



Anglo-Eastern Plantations Plc

Company Number: 1884630

**INTERIM REPORT
30 JUNE 2022**

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Chairman's Interim Statement

The interim results for the Group for the six months to 30 June 2022 are as follows:

Revenue from continuing operations for the six months to 30 June 2022 was \$249.2 million, 26% higher than \$197.7 million reported for the same period of 2021. The Group's gross profit from continuing operations was \$90.3 million compared to \$61.8 million for the first six months of 2021. Overall profit before tax, after biological assets ("BA") movement, from continuing operations for the first half of 2022 was 49% higher at \$89.5 million against \$60.2 million for the corresponding period in 2021. The overall profit from continuing operations includes a net reversal of impairment losses of \$0.2 million for the first half of 2022 compared to a reversal of impairment loss of \$0.1 million for the first half of 2021. The BA movement adjustment from continuing operations for the first half of 2022 was a debit of \$5.3 million compared to a credit of \$3.9 million in the last period. The higher profit was attributed to the higher Crude Palm Oil ("CPO") prices.

Fresh Fruit Bunches ("FFB") production from continuing operations for the first half of 2022 was 3% lower at 550,800mt compared to 569,100mt for the same period in the prior year due to lower production in Bengkulu and Kalimantan regions. The harvest in Bengkulu was lower by 13% primarily due to a reduction of almost 1,000ha of matured area of which 428ha was replanted in the second half of 2021 while another 551ha was cleared for replanting in the first half of 2022. During 1Q 2022 the public roads in Kurun township were closed for a month because of extremely bad weather which affected the transportation of crops and in turn caused a 9% decline in the harvest in Central Kalimantan. Younger palms in North Sumatera continue to out-performed the rest of the regions by registering a growth of 6% against last year. Bought-in crops for the first half of 2022 also decreased by 4% to 557,600mt from 583,400mt. The increased purchase of outside crops in North Sumatera (6%) and Kalimantan (9%) could not off-set a 19% decrease in crop purchase in the Bengkulu region. The significant decrease in the Bengkulu region is caused by the reopening of a mill of one of the suppliers following a shutdown for maintenance in 2021. In addition, some of AEP's mills had to reduce external crop purchases due to the CPO storage tanks reaching their maximum storage capacities as inventory built-up during the export ban.

Operational and financial performance

For the six months ended 30 June 2022, gross profit margin from continuing operations increased to 36.2% from 31.3% as the Group experienced higher CPO and palm kernel prices.

CPO price ex-Rotterdam averaged \$1,640/mt for the first six months to 30 June 2022, 46% higher than \$1,122/mt over the same period in 2021. As a result, the Group's average ex-mill price was higher by 47% at \$1,035/mt for the same period (H1 2021: \$706/mt). The ex-mill prices are normally at a discount to ex-Rotterdam prices as buyers are required to pay logistic charges and Indonesian CPO tax and levy. The Group also benefited from higher palm kernel prices which was 66% higher at the average price of \$808/mt against \$486/mt last year.

Profit after tax from continuing operations for the six months ended 30 June 2022 was 45% higher at \$68.8 million, compared to a profit after tax from continuing operations of \$47.3 million for the first six months of 2021.

The resulting basic earnings per share from continuing operations for the period was 144.73cts (H1 2021: 100.11cts).

Chairman's Interim Statement (continued)

The Group's balance sheet remains strong with no outstanding bank loans. Net assets as at 30 June 2022 were \$585.3 million compared to \$496.6 million as at 30 June 2021 and \$542.1 million as at 31 December 2021. The increase in net assets from the last interim report was attributed to higher profit and higher inventories. Inventories, comprising mainly of CPO, built up to \$41 million against \$15 million as at 30 June 2021 due to the CPO export ban in Indonesia which is explained in more detail under commodity prices below. The Indonesian Rupiah has depreciated by 4% against the US dollar in the first half of 2022.

As at 30 June 2022, the Group had cash and cash equivalents including all fixed deposits with banks of \$246.8 million (H1 2021: \$160.7 million, 31 December 2021: \$219.7 million).

Operating costs

Operating costs for the Indonesian operations were higher in the first half of 2022 compared to the same period in 2021 mainly due to higher prices paid for third party crops, higher costs of maintaining plantations and mills and higher harvesting costs arising from the increased matured area. Fertiliser costs rose sharply by 80% in the first half of 2022 to \$15.8 million from \$8.8 million for the corresponding period last year. Transport costs have also increased significantly by 56% to \$2.8 million from \$1.8 million for the corresponding period last year as diesel prices have increased.

Production and Sales

	2022	2021	2021
	6 months	6 months	Year
	to 30 June	to 30 June	to 31 December
	mt	mt	mt
Oil palm production			
FFB			
- all estates from continuing operations	550,800	569,100	1,152,400
- estates from discontinued operations	21,500	17,400	37,200
- bought-in from third parties	557,600	583,400	1,142,200
Saleable CPO	227,800	238,700	473,200
Saleable palm kernels	54,400	57,100	97,100
Oil palm sales			
CPO	200,000	237,900	477,600
Palm kernels	48,900	55,400	113,400
FFB sold outside	17,800	13,400	29,400
Rubber production	168	206	425

The Group's six mills processed a total of 1,112,100mt in FFB for the first half of 2022, a 4% decrease compared to 1,156,500mt for the same period last year.

Overall CPO produced for the first half of 2022 was 5% lower at 227,800mt from 238,700mt. The oil extraction rate for the first half of 2022 was 20.5% compared to 20.6% in the same period last year.

Chairman's Interim Statement (continued)

Commodity prices

The CPO price ex-Rotterdam for the first half of 2022 averaged \$1,640/mt, 46% higher than last year (H1 2021: \$1,122/mt). The CPO price started the year at \$1,350/mt, gradually trending upwards to peak in March 2022 at \$2,000/mt before dropping to \$1,420/mt towards the middle of June, before recovering to close at \$1,500/mt at 30 June 2022. The rally in the first three months of 2022 was built upon; speculation of unfavourable weather conditions in prime soybean-producing countries which have adversely affected the supply of soybean oil (of which CPO is the closest substitute), the gradual re-opening of the world economy after the ravage of Covid-19 and the disruption to supplies because of the Russia-Ukraine conflict. The Indonesian government's move to ban the export of CPO and refined palm oil from 28 April 2022 to 22 May 2022 added further volatility to global edible oil prices. CPO prices have since retracted to lower levels due to high inventory of CPO built up during the export ban. The Indonesian government is constantly refining its policies to accelerate exports of CPO as well as to contain the price of domestic cooking oil which could trigger more volatility in prices.

Rubber price averaged \$1,670/mt, 4% lower than H1 2021 at \$1,734/mt.

Development

The Group's planted areas at 30 June 2022 comprised:

	Total	Mature	Immature
	Ha	ha	Ha
Continuing operations			
North Sumatera	19,107	18,851	256
Bengkulu	16,557	14,912	1,645
Riau	4,836	4,836	-
Kalimantan	17,409	14,889	2,520
Bangka	2,564	1,065	1,499
Plasma	3,586	2,268	1,318
Indonesia	64,059	56,821	7,238
Malaysia	3,453	3,453	-
	67,512	60,274	7,238
Discontinued operations			
South Sumatera	6,662	6,064	598
Plasma	1,065	1,020	45
	7,727	7,084	643
Total: 30 June 2022	75,239	67,358	7,881
Total: 31 December 2021	75,204	65,921	9,283
Total: 30 June 2021	74,131	66,204	7,927

The Group's new planting and replanting for the first six months of 2022 totalled 439ha compared to 1,025ha for the same period last year. In addition, Plasma planting for the period was 152ha (H1 2021: 187ha).

Chairman's Interim Statement (continued)

The Group remains optimistic that it will meet substantially its reduced total planting target of 1,900ha (including replanting) in 2022. The Group's total landholding from its continuing operations comprises some 90,690ha, of which the planted area stands at around 67,512ha (H1 2021: 66,623ha) with the balance of estimated plantable land at 10,850ha (H1 2021: 11,590ha).

The construction of the seventh mill in North Sumatera, which has been delayed by the frequent lockdowns caused by the pandemic in the country, is nearing completion. It is making good progress as most machineries have been prefabricated and are being assembled on site. Some items like the steam turbine and decanter have arrived at the local port and are awaiting delivery to the construction site. The mill is expected to be completed before the year end. The costs of construction have reached about \$22 million against an earlier estimate of \$19 million.

In the meantime, an external consultant has been appointed to undertake an environmental study to advise compliance criteria to apply for the necessary permits to build the eighth mill in Kalimantan.

Dividend

As in previous years, no interim dividend has been declared. A final dividend of 5.0 cents per share in respect of the year ended 31 December 2021 was paid on 15 July 2022.

Outlook

CPO prices are expected to weaken in the second half of 2022 as the industry enters into the high production season. In addition, the Indonesian government's decision to waive the export levy until the end of August 2022 in its effort to flush out and reduce its stockpile of palm oil could push prices even lower. An agreement between Ukraine and Russia to reopen the ports in the Black Sea to allow the export of commodities, including sunflower oil, from the region would also negatively impact on palm oil prices. Economists fear that inflationary pressure arising from higher commodity prices could trigger a worldwide recession in the coming months which could dampen demand for CPO. It is increasingly apparent that 2022 will be a year of two halves, with record CPO prices in the first half of 2022 and much lower prices in the second half. On a positive note, the Indonesian government's determination to develop and increase the biodiesel blending to B35 and B40 from B30 in the near future would help enhance the domestic consumption and absorb a higher production of CPO.

Tribute

The Board has previously announced its profound sadness of the passing of our ex-Chairman, Madam Lim Siew Kim on 14 July 2022. Madam Lim joined the Board in 1993 and was the Non-Executive Chairman from 2011 until her recent retirement. During her tenure, the Group grew in profitability and the business expanded to what it is today. The Board of Directors had conveyed their condolences to the family members at the time and would like to formally record their appreciation and thanks for Madam Lim's invaluable guidance and advice during her tenure on the Board.

Chairman's Interim Statement (continued)

Principal risks and uncertainties

The principal risks and uncertainties, including the risks due to the Coronavirus pandemic, have broadly remained the same since the publication of the annual report for the year ended 31 December 2021.

A more detailed explanation of the risks relevant to the Group is on pages 42 to 47 and from pages 130 to 135 of the 2021 annual report which is available at <https://www.angloeastern.co.uk/>.

Mr Jonathan Law Ngee Song
Chairman

25 August 2022

Responsibility Statements

We confirm that to the best of our knowledge:

- a) The unaudited interim financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34: Interim Financial Reporting as adopted by the European Union;
- b) The Chairman's interim statement includes a fair review of the information required by Disclosure and Transparency Rule (“DTR”) 4.2.7R (an indication of important events during the first six months and a description of the principal risks and uncertainties for the remaining six months of the year); and
- c) The interim financial statements include a fair review of the information required by DTR 4.2.8R (material related party transactions in the six months ended 30 June 2022 and any material changes in the related party transactions described in the last Annual Report) of the DTR of the United Kingdom Financial Conduct Authority.

By order of the Board
Dato’ John Lim Ewe Chuan
Executive Director, Corporate Finance and Corporate Affairs

25 August 2022

Condensed Consolidated Income Statement

	Notes	2022 6 months to 30 June (unaudited)			2021 6 months to 30 June (restated) (unaudited)			2021 Year to 31 December (audited)		
		Result before BA movement* \$000	BA movement \$000	Total \$000	Result before BA movement* \$000	BA movement \$000	Total \$000	Result before BA movement* \$000	BA movement \$000	Total \$000
Continuing operations										
Revenue	4	249,229	-	249,229	197,678	-	197,678	433,421	-	433,421
Cost of sales		(153,633)	(5,314)	(158,947)	(139,743)	3,865	(135,878)	(300,354)	4,349	(296,005)
Gross profit		95,596	(5,314)	90,282	57,935	3,865	61,800	133,067	4,349	137,416
Administration expenses		(3,015)	-	(3,015)	(3,317)	-	(3,317)	(8,764)	-	(8,764)
Reversal of impairment		622	-	622	133	-	133	5,437	-	5,437
Impairment losses		(366)	-	(366)	-	-	-	(585)	-	(585)
(Provision) / Reversal for expected credit loss		(6)	-	(6)	(1)	-	(1)	177	-	177
Operating profit		92,831	(5,314)	87,517	54,750	3,865	58,615	129,332	4,349	133,681
Exchange gains		311	-	311	298	-	298	212	-	212
Finance income	5	1,714	-	1,714	1,331	-	1,331	3,214	-	3,214
Finance expense	5	(8)	-	(8)	(12)	-	(12)	(24)	-	(24)
Profit before tax	6	94,848	(5,314)	89,534	56,367	3,865	60,232	132,734	4,349	137,083
Tax expense	7	(21,865)	1,169	(20,696)	(12,128)	(854)	(12,982)	(24,784)	(958)	(25,742)
Profit for the period from continuing operations		72,983	(4,145)	68,838	44,239	3,011	47,250	107,950	3,391	111,341
(Loss) / gain on discontinued operations, net of tax		(297)	(75)	(372)	(1,512)	67	(1,445)	(28,471)	50	(28,421)
		72,686	(4,220)	68,466	42,727	3,078	45,805	79,479	3,441	82,920

Condensed Consolidated Income Statement (continued)

Notes	2022 6 months to 30 June (unaudited)			2021 6 months to 30 June (restated) (unaudited)			2021 Year to 31 December (audited)		
	Result before BA movement* \$000	BA movement \$000	Total \$000	Result before BA movement* \$000	BA movement \$000	Total \$000	Result before BA movement* \$000	BA movement \$000	Total \$000
Profit for the period attributable to:									
- Owners of the parent	60,582	(3,551)	57,031	35,746	2,581	38,327	65,485	2,856	68,341
- Non-controlling interests	12,104	(669)	11,435	6,981	497	7,478	13,994	585	14,579
	72,686	(4,220)	68,466	42,727	3,078	45,805	79,479	3,441	82,920
Profit for the period from continuing operations attributable to:									
- Owners of the parent	60,845	(3,480)	57,365	37,163	2,517	39,680	93,245	2,809	96,054
- Non-controlling interests	12,138	(665)	11,473	7,076	494	7,570	14,705	582	15,287
	72,983	(4,145)	68,838	44,239	3,011	47,250	107,950	3,391	111,341
Earnings per share attributable to the owners of the parent during the period									
Profit									
- basic and diluted	9		143.89cts			96.70cts			172.42cts
Profit from continuing operations									
- basic and diluted	9		144.73cts			100.11cts			242.34cts

* The total column represents the IFRS figures and the result before BA movement is an Alternative Performance Measure ("APM") which reflects the Group's results before the movement in fair value of biological assets has been applied. We have opted to additionally disclose this APM as the BA movement is considered to be a fair value calculation which does not appropriately represent the Group's result for the year.

Condensed Consolidated Statement of Comprehensive Income

	2022 6 months to 30 June (unaudited) \$000	2021 6 months to 30 June (unaudited) \$000	2021 Year to 31 December (audited) \$000
Profit for the period	68,466	45,805	82,920
Other comprehensive expenses:			
<i>Items may be reclassified to profit or loss:</i>			
Loss on exchange translation of foreign operations	(22,933)	(13,110)	(5,429)
Net other comprehensive expenses may be reclassified to profit or loss	(22,933)	(13,110)	(5,429)
<i>Items not to be reclassified to profit or loss:</i>			
Remeasurement of retirement benefits plan, net of tax	-	-	1,086
Net other comprehensive income not being reclassified to profit or loss	-	-	1,086
Total other comprehensive expenses for the period, net of tax	(22,933)	(13,110)	(4,343)
Total comprehensive income for the period	45,533	32,695	78,577
Attributable to:			
- Owners of the parent	38,570	27,815	64,993
- Non-controlling interests	6,963	4,880	13,584
	45,533	32,695	78,577

Condensed Consolidated Statement of Financial Position

	2022 as at 30 June (unaudited) \$000	2021 as at 30 June (unaudited) \$000	2021 as at 31 December (audited) \$000
Non-current assets			
Property, plant and equipment	259,545	275,177	260,532
Investment	49	-	49
Receivables	22,591	24,153	22,000
Deferred tax assets	1,674	14,730	4,324
	283,859	314,060	286,905
Current assets			
Inventories	41,012	15,038	14,316
Income tax receivables	4,766	10,034	5,072
Other tax receivables	52,054	34,717	45,423
Biological assets	7,133	12,443	12,803
Trade and other receivables	4,457	5,492	5,182
Short-term investments	59,495	1,539	1,439
Cash and cash equivalents	187,339	159,140	218,249
	356,256	238,403	302,484
Assets in disposal groups classified as held for sale	13,000	-	13,210
	369,256	238,403	315,694
Current liabilities			
Trade and other payables	(40,175)	(27,223)	(32,533)
Income tax liabilities	(11,474)	(11,863)	(13,139)
Other tax liabilities	(566)	(1,171)	(1,615)
Dividend payables	(2,007)	(420)	(25)
Lease liabilities	(152)	(244)	(240)
	(54,374)	(40,921)	(47,552)
Net current assets	314,882	197,482	268,142

Condensed Consolidated Statement of Financial Position (continued)

	2022 as at 30 June (unaudited) \$000	2021 as at 30 June (unaudited) \$000	2021 as at 31 December (audited) \$000
Non-current liabilities			
Deferred tax liabilities	(1,259)	(625)	(1,330)
Retirement benefits - net liabilities	(12,089)	(14,220)	(11,499)
Lease liabilities	(68)	(90)	(110)
	(13,416)	(14,935)	(12,939)
Net assets	585,325	496,607	542,108
Issued capital and reserves attributable to owners of the parent			
Share capital	15,504	15,504	15,504
Treasury shares	(1,171)	(1,171)	(1,171)
Share premium	23,935	23,935	23,935
Capital redemption reserve	1,087	1,087	1,087
Exchange reserves	(260,368)	(248,111)	(241,907)
Retained earnings	697,631	611,608	642,582
	476,618	402,852	440,030
Non-controlling interests	108,707	93,755	102,078
Total equity	585,325	496,607	542,108

Condensed Consolidated Statement of Changes in Equity

	Attributable to owners of the parent							Non-controlling interests \$000	Total equity \$000
	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 2020	15,504	(1,171)	23,935	1,087	(237,599)	573,677	375,433	88,875	464,308
Items of other comprehensive income:									
-Remeasurement of retirement benefits plan, net of tax	-	-	-	-	-	960	960	126	1,086
-Loss on exchange translation of foreign operations	-	-	-	-	(4,308)	-	(4,308)	(1,121)	(5,429)
Total other comprehensive (expenses) / income	-	-	-	-	(4,308)	960	(3,348)	(995)	(4,343)
Profit for the year	-	-	-	-	-	68,341	68,341	14,579	82,920
Total comprehensive (expenses) / income for the year	-	-	-	-	(4,308)	69,301	64,993	13,584	78,577
Dividends paid	-	-	-	-	-	(396)	(396)	(381)	(777)
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 income:									
-Remeasurement of retirement benefits plan, net of tax	-	-	-	-	-	-	-	-	-
-Loss on exchange translation of foreign operations	-	-	-	-	(18,461)	-	(18,461)	(4,472)	(22,933)
Total other comprehensive (expenses) / income	-	-	-	-	(18,461)	-	(18,461)	(4,472)	(22,933)
Profit for the period	-	-	-	-	-	57,031	57,031	11,435	68,466
Total comprehensive (expenses) / income for the period	-	-	-	-	(18,461)	57,031	38,570	6,963	45,533
Dividends payable	-	-	-	-	-	(1,982)	(1,982)	(334)	(2,316)
Balance at 30 June 2022	15,504	(1,171)	23,935	1,087	(260,368)	697,631	476,618	108,707	585,325

Condensed Consolidated Statement of Changes in Equity (continued)

	Attributable to owners of the parent							Non-controlling interests \$000	Total Equity \$000
	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 2020	15,504	(1,171)	23,935	1,087	(237,599)	573,677	375,433	88,875	464,308
Items of other comprehensive income:									
-Loss on exchange translation of foreign operations	-	-	-	-	(10,512)	-	(10,512)	(2,598)	(13,110)
Total other comprehensive expenses	-	-	-	-	(10,512)	-	(10,512)	(2,598)	(13,110)
Profit for the period	-	-	-	-	-	38,327	38,327	7,478	45,805
Total comprehensive (expenses) / income for the period	-	-	-	-	(10,512)	38,327	27,815	4,880	32,695
Dividends payable	-	-	-	-	-	(396)	(396)	-	(396)
Balance at 30 June 2021 (after restatement)	15,504	(1,171)	23,935	1,087	(248,111)	611,608	402,852	93,755	496,607

Condensed Consolidated Statement of Cash Flows

	2022 6 months to 30 June (unaudited) \$000	2021 6 months to 30 June (unaudited) \$000	2021 Year to 31 December (audited) \$000
Cash flows from operating activities			
Profit before tax	89,534	60,232	137,083
Adjustments for:			
Biological assets movement	5,314	(3,865)	(4,349)
(Gain) / Loss on disposal of property, plant and equipment	(49)	(1)	24
Depreciation	8,370	8,460	16,994
Retirement benefit provisions	1,100	1,222	103
Net finance income	(1,706)	(1,319)	(3,190)
Unrealised gain in foreign exchange	(311)	(298)	(212)
Property, plant and equipment written off	80	169	72
Reversal of impairment	(256)	(133)	(4,852)
Provision / (Reversal) for expected credit loss	6	1	(177)
Operating cash flows before changes in working capital	102,082	64,468	141,496
(Increase) in inventories	(27,157)	(2,579)	(2,649)
Decrease / (Increase) in non- current, trade and other receivables	584	(3,322)	(517)
Increase in trade and other payables	8,849	1,039	6,683
Cash inflows from operations	84,358	59,606	145,013
Retirement benefits paid	(137)	(132)	(487)
Overseas tax paid	(28,935)	(1,286)	(12,359)
Operating cash flows from continuing operations	55,286	58,188	132,167
Operating cash flows (used in) / from discontinued operations	(850)	2,884	(821)
Net cash flows from operating activities	54,436	61,072	131,346

Condensed Consolidated Statement of Cash Flows (continued)

	2022 6 months to 30 June (unaudited) \$000	2021 6 months to 30 June (unaudited) \$000	2021 Year to 31 December (audited) \$000
Investing activities			
Property, plant and equipment			
- purchases	(17,763)	(10,592)	(26,374)
- sales	51	1	413
Interest received	1,714	1,331	3,214
Increase in receivables from cooperatives under plasma scheme	(1,395)	(2,032)	(1,985)
Investment in share equity	-	-	(49)
Placement of fixed deposits with original maturity of more than three months	(59,495)	-	(1,439)
Withdrawal of fixed deposits with original maturity of more than three months	1,439	418	1,957
Cash used in investing activities from continuing operations	(75,449)	(10,874)	(24,263)
Cash used in investing activities from discontinued operations	(887)	(2,988)	(1,594)
Net cash used in investing activities	(76,336)	(13,862)	(25,857)
Financing activities			
Dividends paid to the holders of the parent	-	-	(395)
Dividends paid to non-controlling interests	(334)	-	(381)
Repayment of lease liabilities - principal	(112)	(106)	(228)
Repayment of lease liabilities - interest	(8)	(12)	(24)
Cash used in financing activities from continuing operations	(454)	(118)	(1,028)
Cash used in financing activities from discontinued operations	-	-	-
Net cash used in financing activities	(454)	(118)	(1,028)
Net (decrease) / increase in cash and cash equivalents	(22,354)	47,092	104,461
Cash and cash equivalents			
At beginning of period	218,249	115,211	115,211
Exchange losses	(8,556)	(3,163)	(1,423)
At end of period	187,339	159,140	218,249
Comprising:			
Cash at end of period	187,339	159,140	218,249

Notes to the interim statements

1. Basis of preparation of interim financial statements

These interim consolidated financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting". They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2021 Annual Report. The financial information for the half years ended 30 June 2022 and 30 June 2021 does not constitute statutory accounts within the meaning of Section 434(3) of the Companies Act 2006 and has been neither audited nor reviewed pursuant to guidance issued by the Auditing Practices Board.

Basis of preparation

The annual financial statements of Anglo-Eastern Plantations Plc are prepared in accordance with UK adopted International Accounting Standards. The comparative financial information for the year ended 31 December 2021 included within this report does not constitute the full statutory accounts for that period. The statutory Annual Report and Financial Statements for 2021 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statements for 2021 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under Sections 498(2) or 498(3) of the Companies Act 2006.

The Directors have a reasonable expectation, having made the appropriate enquiries, that the Group has control of the monthly cashflows and that the Group has sufficient cash resources to cover the fixed cashflows for a period of at least 12 months from the date of approval of this interim report. For these reasons, the Directors adopted a going concern basis in the preparation of the interim report. 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 if all the plantations are infected with Coronavirus as well as the impact on the demand for palm oil due to the Coronavirus pandemic. Stress testing of other identified uncertainties was undertaken on primarily commodity prices and currency exchange rates.

Changes in accounting standards

The same accounting policies, presentation and methods of computation are followed in these condensed consolidated financial statements as were applied in the Group's latest annual audited financial statements.

2. Foreign exchange

	2022 6 months to 30 June (unaudited)	2021 6 months to 30 June (unaudited)	2021 Year to 31 December (audited)
Closing exchange rates			
Rp : \$	14,848	14,496	14,269
\$: £	1.21	1.38	1.35
RM : \$	4.41	4.15	4.17
Average exchange rates			
Rp : \$	14,445	14,298	14,312
\$: £	1.30	1.39	1.38
RM : \$	4.27	4.10	4.15

Notes to the interim statements (continued)

3. Prior year restatement

With effect from 31 December 2021 and applied retrospectively, the Group have opted for a change in accounting policy in respect of the treatment of land in the Group's financial statements which is accounted for in accordance with IAS 16 Property, Plant and Equipment. The Group has historically recognised land under the revaluation model however, following an analysis of the Group's peers in the UK, it was apparent that the majority reported their land at historical cost and therefore the decision was made to change the accounting policy to make the financial information more comparable and provide a more relevant result. Land has always been recognised in the local Indonesian financial statements at historical cost. The Group now recognises land at cost initially and is not depreciated except for the land in Malaysia as the possibility to renew the leasehold land in Malaysia is minimal.

The effects of the restatements are summarised as follows:

	6 months to 30 June 2021 \$000
Impact on consolidated income statement	
Profit for the year before restatement	45,869
Effect of change in restatement:	
Cost of sales	(64)
	(64)
Profit for the year after restatement	45,805

The effect of the prior year adjustments had a negative impact on the earnings per share before BA of 0.08cts and a negative impact on the earnings per share after BA of 0.09cts for the period to 30 June 2021.

	6 months to 30 June 2021 \$000
Impact on consolidated statement of comprehensive income	
Other comprehensive expenses for the year before restatement	(15,893)
Effect of change in restatement:	
Unrealised gain on revaluation of leasehold land, net of tax	1,014
Gain on exchange translation of foreign operations	1,769
	2,783
Other comprehensive expenses for the year after restatement	(13,110)

The following table summarises the impact of this prior year restatement on the Consolidated Statement of Financial Position:

	Balance as reported 30 June 2021 \$000	Effect of restatement \$000	Restated balance at 30 June 2021 \$000
Impact on consolidated statement of financial position			
Property, plant and equipment	356,170	(80,993)	275,177
Deferred tax assets	9,317	5,413	14,730
Deferred tax liabilities	(14,659)	14,034	(625)
Revaluation reserves	48,465	(48,465)	-
Exchange reserves	(245,502)	(2,609)	(248,111)
Retained earnings	611,459	149	611,608
Non-controlling interests	104,376	(10,621)	93,755

Notes to the interim statements (continued)

3. Prior year restatement (continued)

The restatement of land from fair value to historical cost has decreased the value of the property, plant and equipment and eliminated the revaluation reserves. Deferred tax liabilities previously recognised on the revaluation of land have been reversed resulting in a decrease in deferred tax liabilities, but also an increase in deferred tax assets where individual entities have moved from a net deferred tax liability position to a net deferred tax asset position. Depreciation of the land in Malaysia recognised retrospectively and the reversal of the deferred tax liabilities previously recognised has resulted in a small increase in retained earnings. All entities for which these adjustments relate have non-controlling interests and therefore the impact on those non-controlling interests has also been recognised.

4. 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.

6 months to 30 June 2022	CPO, palm kernel and FFB \$000	Rubber \$000	Shell nut \$000	Biomass products \$000	Biogas products \$000	Others \$000	Total \$000
Contract counterparties							
Government	-	-	-	-	540	-	540
Non-government							
- Wholesalers	245,456	280	2,605	24	-	324	248,689
	<u>245,456</u>	<u>280</u>	<u>2,605</u>	<u>24</u>	<u>540</u>	<u>324</u>	<u>249,229</u>
Timing of transfer of goods							
Delivery to customer premises	3,569	280	-	-	-	-	3,849
Delivery to port of departure	-	-	-	24	-	-	24
Customer collect from our mills / estates	241,887	-	2,605	-	-	-	244,492
Upon generation / others	-	-	-	-	540	324	864
	<u>245,456</u>	<u>280</u>	<u>2,605</u>	<u>24</u>	<u>540</u>	<u>324</u>	<u>249,229</u>

Notes to the interim statements (continued)

4. Revenue (continued)

6 months to 30 June 2021	CPO, palm kernel and FFB \$000	Rubber \$000	Shell nut \$000	Biomass products \$000	Biogas products \$000	Others \$000	Total \$000
<i>Contract counterparties</i>							
Government	-	-	-	-	423	-	423
Non-government							
- Wholesalers	194,213	356	2,187	218	-	281	197,255
	194,213	356	2,187	218	423	281	197,678
<i>Timing of transfer of goods</i>							
Delivery to customer premises	2,304	356	-	-	-	-	2,660
Delivery to port of departure	-	-	-	218	-	-	218
Customer collect from our mills / estates	191,909	-	2,187	-	-	-	194,096
Upon generation / others	-	-	-	-	423	281	704
	194,213	356	2,187	218	423	281	197,678
 Year to 31 December 2021	 CPO, palm kernel and FFB \$000	 Rubber \$000	 Shell nut \$000	 Biomass products \$000	 Biogas products \$000	 Others \$000	 Total \$000
<i>Contract counterparties</i>							
Government	-	-	-	-	999	-	999
Non-government							
- Wholesalers	426,436	695	4,036	336	-	919	432,422
	426,436	695	4,036	336	999	919	433,421
<i>Timing of transfer of goods</i>							
Delivery to customer premises	4,995	695	-	-	-	-	5,690
Delivery to port of departure	-	-	-	336	-	-	336
Customer collect from our mills / estates	421,441	-	4,036	-	-	-	425,477
Upon generation / others	-	-	-	-	999	919	1,918
	426,436	695	4,036	336	999	919	433,421

5. Finance income and expense

	2022 6 months to 30 June (unaudited) \$000	2021 6 months to 30 June (unaudited) \$000	2021 Year to 31 December (audited) \$000
<u>Finance income</u>			
Interest receivable on:			
Credit bank balances and time deposits	1,714	1,331	3,214
<u>Finance expense</u>			
Interest payable on:			
Interest expense on lease liabilities	(8)	(12)	(24)
	(8)	(12)	(24)
Net finance income recognised in income statement	1,706	1,319	3,190

Notes to the interim statements (continued)

6. Segment information

	North Sumatera \$000	Bengkulu \$000	Riau \$000	Bangka \$000	Kalimantan \$000	Total Indonesia \$000	Malaysia \$000	UK \$000	Total \$000	South* Sumatera \$000
6 months to 30 June 2022 (unaudited)										
Total sales revenue (all external)										
- CPO, palm kernel and FFB	82,911	70,778	42,666	1,662	45,875	243,892	1,564	-	245,456	5,290
- Rubber	280	-	-	-	-	280	-	-	280	-
- Shell nut	1,017	614	909	-	65	2,605	-	-	2,605	-
- Biomass products	24	-	-	-	-	24	-	-	24	-
- Biogas products	149	241	-	-	150	540	-	-	540	-
- Others	110	49	36	20	106	321	3	-	324	63
Total revenue	84,491	71,682	43,611	1,682	46,196	247,662	1,567	-	249,229	5,353
Profit / (loss) before tax	35,009	23,688	14,233	484	22,156	95,570	(87)	(635)	94,848	401
BA movement	(1,523)	(1,176)	(872)	(114)	(1,645)	(5,330)	16	-	(5,314)	(96)
Profit / (loss) for the period before tax per consolidated income statement	33,486	22,512	13,361	370	20,511	90,240	(71)	(635)	89,534	305
Interest income	1,180	429	85	-	17	1,711	3	-	1,714	2
Interest expense	(4)	-	-	-	-	(4)	(4)	-	(8)	-
Depreciation	(2,669)	(1,969)	(411)	(196)	(2,963)	(8,208)	(162)	-	(8,370)	-
Reversal of impairment	-	-	-	-	622	622	-	-	622	-
Impairment losses	-	-	-	-	-	-	(366)	-	(366)	-
(Provision) / Reversal of expected credit loss	(10)	(1)	-	1	2	(8)	-	2	(6)	(9)
Inter-segment transactions	2,503	(988)	(283)	(149)	(1,004)	79	299	10	388	(388)
Inter-segmental revenue	25,434	580	-	-	5,527	31,541	-	-	31,541	4,608
Tax expense	(8,617)	(4,864)	(2,873)	(52)	(3,998)	(20,404)	(119)	(173)	(20,696)	339
Total assets	273,345	135,559	42,725	17,045	151,209	619,883	12,735	6,613	639,231	13,884
Property, plant and equipment	81,387	41,272	8,206	14,938	105,917	251,720	7,825	-	259,545	4,726
Non-current assets - additions	10,146	2,897	201	773	3,707	17,724	39	-	17,763	367

* South Sumatera represents the operations which have been discontinued and have therefore been separated from the continuing operations.

Notes to the interim statements (continued)

6. Segment information (continued)

	North Sumatera \$000	Bengkulu \$000	Riau \$000	Bangka \$000	Kalimantan \$000	Total Indonesia \$000	Malaysia \$000	UK \$000	Total \$000	South* Sumatera \$000
6 months to 30 June 2021 (unaudited)										
Total sales revenue (all external)										
- CPO, palm kernel and FFB	57,451	66,910	31,239	925	36,442	192,967	1,246	-	194,213	3,339
- Rubber	356	-	-	-	-	356	-	-	356	-
- Shell nut	663	648	746	-	130	2,187	-	-	2,187	-
- Biomass products	218	-	-	-	-	218	-	-	218	-
- Biogas products	-	220	-	-	203	423	-	-	423	-
- Others	45	48	21	11	143	268	13	-	281	88
Total revenue	58,733	67,826	32,006	936	36,918	196,419	1,259	-	197,678	3,427
Profit / (loss) before tax	16,480	16,640	8,441	131	15,503	57,195	(232)	(596)	56,367	(2,198)
BA movement	1,550	770	206	54	1,132	3,712	153	-	3,865	86
Profit / (loss) for the period before tax per consolidated income statement	18,030	17,410	8,647	185	16,635	60,907	(79)	(596)	60,232	(2,112)
Interest income	969	297	52	-	10	1,328	3	-	1,331	2
Interest expense	(9)	-	-	-	-	(9)	(3)	-	(12)	-
Depreciation	(2,601)	(2,075)	(452)	(172)	(2,829)	(8,129)	(331)	-	(8,460)	(982)
Reversal of impairment	-	-	-	-	133	133	-	-	133	-
Impairment losses	-	-	-	-	-	-	-	-	-	(79)
(Provision) / Reversal of expected credit loss	-	(1)	-	-	(1)	(2)	-	1	(1)	1
Inter-segment transactions	2,549	(1,002)	(288)	(141)	(968)	150	218	10	378	(378)
Inter-segmental revenue	18,561	637	-	-	4,075	23,273	-	-	23,273	3,140
Tax expense	(4,484)	(3,402)	(1,800)	(17)	(3,153)	(12,856)	(127)	(1)	(12,984)	670
Total assets	213,172	97,145	28,481	16,227	138,868	493,893	13,746	6,846	514,485	37,978
Property, plant and equipment	73,013	41,130	8,875	14,245	102,175	239,438	9,137	-	248,575	26,602
Non-current assets - additions	2,683	2,285	391	930	3,949	10,238	370	-	10,608	1,308

* South Sumatera represents the operations which have been discontinued and have therefore been separated from the continuing operations.

Notes to the interim statements (continued)

6. Segment information (continued)

	North Sumatra \$000	Bengkulu \$000	Riau \$000	Bangka \$000	Kalimantan \$000	Total Indonesia \$000	Malaysia \$000	UK \$000	Total \$000	South* Sumatra \$000
Year to 31 December 2021 (audited)										
Total sales revenue (all external)										
- CPO, palm kernel and FFB	127,216	141,070	73,827	2,178	79,470	423,761	2,675	-	426,436	7,999
- Rubber	695	-	-	-	-	695	-	-	695	-
- Shell nut	1,173	1,191	1,440	-	232	4,036	-	-	4,036	-
- Biomass products	336	-	-	-	-	336	-	-	336	-
- Biogas products	114	485	-	-	400	999	-	-	999	-
- Others	93	20	89	16	583	801	27	91	919	270
Total revenue	129,627	142,766	75,356	2,194	80,685	430,628	2,702	91	433,421	8,269
Profit / (loss) before tax	40,160	35,769	20,555	553	37,539	134,576	(517)	(1,325)	132,734	(4,786)
BA movement	1,660	700	574	111	1,273	4,318	31	-	4,349	64
Profit / (loss) for the year before tax per consolidated income statement	41,820	36,469	21,129	664	38,812	138,894	(486)	(1,325)	137,083	(4,722)
Interest income	2,323	720	133	1	22	3,199	15	-	3,214	5
Interest expense	(15)	-	-	-	-	(15)	(9)	-	(24)	-
Depreciation	(5,270)	(4,132)	(905)	(356)	(5,660)	(16,323)	(671)	-	(16,994)	(1,978)
Reversal of impairment	-	-	-	-	5,437	5,437	-	-	5,437	-
Impairment losses	-	-	-	-	(452)	(452)	(133)	-	(585)	(716)
(Provision) / Reversal for expected credit loss	(4)	-	-	-	180	176	-	1	177	(1,231)
Inter-segment transactions	902	(2,001)	(11,754)	(282)	(1,934)	(15,069)	476	74	(14,519)	14,519
Inter-segmental revenue	42,566	2,641	-	-	9,431	54,638	-	-	54,638	7,438
Tax expense	(8,939)	(7,831)	(2,153)	(109)	(6,379)	(25,411)	(112)	(219)	(25,742)	(1,927)
Total assets	252,633	117,748	34,580	17,095	145,578	567,634	13,758	7,152	588,544	14,055
Property, plant and equipment	77,170	42,027	8,751	14,960	108,844	251,752	8,780	-	260,532	5,653
Non-current assets - additions	8,490	4,727	608	1,600	7,072	22,497	517	-	23,014	3,424

* South Sumatera represents the operations which have been discontinued and have therefore been separated from the continuing operations.

Notes to the interim statements (continued)

6. Segment information (continued)

In the 6 months to 30 June 2022, revenue from 4 customers of the Indonesian segment represent approximately \$156.8m (H1 2021: \$112.6m) of the Group's total revenue. In the year 2021, revenue from 4 customers of the Indonesian segment represent approximately \$266.3m of the Group's total revenue. An analysis of this revenue is provided below. Although Customers 1 to 2 each contribute over 10% of the Group's total revenue, there was no over reliance on these Customers as tenders were performed on a weekly basis. Three of the top four customers were the same as in the year to 31 December 2021.

	2022 6 months to 30 June (unaudited)		2021 6 months to 30 June (unaudited)		2021 Year to 31 December (audited)	
	\$m	%	\$m	%	\$m	%
Major Customers						
Customer 1	89.7	36.0	53.7	27.2	120.9	27.8
Customer 2	31.0	12.4	23.5	11.9	50.8	11.8
Customer 3	18.5	7.4	18.4	9.3	48.3	11.2
Customer 4	17.6	7.0	17.0	8.6	46.3	10.7
Total	156.8	62.8	112.6	57.0	266.3	61.5

Notes to the interim statements (continued)

7. Tax expense

	2022	2021	2021
	6 months	6 months	Year
	to 30 June	to 30 June	to 31 December
	(unaudited)	(unaudited)	(audited)
	\$000	\$000	\$000
Foreign corporation tax - current year	18,224	13,194	20,404
Foreign corporation tax - prior year	(57)	-	258
Deferred tax adjustment - origination and reversal of temporary differences	2,529	(212)	5,080
Recognition of previously unrecognized deferred tax assets	-	-	-
	20,696	12,982	25,742

Corporation tax rate in Indonesia is at 22% (H1 2021: 22%, 2021: 22%) whereas Malaysia is at 24% (H1 2021: 24%, 2021: 24%). The standard rate of corporation tax in the UK for the current year is 19% (H1 2021: 19%, 2021: 19%).

8. Dividend

The final and only dividend in respect of 2021, amounting to 5.0 cents per share, or \$1,981,819 was paid on 15 July 2022 (2020: 1.0 cents per share, or \$396,364, paid on 16 July 2021). As in previous years, no interim dividend has been declared.

Notes to the interim statements (continued)

9. Earnings per ordinary share ("EPS")

	2022 6 months to 30 June (unaudited) \$000	2021 6 months to 30 June (unaudited) \$000	2021 Year to 31 December (audited) \$000
Total operations			
Profit for the period attributable to owners of the Company before BA movement	60,582	35,746	65,485
BA movement	(3,551)	2,581	2,856
Earnings used in basic and diluted EPS	57,031	38,327	68,341
Continuing operations			
Profit for the period attributable to owners of the Company before BA movement	60,845	37,163	93,245
BA movement	(3,480)	2,517	2,809
Earnings used in basic and diluted EPS	57,365	39,680	96,054
Discontinued operations			
Profit for the period attributable to owners of the Company before BA movement	(263)	(1,417)	(27,760)
BA movement	(71)	64	47
Earnings used in basic and diluted EPS	(334)	(1,353)	(27,713)
	Number '000	Number '000	Number '000
Weighted average number of shares in issue in the period			
- used in basic EPS	39,636	39,636	39,636
- dilutive effect of outstanding share options	-	-	-
- used in diluted EPS	39,636	39,636	39,636
Total operations			
- Basic and diluted EPS before BA movement	152.85cts	90.19cts	165.22cts
- Basic and diluted EPS after BA movement	143.89cts	96.70cts	172.42cts
Continuing operations			
- Basic and diluted EPS before BA movement	153.51cts	93.76cts	235.25cts
- Basic and diluted EPS after BA movement	144.73cts	100.11cts	242.34cts
Discontinued operations			
- Basic and diluted EPS before BA movement	(0.66)cts	(3.58)cts	(70.04)cts
- Basic and diluted EPS after BA movement	(0.84)cts	(3.41)cts	(69.92)cts

Notes to the interim statements (continued)

10. Fair value measurement of financial instruments

The carrying amounts and fair values of the financial instruments which are not recognised at fair value in the Statement of Financial Position are exhibited below:

	2022		2021		2021	
	6 months		6 months		Year	
	to 30 June		to 30 June		to 31 December	
	(unaudited)		(unaudited)		(audited)	
	Carrying	Fair	Carrying	Fair	Carrying	Fair
	amount	value	amount	value	amount	value
	\$000	\$000	\$000	\$000	\$000	\$000
Non-current receivables						
Due from non-controlling interests	5,345	3,016	5,413	3,032	5,459	3,042
Due from cooperatives under Plasma scheme	17,246	12,373	18,740	17,061	19,879	13,122
	22,591	15,389	24,153	20,093	25,338	16,164
Transfer to assets held for sale	-	-	-	-	(3,338)	(2,079)
	22,591	15,389	24,153	20,093	22,000	14,085

Financial instruments not measured at fair value include cash and cash equivalents, trade and other receivables, trade and other payables, and borrowings due within one year.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, trade and other payables and borrowings due within one year approximates their fair value.

All non-current assets, non-current receivables and long-term loan are classified as Level 3 in the fair value hierarchy.

Notes to the interim statements (continued)

10. Fair value measurement of financial instruments (continued)

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of non-current receivables and borrowings due after one year, 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
Non-current receivables			
Due from non-controlling interests	Based on cash flows discounted using current lending rate of 6% (H1 2021 and 2021: 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 7.00% (H1 2021: 6.75%, 2021: 7.00%).	Discount rate	The higher the discount rate, the lower the fair value.

11. Report and financial information

Copies of the interim report for the Group for the period ended 30 June 2022 are available on the AEP website at <https://www.angloeastern.co.uk/>.