



Anglo-Eastern Plantations Plc

**INTERIM REPORT
30 JUNE 2010**

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(Number 1884630)

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Anglo-Eastern Plantations Plc

Chairman's Interim Statement

Operational and financial performance

For the first half year ended 30 June 2010, revenue was \$77.9 million compared to \$57.6 million for the same period in 2009. This generated an operating profit of \$26.1 million (2009: \$23.5 million), an increase of 11%. Profit before tax was \$26.7 million, compared to \$24.0 million for the same period in 2009.

The increase in revenue and operating profit is mainly due to the higher CPO price registered in the 1H 2010 due to the improved global economic conditions and from a strengthening of Indonesian Rupiah. In the first half of 2010, the CPO price average around \$805/mt, 24% higher than the 2009 average first half price of \$650/mt.

With a net cash position, the Group's balance sheet remains strong while cash flow remains healthy. As at 30 June 2010 the Group's total cash balance was \$49.4 million (2009: \$57.9 million) with total borrowings of \$22.3 million (2009: \$33.3 million), giving a net cash position of \$27.1million, a slightly improved position when compared to 30 June 2009 of \$24.6 million, but down from \$36.8 million at 31 December 2009, as a result of higher capital expenditure and repayment of some long term loan. There was no new borrowings in the period since 31 December 2009.

Earnings per share were 42.0cts (2009: 35.6cts).

New acquisition during the period

During this period we acquired PT Kahayan with the initial "Izin Lokasi" area of 17,500 ha in Central Kalimantan, Indonesia.

Operating costs

The operating costs for the Indonesian operations were higher in the 1H 2010 compared to the same period in 2009. This is due to the appreciation of Indonesian Rupiah and overall increase in fertiliser costs. Going forward, the operating costs are expected to increase further due to the increasing fertilisers costs planned in the second half of 2010. Corporate tax rate in Indonesia was reduced to 25% in 2010 (2009-28%) which will result in tax saving.

Chairman's Interim Statement

Production and Sales

	2010	2009	2009
	6 months	6 months	Year
	to 30 June	to 30 June	to 31 Dec
	(unaudited)	(unaudited)	(audited)
	mt	mt	mt
Oil palm production			
FFB			
- all estates	266,190	283,366	617,582
- bought-in or processed for third parties	200,305	224,463	435,463
Saleable CPO	92,684	102,852	213,159
Saleable palm kernels	23,039	25,152	52,050
Oil palm sales			
CPO	91,507	97,609	210,549
Palm kernels	22,649	25,762	53,253
FFB sold outside	15,519	14,303	32,491
Rubber production	320	352	757

Total FFB production in 1H 2010 was 266,190 mt, down 6% compared to the same period last year due largely to a 16% decline in FFB production from Bengkulu estates. The crops on the hilly terrain made them less resilient to changing weather patterns and resulted in slower recovery from El Nino induced drought of 2006 and 2007.

The lower CPO production volume was mainly due to the lower yield and lower FFB production of the estates in 1H 2010.

Bought-in crops for the period were 200,305 mt, 11% lower than last year. Outside fruit continues to be available at prices which allow positive contributions to profit.

Commodity prices

The CPO price, which ended in December 2009 at around \$780/mt, has continued its recovery trend since, reaching a high of about \$850/mt, and averaged \$805/mt for the first six months ended 30 June 2010 (2009: \$650/mt). The impact of El Nino was more significant resulting in weaker production in Indonesia and Malaysia which lead to higher CPO price. However, with expected bumper soybean harvest from South America, seasonally higher palm oil output in the coming months and the narrowing price discount between RBD palm olein and soybean oil from Argentina will limit the upside potential for CPO price from the current level in the short term.

Rubber prices averaged around \$2,922/mt (2009: \$1,330/mt).

Chairman's Interim Statement

Development

The Group's planted areas at 30 June 2010 were:-

	Total ha	Mature ha	Immature ha
North Sumatra	18,570	11,449	7,121
Bengkulu	17,314	14,759	2,555
Riau	4,960	4,960	0
South Sumatra	757	0	757
Kalimantan	2,359	0	2,359
Indonesia	43,960	31,168	12,792
Malaysia	3,696	3,510	186
Total : 30 June 2010	47,656	34,678	12,978
Total : 31 Dec 2009	44,743	34,593	10,150
Total : 30 June 2009	46,079	32,927	13,152

The Group's plantation development programme is behind schedule, with 2,900 ha already planted with oil palm seedlings during the first half-year of 2010. The slowdown in new planting is mainly due to the poor weather conditions and delay in planting in South Sumatera. The Group targets to commence planting another 3,000 ha of new areas in Bengkulu, North Sumatra and Kalimantan before year end. The Group's total landholding comprises 141,000 ha, of which the planted area now stands around 47,700 ha (2009: 45,000ha).

The newly commissioned Sumindo mill started operations in May 2010. The oil extraction rate of 24.5% for our own estate crop was satisfactory. As production is stepped up, we will buy and process outside crop from mid July 2010

A moderate earthquake of 5.7 magnitude struck 152km South West of Bengkulu City in June 2010 but there was no injury and damage to the Group's employees and properties.

Director

Donald Low has relinquished his position as Acting Chief Executive with effect from 25 May 2010. The Board is continuing its process to identify a successor.

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 to 31 December 2009 was paid on 28 May 2010.

Outlook

Although the commodity prices were generally stable throughout the period, we remain cautious on the recovery of global economy going forward. Nevertheless, the board however remains confident of reporting a satisfactory profit level and cash flow for the second half of 2010.

Chan Teik Huat
Chairman

20 August 2010

Anglo-Eastern Plantations Plc

Responsibility Statements

We confirm that to the best of our knowledge:

- a) The interim financial statements have been prepared in accordance with IAS34; Interim Reporting as adopted by the European Union:
- b) The Chairman's statement includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of 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 (disclosure of related party transactions and changes therein).

By order of the Board
Dato' John Lim Ewe Chuan

20 August 2010

Consolidated income statement

		2010 6 months to 30 June (unaudited)			2009 6 months to 30 June (unaudited)			2009 year to 31 December (audited)		
		Result before BA adjustment \$000	BA adjustment \$000	Total \$000	Result before BA adjustment \$000	BA adjustment \$000	Total \$000	Result before BA adjustment \$000	BA adjustment \$000	Total \$000
Continuing operations	Notes									
Revenue		77,925	-	77,925	57,639	-	57,639	150,080	-	150,080
Cost of sales		(51,137)	-	(51,137)	(32,714)	-	(32,714)	(88,202)	-	(88,202)
Gross profit		26,788	-	26,788	24,925	-	24,925	61,878	-	61,878
Biological asset revaluation movement (BA adjustment)	2	-	422	422	-	417	417	-	888	888
Administration expenses		(1,112)	-	(1,112)	(1,871)	-	(1,871)	(2,923)	-	(2,923)
Operating profit		25,676	422	26,098	23,054	417	23,471	58,955	888	59,843
Exchange profit/(losses)	3	367	-	367	252	-	252	1,259	-	1,259
Finance income		903	-	903	1,532	-	1,532	3,202	-	3,202
Finance costs	4	(674)	-	(674)	(1,220)	-	(1,220)	(2,219)	-	(2,219)
Profit before tax	5	26,272	422	26,694	23,618	417	24,035	61,197	888	62,085
Tax	6	(6,570)	(126)	(6,696)	(7,029)	(117)	(7,146)	(16,667)	(267)	(16,934)
Profit for the period		19,702	296	19,998	16,589	300	16,889	44,530	621	45,151
Attributable to:										
- equity holders of the parent		16,343	228	16,571	13,857	198	14,055	37,146	348	37,494
- minority interests		3,359	68	3,427	2,732	102	2,834	7,384	273	7,657
		19,702	296	19,998	16,589	300	16,889	44,530	621	45,151
Earnings per share										
- basic				41.98cts			35.6cts			94.99cts
- diluted				41.93cts			35.6cts			94.99cts

Consolidated statement of comprehensive income

	2010 6 months to 30 June (unaudited) \$000	2009 6 months to 30 June (unaudited) \$000	2009 Year to 31 Dec (audited) \$000
Profit for the period	19,998	16,889	45,151
Other comprehensive income:			
Unrealised (loss)/surplus on revaluation of the estates	(15,905)	3,672	(12,320)
Profit/(loss) on exchange translation of foreign operations	9,216	5,827	41,058
Deferred tax on revaluation	(639)	108	(6,286)
Other comprehensive income/(expense) for the period	(7,328)	9,607	22,452
Total comprehensive income for the period	12,670	26,496	67,603
Attributable to:			
- equity holders of the parent	11,423	21,550	52,172
- minority interest	1,247	4,946	15,431
	12,670	26,496	67,603

Consolidated balance sheet

		2010	2009	2009
		as at 30 June (unaudited) \$000	as at 30 June (unaudited) \$000	as at 31 Dec (audited) \$000
	Notes			
Non-current assets				
Biological assets	2	50,712	38,373	47,608
Property, plant and equipment		216,530	181,393	200,414
Receivables		1,677	1,677	1,677
		268,919	221,443	249,699
Current assets				
Inventories		8,366	6,343	3,720
Tax receivables		7,576	1,864	5,181
Trade and other receivables		3,082	2,892	2,582
Cash and cash equivalents		49,382	57,878	63,761
		68,406	68,977	75,244
Current liabilities				
Bank loans and other financial liabilities		(10,288)	(9,032)	(9,424)
Trade and other payables		(13,605)	(6,317)	(5,077)
Tax liabilities		(1,620)	(2,053)	(4,291)
		(25,513)	(17,402)	(18,792)
Net current assets		42,893	51,575	56,452
Non-current liabilities				
Bank loans and other financial liabilities		(12,012)	(24,223)	(17,589)
Deferred tax liabilities		(29,167)	(28,290)	(28,772)
Retirement benefit, net liabilities		(1,923)	(1,679)	(1,830)
Net assets		268,710	218,826	257,960
Equity				
Share capital		15,504	15,504	15,504
Treasury shares		(1,744)	(1,744)	(1,744)
Share premium reserve		23,935	23,935	23,935
Share capital redemption reserve		1,087	1,087	1,087
Revaluation and exchange reserves		(12,553)	(14,588)	(7,405)
Retained earnings		194,245	158,128	179,594
Equity attributable to equity holders of the parent		220,474	182,322	210,971
Minority interests		48,236	36,504	46,989
Total equity		268,710	218,826	257,960

Consolidated Statement of Changes in Equity

	Attributable to equity holders of the parent									
	Share capital \$000	Treasury shares \$000	Share premium \$000	Share capital redemption reserve \$000	Revaluation Reserve \$000	Foreign exchange reserve \$000	Retained earnings \$000	Total \$000	Minority interests \$000	Total equity \$000
Balance at 31 December 2008	15,504	(1,785)	23,935	1,087	79,582	(101,665)	144,073	160,731	31,558	192,289
Direct changes in equity for 2009										
Unrealised loss on revaluation of estates	-	-	-	-	(10,867)	-	-	(10,867)	(1,453)	(12,320)
Deferred tax on revaluation	-	-	-	-	(1,536)	(3,618)	-	(5,154)	(1,132)	(6,286)
Gain on exchange translation	-	-	-	-	-	30,699	-	30,699	10,359	41,058
Net income and expense recognised directly in equity	-	-	-	-	(12,403)	27,081	-	14,678	7,774	22,452
Profit for year	-	-	-	-	-	-	37,494	37,494	7,657	45,151
Total comprehensive income and expense for the year	-	-	-	-	(12,403)	27,081	37,494	52,172	15,431	67,603
Share option exercised	-	41	-	-	-	-	-	41	-	41
Dividends paid	-	-	-	-	-	-	(1,973)	(1,973)	-	(1,973)
Balance at 31 December 2009	15,504	(1,744)	23,935	1,087	67,179	(74,584)	179,594	210,971	46,989	257,960
Direct changes in equity for six months to 30 June 2010										
Unrealised loss on revaluation of estates	-	-	-	-	(13,120)	-	-	(13,120)	(2,785)	(15,905)
Deferred tax on revaluation	-	-	-	-	112	(681)	-	(569)	(70)	(639)
Profit on exchange translation	-	-	-	-	-	8,541	-	8,541	675	9,216
Net income and expense recognised directly in equity	-	-	-	-	(13,008)	7,860	-	(5,148)	(2,180)	(7,328)
Profit for period	-	-	-	-	-	-	16,571	16,571	3,427	19,998
Total comprehensive income and expense for the period	-	-	-	-	(13,008)	7,860	16,571	11,423	1,247	12,670
Dividends paid	-	-	-	-	-	-	(1,920)	(1,920)	-	(1,920)
Balance at 30 June 2010	15,504	(1,744)	23,935	1,087	54,171	(66,724)	194,245	220,474	48,236	268,710

Consolidated Statement of Changes in Equity (continued)

	Attributable to equity holders of the parent									
	Share capital \$000	Treasury shares \$000	Share premium \$000	Share capital redemption reserve \$000	Revaluation Reserve \$000	Foreign exchange reserve \$000	Retained earnings \$000	Total \$000	Minority interests \$000	Total equity \$000
Balance at 31 December 2008	15,504	(1,785)	23,935	1,087	79,582	(101,665)	144,073	160,731	31,558	192,289
Direct changes in equity for six months to 30 June 2009										
Unrealised surplus on revaluation of estates	-	-	-	-	2,985	-	-	2,985	687	3,672
Deferred tax on revaluation	-	-	-	-	(295)	372	-	77	31	108
Profit on exchange translation	-	-	-	-	-	4,433	-	4,433	1,394	5,827
Net income and expense recognised directly in equity	-	-	-	-	2,690	4,805	-	7,495	2,112	9,607
Profit for period	-	-	-	-	-	-	14,055	14,055	2,834	16,889
Total comprehensive income and expense for the period	-	-	-	-	2,690	4,805	14,055	21,550	4,946	26,496
Share option exercised	-	41	-	-	-	-	-	41	-	41
Balance at 30 June 2009	15,504	(1,744)	23,935	1,087	82,272	(96,860)	158,128	182,322	36,504	218,826

Consolidated cash flow statement

Cash flows from operating activities	2010 6 months to 30 June (unaudited) \$000	2009 6 months to 30 June (unaudited) \$000	2009 Year to 31 Dec (audited) \$000
Profit before tax	26,694	24,035	62,085
Adjustments for:			
Biological asset adjustment	(422)	(417)	(888)
Loss on disposal of tangible fixed assets	6	12	21
Depreciation	2,947	2,214	5,070
Share-based remuneration expense	-	-	11
Retirement benefit provisions	93	185	336
Net finance income	(229)	312	(983)
Operating cash flow before changes in working capital	29,089	26,341	65,652
(Increase)/decrease in inventories	(4,646)	(2,147)	476
(Increase)/decrease in trade and other receivables	(2,895)	148	1,561
(Decrease)/increase in trade and other payables	8,528	(4,432)	(5,672)
Cash flow from operations	30,076	19,910	62,017
Interest paid	(674)	(1,220)	(2,219)
Overseas tax paid	(11,763)	(10,428)	(27,169)
Net cash flow from operations	17,639	8,262	32,629
Investing activities			
Acquisition of plantation assets	(4,523)	-	-
Property, plant and equipment			
- purchase	(18,175)	(15,110)	(39,925)
- sale	486	28	108
Interest received	903	1,532	3,202
Net cash used in investing activities	(21,309)	(13,550)	(36,615)

Consolidated cash flow statement (continued)

	2010 6 months to 30 June (unaudited) \$000	2009 6 months to 30 June (unaudited) \$000	2009 Year to 31 Dec (audited) \$000
Financing activities			
Dividends paid by parent company	(1,920)	-	(1,973)
Share options exercised	-	32	30
Repayment of existing long term loans	(4,712)	(4,320)	(8,638)
Finance lease repayment	-	(9)	(13)
Net cash used in financing activities	(6,632)	(4,297)	(10,594)
Decrease in cash and cash equivalents	(10,302)	(9,585)	(14,580)
Cash and cash equivalents less overdrafts			
At beginning of period	63,761	69,442	69,442
Foreign exchange	(4,077)	(1,979)	8,899
At end of period	49,382	57,878	63,761
Comprising:			
Cash at end of period	49,382	57,878	63,761
Overdraft at end of period	-	-	-
	49,382	57,878	63,761

Notes to the interim statements

1. Basis of preparation of interim financial statements

This interim report does not constitute the AEP's statutory accounts. The information presented in relation to 31 December 2009 is extracted from the statutory financial statements for the year then ended and which have been delivered to the Registrar of Companies. The auditors' report on the statutory financial statements for the year ended 31 December 2009 was unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report(s) and did not contain statements under S237(2) or (3) of the Companies Act 2006.

The interim statements for the six months ended 30 June 2010 and 30 June 2009 have neither been audited nor reviewed pursuant to guidance issued by the Auditing Practices Board. Those for the six months ended 30 June 2010 were approved by the board on 19 August 2010. These interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU, the requirements of the Disclosure and Transparency Rules issued by the Financial Services Authority and the accounting policies, and methods of computation as applied in the group's 2009 Annual Report and Accounts. The comparative figures for the year ended 31 December 2009 are an extract from the audited financial statements for the year. All comparative figures have been restated for the change in presentation as a result of the adoption of IAS 1 revised and IFRS 8.

In line with the Group's established accounting policy, the acquisition of PT Kahayan, being an entity comprising principally land with no active plantation business, has not been accounted for as a business combination. Accordingly, the consideration paid has been allocated between the identifiable assets and liabilities at the acquisition date.

2. Biological assets

Group fixed assets are valued in total on the same "value in use" basis as disclosed in the Group's accounting policies within the annual financial statements. Within this total, the value of biological assets has been estimated separately and, as required by IAS41, the movement in valuation surplus of biological assets has been charged or credited (BA adjustment) to the income statement for the relevant period.

3. Foreign exchange

	2010 6 months to 30 June (unaudited)	2009 6 months to 30 June (unaudited)	2009 Year to 31 Dec (audited)
Average exchange rates			
Rp : \$	9,174	11,000	10,158
\$: £	1.53	1.51	1.57
RM : \$	3.29	3.59	3.52
Closing exchange rates			
Rp : \$	9,083	10,208	9,400
\$: £	1.5	1.65	1.61
RM : \$	3.24	3.52	3.42

Notes to the interim statements (continued)

4. Finance costs

	2010	2009	2009
	6 months	6 months	Year
	to 30 June	to 30 June	to 31 Dec
	(unaudited)	(unaudited)	(audited)
	\$000	\$000	\$000
Payable	674	1,220	2,260
Capitalised	-	-	(41)
	674	1,220	2,219

Notes to the interim statements (continued)

5. Segment information

	North Sumatra \$000	Bengkulu \$000	South Sumatra \$000	Riau \$000	Bangka \$000	Kalimantan \$000	Total Indonesia \$000	Malaysia \$000	UK \$000	Total \$000
6 months to 30 June 2010 (unaudited)										
Total sales revenue (all external)	33,827	24,374	-	16,732	-	-	74,933	2,553	-	77,486
Other income	336	-	-	91	-	-	427	12	-	439
Total revenue	34,163	24,374	-	16,823	-	-	75,360	2,565	-	77,925
Profit/(loss) before tax	13,467	6,964	-	5,390	-	-	25,821	311	140	26,272
BA Movement										422
Profit for the year before tax per consolidated income statement										26,694
Total Assets	130,816	92,754	16,437	36,706	1,622	24,635	302,970	30,502	3,853	337,325
Non-Current Assets	104,746	68,800	15,572	32,135	1,581	23,319	246,153	21,089	1,677	268,919
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
6 months to 30 June 2009 (unaudited)										
Total sales revenue (all external)	30,660	19,491	-	5,165	-	-	55,316	1,767	-	57,083
Other income	77	-	-	199	-	-	276	2	-	278
Total revenue	30,737	19,491	-	5,364	-	-	55,592	1,769	-	57,361
Profit/(loss) before tax	11,737	8,859	-	4,932	-	-	25,528	320	(2,230)	23,618
BA Movement										417
Profit for the year before tax per consolidated income statement										24,035
Total Assets	130,057	72,451	14,218	29,834	1,451	10,113	258,124	27,406	4,890	290,420
Non-Current Assets	87,912	59,778	13,855	27,851	1,407	9,535	200,338	19,428	1,677	221,443
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Year to 31 Dec 2009 (audited)										
Total sales revenue (all external)	70,154	44,547	-	30,191	-	-	144,892	4,084	-	148,976
Other income	584	-	-	358	-	-	942	162	-	1,104
Total revenue	70,738	44,547	-	30,549	-	-	145,834	4,246	-	150,080
Profit/(loss) before tax	30,094	20,443	-	10,897	-	-	61,434	426	(663)	61,197
BA Movement										888
Profit for the year before tax per consolidated income statement										62,085
Total Assets	137,127	84,455	15,695	41,832	1,572	13,572	294,253	27,761	2,929	324,943
Non-Current Assets	101,182	66,462	15,047	30,782	1,528	13,067	228,068	19,954	1,677	249,699

Notes to the interim statements (continued)

5. Segment information-continued

"In the 6 months to 30 June 2010, revenues from 4 customers of the Indonesian segment represent approximately \$68.1m of the Group's total revenues. An analysis of these revenues is provided below:

Major Customers	\$	%
Customer 1	26.3m	33.7
Customer 2	25.6m	32.9
Customer 3	10.6m	13.6
Customer 4	5.6m	7.2
Total	68.1m	87.4

"In year 2009, revenues from 4 customers of the Indonesian segment represent approximately \$118.2m of the group's total revenues. An analysis of these revenues is provided below:

Major Customers	\$	%
Customer 1	41.4m	27.6
Customer 2	36.2m	24.1
Customer 3	24.3m	16.2
Customer 4	16.3m	10.9
Total	118.2m	78.8

Notes to the interim statements (continued)

6. Tax

	2010 6 months to 30 June (unaudited) \$000	2009 6 months to 30 June (unaudited) \$000	2009 Year to 31 Dec (audited) \$000
Foreign corporation tax	6,285	6,773	16,034
Foreign withholding tax	-	-	-
Deferred tax adjustment	411	373	900
	6,696	7,146	16,934

7. Dividend

The final and only dividend in respect of 2009, amounting to 5.0cts per share, or \$1,920,499, was paid on 28 May 2010 (2008: 5.0cts per share, or \$1,973,514, paid on 7 August 2009). In common with previous years no interim dividend has been declared.

8. Earnings per share

	2010 6 months to 30 June (unaudited) \$000	2009 6 months to 30 June (unaudited) \$000	2009 Year to 31 Dec (audited) \$000
Earnings before BA adjustment	16,343	13,857	37,146
Net BA adjustment	228	198	348
Earnings after BA adjustment	16,571	14,055	37,494
	Number 000	Number 000	Number 000
Weighted average number of shares in issue in period			
- used in basic EPS	39,470	39,470	39,470
- dilutive effect of outstanding share options	53	34	-
- used in diluted EPS	39,523	39,504	39,470
Shares in issue at period end excluding 506,000 shares held in treasury	39,470	39,470	39,470
Basic earnings per share before BA adjustment	41.41	35.1cts	94.11cts
Basic earnings per share after BA adjustment	41.98	35.6cts	94.99cts

9 Post balance sheet events

No major events or transactions have occurred between 30 June 2010 and the date of this report.