

PRELIMINARY STATEMENT OF ANNUAL RESULTS

FINANCIAL PERFORMANCE

	31.12.2009	31.12.2008	31.12.2009	31.12.2008
	RM	RM	£	£
Revenue	<u>5,638,523</u>	<u>8,141,446</u>	<u>1,019,624</u>	<u>1,321,663</u>
Cost of sales	<u>(2,061,529)</u>	<u>(2,323,354)</u>	<u>(372,790)</u>	<u>(377,168)</u>
Gross profit	<u>3,576,994</u>	<u>5,818,092</u>	<u>646,834</u>	<u>944,495</u>
Gain arising on revaluation of biological assets	<u>74,346</u>	<u>247,985</u>	<u>13,517</u>	<u>49,597</u>
Profit before tax	<u>4,178,988</u>	<u>5,298,673</u>	<u>756,500</u>	<u>887,186</u>
Earnings per share	<u>25.25 sen</u>	<u>29.90 sen</u>	<u>4.57 pence</u>	<u>5.06 pence</u>

The Company faced many challenges in the Year 2009 mainly due to the lingering effects of a weak global economy and sustainability and environmental issues associated with oil palm cultivation. Crude Palm Oil (“CPO”) prices recovered in the 1st half of the financial year, however declined in the 2nd half mostly due to bearish sentiments brought on by lower crude oil and vegetable oils prices. Adverse weather conditions continued throughout the financial year under review together with pest attack on the oil palms has put further stress on their productivity.

The stress on the oil palms has resulted in reduced productivity by approximately 6% when compared with the previous financial year and together with lower CPO prices, which are reflected in the price of Fresh Fruit Bunches (“FFB”) has reduced the Company’s turnover. The Company recorded a turnover of RM5,638,523 (£1,019,624) for the financial year ended 31 December 2009, a reduction of 30.7% compared with the financial year ended 31 December 2008.

However, the Company has managed to achieve a profit before tax of RM4,178,988 (£756,500) for the financial year ended 31 December 2009 as compared to the amount of RM5,298,673 (£887,186) for the previous financial year.

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FINANCIAL PERFORMANCE (continued)

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.

Due to the reduction in profits, earnings per share has declined from 29.90 sen (5.06 pence) for the financial year ended 31 December 2008 to 25.25 sen (4.57 pence) for the year ended 31 December 2009.

FINANCIAL POSITION

The Company has maintained a strong financial position as at 31 December 2009, with net assets of RM48,841,757 (£8,876,598) compared with RM47,035,306 (£9,404,870) at 31 December 2008. Cash and short term deposits totalled RM11,197,760 (£2,035,956) compared with RM9,515,438 (£1,903,087) of the previous financial year. The company has no bank borrowings.

REVIEW OF OPERATIONS

The results from the operations for the financial year under review are mostly satisfactory given the adverse external and internal factors faced by the Company.

“CPO prices traded at RM2,241.50/tonne during the first half of the year, supported by positive sentiments related to higher crude oil prices and supply tightness of vegetable oils. However, during the second-half of the year bearish sentiments prevailed in the market influenced by the sharp decline in both crude oil prices as well as that of other vegetable oils, coupled with high palm oil stocks and fears of a continued global recession. This resulted in the monthly average CPO price declining below the RM2,200/tonne level since September, 2009. The average CPO price in 2009 decreased by 19.2% or RM533.00 to RM2,244.50 against RM2,777.50 in the previous year. Palm oil prices traded quite widely during the year, with the highest monthly average CPO price recorded in May at RM2,743.50 and the lowest attained in January at RM1,842.00.”*

The Company has applied to the Malaysian Palm Oil Board (“MPOB”) to participate in the Replanting Incentive Scheme effective on 1 December 2008 offered by the Government of Malaysia for plantations with trees over 25 years old. An incentive of RM1,000 (£181) per hectare has been offered to eligible applicants.

Replanting has been scheduled to begin in Year 2010 on 10.4 hectares of the Company's field planted with oil palms that are approximately 30 years old. The effect on the revenue of the Company in the coming year will be minimal by participating in this scheme as the field to be replanted only contributed 193.13MT out of 12,835.50MT of FFB amounting to RM84,840 (£15,342) of the total revenue of RM5,638,523 (£1,019,624) for the financial year ended 31 December 2009.

(* Source: Malaysian Palm Oil Board)

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CURRENT YEAR'S PROSPECTS

The economy of the world is on a slow recovery and the prospects of the palm oil industry look set to recover with it.

“CPO production is forecast to rise by 3.1% to 18.1 million tonnes in 2010 because of a recovery in FFB yields and an expansion in matured area. The outlook for palm oil prices continues to remain strong in view of the global oils and fats tightness, coupled with the increase in vegetable oils demand amid improving global economic situation.”*

(* Source: Malaysian Palm Oil Board)

The Company has set up various measures in Year 2009 to ensure the oil palms reach their maximum production potential in the current year. With pest affliction under control and improvement in weather, crop will be expected to increase in the foreseeable future. The Company should see another profitable year ahead given the stabilisation 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 2009:		
Interim dividend of 7% and Special dividend of 5% per ordinary share of 10 pence each, less tax of 25%, paid on 26 June 2009	697,519	119,849
2 nd Interim dividend of 7% and 2 nd Special dividend of 5% per ordinary share of 10 pence each, less tax of 25%, paid on 17 December 2009	<u>675,707</u>	<u>119,849</u>
	<u>1,373,226</u>	<u>239,698</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

23 February 2010
Ipoh

THE NARBOROUGH PLANTATIONS, plc (109273)

(Incorporated in England and Wales)

INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

Continuing operations

		31.12.2009		31.12.2008	
	NOTE	RM	£	RM	£
Revenue	2	5,638,523	1,019,624	8,141,446	1,321,663
Cost of sales		<u>(2,061,529)</u>	<u>(372,790)</u>	<u>(2,323,354)</u>	<u>(377,168)</u>
Gross profit		3,576,994	646,834	5,818,092	944,495
Gain arising on revaluation of biological assets		74,346	13,517	247,985	49,597
Other operating income		90,939	16,445	147,837	24,000
Administrative expenses		<u>(406,992)</u>	<u>(73,597)</u>	<u>(1,637,196)</u>	<u>(265,779)</u>
Operating profit		3,335,287	603,199	4,576,718	752,313
Share of profit of associate after tax		668,851	121,609	482,041	96,408
Finance income	3	196,301	35,497	260,384	42,270
Finance costs	4	<u>(21,451)</u>	<u>(3,805)</u>	<u>(20,470)</u>	<u>(3,805)</u>
Profit before tax	5	4,178,988	756,500	5,298,673	887,186
Tax expense	6	<u>(816,451)</u>	<u>(147,640)</u>	<u>(1,316,945)</u>	<u>(213,790)</u>
Profit for the financial year		<u>3,362,537</u>	<u>608,860</u>	<u>3,981,728</u>	<u>673,396</u>
Profit for the year attributable to:					
- Owners of the parent		<u>3,362,537</u>	<u>608,860</u>	<u>3,981,728</u>	<u>673,396</u>
Earnings per share - basic and diluted (sen/pence)	7	<u>25.25 sen</u>	<u>4.57 pence</u>	<u>29.90 sen</u>	<u>5.06 pence</u>

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

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STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

		31.12.2009		31.12.2008	
	NOTE	RM	£	RM	£
Profit for the financial year		3,362,537	608,860	3,981,728	673,396
Other comprehensive income					
Net (deficit)/surplus arising on translation of statement of financial position items at beginning of period and results of the year to year-end exchange rate					
- revaluation reserve		-	(379,166)	-	1,087,004
- capital reserve		-	(47,862)	-	116,204
- foreign exchange reserve		-	(90,475)	-	242,407
- general reserve		-	(15,904)	-	29,358
- retained earnings		-	(330,780)	-	751,659
Reversal of deferred taxation to revaluation reserve due to changes in tax rate		2,354	428	-	-
Share of associates' other comprehensive income					
- Capital reserves		(185,214)	(33,675)	246,964	49,393
- General reserves		-	-	272,038	54,408
Total other comprehensive income		<u>(182,860)</u>	<u>(897,434)</u>	<u>519,002</u>	<u>2,330,433</u>
Total comprehensive income for the year		<u>3,179,677</u>	<u>(288,574)</u>	<u>4,500,730</u>	<u>3,003,829</u>
Total comprehensive income attributable to:					
- Owners of the parent		<u>3,179,677</u>	<u>(288,574)</u>	<u>4,500,730</u>	<u>3,003,829</u>

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

THE NARBOROUGH PLANTATIONS, plc (109273)

(Incorporated in England and Wales)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

		31.12.2009		31.12.2008	
	NOTE	RM	£	RM	£
ASSETS					
Non-current assets					
Property, plant and equipment	8	14,642,648	2,662,300	14,685,063	2,937,013
Biological assets	8	14,547,351	2,644,973	14,473,005	2,894,601
Prepaid lease payments	9	96,875	17,614	115,625	23,125
Investment in associate	10	8,703,994	1,582,544	8,220,357	1,644,072
Total non-current assets		37,990,868	6,907,431	37,494,050	7,498,811
Current assets					
Inventories		13,056	2,374	7,144	1,429
Trade and other receivables	11	324,903	59,073	273,575	54,715
Cash and cash equivalents	12	11,197,760	2,035,956	9,515,438	1,903,087
Tax recoverable		45,728	8,314	418,987	83,797
Total current assets		11,581,447	2,105,717	10,215,144	2,043,028
Total assets		49,572,315	9,013,148	47,709,194	9,541,839
Liabilities					
Non-current liabilities					
Provision for retirement benefits	13	(27,356)	(4,974)	(29,023)	(5,805)
Deferred tax liabilities	14	(32,572)	(5,922)	(58,397)	(11,679)
Cumulative preference shares	15	(84,163)	(19,024)	(84,163)	(19,024)
Total non-current liabilities		(144,091)	(29,920)	(171,583)	(36,508)
Current liabilities					
Trade and other payables	16	(586,467)	(106,630)	(502,305)	(100,461)
Total current liabilities		(586,467)	(106,630)	(502,305)	(100,461)
Total liabilities		(730,558)	(136,550)	(673,888)	(136,969)
TOTAL NET ASSETS		48,841,757	8,876,598	47,035,306	9,404,870

The accompanying notes form an integral part of this statement of financial position.

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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009 (continued)

		31.12.2009		31.12.2008	
	NOTE	RM	£	RM	£
Issued capital and reserves attributable to equity holders of the Company	18				
Share capital	17	4,891,969	1,331,659	4,891,969	1,331,659
Other reserves		24,178,408	3,950,143	24,361,268	4,516,797
Retained earnings		19,771,380	3,594,796	17,782,069	3,556,414
TOTAL EQUITY		<u>48,841,757</u>	<u>8,876,598</u>	<u>47,035,306</u>	<u>9,404,870</u>

The accompanying notes form an integral part of this statement of financial position.

THE NARBOROUGH PLANTATIONS, plc (109273)

(Incorporated in England and Wales)

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	Share capital RM	Revaluation reserve net of attributable deferred tax RM	Capital reserve RM	General reserve RM	Retained earnings RM	Total RM
At 1 January 2008	4,891,969	22,313,966	2,385,440	602,660	13,721,716	43,915,751
Dividends (Note 19)	-	-	-	-	(1,381,175)	(1,381,175)
Realisation of revaluation surplus on disposal of property, plant and equipment	-	(1,459,800)	-	-	1,459,800	-
<i>Total comprehensive income</i>	-	-	246,964	272,038	3,981,728	4,500,730
At 31 December 2008	4,891,969	20,854,166	2,632,404	874,698	17,782,069	47,035,306
Dividends (Note 19)	-	-	-	-	(1,373,226)	(1,373,226)
<i>Total comprehensive income</i>	-	2,354	(185,214)	-	3,362,537	3,179,677
At 31 December 2009	4,891,969	20,856,520	2,447,190	874,698	19,771,380	48,841,757

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STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	Share capital £	Revaluation reserve net of attributable deferred tax £	Capital reserve £	Foreign exchange reserve £	General reserve £	Retained earnings £	Total £
At 1 January 2008	1,331,659	3,375,789	360,884	(597,864)	91,174	2,075,902	6,637,544
Dividends (Note 19)	-	-	-	-	-	(236,503)	(236,503)
Realisation of revaluation surplus on disposal of property, plant and equipment	-	(291,960)	-	-	-	291,960	-
<i>Total comprehensive income</i>	-	1,087,004	165,597	242,407	83,766	1,425,055	3,003,829
At 31 December 2008	1,331,659	4,170,833	526,481	(355,457)	174,940	3,556,414	9,404,870
Dividends (Note 19)	-	-	-	-	-	(239,698)	(239,698)
<i>Total comprehensive income</i>	-	(378,738)	(81,537)	(90,475)	(15,904)	278,080	(288,574)
At 31 December 2009	1,331,659	3,792,095	444,944	(445,932)	159,036	3,594,796	8,876,598

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CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	31.12.2009		31.12.2008	
	RM	£	RM	£
Operating activities				
Profit before tax	4,178,988	756,500	5,298,673	887,186
Adjustments for:				
Amortisation of prepaid lease payment	18,750	3,391	18,750	3,044
Depreciation of property, plant and equipment	45,014	8,140	64,210	10,423
Provision for retirement benefits	2,166	392	2,579	516
Gain arising on revaluation of biological assets	(74,346)	(13,517)	(247,985)	(49,597)
Gain on disposal of property, plant and equipment	-	-	(130,647)	(21,209)
Share of profit of associate after tax	(668,851)	(121,609)	(482,041)	(96,408)
Finance income	(196,301)	(35,497)	(260,384)	(42,270)
Finance costs	21,451	3,805	20,470	3,805
Operating cash flow before changes in working capital	3,326,871	601,605	4,283,625	695,490
(Increase)/Decrease in inventories	(5,912)	(1,075)	990	198
(Increase)/Decrease in trade and other receivables	(51,328)	(9,332)	307,386	61,477
Increase/(Decrease) in trade and other payables	84,162	15,302	(27,481)	(5,496)
Retirement benefits paid	(3,833)	(697)	-	-
Cash generated from operations	3,349,960	605,803	4,564,520	751,669
Tax paid	(466,663)	(84,387)	(2,144,983)	(348,212)
Net cash flow from operating activities	2,883,297	521,416	2,419,537	403,457
Investing activities				
Purchases of property, plant and equipment	(2,599)	(473)	(27,600)	(5,520)
Proceeds from disposal of property, plant and equipment	-	-	1,585,980	257,464
Interest received	196,301	35,497	260,384	42,270
Net cash flow from investing activities	193,702	35,024	1,818,764	294,214

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CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009 (continued)

	31.12.2009		31.12.2008	
	RM	£	RM	£
Financing activities				
Dividends paid on equity shares	(1,373,226)	(239,698)	(2,794,817)	(450,367)
Dividends paid on preference shares	(21,451)	(3,805)	(20,470)	(3,805)
Net cash flow used in financing activities	<u>(1,394,677)</u>	<u>(243,503)</u>	<u>(2,815,287)</u>	<u>(454,172)</u>
Increase in cash and cash equivalents	1,682,322	312,937	1,423,014	243,499
Effects of exchange rate changes	-	(180,068)	-	435,318
Cash and cash equivalents at beginning of financial year	<u>9,515,438</u>	<u>1,903,087</u>	<u>8,092,424</u>	<u>1,224,270</u>
Cash and cash equivalents at end of financial year (Note 12)	<u>11,197,760</u>	<u>2,035,956</u>	<u>9,515,438</u>	<u>1,903,087</u>

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NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2009

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs"), and are in accordance with IFRS as issued by the IASB.

(a) *New standards, interpretations and amendments effective from 1 January 2009*

The following new standards, interpretations and amendments, applied for the first time from 1 January 2009, have had an effect on the financial statements:

- ***Amendments to IAS 1 Presentation of Financial Statements: A Revised Presentation:*** As a result of the application of this Amendment the Company have elected to present an income statement and a statement of comprehensive income; previously it presented an income statement and the statement of recognised income and expense. In addition, a statement of changes in equity is now presented as a primary statement where previously the information was included in a note. The Amendment does not change the recognition or measurement of transactions and balances in the financial statements.

The following new standards, interpretations and amendments, also effective for the first time from 1 January 2009, have not had a material effect on the financial statements:

- ***IFRS 8 Operating Segments***
- ***IFRIC 13 Customer Loyalty Programmes***
- ***IFRIC 15 Agreements for the Construction of Real Estate***
- ***IFRIC 16 Hedges of a Net Investment in A Foreign Operation***
- ***IFRIC 17 Distributions of Non-Cash Assets to Owners***
- ***IFRIC 18 Transfers of Assets from Customers***

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.1 Basis of accounting (continued)

(a) *New standards, interpretations and amendments effective from 1 January 2009 (continued)*

- *Amendments to IFRIC 9 and IAS 39 Embedded Derivatives*
- *Amendments to IFRS 1 and IAS 27 Cost of an Investment in a Subsidiary, Jointly-Controlled Entity or Associate*
- *Amendment to IAS 23 Borrowing Costs*
- *Amendment to IFRS 2 Share-Based Payment: Vesting Conditions and Cancellations*
- *Amendments to IFRS 7 Improving Disclosures about Financial Instruments*
- *Amendments to IAS 27 Consolidated and Separate Financial Statements*
- *Amendment to IAS 32 Financial Instruments: Presentation: Classification of Rights Issues*
- *Amendments to IAS 32 and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation*
- *Amendment to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items*
- *Amendment to IAS 39 Reclassification of Financial Assets: Effective Date and Transition*
- *Amendments to IAS 39 and IFRS 7: Reclassification of Financial Instruments*
- *Revised IFRS 1 First Time Adoption of IFRS*
- *Revised IFRS 3 Business Combinations*
- *Improvements to IFRSs (2008)*

(b) *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 2010 or later periods and which the Company has decided not to adopt early. These are:

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.1 Basis of accounting (continued)

(b) *Standards, amendments and interpretations to published standards not yet effective (continued)*

- ***IFRS 9 Financial Instruments****
- ***IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments****
- ***Amendment to IFRIC 14 Prepayments of a Minimum Funding Requirement ****
- ***Amendments to IFRS 1 Additional Exemptions for First-time Adopters****
- ***Amendment to IFRS 1 Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters****
- ***Amendments to IFRS 2 Group Cash-settled Share-based Payment Transactions****
- ***Amendments to IFRIC 14 IAS 19 The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction***
- ***Revised IAS 24 Related Party Disclosures****
- ***Improvements to IFRSs (2009)****

* 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:

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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)**1.2 Property, plant and equipment and depreciation (continued)**

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 earnings.

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 reporting 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.

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.3 Leases (continued)

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, Fg 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 statement of financial position 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.

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.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.6 Associate (continued)

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 reporting 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 initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Weighted average cost is used to determine the cost of ordinarily interchangeable items.

1.9 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 1.16.2 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.10 Taxation

1.10.1 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 reporting date, and any adjustment to tax payable in respect of previous years.

1.10.2 Deferred tax

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

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

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 reporting 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.

1.11 Foreign currencies

1.11.1 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 statement of financial position is translated to Pound Sterling for presentation purpose at an exchange rate of RM1 = 18.18p (2008: RM1 = 20.00p) whereas the income statement is translated at an average exchange rate of RM1 = 18.08p (2008: RM1 = 16.23p).

1.11.2 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 reporting 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. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.11 Foreign currencies (continued)

1.11.3 Translation into sterling at year end

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

	2009	2008
	RM	RM
Pound Sterling	<u>5.50</u>	<u>5.00</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 2009 of RM1 = 18.18p (2008: RM1 = 20.00p). 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.

1.12 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.

1.13 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 to the financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.14 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.

1.15 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.

1.16 Employee benefits

1.16.1 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.

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.

1.16.2 Defined contribution plan

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. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.17 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 statement of financial position and the preferential dividends are recognised as finance costs in profit or loss in the period in which they are incurred.

1.18 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 has not classified any of its financial assets as fair value through profit or loss, available-for-sale and held to maturity. The Company's accounting policy for loans and receivables 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.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.19 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 has not classified any of its financial liabilities as fair value through profit or loss. The Company's accounting policy for other financial liabilities is as follows:

Other 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 statement of financial position.

1.20 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 21, 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 statement of financial position. 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:-

	31.12.2009		31.12.2008	
	RM	£	RM	£
Fresh fruit bunches (FFB)	<u>5,638,523</u>	<u>1,019,624</u>	<u>8,141,446</u>	<u>1,321,663</u>

3. FINANCE INCOME

	31.12.2009		31.12.2008	
	RM	£	RM	£
Interest from short term deposits	<u>196,301</u>	<u>35,497</u>	<u>260,384</u>	<u>42,270</u>

4. FINANCE COSTS

Finance costs represent dividends on cumulative preference shares as follows:

	31.12.2009		31.12.2008	
	RM	£	RM	£
Interim: Single tier 20% (2008: 20% less 26% tax)	<u>21,451</u>	<u>3,805</u>	<u>20,470</u>	<u>3,805</u>

5. PROFIT BEFORE TAX

	31.12.2009		31.12.2008	
	RM	£	RM	£
Profit before tax is arrived at after charging:-				
Amortisation of prepaid lease payments	18,750	3,391	18,750	3,044
Auditors' remuneration - audit services	101,625	18,377	87,500	14,205
Directors' fees	165,000	30,000	150,000	30,000
Depreciation on property, plant and equipment	45,014	8,140	64,210	10,423
Foreign exchange loss	-	-	883,072	143,356
MPOB cess/Windfall tax levy	7,179	1,298	353,130	57,326
Staff costs (Note 20)	<u>869,969</u>	<u>157,318</u>	<u>794,211</u>	<u>128,930</u>
and crediting:-				
Foreign exchange gain	276,090	49,926	-	-
Gain on disposal of property, plant and equipment	<u>-</u>	<u>-</u>	<u>130,647</u>	<u>21,209</u>

6. TAX EXPENSE

	31.12.2009		31.12.2008	
	RM	£	RM	£
Malaysian income tax:				
- current year	847,483	153,252	1,421,013	230,684
- under/(over) provision in prior year	(7,561)	(1,368)	(13,917)	(2,259)
Deferred tax for the year (Note 14)	<u>(23,471)</u>	<u>(4,244)</u>	<u>(90,151)</u>	<u>(14,635)</u>
	<u>816,451</u>	<u>(147,640)</u>	<u>1,316,945</u>	<u>213,790</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	
	31.12.2009	31.12.2008
Malaysian income tax rate	25.0	26.0
(Decrease)/Increase resulting from:		
Non allowable expenses	1.5	5.7
Non taxable income	(2.5)	(4.7)
Crystallisation of deferred tax liabilities on revaluation reserves	<u>(0.2)</u>	<u>-</u>
	23.8	27.0
Over provision in prior year	<u>(0.5)</u>	<u>(2.0)</u>
Effective tax rate	<u>23.3</u>	<u>25.0</u>

7. EARNINGS PER SHARE

The calculation of basic earnings per share at 31 December 2009 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	31.12.2009		31.12.2008	
	RM	£	RM	£
Profit for the financial year attributable to ordinary shareholders	<u>3,362,537</u>	<u>608,860</u>	<u>3,981,728</u>	<u>673,396</u>

7. EARNINGS PER SHARE (continued)

	31.12.2009	31.12.2008
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>25.25 sen</u>	<u>29.90 sen</u>
Basic and diluted earnings per share (pence)	<u>4.57 pence</u>	<u>5.06 pence</u>

8. BIOLOGICAL ASSETS, PROPERTY, PLANT AND EQUIPMENT

2009	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 2009	2,894,996	66,590	2,894,601	98,859	5,955,046	29,775,230
Additions	-	-	-	473	473	2,599
Revaluation	-	-	13,517	-	13,517	74,346
Disposal	-	-	-	-	-	-
Exchange difference	(263,181)	(6,053)	(263,145)	(8,988)	(541,367)	-
At 31 December 2009	<u>2,631,815</u>	<u>60,537</u>	<u>2,644,973</u>	<u>90,344</u>	<u>5,427,669</u>	<u>29,852,175</u>
Representing items at:						
Cost	-	60,537	-	90,344	150,881	829,844
Valuation	2,631,815	-	2,644,973	-	5,276,788	29,022,331
	<u>2,631,815</u>	<u>60,537</u>	<u>2,644,973</u>	<u>90,344</u>	<u>5,427,669</u>	<u>29,852,175</u>

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

2009	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 2009	-	37,761	-	85,671	123,432	617,162	
Charge for the year	-	2,794	-	5,346	8,140	45,014	
Disposal	-	-	-	-	-	-	
Exchange difference	-	(3,417)	-	(7,759)	(11,176)	-	
At 31 December 2009	-	37,138	-	83,258	120,396	662,176	

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	2,894,996	66,590	2,894,601	98,859	5,955,046	29,775,230	
Representing items at:							
Cost	-	66,590	-	98,859	165,449	827,245	
Valuation	2,894,996	-	2,894,601	-	5,789,597	28,947,985	
	2,894,996	66,590	2,894,601	98,859	5,955,046	29,775,230	

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

2008	LAND AND <---- BUILDINGS ----> Freehold residential land, building and estate building				Total £	Total RM
	Freehold estate £	Freehold 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

Net book value	LAND AND <---- BUILDINGS ----> Freehold residential land, building and estate building				Total £	Total RM
	Freehold estate £	Freehold estate building £	Biological assets £	Vehicles, machinery and field equipment £		
At 31 December 2009	2,631,815	23,399	2,644,973	7,086	5,307,273	29,189,999
At 31 December 2008	2,894,996	28,829	2,894,601	13,188	5,831,614	29,158,068

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 2009	<u>664,713</u>	<u>3,655,920</u>
At 31 December 2008	<u>731,184</u>	<u>3,655,920</u>

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 (2008: RM2,150/mt) and average discount rate of 16.75% (2008: 16.16%) based on the Company's Return on Capital Employed.

9. PREPAID LEASE PAYMENTS

2009	Prepaid lease payments	
	RM	£
Cost/Valuation		
At 1 January 2009	200,000	40,000
Exchange difference	-	(3,636)
At 31 December 2009	<u>200,000</u>	<u>36,364</u>
Accumulated amortisation		
At 1 January 2009	84,375	16,875
Charge for the year	18,750	3,391
Exchange difference	-	(1,516)
At 31 December 2009	<u>103,125</u>	<u>18,750</u>

9. PREPAID LEASE PAYMENTS (continued)**2008**

Cost/Valuation	Prepaid lease payments	
	RM	£
At 1 January 2008	200,000	30,257
Exchange difference	-	9,743
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
At 31 December 2008	<u>84,375</u>	<u>16,875</u>

Net book value	Prepaid lease payments	
	RM	£
At 31 December 2009	<u>96,875</u>	<u>17,614</u>
At 31 December 2008	<u>115,625</u>	<u>23,125</u>

10. INVESTMENT IN ASSOCIATE

Investment in associate (Unquoted)	2009	2008
	RM	RM
At cost	118,301	118,301
Share of reserves of associate	8,585,693	8,102,056
	<u>8,703,994</u>	<u>8,220,357</u>

Investment in associate (Unquoted)	2009	2008
	£	£
At cost		
At 1 January 2009/2008	23,661	17,898
Exchange adjustments	(2,152)	5,763
At 31 December 2009/2008	21,509	23,661
Share of reserves of associate	1,708,345	1,274,492
Exchange adjustments	(147,310)	345,919
	<u>1,582,544</u>	<u>1,644,072</u>

10. INVESTMENT IN ASSOCIATE (continued)

The Company holds 33⅓% (2008: 33⅓%) 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.

Aggregated amounts relating to the associate are as follows:-

	31.12.2009		31.12.2008	
	RM	£	RM	£
Non current assets	16,809,462	3,056,266	17,619,448	3,523,890
Current assets	<u>9,518,060</u>	<u>1,730,556</u>	<u>7,259,249</u>	<u>1,451,850</u>
Total assets	<u>26,327,522</u>	<u>4,786,822</u>	<u>24,878,697</u>	<u>4,975,740</u>
Current liabilities	207,614	37,748	214,724	42,945
Non current liabilities	<u>10,345</u>	<u>1,881</u>	<u>2,899</u>	<u>580</u>
Total liabilities	<u>217,959</u>	<u>39,629</u>	<u>217,623</u>	<u>43,525</u>
Revenue	<u>3,875,283</u>	<u>704,597</u>	<u>5,258,049</u>	<u>1,051,610</u>
Profit before tax	2,615,423	475,531	2,202,514	440,503
Tax expense	<u>(608,871)</u>	<u>(110,704)</u>	<u>(756,389)</u>	<u>(151,278)</u>
Profit after tax	<u>2,006,552</u>	<u>364,827</u>	<u>1,446,125</u>	<u>289,225</u>

11. TRADE AND OTHER RECEIVABLES

	2009		2008	
	RM	£	RM	£
Trade receivables	281,820	51,240	213,627	42,725
Other receivables	24,686	4,488	32,404	6,481
Deposits	7,274	1,323	13,390	2,678
Prepayments	<u>11,123</u>	<u>2,022</u>	<u>14,154</u>	<u>2,831</u>
	<u>324,903</u>	<u>59,073</u>	<u>273,575</u>	<u>54,715</u>

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

12. NOTES SUPPORTING THE STATEMENT OF CASH FLOWS

Cash and cash equivalents for purposes of the statement of cash flows comprises:

	31.12.2009		31.12.2008	
	RM	£	RM	£
Comprising:				
Cash and bank balances	428,636	77,934	252,866	50,573
Short term deposits	10,769,124	1,958,022	9,262,572	1,852,514
	<u>11,197,760</u>	<u>2,035,956</u>	<u>9,515,438</u>	<u>1,903,087</u>

13. PROVISION FOR RETIREMENT BENEFITS

	2009		2008	
	RM	£	RM	£
At 1 January 2009/2008	29,023	5,805	26,444	4,001
Exchange adjustment	-	(526)	-	1,288
Provision for the year	2,166	392	2,579	516
Payments	(3,833)	(697)	-	-
At 31 December 2009/2008	<u>27,356</u>	<u>4,974</u>	<u>29,023</u>	<u>5,805</u>

14. DEFERRED TAX LIABILITIES

	2009		2008	
	RM	£	RM	£
At 1 January 2009/2008	58,397	11,679	148,548	22,473
Deferred tax arising from excess of capital allowance over corresponding depreciation	(15,997)	(2,893)	(90,151)	(14,635)
Crystallisation of deferred tax arising from revaluation surplus	(7,474)	(1,351)	-	-
Recognised in income statement (Note 6)	(23,471)	(4,244)	(90,151)	(14,635)
Effect of changes in tax rate on deferred tax	(2,354)	(428)	-	-
Exchange adjustment	-	(1,085)	-	3,841
At 31 December 2009/2008	<u>32,572</u>	<u>5,922</u>	<u>58,397</u>	<u>11,679</u>

14. DEFERRED TAX LIABILITIES (continued)

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

	2009		2008	
	RM	£	RM	£
Deferred tax liabilities				
Excess of capital allowances over corresponding depreciation	<u>32,572</u>	<u>5,922</u>	<u>58,397</u>	<u>11,679</u>

15. CUMULATIVE PREFERENCES SHARES

	2009		2008	
	RM	£	RM	£
Authorised:				
20% cumulative preference shares of 10p each	<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	<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.

16. TRADE AND OTHER PAYABLES

	2009		2008	
	RM	£	RM	£
Trade payables	47,086	8,561	16,934	3,387
Other payables	57,001	10,364	26,553	5,310
Accruals	482,380	87,705	458,818	91,764
	<u>586,467</u>	<u>106,630</u>	<u>502,305</u>	<u>100,461</u>

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

17. SHARE CAPITAL

	2009		2008	
	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>

18. RESERVES

The following describes the nature and purpose of each reserve within equity:

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 earnings	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

19. DIVIDENDS ON EQUITY SHARES

	31.12.2009		31.12.2008	
	RM	£	RM	£
Dividends on equity shares:				
Ordinary dividends:				
Interim: 7% less 25% tax (2008: 6% less 26% tax)	406,886	69,912	372,492	59,126
2nd Interim: 7% less 25% (2008: 6% less 26%)	394,162	69,912	318,096	59,126
Special: 5% less 25% tax (2008: 6% less 26% tax)	290,633	49,937	372,491	59,125
2nd Special: 5% less 25% tax (2008: 6% less 26% tax)	281,545	49,937	318,096	59,126
	<u>1,373,226</u>	<u>239,698</u>	<u>1,381,175</u>	<u>236,503</u>

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

20. STAFF COSTS

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

	31.12.2009 No.	31.12.2008 No.
Management	7	7
Administration	4	3
Field workers	48	47
Total number of employees	<u>59</u>	<u>57</u>

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

	31.12.2009		31.12.2008	
	RM	£	RM	£
Wages and salaries	828,638	149,844	761,868	123,680
Contributions to a defined contribution plan	35,182	6,362	26,374	4,281
Social security costs	3,983	720	3,390	550
Retirement benefits	2,166	392	2,579	516
	<u>869,969</u>	<u>157,318</u>	<u>794,211</u>	<u>129,027</u>

20. STAFF COSTS (continued)**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. In addition to the remuneration of the Executive Director, the remuneration of key management personnel during the financial year comprised the remuneration of the General Manager as follows:

	31.12.2009		31.12.2008	
	RM	£	RM	£
Salary and bonus	70,920	12,825	67,500	10,958
Contributions to defined contribution plan	<u>2,604</u>	<u>471</u>	<u>2,486</u>	<u>404</u>
	<u>73,524</u>	<u>13,296</u>	<u>69,986</u>	<u>11,362</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.

21. 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:

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21. FINANCIAL INSTRUMENTS (continued)

Principal financial instruments (continued)

	Loans and receivables				Financial liabilities measured at amortised cost			
	2009 RM	2009 £	2008 RM	2008 £	2009 RM	2009 £	2008 RM	2008 £
Current financial assets								
Trade and other receivables	313,780	57,051	259,421	51,884	-	-	-	-
Cash and cash equivalents	11,197,760	2,035,957	9,515,438	1,903,087	-	-	-	-
Current financial liabilities								
Trade and other payables	-	-	-	-	586,467	106,630	502,305	100,461
Non-current financial liability								
Cumulative preference shares	-	-	-	-	84,163	19,024	84,163	19,024
Total	11,511,540	2,093,008	9,774,859	1,954,971	670,630	125,654	586,468	119,485

21. 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 2009 and 2008 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 reporting date was 1.8% per annum (2008: 3.2% per annum).

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

	2009		2008	
	RM	£	RM	£
Financial Assets				
<u>Fixed rate</u>				
Short term deposits	<u>10,769,124</u>	<u>1,958,023</u>	<u>9,262,572</u>	<u>1,852,514</u>
<u>Floating rate</u>				
Cash and bank balances	<u>428,636</u>	<u>77,934</u>	<u>252,866</u>	<u>50,573</u>
<u>Interest free</u>				
Trade and other receivables	<u>313,780</u>	<u>57,051</u>	<u>259,421</u>	<u>51,884</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>586,467</u>	<u>106,630</u>	<u>502,305</u>	<u>100,461</u>

21. 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 statement of financial position 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.

21. FINANCIAL INSTRUMENTS (continued)**Currency Risk (continued)**

As at 31 December 2009, these exposures were as follows:

Foreign currency financial assets

	RM	£
Pound Sterling	<u>3,075,653</u>	<u>559,603</u>

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

Capital

As described in Note 1.20 to the financial statements, 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 statement of financial position.

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:

	2009		2008	
	RM	£	RM	£
Ordinary share capital	4,891,969	1,331,659	4,891,969	1,331,659
Retained earnings	19,771,380	3,594,796	17,782,069	3,556,414
Cumulative preference shares	<u>84,163</u>	<u>19,024</u>	<u>84,163</u>	<u>19,024</u>
	<u>24,747,512</u>	<u>4,945,479</u>	<u>22,758,201</u>	<u>4,907,097</u>

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22. RELATED PARTY TRANSACTIONS

Details of Directors remuneration are given in the Remuneration Report and Notes 5 and 20 to the financial statements. Other related party transactions are as follows:

Party	Related party relationship	Type of transaction	Transaction amount		Amount owing (to)/by			
			31.12.2009	31.12.2008	2009	2008		
			RM	£	RM	£		
Riverview Rubber Estates Berhad	A company with significant influence over the Company	Interest-free advances received	50,576	9,146	73,782	11,978	-	-
CG Plantations Sdn. Bhd.	Associate	Empty fruit bunches subsidy received on behalf from mill	52,852	9,557	-	-	-	-

23. SEGMENT INFORMATION

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

There are no adjustments or eliminations made in preparing the Company's financial statements from the reportable segment revenues, profit or loss, assets and liabilities.

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 2009, but is derived from those accounts. Statutory accounts for 2008 have been delivered to the Registrar of Companies and those for 2009 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 2006, s 498(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.