AGM Statement

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The crop of oil palm fresh fruit bunches ("FFB") harvested to end May 2010 amounted to 207,481 tonnes, significantly ahead of the crop for the corresponding period in 2009 of 192,035 tonnes but below the budgeted crop of 225,846 tonnes. Rainfall to end May of 2,015 mm across the group's operations compared with 1,610 mm during the same period in the previous year.

Variations from year to year in the monthly phasing of each year's crops are normal and the directors believe that the budgeted FFB crop for 2010 of 561,000 tonnes remains a realistic projection (subject to the normal budgetary assumption of average weather conditions).

The crude palm oil ("CPO") extraction rate for the five month period to end May 2010 was 24.3 per cent against a rate of 23.7 per cent for the corresponding period in 2009. The palm kernel extraction rate for the period was 4.56 per cent against 4.78 per cent for the same period in 2009. The target extraction rates for 2010 are 24.0 per cent for CPO and 4.75 per cent for palm kernels. Measures are being taken to improve the kernel extraction rates.

The CPO price has continued to hold good levels during 2010 to date trading for the most part at in excess of $800 per tonne, CIF Rotterdam, and currently standing at $795 per tonne. The average price for the period 1 January to 31 May 2010 was $810 as compared with an average for the corresponding period in 2009 of $611. Export duty is currently payable at $23 per tonne.

The group retains its oil palm planting target for the two year period to the end of 2011 of 8,000 hectares in total. Achievement of this planting target remains dependent upon land becoming available for development as needed and, in particular, upon the group obtaining certain recently introduced Indonesian Ministry of Forestry permits that are additional to the permits that were previously required. The first of such new permits, covering part of the area scheduled for development during the current year, has now been received and it is hoped that permits covering the balance of the area will follow shortly. Provided that this proves the case, the directors consider that the targeted development programme to end 2011 remains realistic.

ISO 14001 certification has now been obtained for all the operations of PT REA Kaltim Plantations (the company's principal Indonesian plantation subsidiary).

Progress continues to be made in developing the coal operations. Mining permits for the Kota Bangun concession have now been finalised and land compensation settlement discussions with affected local villagers are progressing. The directors expect that coal extraction from this concession will start during the forthcoming six months. Whilst the sulphur content has to date proved a negative in marketing the Liburdinding coal, enquiries received in recent weeks from potential export customers suggest that, in the improved coal market now prevailing, it may prove possible to sell this coal at reasonable margins without blending (although this has still to be confirmed). With the marketing possibilities for the Liburdinding coal becoming clearer, arrangements are now being made to contract out coal extraction (which has hitherto been at low volumes and organised by the group itself).

In addition to the $3 million working capital line recently put in place for the group's coal operations and currently undrawn, the group is at an advanced stage in negotiations for a new loan facility for the plantation operations. This would provide the plantation operations with loan finance of up to Rp 350 billion (approximately $38 million) available for draw down over a four year period and repayable over the succeeding four years. The additional cash resources that the facility would make available to the group would assist the group in completing its planned development programme in the event of a downturn in palm oil prices.

Nothing has occurred to cause the directors to revise the views that they expressed in the 2009 annual report regarding the outlook for the group.

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