



INTERIM REPORT
30 JUNE 2004

INTERIM STATEMENT

I am happy to report that the group recorded a profit before tax of \$12.0 million for the six months to 30 June 2004, an improvement of 68% over the same period in 2003. Turnover for the period under review amounted to \$33.3 million compared to \$20.4 million in the corresponding period in 2003. This improved performance was a result of favourable CPO (crude palm oil) prices and higher FFB (fresh fruit bunch) production at our Indonesian estates. Higher bought in crops at our mills, both at Tasik in North Sumatra and at Puding Mas in Bengkulu, southern Sumatra, as well as favourable rubber prices, also contributed significantly to the excellent performance.

Earnings per share for the six months were 17.4cts compared to 10.0cts for the same period in 2003. As in previous years, no interim dividend is being declared.

Rehabilitation of the Bina Pitri estate, in Riau province in central Sumatra, which we purchased for \$10.0 million in March 2004, is proceeding satisfactorily and we are pleased with this acquisition.

Notwithstanding that purchase, plus capital expenditure on the development of our Bengkulu estates, the expansion of the Puding Mas mill, and the construction of the new mill at Blankahan in North Sumatra, together amounting to a further \$4.5 million, the group had only \$1.0 million borrowings net of cash at the end of June 2004 compared to net cash balances of \$7.0 million at the end of 2003. With favourable commodity prices and higher crop production, the group is in the position to generate sufficient cash flows for its immediate capital expenditure programme.

Production and Sales	2004 6 months to 30 June (unaudited) mt	2003 6 months to 30 June (unaudited) mt	2003 year to 31 Dec (audited) mt
Oil palm production			
FFB			
- own estates	184,260	<i>171,491</i>	<i>372,290</i>
- bought in or processed for third parties	120,763	<i>66,978</i>	<i>170,948</i>
Saleable CPO	54,258	<i>40,147</i>	<i>94,523</i>
Saleable kernel	13,025	<i>9,207</i>	<i>22,306</i>
Oil palm sales			
CPO	55,953	<i>37,923</i>	<i>91,238</i>
Kernel	12,545	<i>9,125</i>	<i>22,302</i>
FFB sold outside	43,406	<i>44,606</i>	<i>52,574</i>
Other crops production			
Rubber	729	<i>737</i>	<i>1,800</i>
Cocoa	80	<i>80</i>	<i>141</i>

Overall, the group's FFB production showed an increase of 7% over the same period in the previous year. Production in the first half of 2003 included an unusually early peak which we expect to see in the more normal second half of 2004. Our North Sumatra estates recorded a decrease in FFB production of 3,794mt as compared to the previous year. The Malaysian estates at Cenderung continued to disappoint, recording an FFB production decrease of 3,966mt for the first six months. These shortfalls were more than made up by the increase in production of 16,629mt at our Bengkulu estates together with the addition of Bina Pitri, which produced 3,900mt for the three months to June.

CPO sales in the first six months of 2004 showed a larger increase of 47% which was mainly the result of an increase in the volume of bought in crops at both our mills, which are currently operating at full capacity.

Produce Prices

The favourable CPO prices of the second half of 2003 continued through to April 2004, reaching a peak of \$550/mt (cif Rotterdam). However, the prices retracted sharply in May and June to around \$430/mt. Nonetheless, the average CPO price for the first half was \$502/mt compared to \$420/mt for the same period of 2003 and \$441/mt for 2003 as a whole.

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Rubber prices remained high for the first half of the year and cocoa prices fell some 20% during the first half of 2004.

Development

The group's planted areas are as follows:

	Mature ha	Immature ha	Total ha
North Sumatra	9,877	279	10,156
Bengkulu	8,888	2,969	11,857
Riau	3,862	-	3,862
	<u>22,627</u>	<u>3,248</u>	<u>25,875</u>
Malaysia	3,230	549	3,779
Total: 30 June 2004	<u>25,857</u>	<u>3,797</u>	<u>29,654</u>
Total: 31 December 2003	<u>20,907</u>	<u>4,572</u>	<u>25,479</u>
Total: 30 June 2003	<u>21,897</u>	<u>2,096</u>	<u>23,993</u>

We plan to plant about 1,700ha at Bengkulu for the current year, leaving a reserve of 2,600ha which we hope to complete planting by the end of 2006.

The total plantable area at Bina Pitri amounts to 4,188ha of which 326ha will require replanting. Therefore, we show a planted area of 3,862ha in the above table. We are negotiating to acquire rights to a further 800ha of land adjoining the estate.

Construction of the new 20mt/hr oil mill at Blankahan is facing some delay but we are hopeful of commissioning it by the end of 2004. The extension of the Puding Mas mill from 40mt/hr to 60mt/hr is expected to be completed on time in October/November 2004; this increase in capacity is needed to process our own increasing FFB production as well as bought in crops.

International Accounting Standards

Under EU regulations, all listed companies will be required to apply International Accounting Standards (IAS) to their consolidated financial statements for accounting periods commencing on or after 1 January 2005. Comparative figures for 2004 will have to be amended accordingly. Therefore, the results included in this interim report will change when shown as comparatives in the 2005 interim report.

A review of the main effects of applying IAS to the group has been undertaken. The principal impact relates to the requirement to:

- (1) value our estates at market value and charge or credit the changes in an accounting period to profit and loss account (IAS 41); and
- (2) provide deferred taxation on all property valuation surpluses even if there is no intention to dispose of those properties. This will reduce the reported net asset value of the group.

Outlook

The CPO price is currently at around \$430/mt. Average CPO prices in the second half are not expected to be as high as the average price of \$502/mt recorded in the first half. However, we expect FFB crops in the second half to show a moderate increase over the first half. The amount of bought in crops is also expected to be steady. Provided the CPO price stays at current levels and in the absence of unforeseen adverse circumstances, the group can expect to report a record turnover and profit for the full year.

Chan Teik Huat

Chairman and Chief Executive

10 September 2004

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	US DOLLARS			STERLING		
		2004	2003	2003	2004	2003	2003
		6 months	6 months	year to	6 months	6 months	year to
		to 30 June	to 30 June	31 Dec	to 30 June	to 30 June	31 Dec
		(unaudited)	(unaudited)	(audited)	(unaudited)	(unaudited)	(audited)
		\$'000	\$'000	\$'000	£'000	£'000	£'000
Turnover		33,296	20,390	48,519	18,294	12,665	29,495
Profit before exchange and revaluation provisions		12,110	7,423	19,732	6,654	4,610	11,995
Exchange profits/(losses)	1	15	(15)	262	8	(9)	159
Operating profit		12,125	7,408	19,994	6,662	4,601	12,154
Interest – receivable		108	60	156	59	37	95
– payable		(243)	(385)	(693)	(134)	(239)	(421)
– capitalised		41	67	130	23	42	79
Profit before taxation		12,031	7,150	19,587	6,610	4,441	11,907
Taxation							
Foreign corporation tax		(3,040)	(2,389)	(5,552)	(1,670)	(1,484)	(3,375)
Foreign withholding tax		(171)	(144)	(321)	(94)	(89)	(195)
Deferred tax adjustment		(636)	127	(268)	(349)	79	(163)
Profit after taxation		8,184	4,744	13,446	4,497	2,947	8,174
Minority interests (all equity interests)		(1,306)	(825)	(2,201)	(718)	(513)	(1,338)
Profit attributable to shareholders		6,878	3,919	11,245	3,779	2,434	6,836
Dividend		-	-	(2,375)	-	-	(1,444)
		6,878	3,919	8,870	3,779	2,434	5,392
Earnings per share							
– basic		17.4cts	10.0cts	28.6cts	9.6p	6.2p	17.4p
– diluted		17.3cts	9.9cts	28.4cts	9.5p	6.1p	17.3p
Dividend per share	5	-	-	6.0cts	-	-	3.27p
Av. shares in issue ('000)		39,581	39,347	39,379	39,581	39,347	39,379

NOTES

- At 30 June 2004, there was an exchange translation (deficit) of \$(130,000) (30 June 2003: surplus \$199,000) arising on net third party US dollar borrowings by two Indonesian subsidiaries; in view of the unpredictability of the rupiah/dollar exchange rate, this has been held in exchange reserves at 30 June 2004 pending determination of the final profit or loss at 31 December 2004.
- The unaudited accounts for the six months ended 30 June 2004 were approved by the board of directors on 10 September 2004 and have been prepared in accordance with applicable Accounting Standards in the United Kingdom. The accounting principles applied, including the valuation of fixed assets, are those set out in the annual report for the year ended 31 December 2003 together with any subsequent requirements thereafter.
- The results for the year ended 31 December 2003 are extracted from the group's full statutory accounts for that year.
- The financial information in this statement does not constitute full statutory accounts within the meaning of Section 240 of the Companies Act 1985. Full statutory accounts for the year ended 31 December 2003 incorporating an unqualified auditors' report have been delivered to the Registrar of Companies.
- The final and only dividend in respect of 2003 was paid on 8 June 2004.
- Copies of the interim statement of results are available from the company's registered office at 6/7 Queen Street, London EC4N 1SP and from the company's website: www.angloeastern.co.uk.

CONSOLIDATED BALANCE SHEET

	US DOLLARS			STERLING		
	2004	2003	2003	2004	2003	2003
	6 months to 30 June (unaudited) \$'000	6 months to 30 June (unaudited) \$'000	year to 31 Dec (audited) \$'000	6 months to 30 June (unaudited) £'000	6 months to 30 June (unaudited) £'000	year to 31 Dec (audited) £'000
Notes						
Fixed assets						
Tangible assets	<u>117,275</u>	<u>105,917</u>	<u>105,096</u>	<u>64,793</u>	<u>64,192</u>	<u>58,712</u>
Current assets						
Stocks	2,230	1,526	1,713	1,232	925	958
Debtors	4,171	3,965	2,736	2,303	2,403	1,528
Investments	355	290	313	196	176	175
Cash at bank and in hand	<u>6,127</u>	<u>9,268</u>	<u>15,127</u>	<u>3,385</u>	<u>5,617</u>	<u>8,450</u>
	<u>12,883</u>	<u>15,049</u>	<u>19,889</u>	<u>7,116</u>	<u>9,121</u>	<u>11,111</u>
Current liabilities						
Creditors: falling due within one year						
Borrowings	7 (3,641)	(2,041)	(2,060)	(2,012)	(1,237)	(1,150)
Other creditors	<u>(7,813)</u>	<u>(8,592)</u>	<u>(9,439)</u>	<u>(4,316)</u>	<u>(5,207)</u>	<u>(5,273)</u>
	<u>(11,454)</u>	<u>(10,633)</u>	<u>(11,499)</u>	<u>(6,328)</u>	<u>(6,444)</u>	<u>(6,423)</u>
Net current assets	<u>1,429</u>	<u>4,416</u>	<u>8,390</u>	<u>788</u>	<u>2,677</u>	<u>4,688</u>
Total assets less current liabilities	118,704	110,333	113,486	65,581	66,869	63,400
Non-current assets/liabilities						
Creditors: falling due after more than one year						
Borrowings	(3,450)	(7,073)	(6,108)	(1,906)	(4,286)	(3,412)
Deferred taxation	<u>316</u>	<u>1,442</u>	<u>1,013</u>	<u>175</u>	<u>873</u>	<u>566</u>
Net assets	<u>115,570</u>	<u>104,702</u>	<u>108,391</u>	<u>63,850</u>	<u>63,456</u>	<u>60,554</u>
Capital and reserves						
Called-up share capital	15,319	15,249	15,319	9,895	9,856	9,895
Share premium account	23,679	23,610	23,679	15,395	15,353	15,395
Share capital redemption reserve	1,087	1,087	1,087	663	663	663
Revaluation and exchange reserve	5,003	7,381	5,375	(1,043)	2,811	(556)
Profit and loss account	<u>50,580</u>	<u>38,638</u>	<u>43,702</u>	<u>27,944</u>	<u>23,417</u>	<u>24,415</u>
Shareholders' funds - all equity interests	95,668	85,965	89,162	52,854	52,100	49,812
Minority interests - all equity interests	<u>19,902</u>	<u>18,737</u>	<u>19,229</u>	<u>10,996</u>	<u>11,356</u>	<u>10,742</u>
Total capital employed	<u>115,570</u>	<u>104,702</u>	<u>108,391</u>	<u>63,850</u>	<u>63,456</u>	<u>60,554</u>
NOTES						
7. Element of borrowings falling due within one year which relate to repayment of long term loan	<u>(3,621)</u>	<u>(2,020)</u>	<u>(2,023)</u>	<u>(2,000)</u>	<u>(1,224)</u>	<u>(1,130)</u>

CONSOLIDATED CASH FLOW STATEMENT

	US DOLLARS			STERLING		
	2004	2003	2003	2004	2003	2003
	6 months	6 months	year to	6 months	6 months	year to
	to 30 June	to 30 June	31 Dec	to 30 June	to 30 June	31 Dec
	(unaudited)	(unaudited)	(audited)	(unaudited)	(unaudited)	(audited)
	\$'000	\$'000	\$'000	£'000	£'000	£'000
Net cash inflow from operating activities	13,582	9,299	22,142	7,333	5,637	12,604
Returns on investments and servicing of finance						
Interest received	108	60	156	59	37	95
Interest paid	(243)	(385)	(693)	(134)	(239)	(421)
Dividends paid to minority shareholders	(637)	-	(620)	(350)	-	(377)
	<u>(772)</u>	<u>(325)</u>	<u>(1,157)</u>	<u>(425)</u>	<u>(202)</u>	<u>(703)</u>
Taxation						
Foreign tax paid	(4,350)	(3,173)	(5,364)	(2,390)	(1,971)	(3,261)
UK tax paid	(23)	(7)	-	(13)	(4)	-
	<u>(4,373)</u>	<u>(3,180)</u>	<u>(5,364)</u>	<u>(2,403)</u>	<u>(1,975)</u>	<u>(3,261)</u>
Capital expenditure						
Payment to acquire tangible fixed assets	(4,475)	(2,496)	(5,715)	(2,459)	(1,550)	(3,474)
Payments to acquire land	-	-	(40)	-	-	(24)
Proceeds from sale of tangible fixed assets	7	18	116	4	11	70
	<u>(4,468)</u>	<u>(2,478)</u>	<u>(5,639)</u>	<u>(2,455)</u>	<u>(1,539)</u>	<u>(3,428)</u>
Acquisitions						
Purchase of subsidiary	(9,575)	-	-	(5,261)	-	-
Equity dividends paid						
Parent company	<u>(2,375)</u>	<u>(1,571)</u>	<u>(1,571)</u>	<u>(1,305)</u>	<u>(976)</u>	<u>(955)</u>
Cash (outflow)/inflow before financing	<u>(7,981)</u>	<u>1,745</u>	<u>8,411</u>	<u>(4,516)</u>	<u>945</u>	<u>4,257</u>
Financing						
Employee share option subscription	-	118	257	-	73	156
Repayment of long term loans	(1,011)	(1,011)	(2,023)	(555)	(628)	(1,230)
Finance lease (repayments)/drawdown	(9)	(14)	47	5	(9)	29
	<u>(1,020)</u>	<u>(907)</u>	<u>(1,719)</u>	<u>(550)</u>	<u>(564)</u>	<u>(1,045)</u>
(Decrease)/increase in cash and cash equivalents	<u>(9,001)</u>	<u>838</u>	<u>6,692</u>	<u>(5,066)</u>	<u>381</u>	<u>3,212</u>
Cash in hand and at bank less short term borrowings						
Opening	15,108	8,416	8,416	8,439	5,227	5,227
Closing	<u>6,107</u>	<u>9,254</u>	<u>15,108</u>	<u>3,373</u>	<u>5,608</u>	<u>8,439</u>
Net (outflow)/inflow	<u>(9,001)</u>	<u>838</u>	<u>6,692</u>	<u>(5,066)</u>	<u>381</u>	<u>3,212</u>

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	US DOLLARS		
	2004	2003	2003
	6 months	6 months	year to
	to 30 June	to 30 June	31 Dec
	(unaudited)	(unaudited)	(audited)
	\$'000	\$'000	\$'000
Operating profit	12,125	7,408	19,994
Depreciation and amortisation	1,475	1,293	2,493
(Profit) on sale of fixed assets	(6)	(12)	(25)
Movement in market value of investments	(41)	(56)	(79)
(Increase) in stocks	(517)	(599)	(785)
(Increase) in debtors	(1,610)	(287)	(268)
Increase in creditors	2,664	1,417	378
Foreign exchange	(508)	135	434
Net cash flow from operating activities	<u>13,582</u>	<u>9,299</u>	<u>22,142</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	US DOLLARS		
	2004	2003	2003
	6 months	6 months	year to
	to 30 June	to 30 June	31 Dec
	(unaudited)	(unaudited)	(audited)
	\$'000	\$'000	\$'000
Profit for the period	6,878	3,919	11,245
Surplus on deemed disposal of interest in subsidiary	-	-	113
Unrealised surplus/(deficit) on revaluation of the estates	7,547	(4,568)	(5,126)
(Loss)/profit on exchange translation	(7,919)	5,363	3,915
Total recognised gains	<u>6,506</u>	<u>4,714</u>	<u>10,147</u>

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	US DOLLARS		
	2004	2003	2003
	6 months	6 months	year to
	to 30 June	to 30 June	31 Dec
	(unaudited)	(unaudited)	(audited)
	\$'000	\$'000	\$'000
Total recognised gains	6,506	4,714	10,147
Dividend	-	-	(2,375)
Issue of shares on exercise of employee options	-	118	257
Net increase in shareholders' funds	<u>6,506</u>	<u>4,832</u>	<u>8,029</u>
Shareholders' funds at beginning of period	89,162	81,133	81,133
Shareholders' funds at end of period	<u>95,668</u>	<u>85,965</u>	<u>89,162</u>

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