

THE NARBOROUGH PLANTATIONS, plc (109273)

(Incorporated in England and Wales)

PRELIMINARY STATEMENT OF ANNUAL RESULTS

FINANCIAL PERFORMANCE

	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	RM	RM	£	£
Revenue	<u>8,141,446</u>	<u>7,768,861</u>	<u>1,321,663</u>	<u>1,129,195</u>
Cost of sales	<u>(2,323,354)</u>	<u>(1,897,879)</u>	<u>(377,168)</u>	<u>(275,855)</u>
Gross profit	<u>5,818,092</u>	<u>5,870,982</u>	<u>944,495</u>	<u>853,340</u>
Gain arising on revaluation of biological asset	<u>247,985</u>	<u>4,364,128</u>	<u>49,597</u>	<u>660,231</u>
Profit before tax	<u>5,298,673</u>	<u>10,335,473</u>	<u>887,186</u>	<u>1,532,357</u>
Earnings per share	<u>29.90 sen</u>	<u>66.51 sen</u>	<u>5.06p</u>	<u>9.89p</u>

Year 2008 has been an eventful year for the Company and the world in general. The commodity industry has seen extreme volatility in commodity prices, adverse unpredictable weather conditions and mass speculation in the commodity exchanges which have driven the price of commodities such as Crude Palm Oil (CPO) to unprecedented highs. However, such high prices could not be sustained and the sharp decline was evident in the final six months of the financial year under review.

The sharp decline in CPO prices was reflected in the related price of Fresh Fruit Bunches (FFB) which in turn has affected the turnover of the Company. However, for the financial year ended 31 December 2008, the Company has still managed to register a turnover of RM8,141,446 (£1,321,663), an increase of 4.80% compared with the financial year ended 31 December 2007.

The Company achieved a profit on ordinary activities before tax of RM5,298,673 (£887,186) for the current financial year ended 31 December 2008 as compared to the amount of RM10,335,473 (£1,532,357) for the previous financial year. The significant reduction in profit on ordinary activities before tax was attributed to the following non-cash items which have a significant effect on the financial performance of the company as at 31 December 2008:-

	31.12.2008	31.12.2007	31.12.2008	31.12.2007
	RM	RM	£	£
Unrealised foreign exchange loss	(883,072)	(174,928)	(143,356)	(25,426)
Share of profit in associate after tax	482,041	725,549	96,408	109,765
Gain arising on revaluation of biological assets	247,985	4,364,128	49,597	660,231

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The biological assets are carried at fair value which is calculated as the present value of the estate's operating cash flows over the next ten years, based on Directors' best estimates of future selling prices of fresh fruit bunches as shown in Note 8 of the Notes to Financial Statements.

Due to the significant reduction in profits, earnings per share has declined from 66.51 sen (9.89 pence) for the financial year ended 31 December 2007 to 29.90 sen (5.06 pence) for the year ended 31 December 2008.

FINANCIAL POSITION

The Company's balance sheet at 31 December 2008 showed a strong position, with net assets of RM47,035,306 (£9,404,870) compared with RM43,915,751 (£6,637,544) at 31 December 2007. Cash and short term deposits totalled RM9,515,438 (£1,903,087) compared with RM8,092,424 (£1,224,270) of the previous financial year. The company has no bank borrowings.

REVIEW OF OPERATIONS

The year witnessed extreme volatility in the commodity price for palm oil.

“The average Crude Palm Oil (CPO) price increased by 9.8% or RM247.00 to RM2,777.50 in 2008 against RM2,530.50 the previous year. However, the palm oil industry experienced extreme price fluctuations during the year with the highest monthly average CPO price recorded in March 2008 at RM3,695.00 and the lowest attained in November at RM1,520.50. CPO prices firmed during the first half of the year trading above RM3,500/tonne level supported by higher crude oil prices, demand for biodiesel, tight global vegetable oils situation and higher vegetable oils prices. However, during the second-half of the year bearish sentiments prevailed in the market influenced by the sharp decline in crude oil prices as well as other vegetable oils, high palm oil stocks, global financial crisis and fears of global recession. This resulted in the monthly average CPO price falling below the RM 2,000/tonne level since October 2008.”*

Overall, foreign exchange has significantly affected the Company's operational profits, excluding gain arising from revaluation of biological assets, decreased by 16.90% in the current financial year as compared to the previous financial year. With the estate now fully matured, there was no replanting expenditure incurred.

(* Source: Malaysian Palm Oil Board)

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CURRENT YEAR'S PROSPECTS

The world is now wrought by possibly the worst financial crisis it has ever seen, the subprime meltdown and the fallout on the commodity and foreign exchange markets has significantly raised the prospects of a global recession for Year 2009.

“The year 2009 is expected to be a challenging one for the industry in view of the high prevailing palm oil stocks, set-back in prices and concerns of a global recession. The Malaysian Government has taken various measures to stabilize palm oil prices at remunerative levels. Among the measures are the Oil Palm Replanting Incentive Scheme to accelerate replanting and reduce CPO production in the near term, the implementation of the 5% biodiesel mandate in the transport and industrial sector starting with government vehicles in February 2009 and increasing exports under the CPO export duty free scheme. In view of the prevailing CPO prices, the average price in 2009 is expected to soften compared to last year.”*

(* Source: Malaysian Palm Oil Board)

Crop will be expected to increase in the foreseeable future, as matured plants have entered their prime production years. With no further replanting planned for the next few years, the plantation will enter a period of increasing production and falling costs. The Company should see another profitable year ahead given the stabilization of CPO price, improved cost efficiency through proper planning and favourable weather which will be beneficial to an increase in productivity of FFB.

DIVIDEND

Dividends paid, declared or proposed since the end of the previous financial year were as follows:

	RM	£
In respect of financial year ended 31 December 2007:		
Interim dividend of 10% and Special dividend of 12% per ordinary share of 10 pence each, less tax of 27%, paid on 18 January 2008	1,413,642	213,864
In respect of financial year ended 31 December 2008:		
Interim dividend of 6% and Special dividend of 6% per ordinary share of 10 pence each, less tax of 26%, paid on 19 June 2008	744,983	118,251
2 nd Interim dividend of 6% and 2 nd Special dividend of 6% per ordinary share of 10 pence each, less tax of 26%, paid on 19 December 2008	<u>636,192</u>	<u>118,252</u>
	<u>2,794,817</u>	<u>450,367</u>

The Board do not recommend a payment of final dividend for the current financial year.

By Order of the Board

Adrian Tsen Keng Yam
Secretary

6 March 2009

THE NARBOROUGH PLANTATIONS, plc (109273)

(Incorporated in England and Wales)

INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

Continuing operations

	NOTE	31.12.2008		31.12.2007	
		RM	£	RM	£
Revenue	2	8,141,446	1,321,663	7,768,861	1,129,195
Cost of sales		<u>(2,323,354)</u>	<u>(377,168)</u>	<u>(1,897,879)</u>	<u>(275,855)</u>
Gross profit		5,818,092	944,495	5,870,982	853,340
Gain arising on revaluation of biological assets		247,985	49,597	4,364,128	660,231
Other operating income		147,837	24,000	28,627	4,161
Administrative expenses		<u>(1,637,196)</u>	<u>(265,779)</u>	<u>(847,982)</u>	<u>(123,254)</u>
Operating profit		4,576,718	752,313	9,415,755	1,394,478
Share of profit of associate after tax		482,041	96,408	725,549	109,765
Finance income	3	260,384	42,270	212,528	30,891
Finance costs	4	<u>(20,470)</u>	<u>(3,805)</u>	<u>(18,359)</u>	<u>(2,777)</u>
Profit before tax	5	5,298,673	887,186	10,335,473	1,532,357
Tax expense	6	<u>(1,316,945)</u>	<u>(213,790)</u>	<u>(1,479,232)</u>	<u>(215,005)</u>
Profit for the financial year		<u>3,981,728</u>	<u>673,396</u>	<u>8,856,241</u>	<u>1,317,352</u>
Earnings per share - basic and diluted (sen/pence)	7	<u>29.90 sen</u>	<u>5.06p</u>	<u>66.51 sen</u>	<u>9.89p</u>

The accompanying notes form an integral part of this income statement.

THE NARBOROUGH PLANTATIONS, plc (109273)

(Incorporated in England and Wales)

STATEMENT OF TOTAL RECOGNISED INCOME AND EXPENSE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	NOTE	31.12.2008		31.12.2007	
		RM	£	RM	£
Profit for the financial year	17	3,981,728	673,396	8,856,241	1,317,352
Net surplus/(deficit) arising on translation of balance sheet items at beginning of period and results of the year to year-end exchange rate	17				
- revaluation reserve		-	1,087,004	-	120,800
- capital reserve		-	116,204	-	16,231
- foreign exchange reserve		-	242,407	-	(107,220)
- general reserve		-	29,358	-	4,210
- retained profits		-	751,659	-	204,742
Reversal of deferred tax liabilities provided on prior years' revaluation surplus, due to exemption from real property gains tax	17	-	-	905,909	137,051
Total recognised income and expense for the year		<u>3,981,728</u>	<u>2,900,028</u>	<u>9,762,150</u>	<u>1,693,166</u>

The accompanying notes form an integral part of this statement of total recognised income and expenses.

THE NARBOROUGH PLANTATIONS, plc (109273)

(Incorporated in England and Wales)

BALANCE SHEET
AS AT 31 DECEMBER 2008

	NOTE	31.12.2008		Restated 31.12.2007	
		RM	£	RM	£
ASSETS					
Non-current assets					
Property, plant and equipment	8	14,685,063	2,937,013	16,177,006	2,447,353
Biological assets	8	14,473,005	2,894,601	14,225,020	2,152,045
Prepaid lease payments	9	115,625	23,125	134,375	20,329
Investment in associate	10	8,220,357	1,644,072	7,219,314	1,092,181
Total non-current assets		37,494,050	7,498,811	37,755,715	5,711,908
Current assets					
Inventories		7,144	1,429	8,134	1,231
Trade and other receivables	11	273,575	54,715	580,961	87,891
Short term deposits		9,262,572	1,852,514	7,575,741	1,146,103
Cash and bank balances		252,866	50,573	516,683	78,167
Tax recoverable		418,987	83,797	-	-
Total current assets		10,215,144	2,043,028	8,681,519	1,313,392
Total assets		47,709,194	9,541,839	46,437,234	7,025,300
Liabilities					
Current liabilities					
Trade and other payables	12	(502,305)	(100,461)	(1,943,428)	(294,013)
Current tax liabilities		-	-	(318,900)	(48,245)
Total current liabilities		(502,305)	(100,461)	(2,262,328)	(342,258)
Non-current liabilities					
Provision for retirement benefits	13	(29,023)	(5,805)	(26,444)	(4,001)
Deferred tax liabilities	14	(58,397)	(11,679)	(148,548)	(22,473)
Cumulative preference shares	15	(84,163)	(19,024)	(84,163)	(19,024)
Total non-current liabilities		(171,583)	(36,508)	(259,155)	(45,498)
Total liabilities		(673,888)	(136,969)	(2,521,483)	(387,756)
TOTAL NET ASSETS		47,035,306	9,404,870	43,915,751	6,637,544

The accompanying notes form an integral part of this balance sheet.

THE NARBOROUGH PLANTATIONS, plc (109273)

(Incorporated in England and Wales)

BALANCE SHEET

AS AT 31 DECEMBER 2008 (continued)

	NOTE	31.12.2008		Restated 31.12.2007	
		RM	£	RM	£
Capital and reserves attributable to equity holders of the Company					
Share capital	16	4,891,969	1,331,659	4,891,969	1,331,659
Other reserves	17	24,361,268	4,516,797	25,302,066	3,229,983
Retained profits	17	<u>17,782,069</u>	<u>3,556,414</u>	<u>13,721,716</u>	<u>2,075,902</u>
TOTAL EQUITY		<u>47,035,306</u>	<u>9,404,870</u>	<u>43,915,751</u>	<u>6,637,544</u>

These financial statements were approved by the Board of Directors and authorised for issue on 2 March 2009, and were signed on its behalf by:

JULIANA MANOHARI DEVADASON
Chairman

The accompanying notes form an integral part of this balance sheet.

THE NARBOROUGH PLANTATIONS, plc (109273)

(Incorporated in England and Wales)

CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	31.12.2008		31.12.2007	
	RM	£	RM	£
Operating activities				
Profit before tax	5,298,673	887,186	10,335,473	1,532,357
Adjustments for:				
Amortisation of prepaid lease payment	18,750	3,044	18,750	2,725
Depreciation of property, plant and equipment	64,210	10,423	88,789	12,906
Provision for retirement benefits	2,579	516	2,386	361
Gain arising on revaluation of biological assets	(247,985)	(49,597)	(4,364,128)	(660,231)
Gain on disposal of property, plant and equipment	(130,647)	(21,209)	-	-
Share of profit of associate after tax	(482,041)	(96,408)	(725,549)	(109,765)
Finance income	(260,384)	(42,270)	(212,528)	(30,891)
Finance costs	20,470	3,805	18,359	2,777
Operating cash flow before changes in working capital and provisions	4,283,625	695,490	5,161,552	750,239
Decrease/(Increase) in inventories	990	198	(740)	(112)
Decrease/(Increase) in trade and other receivables	307,386	61,477	(168,978)	(25,564)
(Decrease)/Increase in trade and other payables	(27,481)	(5,496)	44,615	6,749
Cash generated from operations	4,564,520	751,669	5,036,449	731,312
Tax paid	(2,144,983)	(348,212)	(1,192,082)	(173,268)
Net cash flow from operating activities	2,419,537	403,457	3,844,367	558,044
Investing activities				
Repayment from affiliated company	-	-	42,924	6,494
Purchases of property, plant and equipment	(27,600)	(5,520)	(5,284)	(799)
Proceeds from disposal of property, plant and equipment	1,585,980	257,464	-	-
Interest received	260,384	42,270	212,528	30,891
Net cash flow from investing activities	1,818,764	294,214	250,168	36,586

THE NARBOROUGH PLANTATIONS, plc (109273)

(Incorporated in England and Wales)

CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008 (continued)

	31.12.2008		31.12.2007	
	RM	£	RM	£
Financing activities				
Dividends paid on equity shares	(2,794,817)	(450,367)	(1,035,296)	(145,817)
Dividends paid on preference shares	(20,470)	(3,805)	(18,359)	(2,777)
Net cash flow used in financing activities	<u>(2,815,287)</u>	<u>(454,172)</u>	<u>(1,053,655)</u>	<u>(148,594)</u>
Increase in cash and cash equivalents	1,423,014	243,499	3,040,880	446,036
Effects of exchange rate changes	-	435,318	-	49,296
Cash and cash equivalents at beginning of financial year	<u>8,092,424</u>	<u>1,224,270</u>	<u>5,051,544</u>	<u>728,938</u>
Cash and cash equivalents at end of financial year	<u><u>9,515,438</u></u>	<u><u>1,903,087</u></u>	<u><u>8,092,424</u></u>	<u><u>1,224,270</u></u>
Comprising:				
Cash and bank balances	252,866	50,573	516,683	78,167
Short term deposits	<u>9,262,572</u>	<u>1,852,514</u>	<u>7,575,741</u>	<u>1,146,103</u>
	<u><u>9,515,438</u></u>	<u><u>1,903,087</u></u>	<u><u>8,092,424</u></u>	<u><u>1,224,270</u></u>

THE NARBOROUGH PLANTATIONS, plc (109273)

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NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2008

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC) issued by the International Accounting Standards Board (IASB) as adopted by the EU and with those parts of the Companies Act, 1985 applicable to companies preparing their accounts under IFRS.

Standards, amendments and interpretations to published standards effective in 2008 but which are not relevant to the Company.

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2008 but are currently not relevant to the Company's operations:

IFRIC 7 Applying the restatement approach under IAS 29 Financial Reporting in Hyperinflationary Economies

IFRIC 8 Scope of IFRS 2

IFRIC 9 Reassessment of Embedded Derivatives

IFRIC 10 Interim Financial Reporting and Impairment

IFRIC 11, IFRS 2 Group and Treasury Share Transactions

*IFRIC 12, Service Concession Arrangements**

IFRIC 13 Customer Loyalty Programmes

IFRIC 14, IAS 1 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

*IFRIC 16, Hedges of a Net Investment in a Foreign Operation**

Amendment to IAS 39 and IFRS 7 - Reclassification of Financial Instruments

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.1 Basis of accounting (continued)

Standards, amendments and interpretations to published standards not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Company's accounting periods beginning on or after 1 January 2009 or later periods and which the Company has decided not to adopt early. These are:

IFRS 8 Operating Segments

*IAS 23 Borrowing Costs (revised)**

*IFRIC 15 Agreements for the Construction of Real Estate**

*IFRIC 17 Distributions of Non-cash Assets to Owners**

*Revised IFRS 1 First time Adoption of International Financial Reporting Standards**

*Revised IFRS 3 Business Combination and complementary Amendments to IAS 27 'Consolidated and separate financial statements'**

*Amendment to IFRS 2 Share-based payments: vesting conditions and cancellations**

*IAS 1 Presentation of Financial Statements (Amendment)**

*IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation (Amendment)**

*IAS 32 Financial Instruments: Presentation (Amendment)**

Amendment to IAS 39 - Eligible Hedged Items

IFRIC 18 Transfers of Assets from Customers

* Not endorsed by the EU as at the date of approval of these financial statement.

The directors do not anticipate that the adoption of the above standards and interpretations will have a material impact on the Company's financial statements, other than increasing disclosure, in the period of initial adoption and subsequent periods.

Except as noted above, the following principal accounting policies have been applied consistently in the preparation of these financial statements:

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.2 Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost or valuation, which is the fair value at the date of revaluation, less accumulated depreciation and impairment losses, if any.

The freehold estate and residential land were revalued in 2007. These are revalued at regular intervals of at least once in every five years with additional valuations in the intervening years where market conditions indicate that the carrying values of the revalued properties materially differ from the market values.

The surplus arising from such valuations is credited to shareholders' equity as a revaluation reserve and any subsequent deficit is charged against the surplus until it reduces the carrying value to its depreciated historic cost. In all other cases, the deficit will be charged to the income statement.

For a revaluation increase subsequent to a revaluation deficit of the same asset, the surplus should be recognised as income to the extent that it reverses the deficit previously recognised as an expense with the balance of increase credited to shareholders' equity.

Upon disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and the net carrying amount is recognised in the income statement and the revaluation reserve related to the asset, if any, is transferred directly to retained profits.

The freehold estate land is not depreciated.

Depreciation of other property, plant and equipment are provided on a straight line basis at rates calculated to write off their cost over the following estimated useful lives.

Buildings	5%
Machinery	10% - 20%
Fixtures, fittings and electrical installation	10%
Furniture and equipment	10%
Information technology equipment	25%
Vehicles	15% - 20%

At each balance sheet date, the carrying amount of an item of property, plant and equipment is assessed for impairment when events or changes in circumstances indicate that its carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 1.7 to the financial statements on impairment of assets).

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.3 Leases

1.3.1 Finance lease

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incidental to ownership. Leases of land are classified as operating or finance leases in the same way as leases of other assets.

1.3.2 Operating lease

All leases that do not transfer substantially all the risks and the rewards are classified as operating leases.

1.3.3 Lease of land

The lump-sum upfront payments made to acquire the interest in the leasehold land represent prepaid lease payments and are amortised on a straight-line basis over the remaining lease period of approximately 11 years.

1.4 Biological assets

Biological assets are stated at fair value less estimated point of sale costs. The movement in fair value of biological assets is charged or credited to the income statement for the relevant period.

1.5 New Planting, Replanting and Deferred Nursery Expenditure

New planting expenditure incurred on land clearing and upkeep of trees to maturity is capitalised under plantation development expenditure and is not amortised.

Replanting expenditure is charged to the income statement in the financial year in which the expenditure is incurred.

Deferred nursery expenditure is capitalised under plantation development expenditure at cost and charged to the income statement on replanting of crops.

1.6 Associate

Where the Company has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Investment in associate is accounted using the equity method of accounting. Under the equity method, the investment in associate is carried in the balance sheet at cost adjusted for post-acquisition changes in the Company's share of net assets of the associate. Where there has been a change recognised directly in the equity of the associate, the Company recognises its share of such changes. The Company's share of post-acquisition profits and losses is recognised in the income statement, except that losses in excess of the Company's investment in the associate are not recognised unless there is an obligation to make good those losses.

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.6 Associate (continued)

Profits and losses arising on transactions between the Company and its associate are recognised only to the extent of unrelated investors' interests in the associate. The Company's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment.

Any excess of the Company's share of net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

1.7 Impairment of non-financial assets

The carrying amounts of the Company's assets, other than biological assets, inventories, deferred tax asset and financial assets (other than investment in associate), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss is recognised whenever the recoverable amount is less than the carrying amount of the asset.

The impairment loss is recognised in the income statement immediately except for the impairment on a revalued asset where the impairment loss is recognised directly against the revaluation reserve account to the extent of the surplus credited from the previous revaluation for the same asset with the excess of the impairment loss charged to the income statement.

Reversals of an impairment loss are recognised as income immediately in the income statement if the original impairment had been recognised there. Reversal of an impairment loss previously recognised directly against revaluation reserve is treated as a revaluation increase and credited to the revaluation reserve account of the same asset.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.8 Inventories

Inventories are stated at the lower of cost (determined on a weighted average basis) and net realisable value.

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.9 Receivables

Receivables are initially measured at fair value and subsequently at amortised cost less provision for any impairment. Known irrecoverable amounts are written off and allowance is made for receivables considered to be doubtful of collection.

1.10 Payables

Payables are initially measured at fair value and subsequently measured at amortised cost.

1.11 Retirement Benefits

The Company has no pension plans other than its mandatory contribution to provident funds approved by the Malaysian government (as stated in Note 1.19.2 below) and provision for lump sum payments of retirement benefits to staff and workers upon their retirement. The provision for lump sum payments is based on the collective agreements between the Malaysian Agricultural Producers Association (MAPA) and All Malaysia Estate Staff Union (AMESU) and National Union of Plantation Workers (NUPW) respectively. The Company's obligation is limited to the agreed terms.

1.12 Taxation

1.12.1 Current tax expense

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

1.12.2 Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base.

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.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity such as revaluations, in which case the deferred tax is also dealt with in equity.

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.13 Foreign Currencies

1.13.1 Functional and Presentation Currency

The financial statements are measured in Ringgit Malaysia (RM), which is the functional currency, being the currency of the primary economic environment in which the Company operates. The financial statements are presented in both RM and Pound Sterling. The balance sheet is translated to Pound Sterling for presentation purpose at an exchange rate of RM1 = 20.00p (2007: RM1 = 15.13p) whereas the income statement is translated at an average exchange rate of RM1 = 16.23p (2007: RM1 = 14.53p).

1.13.2 Transactions during the year

Transactions in foreign currencies are converted into Ringgit Malaysia at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated into Ringgit Malaysia at rates of exchange ruling at that date. All exchange rate differences are taken to the income statement.

1.13.3 Translation into sterling at year end

The principal exchange rates for every unit of foreign currency ruling at balance sheet date used is as follows:

	2008 RM	2007 RM
Pound Sterling	<u>5.00</u>	<u>6.61</u>

The opening balances of reserves (excluding the exchange translation reserve and revaluation reserve) at the year end are translated from Ringgit Malaysia into Pound Sterling at the rate of exchange at 31 December 2008 of RM1 = 20.00p (2007: RM1 = 15.13p). The Ringgit Malaysia equivalent of the share capital has been translated at the equivalent of RM1 = 27.14p. Exchange differences on translation are dealt with through the exchange translation reserve.

1.14 Revenue

(i) Sale of goods

Revenue from sale of fresh fruit bunches (FFB) is recognised in the income statement when delivery has taken place and transfer of risks and rewards have been completed.

(ii) Interest income

Interest income is recognised in the income statement as it accrues, taking into account the effective yield on the asset.

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.15 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, balances and deposits with banks with an original maturity of less than three months and highly liquid investments which have an insignificant risk of changes in value.

1.16 Use of estimates

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported assets and liabilities and reported revenue and expenses. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

The main areas in which estimates are used are fair value of biological assets and deferred tax. Assumptions regarding the valuation of biological assets are set out in Note 8 and Note 14.

1.17 Dividends

Equity dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is recognised when paid. In the case of final dividends, this is recognised when approved by the shareholders at the General Meeting.

1.18 Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares including convertible notes and share options granted to employees, if any.

1.19 Employee Benefits

1.19.1 Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the income statement in the period in which the associated services are rendered by the employees.

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.19 Employee Benefits (continued)

1.19.1 Short term employee benefits (continued)

Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

1.19.2 Defined contribution plans

The Company makes contributions to a statutory provident fund and recognises the contributions payable:

- (i) after deducting contributions already paid as a liability; and
- (ii) as an expense in the financial year in which employees render their services.

1.20 Cumulative preference shares

The cumulative preference shares are recorded at the amount of proceeds received, net of transaction costs.

The cumulative preference shares are classified as non-current liabilities in the balance sheet and the preferential dividends are recognised as finance costs in profit or loss in the period in which they are incurred.

1.21 Financial assets

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

Loans and receivables:

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), but also incorporate other types of contractual monetary asset. Receivables are initially measured at fair value and subsequently at amortised cost less provision for any impairment.

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.22 Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Company's accounting policy for each category is as follows:

Financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are initially measured at fair value and subsequently at amortised cost.
- Bank borrowings, if any, are initially recognised at the amount received net of transaction costs. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the balance sheet.

1.23 Share capital

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The cumulative preference shares include a contractual obligation on the Company to deliver cash in the form of the annual preference dividend and, in the absence of any other terms that would indicate an equity element, have been classified wholly as a financial liability.

The Company's ordinary shares are classified as equity instruments.

For the purposes of the disclosures given in Note 20, the Company considers its capital to comprise its ordinary share capital, accumulated retained earnings and its cumulative preference shares which are classified as a financial liability in the balance sheet. Neither the foreign exchange reserve nor the revaluation reserve is considered as capital. There have been no changes in what the Company considers to be capital since the previous year.

2. REVENUE

Revenue represents amounts delivered in respect of the sale of fresh fruit bunches (FFB). The analysis of revenue by activity is as follows:-

	31.12.2008		31.12.2007	
	RM	£	RM	£
Fresh fruit bunches (FFB)	<u>8,141,446</u>	<u>1,321,663</u>	<u>7,768,861</u>	<u>1,129,195</u>

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

3. FINANCE INCOME

	31.12.2008		31.12.2007	
	RM	£	RM	£
Interest from short term deposits	260,384	42,270	212,528	30,891

4. FINANCE COSTS

Finance costs represent dividends on cumulative preference shares as follows:

	31.12.2008		31.12.2007	
	RM	£	RM	£
Interim: Single tier 20% (2007: 20% less 27% tax)	20,470	3,805	18,359	2,777

5. PROFIT BEFORE TAX

	31.12.2008		31.12.2007	
	RM	£	RM	£
Profit before tax is arrived at after charging:-				
Amortisation of prepaid lease payment	18,750	3,044	18,750	2,725
Auditors' remuneration - audit services	87,500	14,205	111,650	16,228
Directors' fees	150,000	30,000	175,940	26,617
Depreciation on property, plant and equipment	64,210	10,423	88,789	12,906
Exchange loss	883,072	143,356	174,928	25,426
MPOB cess/Windfall tax levy	353,130	57,326	249,762	36,303
Provision for retirement benefits	2,579	516	2,386	361
Staff costs (Note 19)	794,211	128,930	775,930	112,781
and crediting:-				
Gain on disposal of property, plant and equipment	130,647	21,209	-	-

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

6. TAX EXPENSE

	31.12.2008		31.12.2007	
	RM	£	RM	£
Malaysian income tax:				
- current year	1,421,013	230,684	1,471,291	213,851
- (over)/under provision in prior year	(13,917)	(2,259)	7,941	1,154
Deferred tax for the year (Note 14)	(90,151)	(14,635)	-	-
	<u>1,316,945</u>	<u>213,790</u>	<u>1,479,232</u>	<u>215,005</u>

The tax residence of the Company is in Malaysia.

A reconciliation of the Malaysian income tax rate to the effective tax rate of the Company is as follows:-

	% of Profit Before Taxation	
	31.12.2008	31.12.2007
Malaysian income tax rate	26.0	27.0
(Decrease)/Increase resulting from:		
Non allowable expenses	5.7	1.0
Non taxable income	(4.7)	(12.6)
	<u>27.0</u>	<u>15.4</u>
Over provision in prior year	(2.0)	-
Effective tax rate	<u>25.0</u>	<u>15.4</u>

7. EARNINGS PER SHARE

The calculation of basic earnings per share at 31 December 2008 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	31.12.2008		31.12.2007	
	RM	£	RM	£
Profit for the financial year attributable to ordinary shareholders	<u>3,981,728</u>	<u>673,396</u>	<u>8,856,241</u>	<u>1,317,352</u>

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

7. EARNINGS PER SHARE (continued)

	31.12.2008	31.12.2007
Weighted average number of ordinary shares of 10p each	<u>13,316,590</u>	<u>13,316,590</u>
Basic and diluted earnings per share (sen)	<u>29.90 sen</u>	<u>66.51 sen</u>
Basic and diluted earnings per share (pence)	<u>5.06p</u>	<u>9.89p</u>

8. BIOLOGICAL ASSETS, PROPERTY, PLANT AND EQUIPMENT

2008	LAND AND <---- BUILDINGS ---->				Total £	Total RM
	Freehold estate £	Freehold residential land, building and estate building £	Biological assets £	Vehicles, machinery and field equipment £		
At Cost or Valuation						
At 1 January 2008	2,189,861	267,073	2,152,045	74,780	4,683,759	30,959,645
Additions	-	5,520	-	-	5,520	27,600
Revaluation	-	-	49,597	-	49,597	247,985
Disposal	-	(292,000)	-	-	(292,000)	(1,460,000)
Exchange difference	705,135	85,997	692,959	24,079	1,508,170	-
At 31 December 2008	<u>2,894,996</u>	<u>66,590</u>	<u>2,894,601</u>	<u>98,859</u>	<u>5,955,046</u>	<u>29,775,230</u>
Representing items at:						
Cost	-	66,590	-	98,859	165,449	827,245
Valuation	<u>2,894,996</u>	<u>-</u>	<u>2,894,601</u>	<u>-</u>	<u>5,789,597</u>	<u>28,947,985</u>
	<u>2,894,996</u>	<u>66,590</u>	<u>2,894,601</u>	<u>98,859</u>	<u>5,955,046</u>	<u>29,775,230</u>

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

8. BIOLOGICAL ASSETS, PROPERTY, PLANT AND EQUIPMENT (continued)

2008	LAND AND <---- BUILDINGS ---->				Total £	Total RM
	Freehold estate £	Freehold residential land, building and estate building £	Biological assets £	Vehicles, machinery and field equipment £		
Accumulated Depreciation						
At 1 January 2008	-	26,209	-	58,152	84,361	557,619
Charge for the year	-	3,285	-	7,138	10,423	64,210
Disposal	-	(933)	-	-	(933)	(4,667)
Exchange difference	-	9,200	-	20,381	29,581	-
At 31 December 2008	-	37,761	-	85,671	123,432	617,162

2007	LAND AND <---- BUILDINGS ---->				Total £	Total RM
	Freehold estate £	Freehold residential land, building and estate building £	Biological assets £	Vehicles, machinery and field equipment £		
At Cost or Valuation						
At 1 January 2007	1,535,225	220,573	1,422,928	68,210	3,246,936	22,501,261
Additions	-	-	-	799	799	5,284
Revaluation	580,313	38,290	660,231	-	1,278,834	8,453,100
Exchange difference	74,323	8,210	68,886	5,771	157,190	-
At 31 December 2007	2,189,861	267,073	2,152,045	74,780	4,683,759	30,959,645
Representing items at:						
Cost	-	66,983	-	74,780	141,763	937,050
Valuation	2,189,861	200,090	2,152,045	-	4,541,996	30,022,595
	2,189,861	267,073	2,152,045	74,780	4,683,759	30,959,645

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

8. BIOLOGICAL ASSETS, PROPERTY, PLANT AND EQUIPMENT (continued)

2007	LAND AND <---- BUILDINGS ----> Freehold residential land, building and estate building		Biological assets £	Vehicles, machinery and field equipment £	Total £	Total RM
	Freehold estate £	Freehold estate building £				
Accumulated Depreciation						
At 1 January 2007	-	27,335	-	44,180	71,515	495,598
Charge for the year	-	3,237	-	9,669	12,906	88,789
Revaluation	-	(4,050)	-	-	(4,050)	(26,768)
Exchange difference	-	(313)	-	4,303	3,990	-
At 31 December 2007	-	26,209	-	58,152	84,361	557,619

Net Book Value	LAND AND <---- BUILDINGS ----> Freehold residential land, building and estate building		Biological assets £	Vehicles, machinery and field equipment £	Total £	Total RM
	Freehold estate £	Freehold estate building £				
At 31 December 2008	2,894,996	28,829	2,894,601	13,188	5,831,614	29,158,068
At 31 December 2007	2,189,861	240,864	2,152,045	16,628	4,599,398	30,402,026

Had the revalued assets been carried at cost less accumulated depreciation, the net book value would have been included in the financial statements of the Company as follows:

	£	RM
Freehold estate land - cost and net book value		
At 31 December 2008	<u>731,184</u>	<u>3,655,920</u>
At 31 December 2007	<u>553,089</u>	<u>3,655,920</u>

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

8. BIOLOGICAL ASSETS, PROPERTY, PLANT AND EQUIPMENT (continued)

The Company's properties were revalued as follows:-

The freehold estate and the freehold residential land and building were revalued in November 2007 using the Comparison Method. Recent transactions and asking prices of similar properties in the locality are analysed for comparison purposes, adjusted for differences in characteristics to arrive at the market value.

These valuations were carried out by independent valuers, Messrs Colliers, Jordan Lee & Jaafar Sdn. Bhd., Chartered Surveyors, in accordance with the appraisal and valuation manual of The Members' Institution of Surveyors, Malaysia.

Biological assets comprise oil palm and are stated at fair value less estimated point of sale costs. The fair value is calculated as the present value of the estate's operating cash flows over the next ten years, based on Directors' best estimates of future selling prices of fresh fruit bunches. The major assumptions underlying the calculation were an assumed average CPO selling price of RM2,150/mt (2007: RM1,850/mt) and average discount rate of 16.16% (2007: 13.40%) based on the Company's Return on Capital Employed.

9. PREPAID LEASE PAYMENT

2008 Cost/Valuation	Prepaid lease payment	
	RM	£
At 1 January 2008	200,000	30,257
Exchange difference	-	9,743
	<hr/>	<hr/>
At 31 December 2008	<u>200,000</u>	<u>40,000</u>
Accumulated Amortisation		
At 1 January 2008	65,625	9,928
Charge for the year	18,750	3,044
Exchange difference	-	3,903
	<hr/>	<hr/>
At 31 December 2008	<u>84,375</u>	<u>16,875</u>

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

9. PREPAID LEASE PAYMENT (continued)

2007

Cost/Valuation	Prepaid lease payment	
	RM	£
At 1 January 2007	200,000	28,860
Exchange difference	-	1,397
	<hr/>	<hr/>
At 31 December 2007	<u>200,000</u>	<u>30,257</u>

Accumulated Amortisation

At 1 January 2007	46,875	6,764
Charge for the year	18,750	2,725
Exchange difference	-	439
	<hr/>	<hr/>
At 31 December 2007	<u>65,625</u>	<u>9,928</u>

Net Book Value	Prepaid lease payment	
	RM	£
At 31 December 2008	<u>115,625</u>	<u>23,125</u>
At 31 December 2007	<u>134,375</u>	<u>20,329</u>

10. INVESTMENT IN ASSOCIATE

	2008	Restated
	RM	2007
		RM
Investment in associate (Unlisted)		
At cost	118,301	118,301
Share of reserves of associate	8,102,056	7,101,013
	<hr/>	<hr/>
	<u>8,220,357</u>	<u>7,219,314</u>
Other investment (Unlisted)		
At 1 January 2008/2007	-	42,924
Repayment	-	(42,924)
	<hr/>	<hr/>
At 31 December 2008/2007	<u>-</u>	<u>-</u>
Total investments	<u>8,220,357</u>	<u>7,219,314</u>

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

10. INVESTMENT IN ASSOCIATE (continued)

	2008	Restated
	£	2007
		£
Investment in associate (Unlisted)		
At cost		
At 1 January 2008/2007	17,898	17,071
Exchange adjustments	5,763	827
	<hr/>	<hr/>
At 31 December 2008/2007	23,661	17,898
Share of reserves of associate	1,274,492	1,030,179
Exchange adjustments	345,919	44,104
	<hr/>	<hr/>
	<u>1,644,072</u>	<u>1,092,181</u>
 Other investment (Unlisted)		
At 1 January 2008/2007	-	6,194
Repayment	-	(6,494)
Exchange adjustments	-	300
	<hr/>	<hr/>
At 31 December 2008/2007	<u>-</u>	<u>-</u>
 Total investment	 <u>1,644,072</u>	 <u>1,092,181</u>

Other investment represents loan granted to the associate, which is interest free and repayable on demand.

The Company holds 33 $\frac{1}{3}$ % (2007: 33 $\frac{1}{3}$ %) of the issued ordinary share capital of Rivaknar Holdings Sdn. Bhd., a company incorporated in Malaysia, whose principal activity is an investment holding company. Rivaknar Holdings Sdn. Bhd. has issued ordinary share capital of 355,200 shares of RM1 each.

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

10. INVESTMENT IN ASSOCIATE (continued)

Aggregated amounts relating to the associate are as follows:-

	31.12.2008		31.12.2007	
	RM	£	RM	£
Non current assets	17,619,448	3,523,890	37,978,549	5,745,620
Current assets	<u>7,259,249</u>	<u>1,451,850</u>	<u>4,363,940</u>	<u>660,203</u>
Total assets	<u><u>24,878,697</u></u>	<u><u>4,975,740</u></u>	<u><u>42,342,489</u></u>	<u><u>6,405,823</u></u>
Current liabilities	214,724	42,945	19,379,087	2,931,783
Non current liabilities	<u>2,899</u>	<u>580</u>	<u>1,305,458</u>	<u>197,497</u>
Total liabilities	<u><u>217,623</u></u>	<u><u>43,525</u></u>	<u><u>20,684,545</u></u>	<u><u>3,129,280</u></u>
Revenue	<u><u>5,258,049</u></u>	<u><u>1,051,610</u></u>	<u><u>5,108,232</u></u>	<u><u>772,804</u></u>
Profit before tax	2,202,514	440,503	2,721,590	411,738
Tax expense	<u>(756,389)</u>	<u>(151,278)</u>	<u>(544,725)</u>	<u>(82,409)</u>
Profit after tax	<u><u>1,446,125</u></u>	<u><u>289,225</u></u>	<u><u>2,176,865</u></u>	<u><u>329,329</u></u>

11. TRADE AND OTHER RECEIVABLES

	2008		2007	
	RM	£	RM	£
Trade receivables	213,627	42,725	519,851	78,646
Other receivables	32,404	6,481	32,279	4,883
Deposits	13,390	2,678	12,009	1,817
Prepayments	<u>14,154</u>	<u>2,831</u>	<u>16,822</u>	<u>2,545</u>
	<u><u>273,575</u></u>	<u><u>54,715</u></u>	<u><u>580,961</u></u>	<u><u>87,891</u></u>

The carrying amount of trade and other receivables approximates to their fair value.

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

12. TRADE AND OTHER PAYABLES

	2008		2007	
	RM	£	RM	£
Trade payables	16,934	3,387	12,534	1,896
Other payables	26,553	5,310	54,570	8,256
Accruals	458,818	91,764	462,681	69,997
Dividend payable	-	-	1,413,643	213,864
	<u>502,305</u>	<u>100,461</u>	<u>1,943,428</u>	<u>294,013</u>

The carrying amount of trade and other payables approximates to their fair value.

13. PROVISION FOR RETIREMENT BENEFITS

	2008		2007	
	RM	£	RM	£
At 1 January 2008/2007	26,444	4,001	24,058	3,472
Exchange adjustment	-	1,288	-	168
Provision for the year	<u>2,579</u>	<u>516</u>	<u>2,386</u>	<u>361</u>
At 31 December 2008/2007	<u>29,023</u>	<u>5,805</u>	<u>26,444</u>	<u>4,001</u>

14. DEFERRED TAX LIABILITIES

	2008		2007	
	RM	£	RM	£
At 1 January 2008/2007	148,548	22,473	1,054,457	152,158
Recognised in income statement (Note 6)	(90,151)	(14,635)	-	-
Reversal to revaluation reserve deferred tax provided on prior years' revaluation surplus due to exemption from real property gains tax	-	-	(905,909)	(137,051)
Exchange adjustment	<u>-</u>	<u>3,841</u>	<u>-</u>	<u>7,366</u>
At 31 December 2008/2007	<u>58,397</u>	<u>11,679</u>	<u>148,548</u>	<u>22,473</u>

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

14. DEFERRED TAX LIABILITIES (continued)

The components of deferred tax liabilities as at the end of the financial year comprise the tax effect of:

	2008		2007	
	RM	£	RM	£
Deferred tax liabilities				
Excess of capital allowances over corresponding depreciation	58,397	11,679	148,548	22,473
	<u>58,397</u>	<u>11,679</u>	<u>148,548</u>	<u>22,473</u>

15. CUMULATIVE PREFERENCES SHARES

	2008		2007	
	RM	£	RM	£
Authorised:				
20% cumulative preference shares of 10p each	84,163	19,024	84,163	19,024
	<u>84,163</u>	<u>19,024</u>	<u>84,163</u>	<u>19,024</u>
Issued and fully paid up:				
20% cumulative preference shares of 10p each	84,163	19,024	84,163	19,024
	<u>84,163</u>	<u>19,024</u>	<u>84,163</u>	<u>19,024</u>

The cumulative preference shares have the following rights attached to them:-

- (a) The right to a fixed cumulative preference dividend of 20% per annum.
- (b) Entitle to the following in preference to holders of ordinary shares when the Company is wound up:-
 - (i) repayment of the capital paid up on such shares;
 - (ii) a premium of 10 pence per share; and
 - (iii) a sum equivalent to all arrears and accruals of the said fixed preferential dividend but not entitle to any further right to participate in the profit or assets of the Company.
- (c) Have the right to vote in each of the following circumstances:-
 - (i) When the dividend or part of the dividend on the shares is in arrears for more than 6 months;
 - (ii) On a proposal to reduce the Company's share capital;
 - (iii) On a proposal to wound up the Company; and
 - (iv) On a proposal that effect rights attached to the share.

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

16. SHARE CAPITAL

	2008		2007	
	RM	£	RM	£
Authorised:				
14,809,763 Ordinary shares of 10p	<u>5,926,562</u>	<u>1,480,976</u>	<u>5,926,562</u>	<u>1,480,976</u>
Issued and fully paid up:				
13,316,590 Ordinary shares of 10p	<u>4,891,969</u>	<u>1,331,659</u>	<u>4,891,969</u>	<u>1,331,659</u>

17. SHARE CAPITAL AND RESERVES

	Share capital RM	Revaluation reserve net of attributable deferred tax RM	Capital reserve RM	General reserve RM	Retained profits RM	Total RM
At 1 January 2007						
As previously reported	4,891,969	17,292,317	-	-	7,314,413	29,498,699
Prior year adjustment (Note 24)	-	-	2,323,361	602,660	-	2,926,021
At 1 January 2007 (as restated)	4,891,969	17,292,317	2,323,361	602,660	7,314,413	32,424,720
Additional interest in an associate	-	-	62,079	-	-	62,079
Revaluation gains from revaluation of property, plant and equipment	-	4,115,740	-	-	-	4,115,740
Total recognised income and expense for the year	-	905,909	-	-	8,856,241	9,762,150
Dividends (Note 18)	-	-	-	-	(2,448,938)	(2,448,938)
At 31 December 2007 (as restated)	4,891,969	22,313,966	2,385,440	602,660	13,721,716	43,915,751
Additional interest in an associate	-	-	246,964	272,038	-	519,002
Realisation of revaluation surplus on disposal of property, plant and equipment	-	(1,459,800)	-	-	1,459,800	-
Total recognised income and expense for the year	-	-	-	-	3,981,728	3,981,728
Dividends (Note 18)	-	-	-	-	(1,381,175)	(1,381,175)
At 31 December 2008	<u>4,891,969</u>	<u>20,854,166</u>	<u>2,632,404</u>	<u>874,698</u>	<u>17,782,069</u>	<u>47,035,306</u>

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

17. SHARE CAPITAL AND RESERVES (continued)

	Share capital £	Revaluation reserve net of attributable deferred tax £	Capital reserve £	Foreign exchange reserve £	General reserve £	Retained profits £	Total £
At 1 January 2007							
As previously reported	1,331,659	2,495,284	-	(490,644)	-	913,489	4,249,788
Prior year adjustment (Note 23)	-	-	335,261	-	86,964	-	422,225
At 1 January 2007 (as restated)	1,331,659	2,495,284	335,261	(490,644)	86,964	913,489	4,672,013
Additional interest in an associate	-	-	9,392	-	-	-	9,392
Revaluation gains from revaluation of property, plant and equipment	-	622,654	-	-	-	-	622,654
Total recognised income and expense for the year	-	257,851	16,231	(107,220)	4,210	1,522,094	1,693,166
Dividends (Note 18)	-	-	-	-	-	(359,681)	(359,681)
At 31 December 2007 (as restated)	1,331,659	3,375,789	360,884	(597,864)	91,174	2,075,902	6,637,544
Additional interest in an associate	-	-	49,393	-	54,408	-	103,801
Realisation of revaluation surplus on disposal of property, plant and equipment	-	(291,960)	-	-	-	291,960	-
Total recognised income and expense for the year	-	1,087,004	116,204	242,407	29,358	1,425,055	2,900,028
Dividends (Note 18)	-	-	-	-	-	(236,503)	(236,503)
At 31 December 2008	1,331,659	4,170,833	526,481	(355,457)	174,940	3,556,414	9,404,870

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

17. SHARE CAPITAL AND RESERVES (continued)

The following describes the nature and purpose of each reserve above:

Reserve	Description and purpose
Revaluation	Gains and losses arising on the revaluation of the estates.
Foreign exchange	Gains and losses arising on translating the Company's financial statements from Ringgit Malaysia to Pound Sterling.
Retained profits	Cumulative net gains and losses recognised in the income statement less distributions made.
Capital	Share of exchange fluctuation reserve and surplus on revaluation of property in associate.
General	Share of profit on sale of estate land and mining lease in associate

18. DIVIDENDS ON EQUITY SHARES

	31.12.2008		31.12.2007	
	RM	£	RM	£
Dividends on equity shares:				
Ordinary dividends:				
Interim: 6% less 26% tax (2007: 10% less 27% tax)	372,492	59,126	642,565	97,211
2nd Interim: 6% less 26% (2007: Nil)	318,096	59,126	-	-
Special: 6% less 26% tax (2007: 12% less 27% tax)	372,491	59,125	771,077	116,653
2nd Special: 6% less 26% tax (2007: Nil)	318,096	59,126	-	-
Final: Nil (2007: 10% less 27% tax)	-	-	690,198	97,211
Special: Nil (2007: 5% less 27% tax)	-	-	345,098	48,606
	<u>1,381,175</u>	<u>236,503</u>	<u>2,448,938</u>	<u>359,681</u>

The directors do not propose the payment of any final dividend for the current financial year.

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

19. STAFF COSTS

The number of employees (including directors) employed by the Company was as follows:-

	31.12.2008	31.12.2007
	No.	No.
Management	7	6
Administration	3	3
Field workers	47	45
	<hr/>	<hr/>
Total number of employees	<u>57</u>	<u>54</u>

The breakdown of the aggregate staff costs is as follows:-

	31.12.2008		31.12.2007	
	RM	£	RM	£
Wages and salaries	761,868	123,680	741,944	107,841
Contributions to a defined contribution plan	26,374	4,281	28,424	4,131
Social security costs	3,390	550	3,176	462
Retirement benefits	2,579	419	2,386	347
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>794,211</u>	<u>128,930</u>	<u>775,930</u>	<u>112,781</u>

Directors' and key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. An executive director who was appointed on 25 July 2008 was considered to be the key management personnel. The General Manager who was appointed on 1 January 2008 has assumed the role of key management personnel under the supervision of the Board of Directors.

	31.12.2008		31.12.2007	
	RM	£	RM	£
Salary and bonus	67,500	10,958	49,000	7,122
Contributions to defined contribution plan	2,486	404	7,350	1,068
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>69,986</u>	<u>11,362</u>	<u>56,350</u>	<u>8,190</u>

The information required by the Companies Act and the listing rules of the financial services authorities is contained in the Directors' Report on Remuneration, pages 19 to 23, of which the information on page 22 has been audited.

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

20. FINANCIAL INSTRUMENTS

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises, are as follows:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Cumulative preference shares

All financial assets are designated as loans and receivables and all financial liabilities are measured at amortised cost, as shown in the table below:

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

20. FINANCIAL INSTRUMENTS (continued)

Principal financial instruments (continued)

	Loans and receivables				Financial liabilities measured at amortised cost			
	2008		2007		2008		2007	
	RM	£	RM	£	RM	£	RM	£
Current financial Assets								
Trade and other Receivables	259,421	51,884	564,139	85,346	-	-	-	-
Cash and cash Equivalents	9,515,438	1,903,087	8,092,424	1,224,270	-	-	-	-
Current financial Liabilities								
Trade and other Payables	-	-	-	-	502,305	100,461	1,943,428	294,013
Non-current financial liability								
Cumulative preference shares	-	-	-	-	84,163	19,024	84,163	19,024
Total	<u>9,774,859</u>	<u>1,954,971</u>	<u>8,656,563</u>	<u>1,309,616</u>	<u>586,468</u>	<u>119,485</u>	<u>2,027,591</u>	<u>313,037</u>

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

20. FINANCIAL INSTRUMENTS (continued)

Fair Value

There is no material difference between the book values and fair values of the Company's financial assets and liabilities as at 31 December 2008 and 2007 due to their short term maturity.

General objectives, policies and procedures

The Board has overall responsibility for the determination of the Company's risk management objectives and policies. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

Interest Rate Risk

The Company's only exposure to interest rate fluctuation is short term placements with financial institutions that attract interest income. However, the fluctuation in interest rates, if any, is not expected to have a material impact on the financial performance of the Company. The effective interest rate of deposits at the balance sheet date was 3.2% (2007: 3.2%).

The interest profile of the Company's financial assets and financial liabilities are as follows:-

	2008		2007	
	RM	£	RM	£
Financial Assets				
<u>Fixed rate</u>				
Short term deposits	<u>9,262,572</u>	<u>1,852,514</u>	<u>7,575,741</u>	<u>1,146,103</u>
<u>Floating rate</u>				
Cash and bank balances	<u>252,866</u>	<u>50,573</u>	<u>516,683</u>	<u>78,167</u>
<u>Interest free</u>				
Trade and other receivables	<u>259,421</u>	<u>51,884</u>	<u>564,139</u>	<u>85,346</u>
Financial Liabilities				
<u>Fixed rate</u>				
Cumulative preference shares	<u>84,163</u>	<u>19,024</u>	<u>84,163</u>	<u>19,024</u>
<u>Interest free</u>				
Trade and other payables	<u>502,305</u>	<u>100,461</u>	<u>1,943,428</u>	<u>294,013</u>

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

20. FINANCIAL INSTRUMENTS (continued)

Credit Risk

Credit risk arises principally from the Company's trade receivable.

The Company has only one customer who is on credit terms. To mitigate the credit risk arising, the Company requires the customer to place advances, representing a certain percentage of the total sales to the customer. This customer has a maximum credit limit and the Company seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by the management.

As such the maximum exposure to credit risk in the event that the counterparty fails to perform its obligation as at the end of the financial year in relation to trade receivables is the carrying amount of trade receivables as stated in the balance sheet as at the end of the financial year.

In respect of the short term deposits and cash and bank balances placed with major financial institutions in Malaysia, Singapore and United Kingdom, the Directors believe that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength.

Liquidity Risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy in respect of liquidity is to ensure sufficient cash resources are maintained to meet short-term liabilities. The Company's liquidity risk is minimal as it maintains adequate funds to meet its obligations as and when they fall due.

The Company is financed through equity and has no borrowings.

The only significant financial asset the Company has is cash at bank. Cash is held either on current or on short term deposits at both fixed and floating rates of interest determined by the relevant banks' prevailing base rate. Part of the cash at bank is held in Pound Sterling accounts.

Currency Risk

The Company is exposed to currency risk as a result of the foreign currency transactions entered into in currencies other than Ringgit Malaysia. The Company's policy is to limit its exposure to currency risk by settlement of its foreign currency transactions denominated in Pound Sterling by using the funds from its bank accounts maintained in Pound Sterling.

The table below shows the Company's currency exposures that give rise to the net currency gains and losses recognised in the income statement. Such exposures comprise the financial assets and financial liabilities of the Company that are not denominated in the functional currency of the Company.

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2008 (continued)

20. FINANCIAL INSTRUMENTS (continued)

Currency Risk (continued)

As at 31 December 2008, these exposures were as follows:

Net foreign currency financial assets

	RM	£
Pound Sterling	<u>2,760,828</u>	<u>552,166</u>

The above foreign currency exposures arise from the Company's cash maintained in Pound Sterling bank accounts.

Capital

As described in Note 1.22, the Company considers its capital to comprise its ordinary share capital, accumulated retained earnings and its cumulative preference shares which are classified as a financial liability in the balance sheet.

In managing its capital, the Company's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions and through the payment of annual preference dividends to its preference shareholders. In order to achieve this objective, the Company seeks to balance risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the Company to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, the Company considers not only its short-term position but also its long-term operational and strategic objectives.

There have been no other significant changes to the Company's capital management objectives, policies and processes in the year nor has there been any change in what the Company considers to be its capital.

The total amount of capital is as follows:

	2008		2007	
	RM	£	RM	£
Ordinary share capital	4,891,969	1,331,659	4,891,969	1,331,659
Retained earnings	17,782,069	3,556,414	13,721,716	2,075,902
Cumulative preference shares	<u>84,163</u>	<u>19,024</u>	<u>84,163</u>	<u>19,024</u>
	<u>22,758,201</u>	<u>4,907,097</u>	<u>18,697,848</u>	<u>3,426,585</u>

THE NARBOROUGH PLANTATIONS, plc (109273)

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007 (continued)

21. RELATED PARTY TRANSACTIONS

Details of Directors remuneration are given in the Remuneration Report on pages 15 to 19 and Notes 5 and 19. Other related party transactions are as follows:

Party	Related party relationship	Type of transaction	Transaction amount				Amount owing (to)/by			
			31.12.2008		31.12.2007		2008		2007	
			RM	£	RM	£	RM	£	RM	£
Riverview Rubber Estates Berhad	A company with significant influence over the Company	Interest-free advances received	<u>73,782</u>	<u>11,978</u>	<u>87,780</u>	<u>12,759</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Rivaknar Holdings Sdn. Bhd.	Associate	(Loan repayment)/ Interest-free loan granted	<u>-</u>	<u>-</u>	<u>(42,924)</u>	<u>(6,494)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

22. SEGMENT INFORMATION

The Company operates in the agricultural segment in Malaysia. All its fresh fruit bunches are sold in Malaysia. Since the company operates in a single business and geographic segment, no segmental analysis has been presented.

23. PRIOR YEAR ADJUSTMENT

The prior year adjustment relates to accounting for share of reserves of associate amounting to RM2,988,100 (£452,058), comprising capital and general reserves, previously not recognised from an overseas associate. The share of reserves is now adjusted retrospectively in the financial statements of the Company in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

The effects on the comparative figures resulting from prior year adjustments are summarised as follows:

	As previously reported	Prior year adjustment	As restated
	RM	RM	RM
Balance sheet			
Non-current assets			
Investment in associate	4,231,214	2,988,100	7,219,314
	£	£	£
Investment in associate	640,123	452,058	1,092,181
Capital and reserves attributable to equity holders of the Company			
	RM	RM	RM
Other reserves			
- capital reserve	-	2,385,440	2,385,440
- general reserve	-	602,660	602,660
	-	2,988,100	2,988,100

23. PRIOR YEAR ADJUSTMENT (continued)

	As previously reported	Prior year adjustment	As restated
Capital and reserves attributable to equity holders of the Company (continued)			
	£	£	£
Other reserves			
- capital reserve	-	344,653	344,653
- general reserve	-	86,964	86,964
	<hr/>	<hr/>	<hr/>
	-	431,617	431,617
	<hr/>	<hr/>	<hr/>
Statement of total recognised income and expense			
	£	£	£
Net surplus arising on translation of balance sheet items at beginning of period and results of the year to year-end exchange rate			
- capital reserve	-	16,231	16,231
- general reserve	-	4,210	4,210
	<hr/>	<hr/>	<hr/>
	-	20,441	20,441
	<hr/>	<hr/>	<hr/>
	-	452,058	452,058
	<hr/>	<hr/>	<hr/>

24. STATUS OF FINANCIAL INFORMATION

The financial information set out above does not constitute the company's statutory accounts for the years ended 31 December 2008, but is derived from those accounts. Statutory accounts for 2007 have been delivered to the Registrar of Companies and those for 2008 will be delivered following the company's annual general meeting. The auditors have reported on those accounts; their reports were unqualified, did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their reports and did not contain statements under the Companies Act 1985, s 237(2) or (3).

The financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRSs). Therefore, this announcement contains sufficient information to comply with IFRSs.