

# **The Narborough Plantations, Public Limited Company**

(Incorporated in England 1910 – Registration No. 109273)  
(Registered as a Foreign Company in Malaysia – No. 991416-W)

**Interim Financial Statements**  
**30 September 2008**

**The Narborough Plantations, plc**  
(Incorporated in England 1910 – Registration No. 109273)  
(Registered as a Foreign Company in Malaysia – No. 991416-W)

**INCOME STATEMENT**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2008**

*(the figures have not been audited)*

*(in Ringgit Malaysia)*

	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30.09.08</b>	<b>30.09.07</b>	<b>30.09.08</b>	<b>30.09.07</b>
	RM	RM	RM	RM
Revenue	2,136,099	2,443,828	7,123,547	5,261,738
Cost of sales	<u>(585,414)</u>	<u>(578,118)</u>	<u>(1,785,744)</u>	<u>(1,324,678)</u>
Gross Profit	1,550,685	1,865,710	5,337,803	3,937,060
Other operating income	8,625	-	16,935	25,147
Administrative expenses	(250,308)	(173,790)	(635,195)	(484,678)
Exchange profit/(loss)	<u>(153,215)</u>	<u>(2,774)</u>	<u>(202,344)</u>	<u>(2,615)</u>
<b>Operating Profit</b>	1,155,787	1,689,146	4,517,199	3,474,914
Share of operating profit/(loss) in associate after tax	213,160	209,997	(16,096)	555,464
Finance income	69,815	53,733	177,519	150,986
Finance cost	(5,428)	(4,845)	(17,745)	(14,376)
Amount written back on fixed asset investment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Profit on ordinary activities before taxation</b>	1,433,334	1,948,031	4,660,877	4,166,988
Taxation	<u>(385,600)</u>	<u>(525,965)</u>	<u>(1,318,800)</u>	<u>(1,125,087)</u>
Profit after tax	<u>1,047,734</u>	<u>1,422,066</u>	<u>3,342,077</u>	<u>3,041,901</u>
Earnings per share (sen)	<u>7.87</u>	<u>10.68</u>	<u>25.10</u>	<u>22.84</u>

**The income statements should be read in conjunction with the financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.**

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**INCOME STATEMENT**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2008**

*(the figures have not been audited)*

*(in Pound Sterling)*

	3 months ended		9 months ended	
	30.09.08	30.09.07	30.09.08	30.09.07
	£	£	£	£
Revenue	345,089	353,154	1,123,588	760,367
Cost of sales	<u>(94,574)</u>	<u>(83,543)</u>	<u>(281,663)</u>	<u>(191,427)</u>
Gross Profit	250,515	269,611	841,925	568,940
Other operating income	1,393	-	2,671	3,634
Administrative expenses	(40,437)	(25,114)	(100,188)	(70,040)
Exchange profit/(loss)	<u>(24,752)</u>	<u>(401)</u>	<u>(31,915)</u>	<u>(378)</u>
<b>Operating Profit</b>	186,719	244,096	712,493	502,156
Share of operating profit/(loss) in associate after tax	34,215	30,346	(2,584)	80,269
Finance income	11,279	7,765	28,000	21,819
Finance cost	(956)	(700)	(2,848)	(2,077)
Amount written back on fixed asset investment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Profit on ordinary activities before taxation</b>	231,257	281,507	735,061	602,167
Taxation	<u>(62,294)</u>	<u>(76,007)</u>	<u>(208,013)</u>	<u>(162,585)</u>
Profit after tax	<u>168,963</u>	<u>205,500</u>	<u>527,048</u>	<u>439,582</u>
Earnings per share (pence)	<u>1.27 p</u>	<u>1.54 p</u>	<u>3.96 p</u>	<u>3.30 p</u>

**The income statements should be read in conjunction with the financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.**

**The Narborough Plantations, plc**  
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**BALANCE SHEET AS AT 30 SEPTEMBER 2008**

ASSETS	As at 30.09.08 (Unaudited)		Year ended 31.12.07 (Audited)	
	RM	£	RM	£
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	14,699,151	2,359,414	16,177,006	2,447,353
Biological assets	14,225,020	2,283,310	14,225,020	2,152,045
Prepaid lease payments	120,312	19,312	134,375	20,329
Investment in associate	4,215,118	676,584	4,231,214	640,123
	<u>33,259,601</u>	<u>5,338,620</u>	<u>34,767,615</u>	<u>5,259,850</u>
<b>CURRENT ASSETS</b>				
Inventories	155,757	25,001	8,134	1,231
Trade and other receivables	433,593	69,598	580,961	87,891
Short term deposits	9,071,179	1,456,048	7,575,741	1,146,103
Cash and bank balances	302,522	48,559	516,683	78,167
	<u>9,963,051</u>	<u>1,599,206</u>	<u>8,681,519</u>	<u>1,313,392</u>
Asset classified as held for sale	1,455,333	233,601	-	-
<b>TOTAL CURRENT ASSETS</b>	<u>11,418,384</u>	<u>1,832,807</u>	<u>8,681,519</u>	<u>1,313,392</u>
<b>TOTAL ASSETS</b>	<u>44,677,985</u>	<u>7,171,427</u>	<u>43,449,134</u>	<u>6,573,242</u>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Trade and other payables	(712,814)	(114,416)	(1,943,428)	(294,013)
Tax liabilities	(181,271)	(29,096)	(318,900)	(48,245)
	<u>(894,085)</u>	<u>(143,512)</u>	<u>(2,262,328)</u>	<u>(342,258)</u>
<b>NON CURRENT LIABILITES</b>				
Provision for retirement benefits	(26,444)	(4,244)	(26,444)	(4,001)
Deferred tax liabilities	(148,548)	(23,844)	(148,548)	(22,473)
Cumulative preference shares	(84,163)	(19,024)	(84,163)	(19,024)
	<u>(259,155)</u>	<u>(47,112)</u>	<u>(259,155)</u>	<u>(45,498)</u>
<b>TOTAL LIABILITIES</b>	<u>(1,153,240)</u>	<u>(190,624)</u>	<u>(2,521,483)</u>	<u>(387,756)</u>
<b>TOTAL NET ASSETS</b>	<u>43,524,745</u>	<u>6,980,803</u>	<u>40,927,651</u>	<u>6,185,486</u>
<b>CAPITAL &amp; RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b>				
Share capital	4,891,969	1,331,659	4,891,969	1,331,659
Other reserves	22,313,966	3,029,750	22,313,966	2,777,925
Retained profits	16,318,810	2,619,394	13,721,716	2,075,902
<b>TOTAL EQUITY</b>	<u>43,524,745</u>	<u>6,980,803</u>	<u>40,927,651</u>	<u>6,185,486</u>
Net assets per share (RM / pence)	<u>3.27</u>	<u>52.42 p</u>	<u>3.07</u>	<u>46.45 p</u>

The balance sheet should be read in conjunction with the financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.

**The Narborough Plantations, plc**  
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**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2008**

*(the figures have not been audited)*

*(in Ringgit Malaysia)*

	Share capital RM	Revaluation reserve net of attributable deferred tax (Non- distributable) RM	Retained profits (Distributable) RM	Total RM
At 1 January 2007	4,891,969	17,292,317	7,314,413	29,498,699
Total recognised income and expense for the period	-	5,021,649	8,856,241	13,877,890
Dividends	-	-	(2,448,938)	(2,448,938)
At 31 December 2007	4,891,969	22,313,966	13,721,716	40,927,651
At 1 January 2008	4,891,969	22,313,966	13,721,716	40,927,651
Total recognised income and expense for the period	-	-	3,342,077	3,342,077
Dividends	-	-	(744,983)	(744,983)
At 30 September 2008	4,891,969	22,313,966	16,318,810	43,524,745

**The statement of changes in equity should be read in conjunction with the financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.**

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 30 SEPTEMBER 2008**

*(the figures have not been audited)*

*(in Pound Sterling)*

	Share capital £	Foreign exchange reserve (Non- distributable) £	Revaluation reserve net of attributable deferred tax (Non- distributable) £	Retained profits (Distributable) £	Total £
At 1 January 2007	1,331,659	(490,644)	2,495,284	913,489	4,249,788
Net surplus/(deficit) arising on translation of balance sheet items at beginning of year	-	(107,220)	120,800	204,742	218,322
Total recognised income and expense for the period	-	-	759,705	1,317,352	2,077,057
Dividends	-	-	-	(359,681)	(359,681)
At 31 December 2007	<u>1,331,659</u>	<u>(597,864)</u>	<u>3,375,789</u>	<u>2,075,902</u>	<u>6,185,486</u>
At 1 January 2008	1,331,659	(597,864)	3,375,789	2,075,902	6,185,486
Net surplus/(deficit) arising on translation of balance sheet items at beginning of period	-	45,918	205,907	134,695	386,520
Total recognised income and expense for the period	-	-	-	527,048	527,048
Dividends	-	-	-	(118,251)	(118,251)
At 30 September 2008	<u>1,331,659</u>	<u>(551,946)</u>	<u>3,581,696</u>	<u>2,619,394</u>	<u>6,980,803</u>

**The statement of changes in equity should be read in conjunction with the financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.**

**The Narborough Plantations, plc**  
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**CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED 30 SEPTEMBER 2008**  
*(the figures have not been audited)*

	9 months ended 30.09.2008		9 months ended 30.09.2007	
	RM	£	RM	£
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit before taxation	4,660,877	735,061	4,166,988	602,167
Adjustments for:				
Depreciation	50,122	8,045	66,461	9,604
Amortisation of lease payments	14,063	2,257	14,063	2,032
Exchange adjustment	-	69,319	-	-
Share of (profit)/loss of associate after tax	16,096	2,584	(555,464)	(80,269)
Finance income	(177,519)	(28,000)	(150,984)	(21,819)
Finance cost	17,745	2,848	14,376	2,077
Operating profit before working capital changes	4,581,384	792,114	3,555,440	513,792
Changes in working capital				
Inventories	(147,623)	(23,696)	(5,197)	(753)
Receivables	147,368	23,655	(277,843)	(40,150)
Payables	162,765	26,126	(8,465)	(1,223)
Cash generated from operating activities	4,743,894	818,199	3,263,935	471,666
Retirement benefits paid	-	-	-	-
Tax paid	(1,456,429)	(229,721)	(767,509)	(110,912)
Net cash (used in)/generated from operating activities	3,287,465	588,478	2,496,426	360,754
<b>CASH FLOW FROM INVESTING ACTIVITY</b>				
Repayment from / (advances to) affiliated company	2,519	404	27,549	3,981
Interest received	177,519	28,000	150,984	21,819
Purchase of property, plant & equipment	(27,600)	(4,430)	(5,284)	(764)
Net cash generated from investing activity	152,438	23,974	173,249	25,036
<b>CASH FLOW FROM FINANCING ACTIVITY</b>				
Dividends paid on equity shares	(2,158,626)	(332,115)	(1,035,296)	(149,609)
Dividends paid on preference shares	-	-	-	-
Net cash (used in)/generated from financing activities	(2,158,626)	(332,115)	(1,035,296)	(149,609)
Net (decrease)/increase in cash and cash equivalents	1,281,277	280,337	1,634,379	236,181
Cash and cash equivalents at beginning of period	8,092,424	1,224,270	5,051,544	729,992
Cash and cash equivalents at end of period	9,373,701	1,504,607	6,685,923	966,173
Cash and cash equivalents comprise:				
Deposits with financial institutions	9,071,179	1,456,048	5,896,286	852,064
Cash and bank balances	302,522	48,559	789,637	114,109
	9,373,701	1,504,607	6,685,923	966,173

**The cash flow statement should be read in conjunction with the financial statements for the financial year ended 31 December 2007 and the accompanying explanatory notes attached to the interim financial statements.**

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## **Notes to the interim financial statements**

### **A1. Basis of preparation**

The interim financial statements are unaudited and 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.

The interim financial statements should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2007. There was no qualification in the audited financial statements for the year ended 31 December 2007.

The accounting policies and methods of computation adopted by the Company in the interim financial statements are consistent with those adopted in the financial statements for the year ended 31 December 2007 except for the adoption of the following new/revised International Financial Reporting Standards (“IFRS”) effective for the financial period beginning 1 January 2008.

*IFRS 8 Operating Segments*

*IAS 23 Borrowing Costs (revised)\**

*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\**

*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)\**

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

The adoption of the above IFRS does not have any significant financial impact on the Company.

### **A2. Seasonal or cyclical factors**

The production of fresh fruits bunches (“FFB”) is dependent on weather conditions; hence is seasonal in nature.

### **A3. Items affecting assets, liabilities, equity, net income or cash flows**

During the current quarter, the Company has entered into a sales & purchase agreement to dispose of a freehold land and building located at No.26 Lorong Tun Dr Ismail, 30350 Ipoh, Perak Darul Ridzuan, Malaysia. The balance amount due to be paid by the purchaser is RM1,506,600 (£241,830).

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**Notes to the interim financial statements - cont'd**

**A4. Change in estimates**

There were no changes in estimates that have a material effect in the current quarter.

**A5. Debt and equity securities**

There were no issuance, cancellations, repurchase, resale and repayments of debt and equity securities in the current quarter.

**A6. Dividend paid**

There was no dividend paid during the quarter under review.

**A7. Segment information**

Segmental information is not presented as the principal activity of the Company is the cultivation of oil palm wholly carried out within Malaysia.

**A8. Valuation of property, plant and equipment**

The valuations of property, plant and equipment have been brought forward without amendment from the previous annual financial statements.

**A9. Capital commitments**

There are no capital commitments as at 30 September 2008.

**A10. Events subsequent to the balance sheet date**

There were no material events subsequent to the end of the current quarter that have not been reflected in the interim financial statements under review.

**A11. Changes in composition**

On 25 July 2008, the following changes have affected the Board and Committees of the Company :-

- (i) Mr William John Huntsman has retired from the Board.
- (ii) Mr Adrian Tsen Keng Yam has been appointed as Executive Director.
- (iii) Mdm Juliana Manohari Devadason has resigned from the Audit Committee.
- (iv) Mr Stephen William Huntsman has been appointed to the Audit Committee and Remuneration and Nomination Committee.

**A12. Changes in contingent liabilities and contingent assets**

There were no contingent liabilities or contingent assets as at the last annual balance sheet date and the latest practicable date.

**A13. Related party transactions**

There were no significant related party transactions of the Company for the current quarter.

**Additional information**

**B1. Review of performance**

The Company registered revenue of RM7,123,547 (£1,123,588) for the current financial period, an increase of 35% as compared to the preceding year corresponding period. The Company also recorded a higher pre-tax profit of RM4,660,877 (£735,061) against pre-tax profit of RM4,166,988 (£602,167) in the preceding year corresponding period.

Percentage yield of fresh fruit bunches (FFB) for the current period has decreased slightly by 3% from 10,738 MT to 10,378 MT as compared to the preceding year corresponding period. However, the average price of FFB for the current financial period has increased by 40% from RM490.02/MT to RM686.39/MT as compared to the preceding year corresponding period. The higher revenue was mainly due to the buoyant Crude Palm Oil (CPO) prices.

**B2. Variation of results against preceding quarter**

The current quarter recorded a pre-tax profit in the financial quarter of RM1,433,334 (£231,257) against pre-tax profit of RM1,948,031 (£281,507) in the preceding year corresponding quarter.

The lower pre-tax profit in the current quarter is mainly attributed by the decrease in yield of FFB and the lower CPO market price.

**B3. Current year prospects**

The first half of 2008 saw record prices for CPO, nevertheless this was set off by bearish sentiment in the third quarter.

Downward corrections in fuel oil prices, defaults in CPO contracts, the reduction of biofuel usage targets in the EU, bearish trends in the energy market coupled with large Malaysian CPO inventories have all exerted downward pressure.

Barring any unforeseen circumstances, the directors expect the performance of the Company for the current financial year to be satisfactory, nevertheless price of CPO is expected to be lower for the rest of the financial year.

**B4. Profit forecast**

Not applicable as no profit forecast was published.

**B5. Tax expense**

	3 months ended		9 months ended	
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	RM'000	RM'000	RM'000	RM'000
Current tax expense of the company (in Ringgit Malaysia)	386	526	1,319	1,125

	3 months ended		9 months ended	
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
	£'000	£'000	£'000	£'000
Current tax expense of the company (in Pound Sterling)	62	76	208	163

The effective rate of taxation of the Company is higher than the statutory rate of taxation for the current financial period to date mainly due to unrealised Foreign Exchange losses which are not tax deductible.

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**Additional information – cont’d**

**B6. Unquoted investments and properties**

There were no purchase or sales of unquoted investments or properties for the current financial year to date.

**B7. Quoted investments**

There were no purchases of quoted securities for the current financial period.

**B8. Status of corporate proposal announced**

There were no corporate proposals announced and not completed as at the latest practicable date.

**B9. Borrowing and debt securities**

There were no borrowings and debt securities as at the end of the current quarter.

**B10. Off balance sheet financial instruments**

There were no financial instruments with off balance sheet risk as at the latest practicable date.

**B11. Changes in material litigation**

There was no pending material litigation as at the latest practicable date.

**B12. Dividends**

The directors do not recommend any payment of dividend for the current financial period.

**B13. Earnings per share**

*Basic earnings per share*

The earnings per share is calculated by dividing the net profit for the period attributable to equity holders of the Company by the weighted average number of shares of the Company in issue during the period.

	Individual period		Cumulative period	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
Net profit attributable to ordinary shareholders (RM)	<u>1,047,734</u>	<u>1,422,066</u>	<u>3,342,077</u>	<u>3,041,901</u>
<b>Basic earnings per share</b>				
Weighted average number of ordinary shares of 10 p each	13,316,590	13,316,590	13,316,590	13,316,590
Basic earnings per ordinary share of 10 p each (sen)	<u>7.87</u>	<u>10.68</u>	<u>25.10</u>	<u>22.84</u>

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**Additional information – cont'd**

**B13. Earnings per share (cont'd)**

	Individual period		Cumulative period	
	Current year quarter	Preceding year corresponding quarter	Current year to date	Preceding year corresponding period
	30.09.2008	30.09.2007	30.09.2008	30.09.2007
Net profit attributable to ordinary shareholders (£)	168,963	205,500	527,048	439,582
<b>Basic earnings per share</b>				
Weighted average number of ordinary shares of 10 p each	13,316,590	13,316,590	13,316,590	13,316,590
Basic earnings per ordinary share of 10 p each (pence)	1.27 p	1.54 p	3.96 p	3.30 p

***Diluted earnings per shares***

Not applicable.

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 = 16.05p (2007: RM1 = 14.45p) whereas the income statement is translated at an average exchange rate of RM1 = 16.15p (2007: RM1 = 14.45p) for the quarter and at an average exchange rate of RM1 = 15.77p (2007: RM1 = 14.45p) for the period ended 30 September 2008.

By Order of the Board

Adrian Tsen  
Company Secretary

Dated : 29 October 2008