
Total assets	259,604	138,272	61,895	17,469	139,914	617,154	11,540	2,602	631,296	9,855
Non-current assets	79,119	41,193	7,820	14,901	101,780	244,813	7601	-	252,414	5,704
Non-current assets - additions	15,007	7,283	709	1,788	9,376	34,163	107	-	34,270	793

* South Sumatera represents the operations which have been discontinued and have therefore been separated from the continuing operations. The details of discontinued operations for South Sumatera are disclosed in note 9.

6 Segment information - continued

Below is an analysis of revenue from the Group's top 4 customers, incorporating all those contributing greater than 10% of the Group's external revenue in accordance with the requirements of IFRS 8. In year 2023, revenue from top 4 customers of the Indonesian segment represents approximately $194.2m (2022: $263.0m) of the Group's total revenue for continuing operations. Although Customer 1 to 4 made up over 10% of the Group's total revenue, there was no over reliance on these Customers as tenders were performed on a weekly basis involving numerous other potential customers. Three of the top four customers were the same as in the prior year.

	North Sumatera $000	Bengkulu $000	Riau $000	Bangka $000	Kalimantan $000	Total Indonesia $000	Malaysia $000	UK $000	Total $000	South Sumatera $000
2023										
Customer 1	**-**	**15,001**	**25,203**	**-**	**24,565**	**64,769**	**-**	**-**	**64,769**	**-**
Customer 2	**-**	**53,607**	**-**	**-**	**-**	**53,607**	**-**	**-**	**53,607**	**-**
Customer 3	**41,735**	**1,362**	**-**	**-**	**-**	**43,097**	**-**	**-**	**43,097**	**-**
Customer 4	**32,738**	**-**	**-**	**-**	**-**	**32,738**	**-**	**-**	**32,738**	**-**
	74,473	**69,970**	**25,203**	**-**	**24,565**	**194,211**	**-**	**-**	**194,211**	**-**
2022										
Customer 1	8,694	46,280	30,750	-	60,630	146,354	-	-	146,354	-
Customer 2	51,854	4,039	-	-	-	55,893	-	-	55,893	-
Customer 3	-	33,151	-	-	-	33,151	-	-	33,151	-
Customer 4	27,583	-	-	-	-	27,583	-	-	27,583	-
	88,131	83,470	30,750	-	60,630	262,981	-	-	262,981	-
	%	%	%	%	%	%	%	%	%	%
2023										
Customer 1	**-**	**4.0**	**6.8**	**-**	**6.6**	**17.4**	**-**	**-**	**17.4**	**-**
Customer 2	**-**	**14.5**	**-**	**-**	**-**	**14.5**	**-**	**-**	**14.5**	**-**
Customer 3	**11.3**	**0.4**	**-**	**-**	**-**	**11.7**	**-**	**-**	**11.7**	**-**
Customer 4	**8.8**	**-**	**-**	**-**	**-**	**8.8**	**-**	**-**	**8.8**	**-**
	20.1	**18.9**	**6.8**	**-**	**6.6**	**52.4**	**-**	**-**	**52.4**	**-**
2022										
Customer 1	1.9	10.3	6.9	-	13.5	32.6	-	-	32.6	-
Customer 2	11.6	0.9	-	-	-	12.5	-	-	12.5	-
Customer 3	-	7.4	-	-	-	7.4	-	-	7.4	-
Customer 4	6.2	-	-	-	-	6.2	-	-	6.2	-
	19.7	18.6	6.9	-	13.5	58.7	-	-	58.7	-

Save for a small amount of rubber, all the Group's operations are devoted to oil palm. The Group's report is by geographical area, as each area tends to have different agricultural conditions.

7 Employees' and Directors' remuneration

	2023 Number	2022 Number
Average numbers employed (primarily overseas) during the year:		
- full-time	**7,515**	7,873
- part-time field workers*	**7,812**	8,384
	15,327	16,257

* Part-time field workers headcounts based on full time equivalent of 8 hours per day are 5,156 (2022: 6,657).

The continuing operations is shown on page 62 in Strategic Report.

	2023 $000	2022 $000
Staff costs (including Directors and discontinued operations) comprise:		
Wages and salaries	**57,173**	55,775
Social security costs	**4,058**	3,826
Retirement benefit costs		
- United Kingdom	**-**	-
- Indonesia (note 21)	**3,543**	2,736
- Malaysia	**49**	53
	64,823	62,390

The information required by the Companies Act is contained in the Directors' remuneration report on pages 88 - 95 of which certain information on page 92 has been audited.

	2023 $000	2022 $000
Directors' emoluments	**321**	194

	2023 $000	2022 $000
Remuneration expense for key management personnel comprise:		
Short-term employee benefits	**2,170**	1,656
Post-employment benefits	**-**	-
	2,170	1,656

The Executive Director, Non-Executive Directors and senior management (general managers and above) are considered to be the key management personnel. The remuneration of Executive Director and Non-Executive Directors is shown on page 92.

8 Tax expense

	2023 $000	(Restated) 2022 $000
Foreign corporation tax - current year	**17,760**	29,727
Foreign corporation tax - prior year	**308**	7
Deferred tax adjustment - origination and reversal of temporary differences (note 14)	**2,049**	(10,851)
Deferred tax - prior year (note 14)	**53**	895
Total tax charge for year	**20,170**	19,778

Corporation tax rate in Indonesia is at 22% (2022: 22%) whereas Malaysia is at 24% (2022: 24%). The standard rate of corporation tax in the UK for the current year is 23.5% (2022: 19%). The Group's charge for the year differs from the standard Indonesian rate of corporation tax as explained below:

	2023 $000	(Restated) 2022 $000
Profit before tax from continuing operations	**77,808**	132,941
Profit before tax multiplied by standard rate of Indonesia corporation tax of 22% (2022: 22%)	**17,118**	29,247
Effects of:		
Irrecoverable withholding tax	**5,183**	1,205
Group accounting adjustments not subject to tax	**(391)**	(11,920)
Expenses not allowable for tax	**970**	1,213
Deferred tax assets not recognised	**84**	69
Income not subject to tax	**(1,737)**	(1,063)
Under provision of prior year income tax	**308**	7
Utilisation of tax losses not previously recognised	**(1,418)**	125
Under provision of prior year deferred tax	**53**	895
Total tax charge for year	**20,170**	19,778

The above reconciliation has been prepared by reference to the Indonesian tax rate rather than the UK tax rate as, in accordance with IAS 12, this is the applicable tax rate that provides the most meaningful information, given this is the country in which the majority of tax arises.

The tax receivables represent the corporate income tax ("CIT") and value added tax ("VAT") that have yet to be refunded by the Indonesia tax authority. The tax receivables relating to CIT arose due to over payment of tax. The tax receivables relating to VAT arose because the majority of the Groups' CPO was sold to bonded zones which do not attract output VAT and thus the input VAT incurred is claimable. Upon submission of a tax return (for CIT) or a request letter (for VAT refund), a tax audit will be conducted by the tax authority and whilst every effort is made to resolve this quickly, the process can sometimes take more than 12 months.

The breakdown of the tax receivables and tax liabilities is as follows:

	2023 $000	2022 $000
Tax Receivables		
Income tax	**19,169**	4,122
Other taxes	**40,575**	37,576
	59,744	41,698
Tax Liabilities		
Income tax	**(2,951)**	(10,230)
Other taxes	**(1,184)**	(1,221)
	(4,135)	(11,451)

9 Assets held for sale and discontinued operations

PT Riau Agrindo Agung, PT Karya Kencana Sentosa Tiga and PT Empat Lawang Agro Perkasa ("South Sumatera Plantations"), subsidiaries of the Group, had on 5 July 2023, completed the disposal of its entire 100% equity interest to Mrs Lina (also known as Liena Efendy) and Miss Lenny Nurimba for a total cash consideration of $8,500,000.

The entire operations of the disposal group are presented within the South Sumatera operating segment disclosed in Note 7 and represent a separate geographical area of operations. The activities for the financial year ended 31 December 2023 and 31 December 2022 have been classified as discontinued operations in the consolidated income statement as a single line.

The post-tax loss on disposal of discontinued operations was determined as follows:

		2023			2022		
	Note	**Result before BA movement**	**BA movement**	**Total**	Result before BA movement	BA movement	Total
		$000	**$000**	**$000**	$000	$000	$000
Discontinued operations							
Revenue	6	**3,932**	**-**	**3,932**	9,306	-	9,306
Cost of sales		**(5,707)**	**(111)**	**(5,818)**	(10,389)	(178)	(10,567)
Gross loss		**(1,775)**	**(111)**	**(1,886)**	(1,083)	(178)	(1,261)
Administration expenses		**(56)**	**-**	**(56)**	(120)	-	(120)
Impairment loss	12	**-**	**-**	**-**	-	-	-
(Provision) / Reversal for expected credit loss	17	**(7)**	**-**	**(7)**	91	-	91
Operating loss		**(1,838)**	**(111)**	**(1,949)**	(1,112)	(178)	(1,290)
Exchange (loss) / gains		**(1)**	**-**	**(1)**	3	-	3
Finance income		**3**	**-**	**3**	4	-	4
Finance expense		**-**	**-**	**-**	-	-	-
Loss before tax	5	**(1,836)**	**(111)**	**(1,947)**	(1,105)	(178)	(1,283)
Tax (expense) / credit		**(608)**	**24**	**(584)**	455	39	494
Loss for the year from discontinued operations		**(2,444)**	**(87)**	**(2,531)**	(650)	(139)	(789)
Impairment loss on adjustment to fair value		**(1,376)**	**-**	**(1,376)**	(5,034)	-	(5,034)
Recycling of foreign exchange on disposal		**10,431**	**-**	**10,431**	-	-	-
		6,611	**(87)**	**6,524**	(5,684)	(139)	(5,823)
Attributable to:							
- Owners of the parent		**3,890**	**(83)**	**3,807**	(4,389)	(132)	(4,521)
- Non-controlling interests		**2,721**	**(4)**	**2,717**	(1,295)	(7)	(1,302)
		6,611	**(87)**	**6,524**	(5,684)	(139)	(5,823)
Earnings per share attributable to the owners of the parent during the year							
- Basic and diluted EPS before BA movement				**9.83cts**			(11.07)cts
- Basic and diluted EPS after BA movement				**9.62cts**			(11.41)cts

9 Assets held for sale and discontinued operations - continued

Statement of cash flows

The statement of cash flows includes the following amounts relating to discontinued operations:

	2023	2022
	$000	$000
Operating activities	**(1,808)**	(1,332)
Investing activities	**(1,786)**	(1,865)
Financing activities	**-**	-
Net decrease in cash and cash equivalents from discontinued operations	**(3,594)**	(3,197)

The following major classes of assets relating to the discontinued operations have been classified as held for sale in the consolidated statement of financial position before their respective dates of disposal and on 31 December 2022:

	2023	**2022**
	$000	**$000**
Property, plant and equipment	**26,017**	**25,512**
Impairment loss on adjustment to fair value	**(26,017)**	**(24,547)**
Property, plant and equipment net of impairment losses	**-**	**965**
Non-current receivables	**5,763**	**4,128**
Impairment loss on adjustment to fair value	**(230)**	**-**
Non-current receivables net of impairment losses	**5,533**	**4,128**
Deferred tax assets	**2,821**	**3,306**
Inventories	**108**	**213**
Income tax receivable	**35**	**49**
Biological assets	**-**	**107**
Trade and other receivables	**3**	**232**
Exchange differences	**-**	**-**
Total assets held for sale	**8,500**	**9,000**

An accumulated impairment loss of $26,247,000 (2022: $24,547,000) on the measurement of the disposal group to fair value less cost to sell has been recognised and was included in discontinued operations. The difference of impairment loss was due to exchange in translation and further impairment of $1,376,000 in 2023 (2022: $5,034,000). The fair value is based on the actual selling price. They are categorised as level 3 non-recurring fair value measurements. The fair value measurement is based on the above items' highest and best uses, which do not differ from their actual use.

Details of the assets, liabilities and net cashflow arising from the disposal of the subsidiaries are as follows:

	$000
Consideration received	**8,500**
Property, plant and equipment net of impairment losses	**-**
Non-current receivables	**5,533**
Deferred tax assets	**2,821**
Inventories	**108**
Income tax receivable	**35**
Trade and other receivables	**3**
Net assets disposed	**8,500**
Gain before reclassification adjustment	**-**
Recycling of foreign exchange on disposal	**10,431**
Gain on disposal of the subsidiaries	**10,431**
Consideration received	**8,500**
Less: cash and cash equivalent in the subsidiaries	**-**
Net cash inflow from disposal of subsidiaries	**8,500**

10 Earnings per ordinary share ("EPS")

	2023	(Restated) 2022
	$000	$000
Total operations		
Profit for the year attributable to owners of the Company before BA movement	**55,414**	92,820
BA movement	**(644)**	(3,904)
Earnings used in basic and diluted EPS	**54,770**	88,916
Continuing operations		
Profit for the year attributable to owners of the Company before BA movement	**51,524**	97,209
BA movement	**(561)**	(3,772)
Earnings used in basic and diluted EPS	**50,936**	93,437
Discontinued operations		
Loss for the year attributable to owners of the Company before BA movement	**3,890**	(4,389)
BA movement	**(83)**	(132)
Earnings used in basic and diluted EPS	**3,807**	(4,521)
	Number '000	Number '000
Weighted average number of shares in issue in the year		
- used in basic EPS	**39,560**	39,636
- dilutive effect of outstanding share options	**-**	-
- used in diluted EPS	**39,560**	39,636
Total operations		
- Basic and diluted EPS before BA movement	**140.07cts**	234.18cts
- Basic and diluted EPS after BA movement	**138.44cts**	224.33cts
Continuing operations		
- Basic and diluted EPS before BA movement	**130.24cts**	245.25cts
- Basic and diluted EPS after BA movement	**128.82cts**	235.74cts
Discontinued operations		
- Basic and diluted EPS before BA movement	**9.83cts**	(11.07)cts
- Basic and diluted EPS after BA movement	**9.62cts**	(11.41)cts

11 Dividends

	2023	2022
	$000	$000
Paid during the year		
Final dividend of 25.0cts per ordinary share for the year ended 31 December 2022 (2021: 5.0cts)	**9,909**	1,982
Interim dividend of 15.0cts per ordinary share for the year ended 31 December 2023	**5,945**	-
Proposed final dividend of 15.0cts per ordinary share for the year ended 31 December 2023 (2022: 25.0cts)	**5,930**	9,909

The proposed dividend for 2023 is subject to shareholders' approval at the forthcoming annual general meeting and has not been included as a liability in these financial statements.

The final dividend of 25.0cts in respect of the year ended 31 December 2022 and the interim dividend of 15.0cts in respect of the year ended 31 December 2023, both paid in 2023, were paid not in accordance with the Companies Act 2006 as the required interim accounts were not filed at Companies House at the relevant time. Further details together with the proposed rectification thereon are on page 72 of the Directors Report.

12 Property, plant and equipment

	Plantations $000	Mill $000	Leasehold land $000	Buildings $000	Estate plant, equipment & vehicle $000	Office plant, equipment & vehicle $000	Right-of-use assets* $000	Construction in progress $000	Total $000
Cost									
At 1 January 2022	193,866	79,657	52,485	60,863	15,847	1,962	959	5,708	411,347
Exchange translations	(18,178)	(7,626)	(4,563)	(5,731)	(1,500)	(163)	(76)	(1,264)	(39,101)
Reclassification	-	(31)	-	2,191	31	-	-	(2,191)	-
Additions	-	4,430	1,889	156	2,397	210	-	14,733	23,815
Development costs capitalised	10,455	-	-	-	-	-	-	-	10,455
Disposal / Written off	(697)	(597)	(8)	(217)	(666)	(83)	-	-	(2,268)
At 31 December 2022	**185,446**	**75,833**	**49,803**	**57,262**	**16,109**	**1,926**	**883**	**16,986**	**404,248**
Exchange translations	**3,062**	**1,506**	**345**	**1,036**	**209**	**(1)**	**(5)**	**302**	**6,454**
Reclassification	**-**	**25**	**-**	**5,531**	**3**	**(9)**	**-**	**(5,550)**	**-**
Additions	**4,430**	**5,935**	**2,159**	**419**	**1,580**	**439**	**1,160**	**9,862**	**25,984**
Development costs capitalised	**7,545**	**-**	**819**	**-**	**3**	**-**	**-**	**-**	**8,367**
Disposals / Written off	**(1,717)**	**(1,799)**	**(3)**	**(277)**	**(642)**	**(234)**	**(466)**	**-**	**(5,138)**
At 31 December 2023	**198,766**	**81,500**	**53,123**	**63,971**	**17,262**	**2,121**	**1,572**	**21,600**	**439,915**
Accumulated depreciation and impairment									
At 1 January 2022	75,114	31,749	3,746	25,746	12,507	1,144	809	-	150,815
Exchange translations	(7,002)	(3,146)	(240)	(2,522)	(1,144)	(84)	(70)	-	(14,208)
Reclassification	-	(31)	-	-	31	-	-	-	-
Charge for the year	8,168	3,933	118	3,107	1,146	108	144	-	16,724
Impairment losses	-	-	185	-	432	-	-	-	617
Disposal / Written off	(674)	(577)	-	(164)	(619)	(80)	-	-	(2,114)
At 31 December 2022	**75,606**	**31,928**	**3,809**	**26,167**	**12,353**	**1,088**	**883**	**-**	**151,834**
Exchange translations	**860**	**628**	**(113)**	**442**	**139**	**(11)**	**-**	**-**	**1,945**
Reclassification	**-**	**8**	**-**	**-**	**(8)**	**-**	**-**	**-**	**-**
Charge for the year	**7,593**	**4,009**	**114**	**3,066**	**1,313**	**112**	**193**	**-**	**16,400**
Impairment losses	**-**	**-**	**-**	**-**	**35**	**-**	**-**	**-**	**35**
Disposal / Written off	**(1,525)**	**(1,693)**	**-**	**(164)**	**(614)**	**(219)**	**(466)**	**-**	**(4,681)**
At 31 December 2023	**82,534**	**34,880**	**3,810**	**29,511**	**13,218**	**970**	**610**	**-**	**165,533**
Carrying amount									
At 31 December 2021	118,752	47,908	48,739	35,117	3,340	818	150	5,708	260,532
At 31 December 2022	109,840	43,905	45,994	31,095	3,756	838	-	16,986	252,414
At 31 December 2023	**116,232**	**46,620**	**49,313**	**34,460**	**4,044**	**1,151**	**962**	**21,600**	**274,382**

* Right-of-use assets had been disclosed in note 20.

12 Property, plant and equipment - continued

The average capitalisation rate was 0% (2022: 0%) as there were no borrowing cost in 2023 and 2022. The estates included $nil (2022: $nil) of interest and $412,000 (2022: $1,198,000) of overheads capitalised during the year in respect of expenditure on estates under development.

The Indonesian authorities have granted certain land exploitation rights and operating permits for the estates. In the case of established estates in North Sumatera, these rights and permits expire between 2024 and 2058 with rights of renewal thereafter. As of estates in Bengkulu land titles were issued between 1994 and 2016 and the titles expire between 2028 and 2051 with rights of renewal thereafter for two consecutive periods of 25 and 35 years respectively. In Riau, land titles were issued in 2003 and expire in 2033 with rights of renewal thereafter. In Kalimantan, land titles were issued between 2015 and 2020 and expire between 2049 and 2054 with rights of renewal thereafter. In Bangka, land titles were issued in 2018 and expire in 2053. The rights and permits for South Sumatera plantations were renewed in 2020 and the South Sumatera operations had disposed in 2023.

Subject to compliance with the laws and regulations of Indonesia, land rights are usually renewed. The cost of renewing the land rights is not significant. On the basis that the Group has an indefinite right to renew, leasehold land is not depreciated except leasehold land in Malaysia. The land title of the estate in Malaysia is a long-term lease expiring in 2084.

An impairment loss of $35,000 (2022: $432,000) related to estate plant, equipment and vehicle in Malaysia was provided in 2023 as the recoverable amounts based on its value-in-use were lower than the carrying amounts and the reason of acquisition of the plant and equipment was for corporate social responsibility purposes. The recoverable amounts are $nil (2022: $nil) as the subsidiary in Malaysia is making loss.

Impairment for land and plantations is measured by comparing its carrying amount with its recoverable amount, which is the higher of the fair value less cost to sell and its value in use. The impairment assessment is performed against the combined cost of land and plantations for each estate which represents the cash generating unit ("CGU"). Recoverable amount is, in most cases, based on value in use calculations as, due to the nature of the cashflows, this will be higher than fair value less costs to sell. Where this has been determined not to be the case, fair value less costs to sell have also been considered.

No impairment has been recognised in 2023 in respect of land and plantations. In 2022, an impairment loss of $185,000 has been recognised against one CGU due to additional expenditure recognised in the year above its recoverable amount. The total value of the Group's land and plantations for continuing operations which is carried at its recoverable amount is $44,401,000 (2022: $41,158,000).

The value in use, computed by the professional valuer MBPRU using a discounted cash flow ("DCF") model, is the net present value of the projected future cash flows over the expected 20-year economic life of the asset discounted at 13.5% (2022: 15.4%). Projected future cash flows are calculated based on historical data, industry performance, economic conditions and any other readily available information including the impact of climate change. The compliance with changing regulations, changes in buyer preferences, development of new products and use of lower emission sources of energy will affect the FFB production, CPO price and its growth. Heavy rainfall & flooding, droughts and fires will have an effect on company specific risk within the calculation of our discount rate as well as potential impacts on the ability of our plants to produce FFB. Pests & disease will impact the upkeeping cost.

The key assumptions have been identified as the CPO CIF-Rotterdam price, the pre-tax discount rate and the inflation rate. Based on sensitivity analysis performed, there are no reasonably possible changes in these assumptions which would have a material impact on impairment.

13 Receivables: non-current

	2023		2022	
	Book value $000	**Fair value $000**	Book value $000	Fair value $000
Due from non-controlling interests	**-**	**-**	1,549	797
Due from cooperatives under Plasma scheme	**20,306**	**14,757**	17,414	11,729
	20,306	**14,757**	18,963	12,526

In 2022, the non-controlling parties in PT Sawit Graha Manunggal and PT Kahayan Agro Plantation have acquired their interests on deferred terms (see note 27, Credit risk).

Plasma scheme is an initiative by the Indonesian Government that mandated plantation owners to allocate a percentage of their land acquired to the surrounding community and to further provide financial and technical assistance to cultivate oil palm on that land to improve the income and welfare of the community or cooperatives. During the year, certain subsidiary companies have funded plasma with a cumulative gross amount before ECL for $20,788,000 (2022: $17,489,000) which is recoverable from the cooperatives, the details with ECL are disclosed in note 17.

The fair values disclosed above are for disclosure purposes and all non-current receivables are classified as Level 3 in the fair value hierarchy.

13 Receivables: non-current - continued

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of non-current receivables, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below:

Item	Valuation approach	Inputs used	Inter-relationship between key unobservable inputs and fair value
Due from non-controlling interests	Based on cash flows discounted using current lending rate of 6% (2022: 6%).	Discount rate	The higher the discount rate, the lower the fair value.
Due from cooperatives under Plasma scheme	Based on cash flows discounted using an estimated current lending rate of 10.25% (2022: 8.50%).	Discount rate	The higher the discount rate, the lower the fair value.

14 Deferred tax

The movement on the deferred tax account as shown below:

	2023 **$000**	(Restated) 2022 $000
At 1 January	**12,026**	2,994
Recognised in income statement from continuing operations	**(2,102)**	9,956
Recognised in other comprehensive income	**93**	(41)
Exchange differences	**275**	(883)
At 31 December	**10,292**	12,026

The most significant movement in deferred tax was due to the utilisation of some of the losses against taxable profits during the year.

The deferred tax assets were not recognised in FY2022 because of the understanding that generally capital losses cannot be utilised to offset against future trading profit. Following the finalisation of the 2022 accounts and through further research, the Group identified a provision in the Indonesian tax law which allows capital losses from trading assets to be offset against future trading profit.

The deferred tax asset and liability, together with the amounts recognised in income statement and other comprehensive income are detailed as follows:

	Asset $000	Liability $000	Net $000	(Charged)/ credited to income statement $000	(Charged)/ credited to equity $000
2023					
Impairment of land	**167**	**-**	**167**	**-**	**-**
Retirement benefits	**1,920**	**-**	**1,920**	**305**	**93**
BA movement	**-**	**(1,193)**	**(1,193)**	**192**	**-**
Unutilised tax losses	**10,331**	**-**	**10,331**	**(2,262)**	**-**
Unremitted earnings	**-**	**(567)**	**(567)**	**-**	**-**
Other temporary differences	**-**	**(366)**	**(366)**	**(337)**	**-**
Tax assets / (liabilities)	**12,418**	**(2,126)**	**10,292**	**(2,102)**	**93**
Set off of tax	**(1,364)**	**1,364**	**-**	**-**	**-**
Net tax assets / (liabilities)	**11,054**	**(762)**	**10,292**	**(2,102)**	**93**
2022 (restated)					
Impairment of land	164	-	164	41	-
Retirement benefits	1,495	-	1,495	(591)	(41)
BA movement	-	(1,356)	(1,356)	1,276	-
Unutilised tax losses	12,317	-	12,317	9,506	-
Unremitted earnings	-	(331)	(331)	-	-
Other temporary differences	-	(263)	(263)	(276)	-
Tax assets / (liabilities)	13,976	(1,950)	12,026	9,956	(41)
Set off of tax	(1,203)	1,203	-	-	-
Net tax assets / (liabilities)	12,773	(747)	12,026	9,956	(41)

14 Deferred tax - continued

	2023	2022
	$000	$000
A deferred tax asset has not been recognised for the following items:		
Unutilised tax losses	**21,206**	19,995

The Group had recognised tax assets arising from the unutilised tax losses of certain subsidiaries as the Group believes that the tax assets of these subsidiaries can be realised in the future periods based on their budget, as their respective plantation assets becoming more mature and historically resulting in the companies becoming profitable. However, the Group does not recognise the tax losses in certain companies within the Group as tax assets in UK and Malaysia as the future recoverability of losses of these companies cannot be certain and insufficient forecast future taxable profits. The time limit on utilisation of tax losses is subject to the tax laws in various countries. As of 31 December 2023, the relevant time limits are 5 years in Indonesia, 7 years in Malaysia and unlimited in UK. At 31 December 2023, all unutilised tax losses were recognised in Indonesia. The unutilised tax losses will expire as per below:

Year	$000
2025	332
2027	349
2028	9,650
	10,331

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 $857,457,000 (2022: $843,983,000). 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 and does not expect such a reversal to occur in the foreseeable future, or such a reversal would not give rise to an additional tax liability. The deferred tax liability on unremitted earnings recognised at the balance sheet date was related to the estimated dividend declared for 2023 by the subsidiaries.

15 Inventories

	2023	2022
	$000	$000
Estate and mill consumables	**9,443**	10,719
Processed produce for sale	**7,241**	8,871
	16,684	19,590

The movement on the inventories as shown below:

	2023	2022
	$000	$000
As at 1 Jan	**19,590**	14,316
(Charge to) / reversal from income statement	**(3,543)**	7,226
Reversal / (Provision) of inventory write-down	**210**	(217)
Exchange different	**80**	(1,735)
	16,684	19,590

16 Biological assets

	2023	2022
	$000	$000
At 1 January	**6,161**	12,803
Fair value loss recognised in the income statement for continuing operations	**(875)**	(5,792)
Fair value gain recognised in the income statement for discontinued operations	**-**	-
Exchange translations	**133**	(850)
At 31 December	**5,419**	6,161

The valuation of the unharvested FFB was carried out internally for each plantation of the Group. It involved an estimation of the oil-content of unharvested FFB at balance sheet date multiplied by the sum of average FFB selling price less average harvesting cost of the last month prior to the balance sheet date. The oil-content was derived from the computation of the percentage of growth based on the data extracted from the research reference "The Reflection of Moisture Content on Palm Oil Development during the Ripening Process of Fresh Fruits" multiplied with the estimated FFB harvested one month after the balance sheet date. Climate change on the weather will impact the levels and quality of production of FFB, so this has been taken into consideration when determining the fair value of biological assets.

16 Biological assets - continued

The fair value of biological assets is classified as Level 3 in the fair value hierarchy. During the year, all of the opening balance of biological assets was harvested while all of the closing balance arose in the year due to movements in fair value less costs to sell. The gain or loss recognised in the income statement represents the net movement in the fair value of biological assets during the year.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of biological assets, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below:

Item	Valuation approach	Inputs used	Inter-relationship between key unobservable inputs and fair value
Biological assets - Unharvested produce	Based on FFB weight multiplied by the sum of FFB selling price less harvesting cost	FFB weight	The higher the weight, the higher the fair value
		FFB selling price	The higher the selling price, the higher the fair value
		Harvesting cost	The higher the harvesting cost, the lower the fair value

The key assumptions are considered to be the computation of oil content of FFB based on research studies, selling price less harvesting costs and FFB production and a decrease of 1% in any of these would result in an $54,000 decrease in the valuation.

17 Trade and other receivables

	2023	2022
	$000	$000
Trade receivables	**1,040**	461
Other receivables	**4,752**	1,750
Prepayments and accrued income	**4,897**	1,257
	10,689	3,468

The carrying amount of trade and other receivables classified as amortised cost approximates fair value.

Trade receivables
The Group applies the IFRS 9 simplified approach to measure ECL using a lifetime ECL provision for trade receivables. To measure ECL on a collective basis, trade receivables are grouped based on similar credit risk and age.

The expected loss rate is based on a combination of the Group's historical credit losses experienced over the 5-year period prior to the year end and forward-looking information on macroeconomic factors affecting the Group's customers. The ECL has been calculated at 1% on trade receivables balances.

Other receivables
The Group assesses the ECL associated with its debt instruments carried at amortised cost on a forward-looking basis using the three stage approach. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group considers the probability of default upon initial recognition of an asset and whether there has been significant increase in credit risk on an on-going basis at each reporting date. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Group considers available, reasonable and supportable forward-looking information, such as:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligation;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- significant changes in the expected performance or behaviour of the debtor, including changes in the payment status of the debtor.

There has not been a significant increase in credit risk since initial recognition on any of the group's financial assets therefore 12-month ECL have continued to be recognised on all balances other than trade receivables which are discussed above.

17 Trade and other receivables – continued

Due from cooperatives under Plasma scheme
The Group assesses the ECL on amounts due from cooperatives under Plasma scheme by considering various probability weighted outcomes. The three possible outcomes are considered to be:

- recovery is limited to the value of the land and bearer plants on which the plantation is situated;
- recovery is limited to the future cashflows of the cooperative, being the FFB revenue less development costs; and
- recovery in full via bank financing obtained by the cooperative.

Movements on the Group's loss provision on current and non-current other receivables and financial guarantee contracts are as follows:

	2023 $000	2022 $000
At 1 January	**1,622**	180
Loss provision during the year	**331**	1,665
Written off during the year	**(1,441)**	(215)
Exchange difference	**(4)**	(8)
At 31 December	**508**	1,622

At 31 December 2023, the expected loss provision for receivables and financial guarantee contracts is as follows:

	Gross carrying amount $000	Loss provision $000	Net carrying amount $000
2023			
Trade receivable	**1,051**	**(11)**	**1,040**
Other receivables (note 17)	**4,758**	**(6)**	**4,752**
Receivables: non-current (note 13)			
- Due from non-controlling interests	**-**	**-**	**-**
- Due from cooperatives under Plasma scheme	**20,788**	**(482)**	**20,306**
	26,597	**(499)**	**26,098**
Financial guarantee contracts (note 26)	**-**	**(9)**	**(9)**
	26,597	**(508)**	**26,089**

	Gross carrying amount $000	Loss provision $000	Net carrying amount $000
2022			
Trade receivables	466	(5)	461
Other receivables (note 17)	1,756	(6)	1,750
Receivables: non-current (note 13)			
- Due from non-controlling interests	3,063	(1,514)	1,549
- Due from cooperatives under Plasma scheme	17,489	(75)	17,414
	22,774	(1,600)	21,174
Financial guarantee contracts (note 26)	-	(22)	(22)
	22,774	(1,622)	21,152

18 Notes supporting statement of cash flows

Cash and cash equivalents for purposes of the statement of cash flows comprised:

	2023 $000	2022 $000
Cash at bank available on demand	**92,682**	47,658
Short-term deposits	**60,289**	173,802
Cash in hand	**13**	16
As reported in statement of financial position	**152,984**	221,476
Short-term investments	**14,076**	55,566
	167,060	277,042

The short-term investments refer to the deposits with a licensed bank with maturity of over three months.

18 Notes supporting statement of cash flows - continued

Significant non-cash transactions from investing activities are as follows:

	2023 $000	2022 $000
Property, plant and equipment purchased but not yet paid at year end	**53**	466
Repayment of amounts due from cooperatives under the plasma scheme through the purchase of FFB	**6,776**	7,401

Non-cash transactions from financing activities are shown in the reconciliation of liabilities from financing transactions as follows:

	Non-current lease liabilities $000	**Current lease liabilities $000**	**Total $000**
At 1 January 2023	**(31)**	**(73)**	**(104)**
Cash Flows	**-**	**288**	**288**
Non-cash flows			
- Effect of foreign exchange	**1**	**3**	**4**
- New lease	**(709)**	**(443)**	**(1,152)**
- Lease liabilities classified as non-current at 31 December 2022 becoming current during 2023	**30**	**(30)**	**-**
- Interest accruing during the year	**-**	**(45)**	**(45)**
- Write off	**-**	**-**	**-**
	(709)	**(300)**	**(1,009)**

	Non-current lease liabilities $000	Current lease liabilities $000	Total $000
At 1 January 2022	(110)	(240)	(350)
Cash Flows	-	231	231
Non-cash flows			
- Effect of foreign exchange	6	21	27
- New lease	-	-	-
- Lease liabilities classified as non-current at 31 December 2021 becoming current during 2022	73	(73)	-
- Interest accruing during the year	-	(12)	(12)
- Write off	-	-	-
	(31)	(73)	(104)

19 Trade and other payables

	2023 $000	2022 $000
Trade payables	**9,572**	11,487
Other payables	**1,041**	3,321
Advance receipts	**6,666**	9,424
Accruals	**10,177**	9,734
	27,456	33,966

The carrying amount of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value. Advance receipts from customers are expected to be recognised in full as revenue in the subsequent year. The advance receipts at 31 December 2022 have been recognised in revenue in the current period.

20 Leases

	2023 $000	2022 $000
Lease liabilities analysed as:		
Non-current	**(709)**	(31)
Current	**(300)**	(73)
	(1,009)	(104)

The weighted average incremental borrowing rate per annum was 7.3% (2022: 5.5%).

Maturity analysis for the lease liabilities has been given in note 27.

Amounts recognised in income statement:

	2023 $000	2022 $000
Depreciation expense on right-of-use assets (note 12)	**(193)**	(144)
Interest expense on lease liabilities	**(45)**	(12)
Expense relating to short-term leases	**(269)**	(352)
Expense relating to leases of low value assets	**(4)**	(4)
	(511)	(512)

At 31 December 2023, the Group was committed to $0.01 million (2022: $0.01 million) for short-term leases.

All the leases are fixed payments. The total cash outflow for leases amount to $0.56 million (2022: $0.59 million).

The Group leases a piece of land and office under the right-of-use assets. The remaining lease term is between 1 to 5 years. (2022: 1 to 4 years). On expiry the Group has the options to renew based on mutually agreed future rental. The right-of-use assets is classified as part of property, plant and equipment in note 12.

Right-of-Use assets

	Land $000	**Building $000**	**Total $000**
At 1 January 2023	**-**	**-**	**-**
Additions	**-**	**1,160**	**1,160**
Amortisation	**-**	**(193)**	**(193)**
Impairment losses	**-**	**-**	**-**
Effect of foreign exchange	**-**	**(5)**	**(5)**
At 31 December 2023	**-**	**962**	**962**

	Land $000	Building $000	Total $000
At 1 January 2022	-	150	150
Additions	-	-	-
Amortisation	-	(144)	(144)
Impairment losses	-	-	-
Effect of foreign exchange	-	(6)	(6)
At 31 December 2022	-	-	-

Lease liabilities

	Land $000	**Building $000**	**Total $000**
At 1 January 2023	**(104)**	**-**	**(104)**
Additions	**-**	**(1,152)**	**(1,152)**
Interest expense	**(3)**	**(42)**	**(45)**
Lease payments	**73**	**215**	**288**
Effect of foreign exchange	**4**	**-**	**4**
At 31 December 2023	**(30)**	**(979)**	**(1,009)**

20 Leases - continued

	Land $000	Building $000	Total $000
At 1 January 2022	(183)	(167)	(350)
Additions	-	-	-
Interest expense	(8)	(4)	(12)
Lease payments	76	155	231
Effect of foreign exchange	11	16	27
At 31 December 2022	(104)	-	(104)

The tables above do not include the leasehold land which is classified as a right of use asset presented in note 12.

21 Retirement benefits

The Group provides Post-Employment Benefit plans to its employees in Indonesia in accordance with Job Creation Law No.11/2020, Government Regulation No.35/2021 effective since February 2021 and Collective Labour Agreements. These are defined benefit plans and provide lump sum benefits to employees on retirement, death, disability and voluntary resignation. There is no requirement for the Group to advance fund these benefits.

The Group has set up a separate fund with PT Asuransi Allianz Life Indonesia to fund the Post-Employment Benefit plan obligation for Staff employees. The assets in the fund can only be used to pay the employees' benefits.

Defined contribution plan managed by Dana Pension Lembaga Keuangan AIA Financial ("DPLK AIAF") and allocated to the individual participants. From 2020 onwards, these employees will receive the higher of the benefit from DPLK AIAF and the Post-Employment Benefit plan. The DPLK AIAF plan covers a smaller proportion of the overall Post-Employment Benefit obligation.

The Group provides other long-term employee benefits in the form of Long Service Awards for Staff and Non-Staff employees in Indonesia. The Long Service Awards are for amounts of up to 2 months of basic salary, paid on completion of 10 or 20 years' continuous service (Staff) and on completion of 25, 30, 35, and 40 years' continuous service (Non-Staff). These benefits are unfunded.

The defined benefit plans are valued by an actuary at the end of each financial year. The major assumptions used by the actuary were:

	2023	2022
Rate of increase in wages	**8.0%**	8.0%
Discount rate	**6.8%**	7.3%
Mortality rate*	**100% TMI4**	100% TMI4
Disability rate	**10% TMI4**	10% TMI4

*Mortality Table used in this calculation is Tabel Mortalita Indonesia IV (TMI IV) which was released in December 2019. This is the latest table which reflects the mortality rate of Indonesia's population. The mortality rate in the table differs by age and gender.

	2023 $000	2022 $000
Service cost		
Current service cost	**1,539**	1,522
Past service cost	**375**	-
Adjustment due to change in attribution method	**-**	(1,556)
Cost of termination	**-**	780
Net interest expense	**616**	687
Remeasurements on net defined benefit liability	**51**	(26)
Total employee benefits expense	**2,581**	1,407

21 Retirement benefits - continued

The reconciliation on the remeasurement of retirement benefit plan as shown below:

	2023 $000	2022 $000
Included in other comprehensive income:		
Continuing operations	**375**	147
Discontinued operations	**-**	30
Remeasurement of retirement benefit plan, net of tax recognised in other comprehensive income	**375**	177
Included in other comprehensive income:		
Remeasurement of retirement benefit plan	**468**	225
Deferred tax on retirement benefits	**(93)**	(48)
Remeasurement of retirement benefit plan, net of tax recognised in other comprehensive income	**375**	177

21 Retirement benefits - continued

(i) Reconciliation of defined benefit obligation and fair value of scheme assets including discontinued operations

	Defined benefit obligation			Fair value of scheme assets			Net defined scheme liability		
	Funded scheme $000	Unfunded scheme $000	Total $000	Funded scheme $000	Unfunded scheme $000	Total $000	Funded scheme $000	Unfunded scheme $000	Total $000
At 1 January 2022	(4,569)	(8,177)	(12,746)	1,247	-	1,247	(3,322)	(8,177)	(11,499)
Service cost - current	(377)	(1,145)	(1,522)	-	-	-	(377)	(1,145)	(1,522)
Service cost - past	-	-	-	-	-	-	-	-	-
Adjustment due to change in attribution method	444	1,112	1,556	-	-	-	444	1,112	1,556
Cost of termination	-	(780)	(780)	-	-	-	-	(780)	(780)
Interest (cost) / income	(272)	(507)	(779)	92	-	92	(180)	(507)	(687)
Remeasurements on net defined benefit liability	-	26	26	-	-	-	-	26	26
Included in income statement	(205)	(1,294)	(1,499)	92	-	92	(113)	(1,294)	(1,407)
Remeasurement gain / (loss)									
Actuarial gain / (loss) from:									
Adjustments (experience)	89	428	517	-	-	-	89	428	517
Financial assumptions	(72)	(172)	(244)	-	-	-	(72)	(172)	(244)
Return on plan assets (exclude interest)	-	-	-	(48)	-	(48)	(48)	-	(48)
Included in other comprehensive income	17	256	273	(48)	-	(48)	(31)	256	225
Effect of movements in exchange rates	429	803	1,232	(135)	-	(135)	294	803	1,097
Employer contribution	-	-	-	317	-	317	317	-	317
Benefits paid	117	314	431	(38)	-	(38)	79	314	393
Other movements	546	1,117	1,663	144	-	144	690	1,117	1,807
At 31 December 2022	(4,211)	(8,098)	(12,309)	1,435	-	1,435	(2,776)	(8,098)	(10,874)

21 Retirement benefits - continued

(i) Reconciliation of defined benefit obligation and fair value of scheme assets (continued)

	Defined benefit obligation			Fair value of scheme assets			Net defined scheme liability		
	Funded scheme $000	Unfunded scheme $000	Total $000	Funded scheme $000	Unfunded scheme $000	Total $000	Funded scheme $000	Unfunded scheme $000	Total $000
At 1 January 2023	**(4,211)**	**(8,098)**	**(12,309)**	**1,435**	**-**	**1,435**	**(2,776)**	**(8,098)**	**(10,874)**
Service cost - current	**(722)**	**(817)**	**(1,539)**	**-**	**-**	**-**	**(722)**	**(817)**	**(1,539)**
Service cost - past	**(373)**	**(2)**	**(375)**	**-**	**-**	**-**	**(373)**	**(2)**	**(375)**
Adjustment due to change in attribution method	**(2,114)**	**2,114**	**-**	**-**	**-**	**-**	**(2,114)**	**2,114**	**-**
Interest (cost) / income	**(370)**	**(351)**	**(721)**	**105**	**-**	**105**	**(265)**	**(351)**	**(616)**
Remeasurements on net defined benefit liability	**-**	**(51)**	**(51)**	**-**	**-**	**-**	**-**	**(51)**	**(51)**
Included in income statement	**(3,579)**	**893**	**(2,686)**	**105**	**-**	**105**	**(3,474)**	**893**	**(2,581)**
Remeasurement (loss) / gain									
Actuarial (loss) / gain from:									
Adjustments (experience)	**(179)**	**197**	**18**	**-**	**-**	**-**	**(179)**	**197**	**18**
Financial assumptions	**(242)**	**(232)**	**(474)**	**-**	**-**	**-**	**(242)**	**(232)**	**(474)**
Return on plan assets (exclude interest)	**-**	**-**	**-**	**(12)**	**-**	**(12)**	**(12)**	**-**	**(12)**
Included in other comprehensive income	**(421)**	**(35)**	**(456)**	**(12)**	**-**	**(12)**	**(433)**	**(35)**	**(468)**
Effect of movements in exchange rates	**(53)**	**(193)**	**(246)**	**26**	**-**	**26**	**(27)**	**(193)**	**(220)**
Employer contribution	**-**	**-**	**-**	**742**	**-**	**742**	**742**	**-**	**742**
Benefits paid	**689**	**324**	**1,013**	**(516)**	**-**	**(516)**	**173**	**324**	**497**
Cost of termination - payment	**-**	**1,956**	**1,956**	**-**	**-**	**-**	**-**	**1,956**	**1,956**
Cost of termination	**196**	**(546)**	**(350)**	**-**	**-**	**-**	**196**	**(546)**	**(350)**
Other movements	**832**	**1,541**	**2,373**	**252**	**-**	**252**	**1,084**	**1,541**	**2,625**
At 31 December 2023	**(7,379)**	**(5,699)**	**(13,078)**	**1,780**	**-**	**1,780**	**(5,599)**	**(5,699)**	**(11,298)**

21 Retirement benefits - continued

(ii) Disaggregation of defined benefit scheme assets

The fair value of the funded assets is analysed as follows:

	2023	2022
	$000	$000
Bonds		
- Government bonds	**1,090**	556
- Corporate bonds	**-**	-
	1,090	556
Cash / deposits	**690**	879
	1,780	1,435

None of the plan assets are invested in the Group's own financial instruments, property or other assets used by the Group. All plan assets invested in bonds which have a quoted market price in an active market.

(iii) Defined benefit obligation - sensitivity analysis

The following table exhibits the sensitivity of the Group's retirement benefits to the fluctuation in the discount rate, wages and mortality rate:

	Reasonably Possible Change	**Defined benefit obligation Increase $000**	**Decrease $000**
Discount rate	**(+ / - 1%)**	**(984)**	**1,112**
Growth in wages	**(+ / - 1%)**	**1,142**	**(1,029)**

The weighted average duration of the defined benefit obligation is 8.78 years (2022: 8.85 years).

The total contribution paid into the defined contribution plan in 2023 amounted to $227,000 (2022: $223,000). The Group expects to pay contributions of $495,000 to the funded plans in 2024. For the unfunded plans, the Group pays the benefits directly to the individuals; the Group expects to make direct benefit payments of $653,000 for defined benefit plan and $235,000 for defined contribution plan in 2024.

22 Share capital and treasury shares

	Authorised Number	Issued and fully paid Number	Authorised £000	Issued and fully paid £000	Authorised $000	Issued and fully paid $000
Ordinary shares of 25p each						
Beginning and end of year	**60,000,000**	**39,976,272**	**15,000**	**9,994**	**23,865**	**15,504**

Treasury shares:	**2023 Number**	2022 Number	**Cost 2023 $'000**	Cost 2022 $'000
Beginning of year	**339,900**	339,900	**(1,171)**	(1,171)
Share buy back	**75,926**	-	**(676)**	-
End of year	**415,826**	339,900	**(1,847)**	(1,171)

Market value of treasury shares:	$'000
Beginning of year (800.0p/share)	3,274
End of year (670.0p/share)	**3,551**

75,926 treasury share was purchased in 2023 (2022: Nil).

All fully paid ordinary shares have full voting rights, as well as to receive the distribution of dividends and repayment of capital upon winding up of company.

23 Ultimate controlling shareholder

At 31 December 2023, Genton International Limited ("Genton"), a company registered in Hong Kong, held 20,247,814 (2022: 20,247,814) shares of the Company representing 51.2% (2022: 51.1%) of the issued share capital of the Company. Together with other deemed interested parties, Genton's shareholding totals 20,551,914 or 52.0%. The ultimate beneficial shareholders of Genton International Limited are vested in the estates of Madam Lim with the application for probate in progress.

24 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

An office premises lease agreement was entered with Infra Sari Sdn Bhd, a company controlled by the late Madam Lim Siew Kim. The rental paid during the year was $246,317 (2022: $339,140). There was no balance outstanding at the year end (2022: Nil). This has been classified as a long term lease as the premises are renovated since 2023 and therefore lease payments have been offset in lease liabilities from September 2023.

In 2021, a land lease agreement was entered with Hana Bestari Sdn Bhd, company controlled by the late Madam Lim Siew Kim. The rental paid during the year was $75,415 (2022: $78,405). There was no balance outstanding at the year end.

In 2023, the final dividend paid to Genton International Limited, a company controlled by the late Madam Lim Siew Kim, was $5,061,954 for the year ended 31 December 2022 (2022: $1,012,391 for the year ended 31 December 2021) and an interim dividend was paid to Genton International Limited was $3,037,172 for the year ended 31 December 2023. The final dividend paid to other companies controlled by the late Madam Lim Siew Kim was $76,025 for the year ended 31 December 2022 (2022: $15,205 for the year ended 31 December 2021). There was no balance outstanding at the year end (2022: Nil). The interim dividend paid to other companies controlled by the late Madam Lim Siew Kim was $45,615 for the year ended 31 December 2023.

In March 2023, Dato' John Lim purchased 15,894 of the Company's ordinary shares at averaged price of £7.97.

25 Reserves

Nature and purpose of each reserve:

Share capital	Amount of shares subscribed at nominal value.
Share premium	Amount subscribed for share capital in excess of nominal value.
Capital redemption reserve	Amounts transferred from share capital on redemption of issued shares.
Treasury shares	Cost of own shares held in treasury.
Revaluation reserves	Gains/losses arising on the revaluation of the Group's property, net of tax.
Exchange reserves	Gains/losses arising from translating the net assets of overseas operations into US Dollar.
Retained earnings	Cumulative net gains and losses recognised in the consolidated income statement.

26 Guarantees and other financial commitments

	2023	2022
	$000	$000
Capital commitments at 31 December		
Contracted but not provided - normal estate operations	**282**	1,310
Contracted but not provided – mill development	**23**	16,058
Authorised but not contracted - plantation and mill development	**34,143**	28,558

A subsidiary company, PT Sawit Graha Manunggal ("SGM") has provided a corporate guarantee to Koperasi Bartim Sawit Sejahtera ("KBSS"), a party under Plasma scheme as disclosed in note 13, in relation to a loan taken by KBSS from PT Bank Mandiri (Persero) Tbk. of Rp226.02 billion ($14.7million) (2022: Rp226.02 billion, $14.4 million). The corporate guarantee remains until the loan is fully settled by 23 December 2027. The HGU (land usage right) that belongs to the Plasma scheme is currently held under SGM's master title. An application to separate the HGU was submitted to the Land Office and the land and its plantation with a total carrying amount of $13.5 million as at 31 December 2023 (31 December 2022: $11.1 million) will be pledged to the bank as security once the title separation approval is obtained. In addition, the terms and conditions of the loan agreement also require KBSS to sell all its FFB produce to SGM and the plantation estate is to be managed by SGM. In view of these, the Group exposure to this contingent liability is minimised.

On 3 February 2017, a subsidiary company, PT Alno Agro Utama and Koperasi Perkebunan Plasma Maju Sejahtera ("KPPM") signed a Refinancing Agreement with PT Bank Syariah Mandiri ("BSM") to fund its plasma development. The Agreement provides a loan of Rp 8.75 billion ($0.6 million) (2022: Rp8.75 billion, $0.6 million), with 10 (Ten) years maturity period effective from 24 July 2017 with an interest rate of 13.25% per annum and in 2021 decreased to 12.5% per annum. This loan is collateralized by 125.4 hectares of KPPM's land located in Desa Serami Baru, Kecamatan Malin Deman, Kabupaten Mukomuko, Bengkulu and its plantation with a carrying amount of $0.6 million as at 31 December 2023 (31 December 2022: $0.6 million) as security under the agreement while the Company provides corporate guarantee amounting to Rp 8.75 billion ($0.6 million).

The Group's loss provision on these financial guarantee contracts was $9,000 (2022: $22,000). The details of the ECL were disclosed in note 17.

27 Disclosure of financial instruments and other risks

The Group's principal financial instruments comprised investment, cash, short and long-term bank loans, trade receivables excluding prepayments and payables excluding advance receipts and receivables from local partners in respect of their investments.

The Group's accounting classification of each class of financial asset and liability at 31 December 2023 and 2022 were:

	Fair value through profit and loss $000	Financial assets at amortised cost $000	Financial liabilities at amortised cost $000	Total carrying value $000
2023				
Investment	**10,035**	**-**	**-**	**10,035**
Non-current receivables	**-**	**20,306**	**-**	**20,306**
Trade and other receivables	**-**	**5,792**	**-**	**5,792**
Short-term investments	**-**	**14,076**	**-**	**14,076**
Cash and cash equivalent	**-**	**152,984**	**-**	**152,984**
Trade and other payables	**-**	**-**	**(20,790)**	**(20,790)**
	10,035	**193,158**	**(20,790)**	**182,403**

	Fair value through profit and loss $000	Financial assets at amortised cost $000	Financial liabilities at amortised cost $000	Total carrying value $000
2022				
Investment	42	-	-	42
Non-current receivables	-	18,963	-	18,963
Trade and other receivables	-	2,211	-	2,211
Short-term investments	-	55,566	-	55,566
Cash and cash equivalent	-	221,476	-	221,476
Trade and other payables	-	-	(24,542)	(24,542)
	42	298,216	(24,542)	273,716

Financial instruments not measured at fair value
Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables, borrowings due within one year and non-current receivables.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables approximates their fair value. The non-current receivables were measured at cost less ECL however disclosure of fair value has been given in note 13 for comparison purposes.

Please refer to the applicable notes for details of the fair value hierarchy, valuation techniques, and significant unobservable inputs related to determining the fair value of the following items:
- Non-current receivables (note 13); and

The principal financial risks to which the Group is exposed are:
- commodity selling price changes; and
- exchange movements;

which, in turn, can affect financial instruments and/or operating performance.

The Company does not hedge any of its risks. Its trade credit risks are low. Financial assets or liabilities that are held at fair value through the profit or loss include investment to generate higher return.

The Board is directly responsible for setting policies in relation to financial risk management and monitors the levels of the main risks through review of regular operational reports.

Commodity selling prices
The Group does not normally contract to sell produce more than one month ahead.

Currency risk
Most of the Group's operations are in Indonesia. The Company and Group accounts are prepared in US Dollar which is not the functional currency of the operating subsidiaries. The Group does not hedge its net investment in its overseas subsidiaries and is therefore exposed to a currency risk on that investment. The historical cost of investment (including intercompany loans) by the parent in its subsidiaries amounted to $29,309,000 (2022: $50,746,000), while the statement of financial position value of the Group's share of underlying assets at 31 December 2023 amounted to $523,696,000 (2022: $472,112,000).

27 Disclosure of financial instruments and other risks - continued

Currency risk - continued
All the Group's sales are made in local currency and any trade receivables are therefore denominated in local currency. No hedging is therefore necessary.

Selling prices of the Group's produce are directly related to the US Dollar denominated world prices. Appreciation of local currencies, therefore, reduces profits and cash flow of the Indonesian and Malaysian subsidiaries in US Dollar terms and vice versa.

There are no borrowings in the Group and therefore there is no longer any currency risk for the Group in respect of this. The average interest rate on local currency deposits was 0.19% higher (2022: 0.88% higher) than on US Dollar deposits. The unmatched balance at 31 December 2023 was represented by the $6,844,000 shown in the table below (2022: $13,142,000).

The table below shows the net monetary assets and liabilities of the Group as at 31 December 2023 and 2022 that were not denominated in the operating or functional currency of the operating unit involved.

	Net foreign currency assets/(liabilities)		
	US Dollar	**Sterling**	**Total**
Functional currency of Group operation	**$000**	**$000**	**$000**
2023			
Rupiah	**6,538**	**-**	**6,538**
US Dollar	**-**	**990**	**990**
Ringgit	**306**	**-**	**306**
Total	**6,844**	**990**	**7,834**
2022			
Rupiah	12,976	-	12,976
US Dollar	-	355	355
Ringgit	166	-	166
Total	13,142	355	13,497

The following table summarises the sensitivity of the Group's financial assets and financial liabilities to foreign exchange risk. The impact on profit before tax and equity if Ringgit or Rupiah strengthen or weaken by 10% against US Dollar:

		2023			2022	
	Carrying Amount US$ $000	**-10% in Rp : $ and RM : $ $000**	**+10% in Rp : $ and RM : $ $000**	Carrying Amount US$ $000	-10% in Rp : $ and RM : $ $000	+10% in Rp : $ and RM : $ $000
Financial Assets						
Non-current receivables	**20,306**	**(1,846)**	**2,256**	18,963	(1,583)	1,935
Trade and other receivables	**5,792**	**(206)**	**252**	2,211	(196)	239
Short-term investments	**14,076**	**(1,280)**	**1,564**	55,566	(5,051)	6,174
Cash and cash equivalents	**152,984**	**(13,763)**	**16,822**	221,476	(20,047)	24,502
Financial Liabilities						
Trade and other payables	**(20,790)**	**1,800**	**(2,200)**	(24,542)	2,142	(2,618)
Total (decrease) / increase		**(15,295)**	**18,694**		(24,735)	30,232

Liquidity risk
Profitability of new sizable plantations normally requires a period of between six and seven years before cash flow turns positive. Because oil palms do not begin yielding significantly until four years after planting, this development period and the cash requirement is affected by changes in commodity prices.

The Group attempts to ensure that it is likely to have either self-generated funds or further loan/equity capital to complete its development plans and to meet loan repayments. Long-term forecasts are updated twice a year for review by the Board. In the event that falling commodity prices reduce self-generated funds below expectations and to a level where Group resources may be insufficient, further new planting may be restricted. Consideration is given to the funds required to bring existing immature plantings to maturity.

The Group's trade and tax payables are all due for settlement within a year. At 31 December 2023, the Group had no external loans and facilities.

27 Disclosure of financial instruments and other risks - continued

Liquidity risk - continued
The following table sets out the undiscounted contractual cashflows of financial liabilities:

	Less than 1 year $000	Between 1 and 2 years $000	Between 2 and 5 years $000	More than 5 years $000	Total $000
At 31 December 2023					
Trade and other payables	**(10,613)**	**-**	**-**	**-**	**(10,613)**
Accruals	**(10,177)**	**-**	**-**	**-**	**(10,177)**
Lease liabilities	**(364)**	**(333)**	**(453)**	**-**	**(1,150)**
	(21,154)	**(333)**	**(453)**	**-**	**(21,940)**
Financial guarantee contracts provided to Plasma					
- loan repayment by Plasma	**(366)**	**(379)**	**(202)**	**-**	**(947)**
	(21,520)	**(712)**	**(655)**	**-**	**(22,887)**
At 31 December 2022					
Trade and other payables	(14,808)	-	-	-	(14,808)
Accruals	(9,734)	-	-	-	(9,734)
Lease liabilities	(76)	(32)	-	-	(108)
	(24,618)	(32)	-	-	(24,650)
Financial guarantee contracts provided to Plasma					
- loan repayment by Plasma	(1,238)	(677)	(251)	-	(2,166)
	(25,856)	(709)	(251)	-	(26,816)

The figures for trade and other payables exclude accruals and advance receipts.

The Group does not face a significant liquidity risk with regard to its financial liabilities.

Interest rate risk
The Group's surplus cash is subject to variable interest rates. The Group had net cash throughout 2023. A 1% change in the deposit interest rate would not have a significant impact on the Group's reported results as shown in the table below.

		2023			2022	
	Carrying amount $000	**-1% in interest rate $000**	**+1% in interest rate $000**	Carrying amount $000	-1% in interest rate $000	+1% in interest rate $000
Financial Assets						
Short-term investments	**14,076**	**(208)**	**74**	55,566	(811)	300
Cash and cash equivalents	**152,984**	**(1,407)**	**1,543**	221,476	(1,904)	2,422
Total (decrease) / increase		**(1,615)**	**1,617**		(2,715)	2,722

There is no policy to hedge interest rates, partly because of the net cash position and the net interest income position of the Group.

27 Disclosure of financial instruments and other risks - continued

Interest rate risk - continued

Interest rate profiles of the Group's financial assets (comprising non-current receivables, trade and other receivables, cash and cash equivalent and short-term investments) at 31 December were:

	Total $000	Fixed rate $000	Variable rate $000	No interest $000
2023				
Sterling	**1,313**	**-**	**62**	**1,251**
US Dollar	**10,657**	**-**	**3,056**	**7,601**
Rupiah	**178,540**	**-**	**156,274**	**22,266**
Ringgit	**2,648**	**-**	**2,338**	**310**
Total	**193,158**	**-**	**161,730**	**31,428**
2022				
Sterling	658	-	56	602
US Dollar	15,181	1,549	9,341	4,291
Rupiah	278,685	-	259,439	19,246
Ringgit	3,692	-	3,370	322
Total	298,216	1,549	272,206	24,461

Long-term receivables before ECL of $nil (2022: $3,063,000) comprise US Dollar denominated amounts due from non-controlling interests as described in note 13 on which interest is due at a fixed rate of 6%.

Average US Dollar deposit rate in 2023 was 4.30% (2022: 2.75%) and Rupiah deposit rate was 4.49% (2022: 3.63%).

Interest rate profiles of the Group's financial liabilities (comprising other payables excluding advance receipts) at 31 December were:

	Total $000	Fixed rate $000	Variable rate $000	No interest $000
2023				
Sterling	**-**	**-**	**-**	**-**
US Dollar	**(852)**	**-**	**-**	**(852)**
Rupiah	**(19,734)**	**-**	**-**	**(19,734)**
Ringgit	**(204)**	**-**	**-**	**(204)**
Total	**(20,790)**	**-**	**-**	**(20,790)**
2022				
Sterling	-	-	-	-
US Dollar	(841)	-	-	(841)
Rupiah	(23,500)	-	-	(23,500)
Ringgit	(201)	-	-	(201)
Total	(24,542)	-	-	(24,542)

Weighted average interest rate on variable rate borrowings was nil in 2023 (2022: nil).

Credit risk

The Group has two types of financial assets that are subject to the ECL model:

- trade receivables for sales of goods and services; and
- current and non-current receivables carried at amortised cost.

The Group also has financial guarantee contracts for which the ECL model is also applicable.

While cash and cash equivalents are also subject to the impairment requirements as set out in IFRS 9, there is no impairment loss identified given the financial strength of the financial institutions in which the Group have a relationship with. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. The Group has taken necessary steps and precautions in minimising the credit risk by lodging cash and cash equivalents only with reputable licensed banks, and particularly in Indonesia, independently rated banks with a minimum rating of “A”. The cash and cash equivalents are in US dollars, Rupiah, Ringgit and Sterling according to the requirements of the Group. The list of the principal banks used by the Group is given on the inside of the back cover of this report.

27 Disclosure of financial instruments and other risks - continued

Credit risk - continued

The Group use three categories for those receivables which reflect their credit risk and how the loss provision is determined for those categories.

(i) Trade receivables using the simplified approach

The Group applies the simplified approach under IFRS 9 to measure ECL, which uses a lifetime expected loss provision for all trade receivables. To measure the expected losses, trade receivables have been grouped based on shared credit risk characteristics and days past due.

The expected loss rates are based on historical payment profiles of sales and the corresponding historical credit losses experienced during these periods. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors (such as palm product prices and crude oil price) affecting the ability of the customers to settle the receivables. The historical loss rates will be adjusted based on the expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

In determining the expected loss rates, the Group also takes into consideration the collateral or payments received in advance, as set out below:

Receivables are generally collected within the credit term and therefore there is minimal exposure to doubtful debts. Upfront payments are also collected for certain sales made by the Group's subsidiaries in Indonesia.

The Group's maximum exposure to credit risk and loss provision recognised as at 31 December 2023 is disclosed in note 17. The ECL has been calculated at 1% on trade receivables balances while the remaining amount in which no ECL provision was recognised is deemed to be recoverable, with low probability of default. Default is defined by the management as the non-repayment of the balance.

(ii) Debt instruments at amortised costs other than trade receivables using the three-stage approach

All of the Group's debt instruments at amortised costs other than trade receivables are considered to have a low credit risk, except amount due from cooperatives under Plasma scheme are considered to have higher credit risk, as these were considered to be performing, have low risks of default and historically there were minimal instances where contractual cash flow obligations have not been met. There has not been a significant increase in credit risk since initial recognition.

The 12-month ECL has been calculated at 1% on the majority of balances (unless it has been considered there to be no ECL), with the exception of amounts due from cooperatives under Plasma scheme where the ECL is largely calculated, having considered various probability weighted outcomes, as being the balance of the receivable in excess of the value of the associated land and plantation assets on which the Plasma land resides which effectively would be returned to the Company if the receivable is not repaid.

The maximum exposure to credit risks for debt instruments at amortised cost other than trade receivables are represented by the carrying amounts recognised in the statements of financial position.

(iii) Financial guarantee contracts using the three-stage approach

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued. Accordingly,12-month ECL have been recognised at 1% on the financial guarantee contracts and disclosed in note 26.

Information regarding other non-current assets and trade and other receivables is disclosed in notes 13 and 17 respectively. Amounts receivable from local partners before ECL, amounting to $nil (2022: $3,063,000), in relation to their investments in operating subsidiaries are secured on those investments and are repayable from their share of dividends from those subsidiaries.

Amounts receivable due from cooperatives under Plasma scheme, as disclosed in note 13, are unsecured and are to be repaid from FFB supplied by the cooperatives. The provision of ECL for amounts receivable due from cooperatives under Plasma scheme had been disclosed in note 17.

27 Disclosure of financial instruments and other risks - continued

Credit risk - continued
Deposits with banks and other financial institutions and investment securities are placed, or entered into, with reputable financial institutions or companies with high credit ratings and no history of default.

As the Group does not hold any collateral, the maximum exposure to credit risk for each class of financial instrument is the carrying amount presented on the statement of financial position, except in the case of the financial guarantee contracts offered by two subsidiaries to cooperatives in order for them to obtain bank loans in 2013 and 2017, which are not held on the statement of financial position of the Group. See note 26.

Capital
The Group defines its Capital as Share capital and Reserves, shown in the statement of financial position as "Issued capital attributable to owners of the parent" and amounting to $523,696,000 at 31 December 2023 (2022: $472,112,000).

Group policy presently attempts to fund development from self-generated funds and loans and not from the issue of new share capital. At 31 December 2023, the Group had no borrowings (2022: nil) but, depending on market conditions, the Board is prepared for the Group to have net borrowings.

Plantation industry risk
Please refer to pages 33 - 38.

28 Subsidiary companies

The principal subsidiaries of the Company all of which have been included in these consolidated financial statements are as follows:

Name	Country of incorporation and principal place of business	Proportion of ownership interest at 31 December		Non-controlling interests ownership / voting interest at 31 December	
		2023	2022	**2023**	2022
Principal sub-holding company					
Anglo-Indonesian Oil Palms Limited***	United Kingdom	**100%**	100%	**-**	-
Management company					
Anglo-Eastern Plantations Management Sdn Bhd***	Malaysia	**100%**	100%	**-**	-
PT Anglo-Eastern Plantations Management Indonesia	Indonesia	**100%**	100%	**-**	-
Operating companies					
Anglo-Eastern Plantations (M) Sdn Bhd***	Malaysia	**55%**	55%	**45%**	45%
All For You Sdn Bhd	Malaysia	**100%**	100%	**-**	-
PT Alno Agro Utama*	Indonesia	**100%**	90%	**-**	10%
PT Anak Tasik	Indonesia	**100%**	100%	**-**	-
PT Bangka Malindo Lestari	Indonesia	**95%**	95%	**5%**	5%
PT Bina Pitri Jaya*	Indonesia	**100%**	80%	**-**	20%
PT Cahaya Pelita Andhika	Indonesia	**100%**	100%	**-**	-
PT Empat Lawang Agro Perkasa**	Indonesia	**-**	80%	**-**	20%
PT Hijau Pryan Perdana*	Indonesia	**100%**	80%	**-**	20%
PT Kahayan Agro Plantation*	Indonesia	**99.5%**	78%	**0.5%**	22%
PT Karya Kencana Sentosa Tiga**	Indonesia	**-**	81%	**-**	19%
PT Mitra Puding Mas*	Indonesia	**100%**	90%	**-**	10%
PT Musam Utjing*	Indonesia	**100%**	75%	**-**	25%
PT Riau Agrindo Agung**	Indonesia	**-**	76%	**-**	24%
PT Sawit Graha Manunggal*	Indonesia	**100%**	86%	**-**	14%
PT Simpang Ampat	Indonesia	**100%**	100%	**-**	-
PT Tasik Raja*	Indonesia	**100%**	80%	**-**	20%
PT United Kingdom Indonesia Plantations*	Indonesia	**100%**	75%	**-**	25%
Dormant companies					
The Ampat (Sumatra) Rubber Estate (1913) Limited	United Kingdom	**100%**	100%	**-**	-
Gadek Indonesia (1975) Limited	United Kingdom	**100%**	100%	**-**	-
Mergerset (1980) Limited	United Kingdom	**100%**	100%	**-**	-
Musam Indonesia Limited	United Kingdom	**100%**	100%	**-**	-
Indopalm Services Limited***	United Kingdom	**100%**	100%	**-**	-

*The Group purchased most of the shares of the non-controlling interest during the year. Hence, the Company's effective ownership has increased.
**The decrease in the Company's effective ownership of these subsidiaries is due to the disposal of three subsidiaries during the year.
*** Direct subsidiaries of the Company

The principal United Kingdom sub-holding company, and UK dormant companies are registered in England and Wales. The Malaysian operating companies and management company are incorporated in Malaysia. The Indonesian operating companies and management company are incorporated in Indonesia. The principal activity of the operating companies is plantation agriculture. The registered office of the principal subsidiaries is disclosed below:

Subsidiaries by country	**Registered address**
UK registered subsidiaries	Quadrant House, 6th Floor 4 Thomas More Square London E1W 1YW United Kingdom
Malaysia registered subsidiaries	7th Floor, Wisma Equity 150 Jalan Ampang 50450 Kuala Lumpur Malaysia
Indonesia registered subsidiaries	Sinar Mas Land Plaza, 3rd Floor #301, Jl. Pangeran Diponegoro No. 18 Kelurahan Madras Hulu, Kecamatan Medan Polonia Medan 20152, North Sumatera Indonesia

29 Non-controlling interests

In 2023, none of the subsidiaries which have non-controlling interests ("NCI") contributed more than 10% of the Group's total assets.

In 2022, the Group identified subsidiaries with material NCI based on the total assets in relation to the Group. A subsidiary's NCI is material if the subsidiary contributed more than 10% of the Group's total assets. The subsidiaries identified and their summarised financial information, before intra-group eliminations, are presented below:

Entity	PT Tasik Raja	PT Mitra Puding Mas	PT Alno Agro Utama	PT Bina Pitri Jaya	PT Sawit Graha Manunggal
	20%	10%	10%	20%	14%
NCI percentage					
Summarised income statement					
For the year ended 31 December	2022	2022	2022	2022	2022
	$000	$000	$000	$000	$000
Revenue	98,634	52,774	82,196	77,688	84,008
Profit after tax	20,520	9,965	16,142	19,309	20,236
Other comprehensive income / (expense)	(17,198)	(9,075)	(9,752)	(16,980)	(4,468)
Total comprehensive income	3,322	890	6,390	2,329	15,768
Profit allocated to NCI	4,104	997	1,614	3,862	3,668
Other comprehensive (expenses) / income allocated to NCI	(3,440)	(908)	(975)	(3,396)	(610)
Total comprehensive income allocated to NCI	664	89	639	466	3,058
Dividends paid to NCI	570	372	247	621	-
Summarised statement of financial position					
As at 31 December	2022	2022	2022	2022	2022
	$000	$000	$000	$000	$000
Non-current assets	79,864	41,958	48,883	105,308	73,771
Current assets	79,622	46,189	50,828	46,071	18,820
Non-current liabilities	(704)	(1,116)	(2,280)	(1,077)	(28,647)
Current liabilities	(12,273)	(5,010)	(5,442)	(6,007)	(10,948)
Net assets	146,509	82,021	91,989	144,295	52,996
Accumulated NCI	29,302	8,202	9,199	28,859	7,232
Summarised cash flows					
For the year ended 31 December	2022	2022	2022	2022	2022
	$000	$000	$000	$000	$000
Cash flows from operating activities	16,391	8,357	14,688	100,500	27,631
Cash flows used in investing activities	(2,373)	(8,645)	(14,328)	(75,523)	(5,514)
Cash flows (used in) / from financing activities	(19,623)	17,369	(2,468)	(2,620)	(20,037)
Net cash (outflows) / inflows	(5,605)	17,081	(2,108)	22,357	2,080

30 Investment

The movement of the fair value through profit and loss investment as following:

	2023 **$000**	2022 $000
1 January	**42**	49
Exchange differences	**-**	-
Additions	**9,948**	-
Change in fair value recognised in profit and loss	**45**	(7)
31 December	**10,035**	42

Fair value through profit and loss financial assets includes the following:

	2023 **$000**	2022 $000
Quoted:		
Equity securities – United Kingdom	**27**	42
Unquoted:		
Investment portfolio - Luxembourg	**10,008**	-
	10,035	42

Financial assets measured at fair value through profit and loss include the Group's strategic to aim for higher return. During the year, the Board allocated $10,000,000 to a fund manager to invest in structured products. These structured products are nevertheless capital protected as the Board exercised prudence, amidst generally low risk appetite. Out of the $10,000,000 allocated, the fund manager had invested of $9,948,000 in FY2023.

Fair value through profit and loss financial assets are denominated in the following currencies:

	2023 **$000**	2022 $000
Currency		
Sterling	**27**	42
US Dollar	**10,008**	-
	10,035	42

The fair value of investment for quoted equity securities is classified as Level 1 in the fair value hierarchy and fair value of investment for unquoted investment portfolio is classified as Level 2.

The valuation inputs for quoted equity securities are obtained from the active market while for unquoted investment portfolio is obtained from the custodian bank. Where this value is below the amount initially invested, the fair value has been determined to be the cost of the investment due to protected capital arrangements in place.

31 Acquisition of non-controlling interests

In June 2023, the Group acquired some additional 0.4% and 4.5% interest in the voting shares of PT Sawit Graha Manunggal ("SGM") and PT Kahayan Agro Plantation ("KAP"), respectively, increasing the Group ownership interest to almost 100% with a consideration of $2.6 million.

In July 2023, the Group also completed the acquisition of 25% of the issued share capital of PT United Kingdom Indonesia Plantations and the 10% of the issued share capital of PT Mitra Puding Mas, from PT. Canadianty Corporindo, the minority shareholder in Indonesia, for a total cash consideration of $25.2million, increasing the Group ownership interest to 100%.

In November 2023, the Group also completed the acquisition of 20% of the issued share capital of PT Tasik Raja, PT Hijau Pryan Perdana, PT Bina Pitri Jaya, the 10% of the issued share capital of PT Alno Agro Utama and the 25% of the issued share capital of PT Musam Utjing, from PT Marison Nauli Ventura, the minority shareholder in Indonesia, for a total cash consideration of $60 million, increasing the Group ownership interest to 100%.

The following is the schedule of additional interest:

	2023 **$000**
Consideration paid to non-controlling shareholders	**87,808**
Carrying value of the additional interest	**(101,342)**
Difference recognised in retained earnings	**(13,534)**

The total consideration of $86.6 million was in cash with the remaining $1.2 million being offset against an existing loan.

Acquisition of additional interest in RAA, KKST, ELAP, CPA and SGM in 2022.

On 10 October 2022, the Group acquired an additional 10% interest in the voting shares of CPA, increasing its ownership interest from 90% to 100%. At the same financial year on 30 November 2022, the Group also acquired an additional 5% interest in the voting shares of RAA, KKST, ELAP and SGM, increasing its ownership interest between 86% and 100%. Total consideration of $5,883,000 was paid to the non-controlling shareholders. The carrying value of the net assets of RAA, KKST, ELAP, CPA and SGM was $63,270,000. Following is the schedule of additional interest acquired in RAA, KKST, ELAP, CPA and SGM:

	2022 $000
Consideration paid to non-controlling shareholders	5,833
Carrying value of the additional interest	3,175
Difference recognised in retained earnings	9,008

32 Prior year restatement

The deferred tax assets were not recognised in FY2022 because of the understanding that generally capital losses cannot be utilised to offset against future trading profit. Following the finalisation of the 2022 accounts and through further research, the Group identified a provision in the Indonesian tax law which allows capital losses from trading assets to be offset against future trading profit.

The effects of the restatements are summarised as follows:

	2022 $000
Impact on consolidated income statement	
Profit for the year	95,657
Effect of change in restatement:	
Tax expense	11,683
	11,683
Profit for the year after restatement	107,340

The effect of the prior year adjustments had a positive impact on the earnings per share before BA of 23.39cts and a positive impact on the earnings per share after BA of 23.40cts for the year to 31 December 2022.

	2022 $000
Impact on consolidated statement of comprehensive income	
Other comprehensive expenses for the year before restatement	(54,798)
Effect of change in restatement:	
Gain on exchange translation of foreign operations	(684)
	(684)
Other comprehensive income for the year after restatement	(55,482)

32 Prior year restatement - continued

The following table summarises the impact of this prior year restatement on the Consolidated Statement of Financial Position:

	Balance as reported 31 December 2022 $000	Effect of restatement $000	Restated balance at 31 December 2022 $000
Impact on consolidated statement of financial position			
Deferred tax assets	1,832	10,941	12,773
Deferred tax liabilities	(805)	58	(747)
Exchange reserves	(288,891)	(543)	(289,434)
Retained earnings	712,919	9,272	722,191
Non-controlling interests	109,595	2,270	111,865

33 Events after the reporting period

There were no events after the reporting period which would be required to be disclosed in these financial statements.

Company Statement of Financial Position
As at 31 December 2023

Company Number: 1884630

	Note	2023 $000	2022 $000
Non-current assets			
Property, plant & equipment	4	**341**	-
Investments in subsidiaries	5	**12,253**	50,709
Investments		**27**	42
		12,621	50,751
Current assets			
Receivables	6	**61,735**	1,163
Cash at bank and in hand		**1,587**	954
		63,322	2,117
Current liabilities			
Other payables	7	**(3,302)**	(3,282)
Lease liabilities	8	**(65)**	-
		(3,367)	(3,282)
Net current assets / (liabilities)		**59,955**	(1,165)
Non-current liabilities			
Lease liabilities	8	**(277)**	-
		(277)	-
Net assets		**72,299**	49,586
Capital and reserves			
Share capital	9	**15,504**	15,504
Treasury shares	9	**(1,847)**	(1,171)
Share premium		**23,935**	23,935
Capital redemption reserve		**1,087**	1,087
Exchange reserves		**3,872**	3,872
Retained earnings		**29,748**	6,359
Shareholders' funds		**72,299**	49,586

The profit after tax for the year for the Company in the consolidated financial statements of the Company was $39,243,000 (2022: loss after tax $1,363,000).

The financial statements were approved and authorised for issue by the Board of Directors on 30 April 2024 and were signed on its behalf by:

Dato' John Lim Ewe Chuan
Executive Director

The accompanying notes are an integral part of this statement of financial position.

Company Statement of Changes in Equity

For the year ended 31 December 2023

	Share capital $000	Treasury shares $000	Share premium $000	Capital redemption reserve $000	Exchange reserves $000	Retained earnings $000	Total $000
Balance at 31 December 2021	15,504	(1,171)	23,935	1,087	3,872	9,704	52,931
Comprehensive loss for the year							
Loss for the year	-	-	-	-	-	(1,363)	(1,363)
Total comprehensive loss for the year	-	-	-	-	-	(1,363)	(1,363)
Dividends paid	-	-	-	-	-	(1,982)	(1,982)
Balance at 31 December 2022	**15,504**	**(1,171)**	**23,935**	**1,087**	**3,872**	**6,359**	**49,586**
Comprehensive loss for the year							
Profit for the year	**-**	**-**	**-**	**-**	**-**	**39,243**	**39,243**
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**-**	**39,243**	**39,243**
Share buy back	**-**	**(676)**	**-**	**-**	**-**	**-**	**(676)**
Dividends paid	**-**	**-**	**-**	**-**	**-**	**(15,854)**	**(15,854)**
Balance at 31 December 2023	**15,504**	**(1,847)**	**23,935**	**1,087**	**3,872**	**29,748**	**72,299**

The accompanying notes are an integral part of this statement of changes in equity.

Notes to the Company Financial Statements

1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 100 *Application of Financial Reporting Requirements* ("FRS 100") and Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

Disclosure exemptions adopted
In preparing these financial statements the Company has taken advantage of all disclosure exemptions conferred by FRS 101. Therefore, these financial statements do not include:
- certain comparative information as otherwise required by IFRS;
- certain disclosures regarding the Company's capital;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- the disclosure of the remuneration of key management personnel; and
- disclosure of related party transactions with other wholly owned members of Anglo-Eastern Plantations Plc group of companies.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the Company's consolidated financial statements. These financial statements do not include certain disclosures in respect of:
- financial instruments (other than certain disclosures required as a result of recording financial instruments at fair value); or
- fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value).

2 Accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented unless otherwise stated.

(a) *Basis of accounting*
The separate financial statements of the Company are presented as required by the Companies Act 2006. They have been prepared under the historical cost convention. The presentation currency used is US Dollar and amounts have been presented in thousands ("$000"). The principal accounting policies are summarised below.

(b) *Foreign currency*
The functional currency of the Company is US Dollar, chosen to reflect the primary economic environment in which the Company operates. Transactions in sterling are translated to US Dollar at the actual exchange rate and exchange losses recognised in income statement. Sterling denominated assets and liabilities are converted to US Dollar at the rate ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in income statement.

(c) *Investments*
Investments in subsidiaries are stated at cost less provision for any impairment.

(d) *Property, plant and equipment*
All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the items. After initial recognition, all items of property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Office plant and equipment is depreciated using the straight-line method. The yearly rate of depreciation is as follows:
Office plant, equipment & vehicle - 20% per annum

(e) *Leases*
The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:
• Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

2 Accounting policies - continued

(e) Leases - continued

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented together in property, plant and equipment in the consolidated statement of financial position. The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the "Impairment" policy.

(f) Dividends

Equity dividends are recognised when they become legally payable. The Company may pay an interim dividend each year. The final dividend becomes legally payable when approved by the shareholders at the next annual general meeting.

(g) Deferred taxation

A deferred tax asset has not been recognised in relation to brought forward tax losses of $13.7m (2022: $12.4m) because it is not certain those losses can be utilised in the foreseeable future.

(h) Treasury shares

Consideration paid or received for the purchase or sale of the Company's own shares for holding in treasury is recognised directly in equity, where the cost is presented as the treasury shares. Any excess of the consideration received on the sale of treasury shares over the weighted average cost of shares sold is taken to the share premium account. Any shares held in treasury are treated as cancelled for the purpose of calculating earnings per share.

(i) Financial guarantee contracts

Where the Company enters into financial guarantee contracts and guarantees the indebtedness of other companies within the Group, these are accounted for under IFRS 9. The details of financial guarantee contracts are disclosed in note 26 of the consolidated financial statements.

(j) Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimates and assumptions

Recoverability of investments and ECL on intercompany balances - estimate of future cash flows and liquid assets (note 5)

3 Income statement

As permitted by section 408 of the Companies Act 2006, a separate income statement dealing with the results of the Company has not been presented. The profit before tax for the year for the Company in the consolidated financial statements of the Company was $39,246,000 (2022: loss before tax $1,360,000) and profit after tax for the year was $39,243,000 (2022: loss after tax $1,363,000).

The remuneration of the directors of the Company is disclosed in note 7 to the consolidated financial statements. Auditor's remuneration is disclosed in note 5 to the consolidated financial statements.

4 Property, plant & equipment

	Office plant, equipment & vehicle $000	Right-of-use assets* $000	Total $000
<u>Cost</u>			
At 1 January 2023	**-**	**-**	**-**
Reclassification	**-**	**-**	**-**
Additions	**3**	**362**	**365**
Development costs capitalised	**-**	**-**	**-**
Disposals / Written off	**-**	**-**	**-**
At 31 December 2023	**3**	**362**	**365**
<u>Accumulated depreciation and impairment</u>			
At 1 January 2023	**-**	**-**	**-**
Reclassification	**-**	**-**	**-**
Charge for the year	**0**	**24**	**24**
Impairment losses	**-**	**-**	**-**
Disposal / Written off	**-**	**-**	**-**
At 31 December 2023	**0**	**24**	**24**
<u>Carrying amount</u>			
At 31 December 2023	**3**	**338**	**341**
At 31 December 2022	-	-	-

* Right-of-use assets has been disclosed in Note 8.

5 Investments in subsidiaries

	Investments in subsidiaries undertakings $000	Loans to subsidiaries undertakings $000	Total $000
At 1 January 2022	12,253	40,420	52,673
Movements during the year			
Repayment	-	(1,964)	(1,964)
Loss provision	-	-	-
At 31 December 2022	**12,253**	**38,456**	**50,709**
Movements during the year:			
Loans to subsidiaries undertakings classified as non-current at 31 December 2022 becoming current during 2023	**-**	**(38,456)**	**(38,456)**
At 31 December 2023	**12,253**	**-**	**12,253**

	2023 $000	2022 $000
Net carrying amount		
At 31 December	**12,253**	50,709

Loans to subsidiary companies do not have fixed repayment terms and are repayable on demand. At 31 December 2022, it was considered that they were effectively long-term in nature as there was no intention to settle within one year and were therefore classified as investments in subsidiaries. It is now considered that the nature of these balances has changed and, as a result, have been reclassified to current receivables at 31 December 2023. The details of the ECL are disclosed in note 6.

The details of the subsidiaries are disclosed in note 28 of the consolidated financial statements.

6 Receivables

	2023 $000	2022 $000
Amounts owed by group undertakings:		
Anglo-Eastern Plantations Management Sdn Bhd	**1,145**	1,072
Anglo-Indonesian Oil Palms Limited	**57,019**	-
PT Anglo-Eastern Plantations Management Indonesia	**48**	34
	58,212	1,106
Other receivables	**3,523**	57
	61,735	1,163

The amounts owed by group undertakings arise as a result of advances to subsidiary companies and expenses paid on their behalf. The amounts are unsecured, interest free and do not have fixed repayment terms.

For intercompany balances that are repayable on demand, the Company's ECL is based on the following assumptions:

- If the borrower has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, the ECL is likely to be immaterial.
- If the borrower could not repay the loan if demanded at the reporting date, the Company considers the expected manner of recovery to measure the ECL. The recovery manner could be either through 'repayment over time' or a fire sale of less liquid assets by the borrower.
- If the recovery strategies indicate that the Company would fully recover the outstanding balance of the loan, the ECL would be limited to the effect of the discounting of the amount due on the loan, at the loan's effective interest rates, over the period until the amount is fully recovered.

The details of other receivables related to ECL were disclosed in note 17 and note 27 of the consolidated financial statements.

Movements on the Company's loss provision on both current and non-current other receivables were as follows:

	2023 $000	2022 $000
At 1 January	**2,235**	2,149
Loss provision during the year	**352**	86
At 31 December	**2,587**	2,235

At 31 December 2023, the expected loss provision for receivables was as follows:

	Gross carrying amount $000	Loss provision $000	Net carrying amount $000
2023			
Amounts owed by group undertakings	**60,762**	**(2,550)**	**58,212**
Other receivables	**3,523**	**-**	**3,523**
Investments in subsidiaries (note 5)			
- Loans to subsidiaries undertakings	**37**	**(37)**	**-**
	64,322	**(2,587)**	**61,735**

	Gross carrying amount $000	Loss provision $000	Net carrying amount $000
2022			
Amounts owed by group undertakings:	3,304	(2,198)	1,106
Other receivables	57	-	57
Investments in subsidiaries (note 5)			
- Loans to subsidiaries undertakings	38,493	(37)	38,456
	41,854	(2,235)	39,619

Notes to the Company Financial Statements

7 Other payables

	2023 $000	2022 $000
Amounts owed to group undertakings:		
Mergerset (1980) Limited	**2,163**	2,163
Musam Indonesia Limited	**246**	246
	2,409	2,409
Accruals	**893**	873
	3,302	3,282

The amounts owed to group undertakings arise as a result of advances from subsidiary companies and expenses paid on our behalf. The amounts are unsecured, interest free and do not have fixed repayment terms.

8 Leases

	2023 $000
Lease liabilities analysed as:	
Non-current	**(277)**
Current	**(65)**
	(342)

The weighted average incremental borrowing rate per annum was 6.6%.

Maturity analysis for the lease liabilities has been given. The following table sets out the undiscounted contractual cashflows of lease liabilities:

	2023 $000
Less than 1 year	**(85)**
Between 1 and 2 years	**(85)**
Between 2 and 5 years	**(226)**
Lease liabilities	**(396)**

Amounts recognised in income statement:

	2023 $000
Depreciation expense on right-of-use assets (note 4)	**(24)**
Interest expense on lease liabilities	**(8)**
Expense relating to short-term leases	**(132)**
Expense relating to leases of low value assets	**-**
	(164)

At 31 December 2023, the Company has no short-term lease commitment.

All the leases are fixed payments. The total cash outflow for leases amount to $160,000.

The Company leases an office premises under the right-of-use assets. The remaining lease term is 8 months. On expiry the Company has the options to renew based on mutually agreed future rental and the Company will continue to rent for another for 5 years. The right-of-use assets is classified as part of property, plant and equipment in note 4.

Right-of-Use assets

	Building $000	Total $000
At 1 January 2023	**-**	**-**
Additions	**362**	**362**
Amortisation	**(24)**	**(24)**
Effect of foreign exchange	**-**	**-**
At 31 December 2023	**338**	**338**

8 Leases - continued

Lease liabilities

	Building $000	Total $000
At 1 January 2023	**-**	**-**
Additions	**(362)**	**(362)**
Interest expense	**(8)**	**(8)**
Lease payments	**28**	**28**
Effect of foreign exchange	**-**	**-**
At 31 December 2023	**(342)**	**(342)**

9 Share capital and treasury shares

The details of the share capital and treasury shares are disclosed in note 22 of the consolidated financial statements.

10 Related party transactions

An office premises lease agreement was entered with Infra Sari Sdn Bhd, a company controlled by late Madam Lim Siew Kim. The rental paid during the year was $160,569 (2022: $250,896). There was no balance outstanding at the year end (2022: nil). This has been classified as a long term lease as the premises are renovated since 2023 and therefore lease payments have been offset in lease liabilities from September 2023.

The details of the dividend payment to the related parties controlled by late Madam Lim Siew Kim are disclosed in note 24 of the consolidated financial statements.

Transactions between the Company and its subsidiaries are disclosed below:

Nature of transactions	Name	2023 $000	2022 $000
Management fees from	Anglo-Eastern Plantations Malaysia Sdn Bhd	**36**	36
Commissioner services income	PT Anglo-Eastern Plantations Management Indonesia	**14**	17
Receivable from	Subsidiaries (note 6)	**3,743**	3,304
Payable to	Subsidiaries (note 7)	**2,400**	2,409

The details of the intercompany receivables and payables are disclosed in note 6 and note 7 of the Company financial statements respectively.

11 Employees' and Directors' remuneration

	2023 Number	2022 Number
Average numbers employed during the year		
- directors	**5**	5
- staff	**-**	-
	5	5

	2023 $000	2022 $000
Staff costs		
Wages and salaries	**-**	-
Social security costs	**-**	-
Retirement benefits	**-**	-
	-	-

The information required by the Companies Act and the Listing Rules of the Financial Conduct Authority are contained in the Directors' remuneration report on pages 88 - 95 of which certain information on page 92 has been audited.

	2023 $000	2022 $000
Directors' emoluments	**301**	191

12 Dividends

In FY2023, the Company received dividends amounting to $40,000,000 from one of its subsidiaries. The details of the dividends are disclosed in note 11 of the consolidated financial statements.

13 Guarantees and other financial commitments

The Company has provided nil guarantees for loans to subsidiaries (2022: nil) as set out in note 26 of the consolidated financial statements.

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